MALDIVES AIRPORTS COMPANY LIMITED
FINANCIAL YEAR 2021

Contents

Building a better working world

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Independent auditor's report to the shareholders of Maldives Airports Company Limited

Report on the audit of the financial statements

We have audited the financial statements of Maldives Airports Company Limited (the "Company") and the consolidated financial statements of the Company and its Subsidiary (the "Group") which comprise the statement of financial position as of 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditors' opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

(Contd...2/)

Key audit matters	How our audit addressed the key audit matter
Capital Work in Progress - Airport Developments As at 31 December 2021, the Group's capital work in progress of Airport Development balance amounted to MVR 11,143,882,138/- and represented 42% of the Group's total assets. This was a key audit matter due to: • Importance of timelines in transferring amounts from capital work in progress of airport development to the relevant class of property, plant, and equipment, upon such items commissioned for use. • Degree of judgements involved, and assumptions used when assessing impairment of capital work in progress relevant to projects of an extended duration. • Assessment of eligibility for capitalizing borrowing costs during the extended period. The group's disclosures on capital work in progress are included in Notes 10.1 to the Group's financial statement.	**Our audit procedures included the following** • Reconciled capitalized expenditure to the Interim Progress Certificates • Checked whether amounts related to airport development already commissioned for use have been appropriately transferred out of capital work in progress to the relevant class of property plant and equipment on a timely basis • Assessed whether management has identified possible indicators of impairment for any airport development projects which have not been commissioned for a prolonged period including evaluating the reasonableness of management judgement applied and assumptions used • Evaluated reasonableness of the capitalization of borrowing costs during the extended period. Assessed the adequacy of related disclosures made in note 10.1 to the financial statements.
Valuation of Buildings As disclosed in note 09 to the financial statements, Property, plant and equipment includes buildings carried at fair value. The fair value of buildings was determined by an external valuer engaged by the Group This was a key audit matter due to: • Materiality of the reported buildings balance which amounted to MVR 1,053,301,637/-. • The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of buildings such as reliance on comparable market transactions. Key areas of significant judgements, estimates and assumptions used in the valuation of the buildings included the following: • Estimate of the replacement cost per square foot of the buildings • Estimated useful life of buildings	Our audit procedures included the following among others. • We assessed the competency, capability and objectivity of the external valuer engaged by the Group. • We read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of buildings. • We assessed the reasonableness of the valuation technique and significant judgements, estimates and assumptions made by the valuer such as replacement cost per square foot and estimated useful life of buildings. • We have also assessed the adequacy of the disclosures made in note 09 to the financial statements relating to the significant judgements, valuation techniques and estimates used by the external valuer.

(Contd...3/)

Other Matter

The financial statements of Maldives Airports Company Limited for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 08 August 2021.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We are 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and Group.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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.

(Contd...4/)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

30 June 2022
Male'

Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2021

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**MVR**	**MVR**	**MVR**	**MVR**
Revenue from contracts with customers	3	4,682,382,036	2,326,270,055	4,355,569,796	2,190,511,660
Cost of sales and operating supplies		(2,201,796,704)	(1,163,332,140)	(2,152,865,031)	(1,136,097,207)
Gross profit		**2,480,585,332**	**1,162,937,915**	**2,202,704,765**	**1,054,414,453**
Other income	4	198,816,289	3,996,578	198,523,485	1,066,207
Administrative expenses		(1,330,876,927)	(938,985,474)	(1,187,379,910)	(831,829,724)
Selling and marketing costs		(5,110,414)	(3,501,241)	(1,071,130)	(1,163,076)
Operating profit		**1,343,414,280**	**224,447,778**	**1,212,777,211**	**222,487,860**
Net finance cost	5	(79,428,958)	(143,712,793)	(58,715,442)	(134,945,137)
Profit before tax from operations		**1,263,985,323**	**80,734,985**	**1,154,061,769**	**87,542,723**
Income tax credit / (expense)	6	(157,786,795)	5,240,054	(141,443,260)	8,854,038
Profit After Tax		**1,106,198,528**	**85,975,039**	**1,012,618,509**	**96,396,761**
Profit attributable to:					
Equity holders of the parent		1,074,971,087	92,003,385	1,012,618,509	96,396,761
Non-controlling interest		31,227,441	(6,028,346)	-	-
		1,106,198,528	**85,975,039**	**1,012,618,509**	**96,396,761**
Other Comprehensive Income					
Other Comprehensive that will not be reclassified to profit or loss in subsequent period					
Gain on Revaluation of Buildings		16,829,413	-	16,829,413	-
Deffered Tax - on Revaluation of building		(2,524,412)	-	(2,524,412)	-
Remeasurement of defined benefit liability	26	(23,122,781)	6,332,808	(23,122,781)	6,332,808
Deffered Tax - Remeasurement of defined benefit lia	25	3,468,417	(949,921)	3,468,417	(949,921)
Other comprehensive (loss)/income for the year net of tax		**(5,349,362)**	**5,382,887**	**(5,349,362)**	**5,382,887**
Total comprehensive income for the year		**1,100,849,165**	**91,357,926**	**1,007,269,146**	**101,779,648**
Total comprehensive income attributable to:					
Equity holders of the parent		1,069,621,724	97,386,272	1,007,269,146	101,779,648
Non-controlling interest		31,227,441	(6,028,346)	-	-
		1,100,849,165	**91,357,926**	**1,007,269,146**	**101,779,648**
Earnings per share	7	717	57	675	64

The accounting policies and notes on pages 8 to 41 form an integral part of the financial statements.

Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	MVR	MVR	MVR	MVR
Assets					
Non-current assets					
Property, plant and equipment	9	2,403,725,660	2,505,303,069	2,277,773,188	2,356,622,165
Capital work-in-progress and capital advances	10	12,434,059,483	11,286,075,147	11,459,151,910	10,504,615,406
Investment properties	11	132,770,225	138,987,532	132,770,225	138,987,532
Right-of-use assets	12	7,719,442,452	7,903,335,250	7,618,073,341	7,816,858,066
Intangible assets	13	18,803,391	18,266,368	18,313,143	17,669,522
Investment in subsidiary	14	-	-	1,848,000	1,848,000
Deferred tax assets	25	87,819,188	50,585,827	69,828,211	35,957,366
		22,796,620,399	**21,902,553,193**	**21,577,758,018**	**20,872,558,057**
Current assets					
Inventories	17	334,915,159	318,155,302	316,426,964	310,527,151
Trade and other receivables	18	1,302,772,150	826,525,020	1,217,774,096	762,456,386
Financial assets at amortized cost	19	375,848,510	161,813,702	308,106,646	-
Cash and cash equivalents	20	1,514,302,703	1,150,379,613	1,328,204,351	994,194,936
		3,527,838,523	**2,456,873,637**	**3,170,512,057**	**2,067,178,473**
Total assets		**26,324,458,921**	**24,359,426,830**	**24,748,270,075**	**22,939,736,530**
Equity and liabilities					
Equity					
Share capital	21	150,000,000	150,000,000	150,000,000	150,000,000
Revaluation reserve	22	491,457,573	497,264,616	491,457,573	497,264,616
Fair value reserve	22	10,386,245	10,386,245	-	-
Currency translation reserve	22	26,878,026	26,878,026	-	-
Retained earnings		6,839,677,753	5,818,539,802	6,001,657,984	5,042,872,610
		7,518,399,597	**6,503,068,689**	**6,643,115,557**	**5,690,137,226**
Non-controlling interest	23	466,292,164	435,064,723	-	-
Total equity		**7,984,691,761**	**6,938,133,412**	**6,643,115,557**	**5,690,137,226**
Non-current liabilities					
Loans and borrowings	24	8,429,097,391	7,468,556,340	8,429,097,391	7,468,556,340
Deferred income	12.1	7,602,531,646	7,800,000,000	7,602,531,646	7,800,000,000
Lease liabilities	12.2	177,429,408	148,533,733	6,191,465	8,087,773
Employee retirement benefits obligations	26	294,590,275	246,919,946	294,590,275	246,919,946
		16,503,648,719	**15,664,010,019**	**16,332,410,776**	**15,523,564,059**
Current liabilities					
Loans and borrowings	24	680,020,881	268,316,759	680,020,881	268,316,759
Trade and other payables	27	915,397,093	1,413,629,112	876,186,813	1,383,080,795
Contract liabilities	28	58,558,810	63,124,499	58,558,810	63,124,499
Lease liabilities	12.2	16,783,395	10,380,316	10,231,191	9,680,479
Business profit tax payable	6	165,358,261	1,832,713	147,746,046	1,832,713
		1,836,118,441	**1,757,283,399**	**1,772,743,742**	**1,726,035,245**
Total equity and liabilities		**26,324,458,921**	**24,359,426,830**	**24,748,270,075**	**22,939,736,530**

The Board of Directors is responsible for these financial statements Signed for and on behalf of the Board by:

Name of the director	Designation	Signature
Mohamed Umar Manik	Chairman	....
Mahjoob Shujau	Managing Director	....

The accounting policies and notes on pages 8 to 41 form an integral part of the financial statements.

30 June 2022
Male'

MALDIVES AIRPORTS COMPANY LIMITED ★ HULHULE', REPUBLIC OF MALDIVES ★

Maldives Airports Company Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

Group

	Note	Attribute to equity holders of the parent						Non Controlling interests	Total Equity
		Share capital capital	Revaluation reserve	Fair value reserve	Currency translation reserve	Retained earnings	Total		
Balance at 1 January 2020		150,000,000	518,886,366	10,386,245	26,878,026	6,377,767,305	7,083,917,942	455,221,943	7,539,139,885
Profit for the year		-	-	-	-	92,003,385	92,003,385	(6,028,346)	85,975,040
Other Comprehensive Income		-	-	-	-	5,382,887	5,382,887	-	5,382,887
Total Comprehensive Income		-	-	-	-	97,386,271	97,386,271	(6,028,346)	91,357,926
Reclassification of reserve		-	-	-	-	14,128,874	14,128,874	-	14,128,874
Realised revaluation surplus on usage	24	-	(25,437,352)	-	-	25,437,352	-	(14,128,874)	(14,128,874)
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,815,603	-	-	-	3,815,603	-	3,815,603
Dividends	8	-	-	-	-	(696,180,000)	(696,180,000)	-	(696,180,000)
Balance at 31 December 2020		**150,000,000**	**497,264,616**	**10,386,245**	**26,878,026**	**5,818,539,802**	**6,503,068,689**	**435,064,723**	**6,938,133,412**
Balance at 1 January 2021		150,000,000	497,264,616	10,386,245	26,878,026	5,818,539,802	6,503,068,689	435,064,723	6,938,133,412
Profit for the year		-	-	-	-	1,074,971,087	1,074,971,087	31,227,441	1,106,198,528
Other Comprehensive Income		-	16,829,413	-	-	(23,122,781)	(6,293,368)	-	(6,293,368)
Deffered Tax - Remeasurement of defined benefit liability		-	-	-	-	3,468,417	3,468,417	-	3,468,417
Deffered tax on valuation of building		-	(2,524,412)	-	-	-	(2,524,412)	-	(2,524,412)
Total Comprehensive Income		-	14,305,001	-	-	1,055,316,723	1,069,621,724	31,227,441	1,100,849,165
Realised revaluation surplus on usage	24	-	(23,661,229)	-	-	23,661,229	-	-	-
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,549,184	-	-	-	3,549,184	-	3,549,184
Dividends	8	-	-	-	-	(57,840,000)	(57,840,000)	-	(57,840,000)
Balance at 31 December 2021		**150,000,000**	**491,457,573**	**10,386,245**	**26,878,026**	**6,839,677,754**	**7,518,399,598**	**466,292,164**	**7,984,691,762**

The accounting policies and notes on pages 8 to 41 form an integral part of the financial statements.

