Report No: FIN-2020-49 (E)

25 October 2020

MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION

FINANCIAL YEAR 2018

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION LIMITED

Disclaimer of Opinion

We have audited the financial statements of Maldives Marketing and Public Relations Corporation Limited (the "Company") which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Due to the significance of matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Basis for disclaimer of opinion

1. We were unable to satisfy ourselves as to the valuation and existence of the fixed assets with a carrying value of MVR 407,377/- (2017: MVR 670,180/-) and the depreciation expense for the year amounting to MVR 368,270/- stated in note 11 of these financial statements, as the Company does not maintain a fixed asset register and supporting documents for the value of individual assets. Further, we observed that the company has not conducted a physical verification of its assets during the past years.

2. We were unable to carry out alternative procedures in respect of some independent direct confirmation not received. As a result, we were unable to verify amount due from related parties amounting to MVR 5,202,555/- (2017: MVR 5,202,555/-) stated in Note 13.1 of these financial statements. Further, we were unable to verify the payable to the Ministry of Tourism, Arts and Culture and amount due to related parties amounting to MVR 1,518,857,975/- (2017: MVR 1,518,857,975/-) and MVR 85,137,999/- (2017: MVR 85,137,999/-) stated in Note 17 and Note 17.1 respectively in these financial statements.

3. Accounts receivables as at 31 December 2018 includes an aggregate amount of MVR 1,946,311/-, recoverability of which is doubtful since the amounts remain unsettled for more than a year. The Company has made neither an assessment nor an allowance for impairment as at 31 December 2018.

4. Other receivables amounting to MVR 1,354,801,755 stated in note 13 includes amounts receivable from various parties on account of leasing tourist resort islands on behalf of the Government. However, we were unable to verify these balances since sufficient appropriate evidences were not available for our review. Further, the Company has made neither an assessment nor an allowance for impairment as at 31 December 2018.

5. We were unable to verify the fixed term cash lend amounting to MVR 157,253,546/- (2017: MVR 157,253,546/-) stated in note 13 of these financial statements in absence of receiving direct confirmation from the party.

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

This report is made solely to the Company's members, as a body, in accordance with section 71 of the Companies Act No. 10 of 1996. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. Therefore, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

We communicate with the management 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.

18 August 2020

Hassan Ziyath
Auditor General

Maldives Marketing and Public Relations Corporation Limited
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	Note	2018 MVR	2017 MVR
Revenue	6	31,264,661	35,749,944
Direct costs		(12,639,897)	(3,563,795)
Gross profit		**18,624,764**	**32,186,149**
Other income	7	281,917	193,124
Administration expenses		(9,503,837)	(8,054,215)
Profit operating activities before taxation	8	**9,402,844**	**24,325,058**
Business profit tax expense		(3,052,618)	(2,824,681)
Profit for the year		**6,350,226**	**21,500,377**
Profit per share - basic	10	63.50	215.00

The accounting policies and notes on pages 8 through 20 form an integral part of the financial statements

Maldives Marketing and Public Relations Corporation Limited
STATEMENT OF FINANCIAL POSITION
Year ended 31 December 2018

		2018	2017
Asset	**Note**	**MVR**	**MVR**
Non-current assets			
Property, plant and equipment	11	407,377	670,180
Deferred tax asset	9	2,821	1,295
		410,198	671,475
Current assets			
Trade and other receivables	13	1,536,124,752	1,536,965,838
Business profit tax receivable	14	1,670,287	233,801
Cash and cash equivalents	15	81,070,341	68,456,343
		1,618,865,380	1,605,655,982
Total assets		**1,619,275,578**	**1,606,327,457**
Equity and liabilities			
Share capital and reserves			
Issued share capital	16	10,000,000	10,000,000
Call in arrears	16	(10,000,000)	(10,000,000)
Accumulated loss		(17,080,469)	(23,430,695)
Total equity		(17,080,469)	(23,430,695)
Current liabilities			
Trade and other payables	17	1,636,356,047	1,629,758,152
		1,636,356,047	1,629,758,152
Total equity and liabilities		**1,619,275,578**	**1,606,327,457**

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,

Name of the Director — Signature

THOYYIB MOHAMED

ABDULLA NASHIZ MOHAMED

The accounting policies and notes on pages 8 through 20 form an integral part of the financial

18 August 2020
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MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0509/2011

AUDITOR GENERAL'S OFFICE

Maldives Marketing and Public Relations Corporation Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Accumulated Loss MVR	Total MVR
Balance as at 31 December 2016	**(44,931,072)**	**(44,931,072)**
Profit for the year	21,500,377	21,500,377
Balance as at 31 December 2017	**(23,430,695)**	**(23,430,695)**
Profit