MALDIVES AIRPORTS COMPANY LIMITED ★ HULHULE' REPUBLIC OF MALDIVES ★

Maldives Airports Company Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

Company

	Note	Share capital capital	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2020		150,000,000	518,886,365	5,611,835,610	6,280,721,975
Profit for the year		-	-	96,396,761	101,779,648
Other Comprehensive Income			-	5,382,887	5,382,887
Total Comprehensive Income			-	101,779,648	101,779,648
Realised revaluation surplus on usage	23	-	(25,437,352)	25,437,352	-
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,815,603	-	3,815,603
Dividends	8	-	-	(696,180,000)	(696,180,000)
Balance at 31 December 2020		**150,000,000**	**497,264,616**	**5,042,872,610**	**5,690,137,226**
Balance at 1 January 2021		150,000,000	497,264,616	5,042,872,610	5,690,137,226
Profit for the year		-	-	1,012,618,509	1,012,618,509
Other Comprehensive Income			16,829,413	(23,122,781)	(6,293,368)
Deffered Tax - Remeasurement of defined benefit liability				3,468,417	3,468,417
Deffered tax on valuation of building			(2,524,412)	-	(2,524,412)
Total Comprehensive Income			14,305,001	992,964,145	1,007,269,146
Realised revaluation surplus on usage	23	-	(23,661,229)	23,661,229	-
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,549,184	-	3,549,184
Dividends	8	-	-	(57,840,000)	(57,840,000)
Balance at 31 December 2021		**150,000,000**	**491,457,573**	**6,001,657,984**	**6,643,115,557**

The accounting policies and notes on pages 8 to 41 form an integral part of the financial statements.

Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	MVR	MVR	MVR	MVR
Operating activities					
Profit before tax from operations		1,263,985,323	80,734,985	1,154,061,769	87,542,723
Adjustments to reconcile profit before tax to net cash flows					
Depreciation on property, plant and equipment	9	240,740,590	244,769,097	210,374,766	212,787,988
Depreciation on investment properties		6,306,767	6,294,641	6,306,767	6,294,641
Depreciation of - right-of-use asset	12	217,628,767	11,982,093	208,133,347	11,783,439
Amortisation of intangible assets	13	4,788,749	3,841,737	4,659,329	3,656,157
Interest income	5	(10,467,445)	(15,003,632)	(7,952,797)	(7,654,907)
Interest expenses	5.2	65,265,318	141,104,110	65,265,318	141,104,110
Interest expenses on lease liabilities	5.2	24,631,085	17,612,315	1,402,922	1,495,934
Loss of disposal of property, plant and equipment		340,764	4,502,646	440,763	4,502,646
Gain on modification of leases		(42,513)	(138,859)	(42,513)	(138,859)
Grant income	4	(197,468,354)	-	(197,468,354)	-
Allowance for impairment loss on trade receivables		191,660,528	49,848,594	168,175,097	42,797,629
Interest and Current Service cost (Employee retirement benefits obligations)	26	30,272,920	18,470,081	30,272,920	18,470,081
Operating profit before working capital changes		**1,837,642,498**	**564,017,807**	**1,643,629,333**	**522,641,581**
Working capital adjustments:					
- Inventories		(16,759,857)	38,655,071	(5,899,813)	35,348,777
- Trade and other receivables		(686,448,485)	(27,673,934)	(622,708,172)	(66,273,719)
- Trade and other payables		(536,434,812)	(378,208,797)	(564,733,982)	(418,148,927)
- Contract liabilites		(4,565,689)	63,124,499	(4,565,689)	63,124,499
Cash flows from operating activities		593,433,655	259,914,647	445,721,677	136,692,212
Business profit tax paid		(27,001,383)	(138,835,193)	(24,907,583)	(121,973,747)
Retirements benefit paid		(5,725,372)	-	(5,725,372)	-
Interest paid	5.2	(64,007,245)	(141,104,110)	(64,007,245)	(88,858,145)
Net cash flows from operating activities		**496,699,655**	**(20,024,656)**	**351,081,477**	**(74,139,680)**
Investing activities					
Acquisition of property, plant and equipment	13	(46,242,363)	(24,932,425)	(38,293,238)	(21,185,411)
Acquisition of intangible assets	13	(4,526,137)	(127,895)	(4,503,315)	(35,375)
Acquisition of investing properties		(89,460)	-	(89,460)	-
Cost incurred on construction of capital work-in-progress	10.1	(1,388,859,664)	(1,555,919,497)	(1,195,411,801)	(1,297,409,380)
Proceeds from disposal of property, plant and equipment		110,017	159,006	10,018	159,006
Net capital advance recovery		163,221,745	142,039,517	163,221,745	142,039,517
Investment/(withdrawn) on fixed deposit	19	14,929,131	(1,436,789)	(79,142,707)	-
Investment in treasury bills	19	(228,963,939)	198,109,546	(228,963,939)	198,109,546
Lease extension fee payments		(539,700)	(485,730)	-	-
Interest received		8,424,722	9,406,772	5,910,090	7,969,983
Net cash flows used in investing activities		**(1,482,535,647)**	**(1,233,187,494)**	**(1,377,262,607)**	**(970,352,113)**
Financing activities					
Proceeds from borrowings		1,641,385,082	1,092,617,781	1,641,385,082	1,092,617,781
Repayment of loans		(269,139,909)	(134,047,497)	(269,139,909)	(134,047,497)
Payment of lease liabilities	13/14	(22,486,088)	(13,477,925)	(12,054,628)	(13,477,925)
Net cash flows used in financing activities		**1,349,759,085**	**945,092,359**	**1,360,190,545**	**945,092,359**
Net increase in cash and cash equivalents		363,923,092	(308,119,792)	334,009,416	(99,399,434)
Cash and cash equivalents as at 1 January		1,150,379,613	1,458,499,403	994,194,936	1,093,594,370
Cash and cash equivalents as at 31 December	20	**1,514,302,703**	**1,150,379,613**	**1,328,204,350**	**994,194,936**

The accounting policies and notes on pages 8 to 41 form an integral part of the financial statements.

MALDIVES AIRPORTS COMPANY LIMITED ★ HULHULE' REPUBLIC OF MALDIVES ★

1 Corporate information

Maldives Airports Company Limited is a limited liability company incorporated on 1st August 2000 and domiciled in the Republic of Maldives. The registered office of the Company is located at Male' International Airport, Hulhule', Republic of Maldives. The principal activities of the company are maintaining and operating airports and all related activities.

The Government of Maldives (GoM) wholly owns shares of the Company

The Group consists of the Company's interest in a subsidiary undertaking Maldives In-flight Catering Private Limited, a limited liability company incorporated and domiciled in the Republic of Maldives, operating a flight kitchen and a transit hotel in Maldives. The Company owns 65% of authorized and issued share capital of the subsidiary. Information on other related party relationships of the Group is provided in Note 30.

1.1 Date of audthorization for issue

The consolidated financial statements of the Maldives Airport Company Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2021 were authorized for issue in accordance with a resolution of the directors on 30 June 2022.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Maldives Airports Company Limited and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis, except for Buildings classified under Property, Plant and Equipment.

The preparation of financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as for the year ended 31 December 2021.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation

2 Significant accounting policies continued

2.3 Accounting under separate financial statements

Investment in subsidiary is measured at cost less accumulated impairment in the separate financial statements

a) Subsidiaries

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

b) Joint arrangements

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control

Interests in joint ventures are accounted for using the equity method (refer (c) below), after initially being recognised at cost in the consolidated statement of financial position

c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.4 (k)

d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

2 Significant accounting policies continued

2.4 Summary of significant accounting policies

a) Current versus non-current classification

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

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

All other assets are classified as non-current

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Fair value measurement

The Group measures non-financial assets such as Buildings classified under Property, Plant and Equipment , at fair value at each Reporting date

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, *or*
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

c) Fair value measurement continued

External valuers are involved for valuation of significant assets, such Buildings classified under Propoerty, plant and equipment. Involvement of external valuers is determined periodically by the company in accordance with the Group's procurement policy approved by the Board of Directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Buildings - Note 9

d) Revenue from contracts with customers

Ramp, passenger, into-plane fuelling and other aviation related services income is recognised at the time the service is provided in accordance with the terms of the relevant contract. Cargo handling and cargo forwarding revenue is recognised at the point of departure for exports and at the point that the goods are ready for dispatch for imports. Revenue excludes value added and sales taxes and charges collected on behalf of customers.

The timing of customer billing in relation to the satisfaction of performance obligations results in amounts being recorded in the Statement of Financial Position for accrued and deferred income. Individual billing arrangements vary by customer and contract. Accrued income is recognised on contracts for which performance obligations have been satisfied but have not yet been billed to customers at the Statement of Financial Position date. When the recovery of such amounts becomes unconditional the customer is billed and the amounts are transferred to trade receivables. Deferred income is recognised in respect of payments received from customers in advance of the Group fulfilling its performance obligations under contracts

In the distribution business, revenue has been recognised on the despatched value of goods sold, excluding Goods and Services Tax (GST). Product sold to retailers has been made on a sale or return basis. Revenue for goods supplied with a right of return has been stated net of the value of returns.

The performance obligation relating to the rendering of services is satisfied when the services are consumed by the customer. Revenue is recognized with reference to the time of services are rendered

Traffic revenue is primarily generated from contracts with airlines for the provision of access to terminals, infrastructure, apron parking, airfield and terminal facilities. Revenue is recognised as the service is provided as follows:

- Navigation charges : On the basis of maximum take-off weight, when the aircraft entered into the Maldives air space.
- Landing charges : On the basis of the particular aircraft type, when the aircraft lands on the runway.
- Aircraft parking charges: Over the duration of time the aircraft is parked and maximum take-off weight
- Ground handling : On the basis of the particular aircraft type or basis of maximum take-off weight, when the service is consumed
- Departure control system charges : On the basis of the particular aircraft type, when the service is performed and consumed by customer.

Other non traffic revenue mainly consists of provision of Fuel Sales, cargo handling and terminal services, lounge operation charges, utility sales, rent and lease charges.

- Fuel Sales : On the basis of service is provided
- Lounge utilisation charges : On per passenger basis as they utilise.
- Cargo income : On the basis of volume handled.
- Utility charges : On the basis of volume consumed by the customer.

Other revenue source of the group mainly consists of proceeds from provision of food, catering, beverage, lodging and other hospitality industry related activities.

- Revenue from catering, cabin handling and aircraft interior cleaning is recognized at the time of services.
- Room revenue is recognized on rooms occupied on a daily basis net of tax. In relation to the sale of food, beverage and minibar sales, the revenue has been recognized by reference to the time of sales.
- In relation to the income from communication, rental, business center, gym membership revenue, boat operations, spa, shop rentals and laundry, the revenue has been recognized by reference to the time of service rendered.

2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

e) Revenue from contracts with customers continued

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method

Other revenues earned are recognized on the following basis:

Dividends - shareholders' right to receive the payment is established
Rental - as it accrues

Consignment commission

The Group sells souvenir items to the customers on behalf of two consigners. Consignment commission is recognised at the point in time of delivering the souvenir items to the customer, based on the rate agreed with the principals

Income is recognized on an accrual basis in accordance with the substance of the relevant contracts.
Concession fees from retail and commercial concessionaires at the airport which are based upon reported revenue and/ or volumes by concessionaires, taking into account contracted minimum guarantees prices (variable consideration) only where applicable. The performance obligation for this revenue stream is the provision of retail unit space to a third party for the purposes of selling goods or providing services to the passengers, in return for a fee, based either on a fixed rental fee, or a concession fee based on turnover. The revenue is recognised in the period that the sales occurred, therefore at a point in time.

f) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred

g) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded fair value of the asset and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset.

h) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Maldivian Rufiyaa ("MVR") which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

i) Property, plant and equipment

All property, plant and equipment, except buildings are recognised at historical cost less accumulated depreciation and accumulated impairment losses if any. Building is recognised at fair value based on periodic valuations by external independent valuers less subsequent depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred

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2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

i) Property, plant and equipment continued

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leased land and buildings constructed therein, the shorter lease term as follows:

Buildings on leasehold land	20 -50 years
Island infrastructure including Jetties, roads, pavements, landscaping and	50 years
Oil store tanks	17 years
Runway, taxiway and apron	25 years
Machinery and equipment	2-10 years
Furniture, fittings and fixtures	3-5 years
Heavy vehicles	10 years
Motor vehicles	10 years
Crockery, cutlery, linen and fabrics	3 years
Laundry, kitchen and housekeeping equipment	5-10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

j) Investment properties

Investment property are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently cost less accumulated depreciation.

Depreciation on investment properties is recognized on a straight line basis over the following estimated useful lives.

Buildings on leasehold land	20 -50 years

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

On the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss

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k) Capital Work in Progress

Capital work-in-progress is stated at cost including all development expenditure and other direct costs attributable to such projects and borrowing costs capitalized less any accumulated impairment losses if any. These would be transferred to the relevant asset category in property, plant and equipment when the asset is completed and available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in first out method and weighted average cost method. Cost of inventory includes purchases, transport and handling costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and variable selling expenses. Where necessary, provision is made in the financial statements for obsolete, slow-moving and defective inventory.

Group value its inventory as below;

Cost formulae used	**Inventory type**
FIFO	Fuel, spare parts and consumables
Weighted average	Duty-free

m) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	30-50 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (p) Impairment of non-financial assets

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Leases at normal value from government
The Group holds lease right of its land on a long term from the government at a norminal value. Fair value recognition is applied to righ-of-use asset and the fair value of the land lease is determined based on an valuation performed by an accredited external independent valuer. Fair value of the government grant is depreciated on a straight-line basis over the lease term.
Initial gain on valuation of the land is recorded as a government grant as refererd in section (e) Government grants.

iv) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term lease are recognised as expense on a straight-line basis over the lease term.

2 Significant accounting policies continued
2.4 Summary of significant accounting policies continued
m) Leases continued

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

n) Intangible assets

Computer software
An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured. Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition.

Costs associated with maintaining computer software programmed are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the required criteria are met.

Other development expenditures that do not meet the required criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Amortisiation is recognized in Statement of Profit or Loss on a straight line basis over the estimated useful lives of Intangible Assets, from the date on which they are available for use. The estimated useful lives for the current and comparative period are as follows:

Computer software	10 years

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

o) Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

p) Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

q) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
  And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired

The Group's financial assets at amortised cost includes trade receivables, investments in fixed deposits and treasury bills included under Financial assets at amortized cost

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and lease liabilities

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income. This category generally applies to interest-bearing loans and borrowings.

De-recognition

Financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

r) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

s) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

t) Current and deferred business profit tax

The tax expenses for the period comprises current and deferred tax. Tax is recognized in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized directly in equity.

The current business profit tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Group is liable to business profit tax at rate of 15%, if the taxable profit of the year exceeds MVR 500,000

Deferred business profit tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred business profit tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred business profit tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred business profit tax asset is realized or the deferred business profit tax liability is settled

Deferred business profit tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Deferred business profit tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred business profit tax assets and liabilities relate to business profit taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

u) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the Statement of Financial Position

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions to Maldives Government pension scheme and will have no legal or constructive obligation to pay further amounts. Both employer and employee contribute 7% to this scheme of such employees' pensionable wage. Employers' obligation for contribution to pension scheme is recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees. All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives.

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Defined benefit plans

Defined benefit plans is an amount of benefit that an employee receive on retirement, usually dependent on one or more factors such as age, completed years of service and compensation The Group's net obligation in respect of defined benefit plans are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that amount to determine its present value. Discounting was done by using the Maldives Government treasury bills interest rate as there is no deep corporate bond market in Maldives.

The interest cost is calculated by applying discounting rate to the opening balance of the defined benefit obligations This cost is included in employee benefit expense in the statement of statement of profit or loss

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

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

v) Dividend distribution

Dividend distribution to the Group's shareholders are recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders

2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

w) Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

x) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year

2 Significant accounting policies continued

2.5 Standards issued but not yet effective

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation

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Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial statements

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

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

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

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopt

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed

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

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2 Significant accounting policies continued

2.6 Use of estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results Management also needs to exercise judgement in applying the group's accounting policies

This note provides an overview of the areas that involved a higher degree of judgement or complexity Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.The areas involving significant estimates or judgements are

- Loss allowance for expected credit losses - note 2 4(p), 18 1 and 18 2
- Estimated useful life of property plant and equipment - note 2 4(i) and 9
- Estimated useful life of intangible asset - note 2.4 (o) and 13
- Estimation uncertainties and judgements made in employee retirement benefits - note 2 4(t) and 26
- Estimation uncertainties and judgements made in relation to lease accounting - note 2 4(m) and 12 2
- Estimation of fair values of buildings - note 2 4(b) and note 9

Other disclosures relating to the Group's exposure to risks and uncertainties includes:
- Financial risk factors and policies - note 32 1
- Capital risk management 32.2

		Group		Company	
3	**Revenue from contract with customers**	2021 MVR	2020 MVR	2021 MVR	2020 MVR
3.1	**Disaggregated Revenue Information**				
	(a) Types of Goods or Services				
	Traffic revenue				
	Landing fee	228,976,087	93,050,251	228,976,087	93,050,251
	Parking fee	92,171,350	57,907,895	92,171,350	57,907,895
	Navigation fee	63,905,659	38,582,390	63,905,659	38,582,390
	Ground handling charges	461,314,570	175,379,439	461,314,570	175,379,439
	Departing charges	47,459,198	22,037,699	47,459,198	22,037,699
		893,826,864	386,957,674	893,826,864	386,957,674
	Non traffic revenue				
	Fuel sales	2,238,872,322	1,129,953,878	2,239,431,497	1,130,292,745
	Duty-free sales	384,248,287	208,805,558	384,248,287	208,805,558
	Rent and lease charges	94,859,385	81,504,878	105,555,622	88,911,998
	Cargo income	181,025,293	112,144,989	182,394,717	112,760,565
	Utility sales	55,943,106	39,647,831	91,491,763	62,184,827
	Lounge income	183,086,265	87,555,974	183,086,265	87,555,974
	Consignment commission	198,457,041	48,096,810	198,457,041	48,096,810
	Revenue share	48,959,487	14,069,749	48,959,487	14,069,749
	Miscellaneous income	21,695,924	48,135,394	21,734,969	48,224,136
	Passenger related charges	6,383,283	2,651,624	6,383,283	2,651,624
		3,413,530,393	1,772,566,685	3,461,742,931	1,803,553,986
	Other revenue sources				
	Room revenue	61,254,485	25,237,760	-	-
	Cabin handling	47,846,503	21,254,542	-	-
	Catering	239,756,266	101,824,443	-	-
	Food and beverages	24,600,420	15,796,541	-	-
	Miscellaneous income	1,567,104	2,632,410	-	-
		375,024,778	166,745,696	-	-
	Total revenue	**4,682,382,036**	**2,326,270,055**	**4,355,569,796**	**2,190,511,660**
	(b) Timing of the revenue recognition				
	Transferred at point in time	3,451,416,008	1,720,424,754	3,173,792,592	1,601,881,423
	Transferred at point over the time	1,230,966,028	605,845,301	1,181,777,204	588,630,237
	Total Revenue	**4,682,382,036**	**2,326,270,055**	**4,355,569,796**	**2,190,511,660**
3.2	**Contract balances**				
	Trade Receivable	1,366,147,364	826,525,020	1,281,149,310	762,456,386
	Contract Liabilities	58,558,810	63,124,499	58,558,810	63,124,499

		Group		Company	
4	**Other income**	2021 MVR	2020 MVR	2021 MVR	2020 MVR
	Exchange gain	761,732	889,453	876,709	816,902
	Sundry income	543,690	2,968,266	135,908	110,446
	Gain on lease modifications	42,513	138,859	42,513	138,859
	Grant income	197,468,354	-	197,468,354	-
		198,816,289	**3,996,578**	**198,523,485**	**1,066,207**

		Group		Company	
5	**Net finance cost**	2021 MVR	2020 MVR	2021 MVR	2020 MVR
5.1	**Finance income**				
	Interest income from investment on treasury bills	(3,874,946)	(7,654,907)	(3,874,946)	(7,654,907)
	Interest income from fixed deposits	(6,592,499)	(4,439,002)	(4,077,851)	-
	Covid- 19 related rent concessions	-	(2,909,723)	-	-
		(10,467,445)	(15,003,632)	(7,952,797)	(7,654,907)
5.2	**Finance cost**				
	Bank loan interest	65,265,318	141,104,110	65,265,318	141,104,110
	Interest Expense on Lease Liabilities	24,631,085	17,612,315	1,402,922	1,495,934
		89,896,403	158,716,425	66,668,239	142,600,044
	Net finance cost	**79,428,958**	**143,712,793**	**58,715,442**	**134,945,137**

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR

6 Business profit tax expense

	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Current tax	170,820,916	23,074,871	170,820,916	23,074,870
Deferred tax recognized during the year (Note 25.1)	(13,034,121)	(28,314,925)	(29,377,656)	(31,928,908)
Business profit tax expenses reported in the Statement of Profit or Loss	**157,786,795**	**(5,240,054)**	**141,443,260**	**(8,854,038)**

6.1 Business profit tax on profit

Government of Maldives has enacted the Income Tax Act on 04 December 2019 and income tax has been calculated at 15% on the taxable profit for the year ended in accordance with the Income Tax Act No. 25/2019. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December is as follows:

	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Profit before tax	1,263,985,323	80,734,984	1,154,061,769	87,542,723
Loss of subsidiary which is not subject to tax	(109,923,554)	6,807,739		
Add: Tax effect on expenses not allowed for tax purpose	(15,005,660)	66,539,747	(15,005,660)	66,539,747
Taxable profit	1,139,056,109	154,082,470	1,139,056,109	154,082,470
Less: utilized tax free allowance	(250,000)	(250,000)	(250,000)	(250,000)
Taxable profit for the year	1,138,806,109	153,832,470	1,138,806,109	153,832,470
Business profit tax on taxable profit @ 15%	170,820,916	23,074,871	170,820,916	23,074,871
Tax charged to Profit or Loss	**170,820,916**	**23,074,871**	**170,820,916**	**23,074,871**

6.2 Business profit tax payable / (recoverable)

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
As at 1 January	1,832,713	117,593,035	123,806,460	100,731,589
Tax charge for the year	188,433,131	23,074,871	170,820,916	23,074,871
Tax paid during the year	(146,881,330)	(138,835,193)	(146,881,330)	
As at 31 December	43,384,514	1,832,713	147,746,046	123,806,460

7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Profit attributable to equity holders of the group/company	1,074,971,087	92,003,385	1,012,618,509	96,396,761
Weighted average number of ordinary shares	1,500,000	1,500,000	1,500,000	1,500,000
Basic earnings per share (MVR)	717	57	675	64

8 Dividends

At the annual general meeting held on 29 December 2021, a final dividend of MVR 38.56 per share amounting to MVR 57,840,000/- (2020: MVR 696,180,000) was declared in respect of 2020 to the Government of Maldives, which has been accounted as appropriation of profit in the statement of changes in equity during the year.

The company has not paid dividends from the declared amount to the Government of the Maldives. As at 31 December 2020, MVR 129,948,709 is recorded as a payable to the Government including unpaid balance of MVR 72,108,709 for dividend declared from 2019's profit.

9 Property, plant and equipment - Group

	Building	Island infrastructures	Machinery and equipment	Furniture, fittings and fixtures	Vehicles and ground handling equipment	Office and other equipment	Cookery linen and fabric	Kitchen and house keeping equipment	Total
Balance as at 1 January 2021									
Opening net book amount	1,102,697,003	985,521,328	217,195,532	16,011,896	158,065,864	-	3,713,090	388,593	2,483,593,306
Additions/Adjustments	1,081,846	588,719	13,122,255	5,253,398	9,388,173	11,434,387	809,026	4,564,557	46,242,363
Revaluation Surplus	16,829,413	-	-	-	-	-	-	-	16,829,413
Transfer from CWIP (Note 10)	437,478	64,247,762	4,277,355	552,751	-	7,338,572	-	-	76,853,918
Disposals - cost	-	-	(15,249,618)	(123,981)	(3,774,671)	-	(311,731)	-	(19,460,001)
Disposals - accumulated depreciation	-	-	15,249,618	106,573	3,341,298	-	-	-	18,697,489
Depreciation charge	(67,744,103)	(60,788,191)	(59,850,151)	(6,297,860)	(35,033,797)	(8,630,497)	(382,031)	(2,013,960)	(240,740,590)
Balance as at 31 December 2021	**1,053,301,637**	**989,569,619**	**174,744,991**	**15,502,777**	**131,986,867**	**10,142,462**	**3,828,354**	**2,939,190**	**2,382,015,897**
Suumary of balances for 2021									
Cost or valuation	1,845,904,538	1,450,853,837	779,682,659	94,337,275	528,629,240	142,894,005	13,403,742	41,109,788	4,896,815,085
Accumulated depreciation	(792,602,901)	(461,284,218)	(604,937,668)	(78,834,498)	(396,642,373)	(111,041,780)	(9,575,388)	(38,170,598)	(2,493,089,424)
Balance as at 31 December 2021	**1,053,301,637**	**989,569,619**	**174,744,991**	**15,502,777**	**131,986,867**	**31,852,225**	**3,828,354**	**2,939,190**	**2,403,725,660**
Balance as at 1 January 2020									
Opening net book amount	1,159,634,970	1,015,616,747	261,398,550	20,873,515	192,929,201	25,918,553	3,137,460	3,429,247	2,682,938,243
Additions	-	-	16,300,484	2,146,295	837,939	4,987,593	636,954	23,161	24,932,425
Transfer from CWIP (Note 10)	10,638,531	32,787,162	3,110,329	327,127	-	-	-	-	46,863,149
Disposals - cost	-	(9,519,936)	(11,103,416)	(193,159)	-	(888,589)	-	-	(21,705,100)
Disposals - accumulated depreciation	-	6,546,536	9,417,383	193,032	-	886,497	-	-	17,043,449
Depreciation charge	(67,576,499)	(59,909,180)	(61,927,798)	(7,334,914)	(35,701,276)	(9,194,291)	(61,324)	(3,063,815)	(244,769,097)
Balance as at 31 December 2020	**1,102,697,003**	**985,521,328**	**217,195,532**	**16,011,896**	**158,065,864**	**21,709,763**	**3,713,090**	**388,593**	**2,505,303,069**
Suumary of balances for 2020									
Cost or valuation	1,827,555,801	1,386,017,355	777,532,667	88,655,107	523,015,738	124,121,046	12,906,447	36,545,231	4,776,349,392
Accumulated depreciation	(724,858,798)	(400,496,027)	(560,337,135)	(72,643,211)	(364,949,874)	(102,411,283)	(9,193,357)	(36,156,638)	(2,271,046,323)
Balance as at 31 December 2020	**1,102,697,003**	**985,521,328**	**217,195,532**	**16,011,896**	**158,065,864**		**3,713,090**	**388,593**	**2,505,303,069**

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9 Property, plant and equipment - Company

	Building	Island infrastructures	Machinery and equipment	Furniture, fittings and fixtures	Vehicles and ground handling equipment	Office and other equipment	Total
Balance as at 1 January 2021	983,539,106	985,521,328	209,388,027	9,636,235	147,196,277	21,341,193	2,356,622,166
Additions	77,726	588,719	12,586,395	5,086,338	8,784,418	11,169,641	38,293,238
Revaluation Surplus	16,829,413	-	-	-	-	-	16,829,413
Transfer from CWIP (Note 10)	437,478	64,247,762	4,277,355	552,751	-	7,338,572	76,853,918
Disposals - cost	-	-	(15,249,618)	(123,981)	(2,091,023)	-	(17,464,622)
Disposals - accumulated depreciation	-	-	15,249,618	106,573	1,657,650	-	17,013,841
Depreciation charge	(45,802,904)	(60,788,191)	(57,519,140)	(5,029,257)	(32,929,013)	(8,306,261)	(210,374,766)
Balance as at 31 December 2021	**955,080,819**	**989,569,619**	**168,732,637**	**10,228,659**	**122,618,309**	**31,543,145**	**2,277,773,188**
Suumary of balances for 2021							
Cost or valuation	1,223,669,144	1,450,853,837	756,395,758	67,531,348	483,274,814	135,595,077	4,117,319,978
Accumulated depreciation	(268,588,325)	(461,284,218)	(587,663,121)	(57,302,689)	(360,656,505)	(104,051,932)	(1,839,546,790)
Balance as at 31 December 2021	**955,080,819**	**989,569,619**	**168,732,637**	**10,228,659**	**122,618,309**	**31,543,145**	**2,277,773,188**
Balance as at 1 January 2020	1,018,579,486	1,015,616,747	252,808,187	13,340,059	180,101,829	25,576,937	2,506,023,244
Additions	-	-	14,592,796	1,758,035	233,028	4,601,553	21,185,411
Transfer from CWIP (Note 10)	10,638,531	32,787,162	3,110,329	327,127	-	-	46,863,149
Disposals - cost	-	(9,519,936)	(11,103,416)	(193,159)	-	(888,589)	(21,705,100)
Disposals - accumulated depreciation	-	6,546,536	9,417,383	193,032	-	886,497	17,043,449
Depreciation charge	(45,678,911)	(59,909,180)	(59,437,252)	(5,788,859)	(33,138,580)	(8,835,205)	(212,787,988)
Balance as at 31 December 2020	**983,539,106**	**985,521,328**	**209,388,027**	**9,636,235**	**147,196,277**	**21,341,193**	**2,356,622,165**
Suumary of balances for 2020							
Cost or valuation	1,206,324,526	1,386,017,355	754,781,625	62,016,239	476,581,419	117,086,865	4,002,808,029
Accumulated depreciation	(222,785,421)	(400,496,027)	(545,393,598)	(52,380,004)	(329,385,142)	(95,745,672)	(1,646,185,864)
Balance as at 31 December 2020	**983,539,106**	**985,521,328**	**209,388,027**	**9,636,235**	**147,196,277**	**21,341,193**	**2,356,622,165**

9.2 Revaluation of buildings

The buildings belonging to Maldives Airports Company Limited were revalued by Kanti Karamsey & Co. Advisors LLP, Chartered Valuer as at 31 December 2021. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 December 2021. Such assets were valued based depreciated replacement cost method. The surplus arising from the revaluation was transferred to the revaluation reserve.

9.3 Fairvalue technique, inputs and relatioship with fair value

Property	Revaluation Technique	Effect Due	Significant unobservable inputs	Sensitivity
Building	Depreciated Replacement cost	31-Dec-21	Rate per square metre of Building: MVR5000 -MVR225,000	Estimated fair value would increase/decrease if rate per sq feet increase/decrease

10.1 Capital work in progress and Capital advanc	**Group**		**Company**	
	2021	**2020**	**2021**	**2020**
	MVR	**MVR**	**MVR**	**MVR**
As at 01 January	10,807,583,630	9,298,549,573	10,026,123,889	8,775,599,949
Additions during the year	1,388,859,633	1,555,919,497	1,195,411,801	1,297,409,380
Transfer to property, plant and equipment (Note 9)	(76,853,918)	(46,863,150)	(76,853,918)	(46,863,150)
Transfer to investment properties (Note 11)	-	(7,675)	-	(7,675)
Transfer to intangible assets (Note 13)	(799,635)	(14,615)	(799,635)	(14,615)
As at 31 December	12,118,789,711	10,807,583,630	11,143,882,138	10,026,123,889

Capital work-in-progress at the year-end comprises of:	**Group**		**Company**	
	2021	**2020**	**2021**	**2020**
	MVR	**MVR**	**MVR**	**MVR**
New runway, fuel farm and cargo terminal	7,086,804,508	6,490,088,086	7,086,804,508	6,490,088,086
New international passenger terminal	1,621,127,207	1,324,985,343	1,621,127,207	1,324,985,343
Fuel farm development	54,095,120	47,327,235	54,095,120	47,327,235
Provision of electricity to new development areas	291,658,873	279,906,007	291,658,873	279,906,007
New sea plane terminal	1,020,557,754	968,623,209	1,020,557,754	968,623,209
Auxiliary projects	350,375,168	324,586,132	350,375,168	324,586,132
Development of Madifushi resort project	970,119,185	778,810,168	-	-
Residential apartments - HIYA project	397,952,844	240,478,895	397,952,844	240,478,895
Other projects	326,099,052	352,778,555	321,310,664	350,128,982
	12,118,789,711	10,807,583,630	11,143,882,138	10,026,123,889

Capitalised Borrowing Cost

During the year, the Group has capitalised borrowing costs amounting to MVR 246,135,877 (2020: MVR 109,817,399) on qualifying assets. The borrowings are meant to fund specific projects and the interest percentage and borrowing cost capitalised are as follows;

Project	Rate of interest	**Group**		**Company**	
		2021	**2020**	**2021**	
		MVR	**MVR**	**MVR**	**MVR**
New runway, fuel farm	3%	164,682,502	38,173,488	164,682,502	38,173,488
and cargo terminal	5%	6,165,823	9,248,295	6,165,823	9,248,295
		170,848,325	47,421,783	170,848,325	47,421,783
New international passenger	3%	33,225,991	24,592,527	33,225,991	24,592,527
Terminal	5.7%	17,497,154	11,008,503	17,497,154	11,008,503
		50,723,145	35,601,030	50,723,145	35,601,030
New sea plane terminal	3%	24,564,407	26,794,586	24,564,407	26,794,586
		24,564,407	26,794,586	24,564,407	26,794,586
Total		246,135,877	109,817,399	246,135,877	109,817,399

10.2 Capital Advance

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Capital advance for development projects				
New runway, fuel farm and cargo terminal	106,312,419	238,884,697	106,312,419	238,884,697
Auxiliary projects	14,505,032	17,960,253	14,505,032	17,960,253
New international passenger terminal	184,415,564	194,980,564	184,415,564	194,980,564
Residential apartments - HIYA project	9,897,110	26,526,356	9,897,110	26,526,356
Other projects	139,647	139,647	139,647	139,647
	315,269,772	**478,491,517**	**315,269,772**	**478,491,517**

11 Investment properties

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Movement for the year				
Balance as at 1 January	138,987,532	145,274,498	138,987,532	145,274,498
Additions during the year	89,460	-	89,460	-
Transfer from CWIP (Note 10.1)	-	7,675	-	7,675
Depreciation charge	(6,306,767)	(6,294,641)	(6,306,767)	(6,294,641)
Balance as at 31 December	**132,770,225**	**138,987,532**	**132,770,225**	**138,987,532**
Summary of balances				
Cost / valuation	160,440,149	160,350,690	160,440,149	160,350,690
Accumulated depreciation	(27,669,925)	(21,363,158)	(27,669,925)	(21,363,158)
Balance as at 31 December	**132,770,225**	**138,987,532**	**132,770,225**	**138,987,532**

Income earned from Investment Property

The rental income from and direct expenses in relation to investment properties are as follows;

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Rent income	72,204,654	38,563,128	72,204,654	

There is no material direct expenses specifically attributable to the rental income since ancillary services related costs are being recovered through other revenue streams.

12 Right-of-use assets

	Group		Company	
	2021	2020	2021	2020
Cost / Fair Value	MVR	MVR	MVR	MVR
At 1st January	7,937,812,488	180,938,228	7,839,569,464	21,486,702
Modifications during the year	30,166,395	(17,905,380)	6,318,748	-
Adjustment for subsidiary righ-of-use asset carried forward	-	(44,718,740)	-	-
Additions during the year	3,569,575	7,819,498,380	3,029,875	7,818,082,762
At 31st December	**7,971,548,458**	**7,937,812,488**	**7,848,918,087**	**7,839,569,464**
Accumulated Depreciation				
At 1st January	(34,477,238)	(20,277,043)	(22,711,398)	(10,927,959)
Charge during the year	(217,628,768)	(14,200,195)	(208,133,348)	(11,783,439)
At 31st December	**(252,106,006)**	**(34,477,238)**	**(230,844,746)**	**(22,711,398)**
Net carrying value at 31 December	**7,719,442,452**	**7,903,335,250**	**7,618,073,341**	**7,816,858,066**

12.1 Deferred income

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
At 1st January	7,800,000,000	-	7,800,000,000	-
Recognition of Grant income on initial valuation of the leasehold rights	-	7,800,000,000	-	7,800,000,000
Transfer to profit and loss during the year	(197,468,354)	-	(197,468,354)	-
At 31st December	**7,602,531,646**	**7,800,000,000**	**7,602,531,646**	**7,800,000,000**

The fair value estimation of the leasehold rights of the land of MVR 7,800,000,000 recognized at 31 December 2020. Fair value was determined by using residual valuation basis. The valuation has been performed by the valuer and are based on present use is arrived on the net free cash flow based on profits method. As at the date of valuation on 31 December 2020, the properties' fair values are based on valuations performed by Maldives Valuers Pvt Ltd., a chartered independent valuer. The gain from valuation of the lease has been recorded as grant income as above.

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12.2 Lease liabilities

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
At 1st January	158,914,048	203,657,814	17,768,252	11,806,339
Recognitions during the year during the year	3,029,875	5,735,776	3,029,875	4,805,888
Modification during the Year	30,123,882	(7,677,087)	6,276,235	13,138,016
Adjustment for carried forward leases to subsidiary		(46,936,845)	-	-
Interest charge during the year	24,631,086	17,612,315	1,402,922	1,495,934
Payments made during the year	(22,486,088)	(13,477,925)	(12,054,628)	(13,477,925)
Balance as at 31 December	194,212,803	158,914,048	16,422,656	17,768,252
Maturity analysis				
Current	16,783,395	10,380,316	10,231,191	9,680,479
Non-current	177,429,408	148,533,733	6,191,465	8,087,773
	194,212,803	158,914,048	16,422,656	17,768,252

13 Intangible assets

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Movement for the year				
Balance as at 1 January	18,266,368	21,965,596	17,669,522	21,275,689
Additions during the year	4,526,137	127,895	4,503,315	35,375
Transfer from CWIP (Note 10.1)	799,635	14,615	799,635	14,615
Amortization charge	(4,788,749)	(3,841,738)	(4,659,329)	(3,656,157)
Balance as at 31 December	**18,803,391**	**18,266,368**	**18,313,143**	**17,669,522**
Summary of balances				
Cost	53,000,984	47,675,212	50,664,114	45,361,164
Accumulated amortisation	(34,197,592)	(29,408,844)	(32,350,970)	(27,691,642)
Balance as at 31 December	**18,803,391**	**18,266,368**	**18,313,143**	**17,669,522**

14 Investment in subsidiary

	Company	
	2021 MVR	2020
At 31 December	1,848,000	1,848,000

The details of the subsidiary at 31 December 2021 is set out below. The share capital of the subsidiary consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of the entity	Place of business / Country of incorporation	Ownership interest held by the group 2021	Ownership interest held by the group 2020	Principal activity
Maldives In-flight Catering Private Limited	Maldives	65%	65%	Operating a flight kitchen and transit hotel

Set out below is summarised financial information of the Company's investment in Maldives In-flight Catering Private Limited. The amounts disclosed are before inter-company eliminations.

	2021 MVR	2020 MVR
Summarised statement of financial position		
Current assets	392,331,539	405,855,927
Current liabilities	(98,379,739)	(47,408,913)
Net current assets	293,951,800	358,447,014
Non-current assets	1,254,057,159	1,069,548,671
Non-current liabilities	(215,745,599)	(184,953,617)
Net non-current net assets	1,038,311,560	884,595,054
Total net assets	**1,332,263,360**	**1,243,042,068**
Accumulated NCI	**466,292,164**	**414,907,504**
Summarised statement of comprehensive income		
Revenue	375,024,778	166,745,697
Profit / total comprehensive income for the year	-	(17,223,845)
Profit allocated to NCI	31,227,441	(6,028,346)
Summarised cash flows		
Cash flows from operating activities	61,522,145	61,522,145
Cash flows used in investing activities	(262,835,380)	(262,835,380)
Cash flows used in financing activities	(7,407,120)	(7,407,120)
Net decrease in cash flows	**(208,720,355)**	**(208,720,355)**

15 Investment in joint venture

	Group/Company	
	2021	2020
	MVR	MVR
Airport Investments Maldives Private Limited	5,000,000	5,000,000
Provision for impairment of investment in joint ventures	(5,000,000)	(5,000,000)
At 31 December	-	-

The Company hold 33.33% interest in Airport Investments Maldives Private Limited, a jointly controlled entity which was mandated to develop airports, lease, operate or manage tourist resorts and carry on all aspects of business connected with airport and tourist resort operations either by directly providing the services or by contracting the provision of services to third parties.

Currently there is no operation in the Company and remains dormant.

The Board of Directors has decided to impair the investments in Airport Investments Maldives Private Limited since material uncertainties exist which cast significant doubt about the ability of the companies to continue as a going concern.

16 Financial assets at fair value through other comprehensive income (FVOCI)

	Group/Company	
	2021	2020
	MVR	MVR
Addu International Airport Private Limited	32,000,000	32,000,000
Provision for impairment of financial assets	(32,000,000)	(32,000,000)
	-	-

The Company initially acquired 20,000 shares which represented 32.26% of the issued share capital of Addu International Airport Private Limited, an entity involved in the development of airports, tourist resorts, and carry on all aspects of business connected with airports and tourist resort operations either by directly providing the services or by contracting the provision of services to third parties. On 1 January 2013, the investee Company issued 118,000 shares to other shareholders diluting the shareholding of MACL to 10%. The Company has recognised the investment at cost in consolidated financial statements resulting from the loss of control.

During the year ended 31 December 2017, MACL has invested MVR 12,000,000 as the call up equity according to the shareholdings of the Company.

These investments in equity instruments are not held for trading and therefore the group has made an irrevocable election at the date of initial implementation of IFRS-9 to account for these equity investments at fair value through other comprehensive income (FVOCI).

The Board of Directors has decided to impair the Addu International Airports Company Limited since material uncertainties exist which cast significant doubt about the ability of the companies to continue as a going concern after an impairment assessment based on the future cash flows.

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17 Inventories	Group 2021 MVR	Group 2020 MVR	Company 2021 MVR	Company 2020 MVR
Fuel Inventory	61,466,077	68,472,888	61,466,077	68,472,888
Duty-free goods	119,368,389	135,224,887	119,368,389	135,224,887
Spare parts	137,206,186	115,855,659	137,206,186	115,855,659
Food and beverage	13,845,279	4,122,167	-	-
Housekeeping	4,642,916	3,505,984	-	-
	336,528,847	327,181,585	318,040,652	319,553,434
Less: Provision for slow moving inventories	(1,613,688)	(9,026,283)	(1,613,688)	(9,026,283)
	334,915,159	318,155,302	316,426,964	310,527,151

18 Trade and other receivables	Group 2021 MVR	Group 2020 MVR	Company 2021 MVR	Company 2020 MVR
Trade receivables	517,549,588	260,052,867	424,196,500	202,407,142
Trade receivables from related parties (Note 29)	412,253,421	235,239,532	410,458,271	232,651,454
Provision for Impairment of trade receivables	(189,151,496)	(146,644,466)	(127,526,006)	(108,504,407)
Provision for impairment of receivables from related parties	(170,450,849)	(83,220,875)	(170,450,849)	(83,220,875)
	570,200,664	265,427,058	536,677,916	243,333,314
Other receivables	98,348,722	90,166,606	59,166,487	57,988,535
Advances and prepayments	435,248,072	191,507,556	422,955,001	181,710,737
Tax receivables	262,587,960	281,113,544	262,587,960	281,113,544
Less: provision for impairment of other receivables (note 18.2)	(238,053)	(1,689,744)	(238,053)	(1,689,744)
	1,366,147,364	826,525,020	1,281,149,310	762,456,386

18.1 Provision for impairment of trade receivables	Group 2021 MVR	Group 2020 MVR	Company 2021 MVR	Company 2020 MVR
Movement for the year				
Balance at 1 January	228,650,925	159,439,164	128,350,068	128,350,068
Provision made during the year	193,112,218	69,211,761	169,626,787	
Balance at 31 December	421,763,143	228,650,925	297,976,855	128,350,068
Breakdown of provision for trade receivables				
Provision for trade receivables - related parties	170,450,849	83,220,875	170,450,849	83,220,875
Provision for trade receivables - third party customers	189,151,496	146,644,466	127,526,006	108,504,407
Balance at 31 December	421,763,143	228,650,925	297,976,855	128,350,068

18.2 Provision for impairment of other receivables	Group 2021 MVR	Group 2020 MVR	Company 2021 MVR	Company 2020 MVR
Movement for the year				
Balance at 1 January	1,689,744	22,267,328	1,689,744	22,267,328
Reversal of provision during the year	(1,451,691)	(20,577,584)	(1,451,691)	(20,577,584)
Balance at 31 December	238,053	1,689,744	238,053	1,689,744

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19 Financial assets at amortised cost

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Short term:				
Investments in treasury bills	228,963,939	-	228,963,939	-
Fixed deposits	146,884,571	161,813,702	79,142,707	-
	375,848,510	**161,813,702**	**308,106,646**	**-**

Deposits are made for varying periods between three months to one year, depending on the immediate cash requirements of the Group, and earn interest ranging from 3.4% to 4.5% per annum (2020 : 2.5% to 3.25% per annum). The total carrying amount invested in fixed deposits are neither past due nor impaired.

20 Cash and cash equivalents

For the purpose of Statement of Cashflow, Cash and Cash Equivalents comprises the following:

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Cash in hand	24,297,073	15,083,956	22,429,634	14,509,176
Cash at bank	1,490,005,630	1,135,295,657	1,305,774,717	979,685,760
	1,514,302,703	**1,150,379,613**	**1,328,204,351**	**994,194,936**

21 Share capital

	Group / Company	
	Number of shares	Ordinary shares MVR
At 1 January 2020	1,500,000	150,000,000
At 31 December 2020	1,500,000	150,000,000
At 31 December 2021	**1,500,000**	**150,000,000**

The total authorised number of ordinary shares is 5,000,000 shares (2020: 5,000,000 shares) with a par value of MVR 100 per share (2020: MVR 100 per share). Of the above, 1,500,000 shares are issued and fully paid.

22 Other reserves

	Group / Company	
	2021	2020
	MVR	MVR
22.1 Revaluation reserve		
Balance as at 1 January	497,264,616	518,886,365
Revaluation surplus	16,829,413	-
Realised on usage and disposal	(23,661,229)	(25,437,352)
Revaluation of buildings - Tax	(2,524,412)	-
Deferred tax liability reversal on realised revaluation surplus on usage	3,549,184	3,815,603
Balance as at 31 December	**491,457,573**	**497,264,616**

	Group		Company	
22.2 Fair value reserve				
Balance as at 31 December	10,386,245	10,386,245	-	-
22.3 Foreign currency translation reserve				
Balance as at 31 December	26,878,026	26,878,026	-	-

23 Non-controlling interest

	Group	
	2021	**2020**
	MVR	**MVR**
Balance as at 1 January	435,064,723	455,221,943
Share of net profit of subsidiary	31,227,441	(6,028,346)
Reclassification of reserve	-	(14,128,874)
Balance as at 31 December	**466,292,164**	**435,064,723**

24 Loans and borrowings

	Group / Company	
	2021	**2020**
	MVR	**MVR**
Non-current		
Borrowing from Government through MOF 1	5,537,094,472	5,171,311,337
Borrowing from Government through MOF 2	658,946,900	588,867,564
Borrowing from Government through MOF 3	133,342,632	111,043,618
Borrowing from Government through MOF 4	337,948,287	269,187,843
Borrowing from Government through MOF 5	330,541,389	272,654,201
China Development Bank	621,632,735	684,185,400
Borrowing from Ministry of Finance	16,962,000	-
Bank of Maldives Plc - Demand Loan (USD)	246,500,315	233,393,962
Bank of Maldives Plc - Demand Loan (MVR) 1	236,504,734	137,912,415
Bank of Maldives Plc - Demand Loan (MVR) 2	309,623,925	-
	8,429,097,391	7,468,556,340
Current		
Borrowing from Government through MOF 1	384,305,978	-
China Development Bank	72,674,460	43,176,000
Borrowing from Ministry of Finance	-	123,360,000
Borrowing from Ministry of Finance	30,840,000	-
Bank of Maldives Plc - Demand Loan (USD)	40,477,345	39,693,174
Bank of Maldives Plc - Demand Loan (MVR) 1	73,991,964	62,087,585
Bank of Maldives Plc - Demand Loan (MVR) 2	77,731,134	-
	680,020,881	268,316,759
Total borrowings	**9,109,118,272**	

The fair values are based on the cash flow discounted using rates based on each of the followings.

Description	**Provider of funds**	**Loan denominated currency**	**Interest rate %**	**2021**	**2020**
Borrowing from Governm	China Exim Bank	USD	3.0%	5,921,400,450	5,171,311,337
Borrowing from Government through	Saudi Fund for Development	USD	3.0%	658,946,900	588,867,564
Borrowing from Government through	Abu Dhabi Fund for Development	USD	4.0%	133,342,632	111,043,618
Borrowing from Government through	OPEC Fund for Int'l Development	USD	5.7%	337,948,287	269,187,843
Borrowing from Government through	Kuwait Fund for Arab Economic	USD	2.5%	330,541,389	272,654,201
China Development Bank	China Development Bank	USD	2.9%	694,307,195	727,361,400
Borrowing from Ministry of Finance	Ministry of Finance	USD	5.0%	-	123,360,000
Borrowing from Ministry of Finance	Ministry of Finance	USD	6.0%	47,802,000	-
Bank of Maldives Plc - Demand Loan (USD)	Bank of Maldives	USD	8.5%	286,977,660	273,087,136
Bank of Maldives Plc - Demand Loan (MVR) 1	Bank of Maldives	MVR	8.5%	310,496,698	200,000,000
Bank of Maldives Plc - Demand Loan (MVR) 2	Bank of Maldives	MVR	8.5%	387,355,059	-
				9,109,118,272	**7,736,873,099**

24 Loans and borrowings (Continued)

The carrying amounts of borrowings denominated in foreign currencies as follows:

	2021	2020
USD	545,477,725	488,772,575
MVR	697,851,757	200,000,000

24.1 Details of loans and borrowings

24.1.1 Borrowing from Government through MOF 1 - China Exim Bank

On 12 May 2016, The Government of Maldives (GOM) represented by Ministry of Finance (MOF) entered into a Subsidiary Loan Agreement (SLA) with the company to on-lend USD 373,838,500 obtained through China Exim Bank for new runway, fuel farm and cargo project. The approved loan amount of USD 373,838,500 has been fully disbursed as at 31 December 2021. The loan has been guaranteed by the GOM and principal are to be paid in 30 equal semiannual installments, whereby first repayment will commence on the first available payment date falling 5 years after date of initial withdrawal. The interest charged for this facility is 3% p.a. payable on semiannual basis. The loan balance as at the reporting date includes USD 10.17 million of interest capitalised for the payment suspended from 30 September 2020 to 30 June 2021 due to the impact of Covid-19. The repayment of deferred interest shall begin after 30 September 2022.

24.1.2 Borrowing from Government through MOF 2 - Saudi Fund for Development (SFD)

On 30 January 2017, The GOM represented by MOF entered into a SLA with the company for financing Velana International Airport updgrade project through Saudi Fund for Development for an amount of SAR 375,000,000 (USD 100,000,000). As at 31 December 2021, the on-lent amount by MOF at market prevailing rate is USD 42,733,262 This loan has been received on the guarantee from the GOM. Repayment of the loan shall be made in 40 equal semiannual instalments on 15 February and 15 August each year and will commence on the first available payment date falling five years after the initial withdrawal by the Company. The interest charged for this facility is 3% p.a. The loan balance as at the reporting date includes USD 1.18 million of interest capitalised for the payment suspended from 30 September 2020 to 30 June 2021 due to the impact of Covid-19. The repayment of deferred interest shall begin after 30 September 2022.

24.1.3 Borrowing from Government through MOF 3 - Abu Dhabi Fund for Development (ADFD)

On 08 October 2018, The GOM represented by MOF entered into a SLA with the Company for financing expansion and upgrading of Velana International Airport development project through Abu Dhabi Fund for Development for an amount of AED 183,650,000 (USD 50,000,000). As at 31 December 2021, the on-lent amount by MOF at market prevailing rate is USD 8,647,382. This loan has been received on the guarantee from the GOM. Repayment of the loan shall be made in 24 semi-annual instalments on 30 March and 30 September each year and will commence on the first available payment date falling three years after the initial withdrawal by the Company. The interest charged for this facility is 4% p.a. The loan balance as at the reporting date includes USD 0.32 million of interest capitalised for the payment suspended from 30 September 2020 to 30 June 2021 due to the impact of Covid-19. The repayment of deferred interest shall begin after 30 September 2022.

24.1.4 Borrowing from Government through MOF 4 - OPEC Fund for Int'l Development (OFID)

On 12 July 2017, The GOM represented by MOF entered into a SLA with the Company for financing expansion and upgrading of Velana International Airport development project through OPEC Fund for International Development for an amount of USD 50,000,000. As at 31 December 2021, the on-lent amount by MOF is USD 21,916,231. This loan has been received on the guarantee from the GOM. Repayment of the loan shall be made in 28 semi-annual instalments on 15 January and 15 July each year and will commence on the first available payment date falling 4 years after the initial withdrawal by the Company. The interest charged for this facility is 5.7% p.a. The loan balance as at the reporting date includes USD 0.98 million of interest capitalised for the payment suspended from 30 September 2020 to 30 June 2021 due to the impact of Covid-19. The repayment of deferred interest shall begin after 30 September 2022.

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24.1.5 Borrowing from Government through MOF 5 - Kuwait Fund for Arab Economic Development (KFAED)

On 27 November 2017, The GOM represented by MOF entered into a SLA with the Company for financing expansion and upgrading of Velana International Airport development project through Kuwait Fund for Arab Economic Development for an amount of K.D 15,000,000 (USD 50,000,000). As at 31 December 2021, the on-lent amount by MOF is USD 21,435,888. This loan has been received on the guarantee from the GOM. Repayment of the loan shall be made in 32 semi-annual instalments on 1 January and 1 July each year and will commence on the first available payment date falling 4 years after the initial withdrawal by the Company. The interest charged for this facility is 2.5% p.a. The loan balance as at the reporting date includes USD 0.50 million of interest capitalised for the payment suspended from 30 September 2020 to 30 June 2021 due to the impact of Covid-19. The repayment of deferred interest shall begin after 30 September 2022.

24.1.6 Term loan: China Development Bank (CDB)

On 03 July 2018, The Company had obtained a term facility from China Development Bank (CDB) for the purpose of financing the Seaplane facilities development project. The total facility of this loan is USD 47,170,000 and has been fully withdrawn as of 31 December 2020. The repayment of the loan shall be paid in twenty-one equal installments, paid semi-annually, starting from March 2021. The interest charged for this facility is base 2.9%+LIBOR p.a. As at the reporting date, the outstanding loan amount is USD 45,026,407 including interest capitalised of USD 0.66 million for the payment suspended from 21 September 2020 to 21 March 2021. The repayment of deferred interest shall commence 20 September 2022.

24.1.7 Borrowing from Ministry of Finance 1

On 30 October 2018, The Company had obtained a loan from the Ministry of Finance for the purpose of financing the upgrading of the Velana International Airport development project. The total facility of this loan is USD 16,000,000 which has been fully disbursed as of 31 December 2018. The interest charged for this facility is 5% p.a and the loan has been fully repaid as at the reporting date.

24.1.8 Borrowing from Ministry of Finance 2

On 18 February 2021, The Company had obtained a loan from the Ministry of Finance for the purpose of financing extension of time claims in the upgrading of the Velana International Airport development project. The total facility of this loan is USD 3,100,000 which has been fully disbursed as of 31 December 2021. The interest charged for this facility is 6% p.a and is to be repaid in two installments on 30 June 2022 and 30 June 2023.

24.1.9 Bank of Maldives Plc - Demand Loan (USD)

The Company has obtained a demand loan from the bank of Maldives for the purpose of development and renovation works of facilities in Velana International Airport. The total facility of this loan is USD 30,300,000 out of which has been fully disbursed as at 31 December 2020. This loan has been obtained on 14 March 2017 and is to be repaid in 120 months in equal instalments. The interest charged for this facility is 8.5% p.a. payable on monthly basis. As at the reporting date, the outstanding balance of the loan is USD 18,610,743.

24.1.10 Bank of Maldives Plc - Demand Loan (MVR) 1

On 12 August 2020, a MVR demand loan was obtained from the bank of Maldives for working capital support during the outbreak of Covid 19. The total facility of this loan is MVR 362,370,000 and has been fully disbursed as of 31 December 2021. This loan has to be repaid in 60 months in equal instalments. The interest charged for this facility is 8.5% p.a. payable on monthly basis. As at the reporting date, the outstanding balance of the loan is MVR 310,496,698.

24.1.11 Bank of Maldives Plc - Demand Loan (MVR) 2

On 23 May 2021, a second MVR demand loan was obtained from the bank of Maldives for working capital support. The total facility of this loan is MVR 400,00,000 and has been fully disbursed as of 31 December 2021. This loan has to be repaid in 60 months in equal instalments. The interest charged for this facility is 8.5% p.a. payable on monthly basis. As at the reporting date, the outstanding balance of the loan is MVR 387,355,059.

25 Deferred tax liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Deferred tax assets	(116,660,089)	(99,485,068)	(98,669,113)	(84,846,522)
Deferred tax liabilities	28,840,902	48,899,241	28,840,902	48,889,156
	(87,819,188)	**(50,585,827)**	**(69,828,211)**	**(35,957,366)**

25.1 Deferred taxes are calculated on all temporary differences under the liability method using the effective tax rate of 15%. The movement in deferred tax is as follows:

At 1 January	(50,585,827)	(19,405,207)	(35,957,366)	(1,162,776)
Charge to statement of Profit and Loss	(32,740,171)	(28,314,938)	(29,377,656)	(31,928,908)
Charge other comprehensive Income	(944,005)	949,921	(944,005)	949,921
Credit deferred tax liability reversal on realised revaluation surplus	(3,549,184)	(3,815,603)	(3,549,184)	(3,815,603)
At 31 December	**(87,819,188)**	**(50,585,827)**	**(69,828,211)**	**(35,957,366)**

The movement in deferred tax assets and liabilities of the Group and Company during the year, without taking into consideration the offsetting balances are as follows:

On property, plant and equipment	250,998,052	209,645,480	192,272,678	209,645,480
On right-of-use assets	(411,097)	-	-	-
On employee pension provision	-	-	-	-
On impairment of receivable	(301,578,326)	(202,441,309)	(363,203,810)	(202,441,309)
On defined benefits obligations	(294,590,275)	(246,919,946)	(294,590,275)	(246,919,946)
	(345,581,646)	**(239,715,775)**	**(465,521,407)**	**(239,715,775)**
Tax rate	15%	15%	15%	15%
Net deferred tax (asset) / liability	**(51,837,247)**	**(35,957,366)**	**(69,828,211)**	**(35,957,366)**

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26 Employee retirement benefits obligations

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
At 1 January	246,919,946	234,782,673	246,919,946	234,782,673
Current service cost	18,914,602	15,937,455	18,914,602	15,937,455
Interest charge	11,358,318	10,800,003	11,358,318	10,800,003
Actuarial loss/(gain) on obligation	23,122,781	(6,332,808)	23,122,781	(6,332,808)
	300,315,647	255,187,323	300,315,647	255,187,323
Less: payment during the year	(5,725,372)	(8,267,377)	(5,725,372)	(8,267,377)
Closing balance	294,590,275	246,919,946	294,590,275	246,919,946

26.1 Following amounts are recognized in profit or loss during the year in respect of retirement benefit obligation

Amount Recognized in Profit or Loss				
Current service cost	18,914,602	15,937,455	18,914,602	15,937,455
Interest charge	11,358,318	10,800,003	11,358,318	10,800,003
	30,272,920	26,737,458	30,272,920	26,737,458

Amount recognized in Other Comprehensive Income

Actuarial loss/(gain) on obligation	23,122,781	(6,332,808)	23,122,781	(6,332,808)
	23,122,781	(6,332,808)	23,122,781	(6,332,808)

26.2 Assumptions used

	2021	2020
Management level:		
Discount rate	4.60%	4.60%
Expected salary increment	2.39%	2.39%
Staff turnover factor:		
Up to 30 years	6.27%	6.27%
From 31 to 44 years	2.07%	
Above 44 years	1.08%	1.08%
Operational level:		
Discount rate	4.60%	4.60%
Expected salary increment	3.54%	3.54%
Staff turnover factor:		
Up to 30 years	11.52%	11.52%
From 31 to 44 years	3.53%	3.53%
Above 44 years	2.50%	2.50%

26.3 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption (%)	Increase in assumption	Decrease in assumption
		2021	2021
		MVR	MVR
Discount rate	0.50%	(17,157,408)	18,833,316
Salary growth rate	0.50%	19,205,026	(17,628,025)

The liability for defined benefit obligations is not externally funded.

The retirement benefit obligation of the Group/Company is estimated based on the calculation performed by the actuarial valuer (Charan Gupta Consultants Pvt Ltd.). The projected unit credit method is used to determine the maturity analysis, weighted average useful life and present value of the defined benefit obligation

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26 Employee retirement benefits obligations (continued)

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these were not calculated.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

27 Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Trade payables	264,315,065	856,517,419	251,445,684	845,840,599
Amounts due to related parties (Note 29)	109,231,644	76,190,653	110,503,883	76,449,923
Accrued expenses	24,396,909	8,830,556	14,609,727	5,170,789
Accrued compensation payable	15,323,430	67,932,933	15,323,430	67,932,933
Other payables	497,744,874	401,501,679	479,918,918	387,421,334
Advance received	-	2,655,872	-	265,217
Passenger service fee payable	4,385,170	-	4,385,170	-
	915,397,093	**1,413,629,112**	**876,186,813**	**1,383,080,795**

The amount due to related parties are unsecured, interest free and has no fixed repayment period. Accordingly the entire amount due have been shown as falling due within one year.

Other payables of the Company mainly includes retention amounting to MVR 162,910,188 (2020: MVR 142,122,090), interest payable amounting to MVR 105,679,670 (2020: MVR 93,625,828), advance received from customers amounting to MVR 45,530,115 (2020 : MVR 40,464,348) and dividend payable to shareholders amounting to MVR 129,948,709 (2020: MVR 72,108,709)

28 Contract liabilities

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Short-term advances from customers	58,558,810	63,124,499	58,558,810	63,124,499
	58,558,810	**63,124,499**	**58,558,810**	**63,124,499**
Current	58,558,810	63,124,499	58,558,810	63,124,499

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29 Related party transactions

The Group is controlled by the Government of Maldives which owns 100% of the Company's shares.

The Company holds a 33.33% interest and has a joint control over Airport Investments Maldives Private Limited. There were no transactions with the Airport Investments Maldives Private Limited during the year. Interests in joint venture is set out in note 15.

The following transactions were carried out with subsidiary and Government related entities. The transactions below were made in the ordinary course of business on substantially the same terms, including, aero and non aero transactions as for comparable transactions with unrelated counterparties.

	Group		Company	
i) Sales of goods and services	**2021 MVR**	**2020 MVR**	**2021 MVR**	**2020 MVR**
Maldives Inflight Catering Pvt Ltd	-	-	48,212,538	24,007,163
Ministry of Foreign Affairs	3,212,367	2,024,915	3,212,367	2,024,915
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	3,067,644	2,552,419	3,067,644	2,552,419
Island Aviation Services Limited	281,503,618	188,544,468	281,503,618	188,544,468
Maldives National Defense Force	4,246,471	5,422,615	4,246,471	5,422,615
State Trading Organization Plc	15,785,618	8,161,021	15,785,618	8,161,021
Aviation Security Command	894,161	1,092,675	894,161	1,092,675
People's Majlis Secretariat	670,685	477,610	670,685	477,610
Maldives Meteorological Service	1,257,155	1,216,679	1,257,155	1,216,679
Business Centre Corporation Limited	2,002,341	-	2,002,341	-
Addu International Airport Pvt Ltd	1,162,130	-	1,162,130	-
Other Government undertakings	4,268,801	4,429,920	4,268,801.00	4,429,920
	318,070,991	**213,922,321**	**366,283,529**	**237,929,484**

ii) Purchases of goods and services				
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	10,198,334	10,121,789	10,198,334	10,121,789
Island Aviation Services Limited	606,742	755,216	606,742	755,216
Maldives Customs Service	94,879,788	33,289,252	94,879,788	33,289,252
Maldives Transport and Contracting Company I	11,056,930	16,182,653	11,056,930	16,182,653
State Trading Organisation Plc	1,439,376,576	676,681,322	1,439,376,576	676,681,322
Male' Water & Sewerage Company Pvt. Ltd.	15,447,296	3,821,587	15,447,296	
State Electric Company Limited	1,270,678	-	1,270,678	-
Maldives Civil Aviation Authority	740,000	-	740,000	-
Housing Development Corporation Limited	24,699,877	-	24,699,877	-
Maldives Islamic Bank Plc	21,038,060	-	21,038,060	-
Waste Management Corporation Limited	6,846,000	-	6,846,000	-
Maldives Inflight Catering Pvt Ltd	6,254,029	-	6,254,029	-
Other Government undertakings	1,239,704	567,573	1,239,704	567,573
	1,573,576,344	**741,419,391**	**1,633,654,014**	**737,597,804**

iii) Year-end outstanding balances				
Receivable from related parties:				
SATS Limited	1,795,150	2,588,077		-
Island Aviation Services Limited	351,605,122	201,782,507	351,605,122	201,782,507
Ministry of Finance	265,780	10,378	265,780	10,378
Ministry of Foreign Affairs	1,959,873	676,435	1,959,873	676,435
Maldives National Defense Force	1,492,327	3,158,968	1,492,327	3,158,968
Maldives Inflight Catering Pvt Ltd	36,277,282	16,420,032	36,277,282	16,420,032
Maldives Post Limited	2,765,502	2,870,295	2,765,502	2,870,295
State Trading Organization Plc	4,588,664	3,161,307	4,588,664	3,161,307
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	2,749,256	-	2,749,256	-
Addu International Airport Pvt Ltd	2,557,305	-	2,557,305	-
Ministry of Health	1,407,103	-	1,407,103	-
Business Centre Corporation Limited	868,439	-	868,439	-
Other Government undertakings	3,921,618	4,571,532	3,921,618	4,571,532
	412,253,421	**235,239,532**	**410,458,271**	**232,651,454**

29 Related party transactions (continued)

iv) Payable to related parties:	**Group** 2021 MVR	2020 MVR	**Company** 2021 MVR	2020 MVR
Maldives Inflight Catering Pvt Ltd	-	-	1,272,239	259,269
State Trading Organisation Plc	53,703,726	57,152,220	53,703,726	57,152,220
Maldives Transport and Contracting Company Plc	895,080	6,948,766	895,080	6,948,766
Island Aviation Services Limited	2,904,517	9,816,027	2,904,517	9,816,027
Dhivehi Raajjege Gulhun Pvt	857,287	1,226,653	857,287	1,226,653
Maldives Customs Service	17,519,337	36,802	17,519,337	36,802
Housing Development Corporation Limite	24,699,877	-	24,699,877	-
Maldives Islamic Bank Plc	1,935,297	-	1,935,297	-
Male' Water & Sewerage Company Pvt. L	5,634,526	-	5,634,526	-
Waste Management Corporation Limited	600,000	-	600,000	-
Other Government undertakings	481,997	1,010,185	481,997	1,010,186
	109,231,644	**76,190,653**	**110,503,883**	**76,449,923**

v) Key management personnel compensation

The Board of Directors of the Group are members of the key management personnel.

	Group 2021	2020	**Company** 2021	2020
Emoluments and fees	979,761	1,146,904	771,345	938,487
	979,761	**1,146,904**	**771,345**	**938,487**

30 Capital commitments

	2021	**2020**
Development projects:		
Short-term commitments - less than 12 months	4,452,423,588	4,821,417,430
Long-term commitments - over 12	449,556,706	774,517,481
Total commitment towards Development Projects	**4,901,980,294**	**5,595,934,911**

The commitments are financed by Subsidiary loan agreements with Ministry of Finance which has been pre-approved.

31 Events after the reporting period

No other events have occurred since the reporting date, which would require adjustments to, or disclosure in, the financial statements.

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32 Financial risk management

32.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk, liquidity risk and cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors on specific areas such as foreign exchange risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The Group's operations are exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The company has a substantial portion of its revenue realised in United States Dollar. Currency exposure arising from the import of capital items and other materials are presently met out of revenue received in United States Dollars.

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	31 December 2021		31 December 2020	
	US$	SGD	US$	SGD
Cash and cash equivalents	81,904,272	-	59,030,624	-
Trade and other receivables	10,359,429	-	19,216,566	-
Investments in fixed deposits	9,525,588	-	10,493,755	-
Trade and other payables	(59,364,273)	-	(53,605,925)	(16,258)
Borrowings	(545,477,725)	-	(439,578,652)	-
	(503,052,709)	-	(404,443,631)	(16,258)

Sensitivity analysis

5 percent strengthening/ weakening of Maldivian Rufiyaa against United States Dollars and Singapore Dollar as at 31 December 2021 and 31 December 2020, would have increased/ decreased profit by the amount shown below, based on the Group's monetary assets and liabilities. The analysis assumes that all other variables remain constant.

	Strengthening	Weakening
31 December 2021		
US$ 5% movement	(387,853,639)	387,853,639
SGD 5% movement	-	-
31 December 2020		
US$ 5% movement	(311,826,040)	311,826,040
SGD 5% movement	(9,464)	9,464

Financial risk factors

	Average rate		As at 31 December	
	2021	2020	2021	2020
1 MVR: SGD	0.0902	0.0902	0.0859	0.0859
1 MVR: USD	0.0649	0.0649	0.0649	0.0649

In respect of the monetary assets and liabilities denominated in US$, the Group has a limited currency exposure on such balances since the Maldivian Rufiyaa is pegged to the US$ within a band to fluctuate within +/- 20% of the mid-point of exchange rate.

(ii) Cash flow and fair value interest rate risk

The Group has short-term deposits with commercial banks and investments in Government treasury bills, which are the interest bearing assets. The Group also has fixed interest bearing borrowings. The Group does not have any control over interest rate or any hedge instrument to manage the risk arising out of fixed interest rate.

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32 Financial risk management (continued)

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain liquidity by keeping adequate cash and short-term deposits in banks.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

At 31 December 2021	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
Trade and other payables	915,397,093	-	-	-
Borrowings	273,500,425	406,520,456	748,449,683	7,680,647,706
Lease Liability	2,701,060	8,103,179	10,804,239	-
At 31 December 2020				
Trade and other payables	1,413,629,112	-	-	-
Borrowings	51,462,065	288,526,853	479,215,765	6,917,668,416
Lease Liability	2,671,178	7,980,527	10,804,239	-

Company

At 31 December 2021	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
Trade and other payables	876,186,813	-	-	-
Borrowings	273,500,425	406,520,456	748,449,683	7,680,647,706
Lease Liability	2,701,060	8,103,179	10,804,239	
At 31 December 2020				
Trade and other payables	1,383,080,795	-	-	-
Borrowings	51,462,065	288,526,853	479,215,765	6,917,668,416
Lease Liability	2,671,178	7,980,527	10,804,239	-

(c) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), and deposits with banks and financial institutions, as well as credit exposures to ordinary customers, including outstanding receivables.

(i) Risk management

Most of the aero customers are reputed airlines with the global presence and non aero customer mainly includes government related SOEs. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

(ii) Security

For some trade receivables the Group obtains security in the form of bank guarantees and cash deposits. i.e. bank guarantee vary for 1 to 3 months, which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Impairment of financial assets

The Group has following financial assets that are subject to IFRS 9's expected credit loss model:

- Trade receivables - others and related parties
- Other receivables
- Other financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investment in fixed deposits
- Cash and cash equivalents

While investment in financial assets at fair value through other comprehensive income (FVOCI), investment in fixed deposits, other financial assets at amortised cost and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment losses were immaterial.

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32 Financial risk management (continued)

- Trade receivables - others and related parties

The Group applies the IFRS 9 simplified approach of measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the past experience on recovery and default.

- Trade receivables - others and related parties (continued)

The expected loss rates are based on the payment profiles of sales over a period of 48 months and 36 months before 31 December 2021 or 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted by a loss allowance matrix developed by the Group considering the macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has selected GDP of the region/ country of the customer and/ or jet fuel price to be most relevant factors. Accordingly developed a loss allowance matrix based on expected changes in the GDP of the region/ country and/ or jet fuel price and applied to the historical loss rates.

On that basis, the loss allowance of the Company as at 31 December 2021 and 31 December 2020 was determined as follows for trade receivables that were subjected to expected credit loss calculation.

Scheduled airlines

31st December 2021	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	0.3%	0.8%	2.5%	3.7%	6.0%	
Gross carrying amount – trade receivables	33,781,974	30,288,174	10,546,575	9,448,826	21,717,314	**105,782,863**
Loss allowance	105,459	254,897	264,158	352,477	1,296,814	**2,273,805**

31st December 2020	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	0.3%	0.8%	2.4%	4.1%	8.5%	
Gross carrying amount – trade receivables	43,968,324	7,537,777	1,218,721	513,056	20,965,321	**74,203,200**
Loss allowance	138,902	59,713	28,847	21,023	1,788,596	**1,322,859**

Non-scheduled airlines

31st December 2021	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	17%	53%	74%	102%	100%	
Gross carrying amount – trade receivables	2,750,909	2,213,160	1,727,026	928,647	59,900,419	**67,520,161**
Loss allowance	453,084	1,169,948	1,270,046	939,221	59,358,001	**63,190,300**

31st December 2020	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	14%	30%	44%	68%	97%	
Gross carrying amount – trade receivables	8,254,060	881,792	207,586	285,965	58,246,901	**67,876,304**
Loss allowance	1,187,749	266,158	91,387	194,652	56,785,809	

Non-aero

31st December 2021	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	24%	31%	67%	96%	100%	
Gross carrying amount – trade receivables	6,061,391	25,152,183	18,213,529	12,723,867	57,040,208	**119,191,178**
Loss allowance	1,302,075	6,895,652	10,940,651	10,903,666	51,158,294	**81,200,338**

32 Financial risk management (continued)

Non-aero (continued)

31st December 2020	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	10%	13%	35%	54%	94%	
Gross carrying amount – trade receivables	11,881,749	7,264,738	3,961,438	2,582,231	45,922,050	**71,612,206**
Loss allowance	1,185,557	972,330	1,380,650	1,386,549	43,016,486	**47,941,572**

Related parties - state owned enterprises

31st December 2021	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	13%	16%	45%	75%	93%	
Gross carrying amount – trade receivables	4,234,327	39,754,715	37,628,978	18,626,802	253,479,720	**353,724,542**
Loss allowance	1,898,204	18,040,652	18,382,240	9,888,869	122,240,884	**170,450,849**

31st December 2020	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	13%	16%	45%	75%	93%	
Gross carrying amount – trade receivables	11,792,627	12,351,952	10,918,726	9,400,520	164,952,283	**209,416,108**
Loss allowance	2,743,617	3,049,373	3,037,589	3,064,511	71,114,396	**83,009,487**

- Receivables from Government Ministries and Departments

Receivables from Government Ministries and Departments consist of other receivables and portion of trade receivables from related parties. The Company assesses the credit quality of its receivables Government Ministries and Departments taking into account their financial position, past experience and other factors. The Company is dealing with Government Ministries and Departments and has not experienced historical credit losses during the past years. Therefore, expected credit loss allowance for receivables Government Ministries and Departments were determined by considering the loss of time value of money. The Company management calculated the expected credit losses on these assets by discounting the future cash flows using the Company's weighted average cost of capital.

On that basis, the Company's the loss allowance for receivables from Government Ministries and Departments as at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021	31 December 2020
Gross carrying amount		
- Trade receivables - related parties	6,813,645	6,813,645
- Other receivables	59,166,487	57,988,535
Loss allowance		
- Trade receivables - related parties	211,388	211,388
- Other receivables	1,689,744	1,689,744

Provision for government has substantially reduced as majority government receivables due as at 31st December has been recovered during the year 2020 and the balance is expected to be recovered in the next year.

32.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, issue new shares or sell assets to reduce debt.

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

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32.2 Capital risk management (Continued)

The gearing ratios at 31 December 2021 and 31 December 2020 were as follows:

	Group		Company	
	2021 MVR	2020 MVR	2021 MVR	2020 MVR
Total borrowings (Note 24)	-	-	9,109,118,272	-
Trade and other payables (Note 27)	915,397,093	1,413,629,112	876,186,813	1,383,080,795
Less: Cash and cash equivalents (Note 20)	(1,514,302,703)	(1,150,379,613)	(1,328,204,351)	(994,194,936)
Net debt	(598,905,610)	263,249,499	8,657,100,735	388,885,859
Total equity	7,984,691,762	6,938,133,412	6,643,115,557	5,690,137,226
Total capital	7,385,786,152	7,201,382,911	15,300,216,292	6,079,023,085
Gearing ratio	-8%	4%	57%	6%

No changes were made in the objectives, policies or processes for managing capital during the year.

33 Contingencies

Contingent liabilities

Yonsun Engineering (Pvt) Ltd filed a case in Civil Court against Maldives Inflight Catering (Pvt) Ltd ("MICL") (Civil Court Case No. 2715/Cv-C/2021) on 22nd October 2020 for a claim of MVR 34,459,305.3 (US$ 2,234,715/-) in connection with the agreement for the development of Madifushi Island. The claim is currently ongoing in the Civil Court. A decision by the court is

My Company (Pvt) Ltd filed a case in Civil Court against Maldives Inflight Catering (Pvt) Ltd ("MICL") (Civil Court Case No. B1- CR320213444) on 06th September 2021 for a claim of MVR 3,208,623/- (US$ 208,082/-) in connection with work had done under two work ordersdated 19th February 2018. The claim is currently ongoing in the Civil Court.

Management of the Company is of view that the MICL will be able to successfully defend the above cases filled against the Company and accordingly, no additional provision is required to be recognized in these financial statements.

Other than disclosed above, there were no other contingent liabilities as at the reporting date which require disclosure in the financial statements.

Contingent assets

There are no material contingent assets recognized at the reporting date.

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Maldives Airports Company Limited
DETAILED STATEMENT OF EXPENDITURES
Year ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
i	**Cost of Operating Supplies**	MVR	MVR	MVR	MVR
	Fuel cost	1,372,817,864	609,992,525	1,372,817,864	609,992,525
	Duty-free cost of goods sold	293,640,322	126,588,187	293,640,322	126,588,187
	Employee benefit expenses (iv)	396,980,678	310,698,136	381,253,635	299,286,349
	Depreciation (iii)	100,047,919	95,611,743	100,047,919	95,611,743
	Other operating supplies	38,309,921	20,441,549	5,105,291	4,618,403
		2,201,796,704	**1,163,332,140**	**2,152,865,031**	**1,136,097,207**
ii	**Administrative expenses**				
	Depreciation on property, plant and equipment (Note iii)	140,692,671	149,157,356	110,326,847	117,176,245
	Depreciation on investment properties (Note 11)	6,306,767	6,294,641	6,306,767	6,294,641
	Depreciation of - right-of-use asset	217,628,767	11,982,093	208,133,347	11,783,439
	Amortisation on Intangible asset (Note 13)	4,788,749	3,841,737	4,659,329	3,656,157
	Employee benefit expense (Note iv)	408,368,008	443,823,521	379,673,174	414,540,250
	Repair and maintenance	64,677,958	53,047,725	60,450,741	48,389,775
	Insurance	34,223,431	26,808,566	33,250,172	25,438,509
	Communication expenses	13,301,949	12,213,388	11,283,820	10,227,253
	Fuel and consumables	103,250,777	60,443,679	103,250,777	60,443,679
	Professional fees	8,839,451	6,212,086	8,482,385	5,851,258
	Legal fees and expenses	1,356,763	1,012,203	870,509	587,043
	Travelling expenses	1,283,900	1,244,851	1,283,900	1,244,851
	Bank charges and commission	13,372,582	7,657,493	12,615,544	7,172,234
	License charges	2,233,818	490,236	2,151,909	348,199
	Import duty and freight charges	5,519,577	2,560,905	5,519,577	2,560,905
	Subscription expense	21,400,902	25,197,285	21,400,902	25,197,285
	Functions and celebration expense	647,896	526,242	647,896	526,242
	Printing and stationaries	4,057,770	3,416,536	3,803,051	3,114,737
	Garbage disposal charges	21,600,415	6,792,453	21,600,415	6,792,453
	Loss on disposal of property, plant and equipment	789,063	4,829,438	789,063	4,829,438
	Exchange loss	966,400	1,779,635	966,400	1,779,635
	Expected credit losses of trade receivables	191,660,528	49,848,594	168,175,097	42,797,629
	Health and safety expenses	6,271,216	7,935,804	6,271,216	7,935,804
	Other adminstrative expenses	57,637,568	51,869,007	15,467,070	23,142,063
		1,330,876,927	**938,985,474**	**1,187,379,910**	**831,829,724**
iii	**Depreciation expenses classified as;**				
	Administrative expenses (ii)	140,692,671	149,157,356	110,326,847	117,176,245
	Cost of sales and operating supplies (i)	100,047,919	95,611,741	100,047,919	95,611,743
		240,740,590	**244,769,097**	**210,374,766**	**212,787,988**
iv	**Employee benefit expense**				
	Salaries and wages	673,531,438	636,855,833	643,147,574	609,199,863
	Staff welfare	3,779,580	2,887,560	3,520,858	2,702,262
	Overtime	20,554,483	13,170,271	17,060,003	11,869,332
	Pension fund contribution	21,464,208	20,892,292	20,814,742	20,476,844
	Staff transportation expenses	18,104,854	19,157,459	16,753,029	17,639,020
	Training and development	6,124,036	4,049,342	6,063,721	3,598,597
	Employee health insurance	11,602,246	13,677,635	11,530,348	13,601,675
	Accommodations	1,397,107	1,458,679	272,866	75,216
	Employee retirement benefits expenses	30,272,920	26,737,458	30,272,920	26,737,458
	Other benefits	18,517,815	15,635,127	11,490,749	7,926,332
		805,348,686	**754,521,657**	**760,926,809**	**713,826,599**
	Employee benefit expenses classified as;				
	Administrative expenses (i)	408,368,008	443,823,521	379,673,174	414,540,250
	Cost of sales and operating supplies (ii)	396,980,678	310,698,136	381,253,635	299,286,349
		805,348,686	**754,521,657**	**760,926,809**	**713,826,599**
v	**Selling and marketing costs**				
	Advertising costs	1,071,130	1,163,076	1,071,130	1,163,076
	Other distribution costs	4,039,284	2,338,165	-	-
		5,110,414	**3,501,241**	**1,071,130**	**1,163,076**

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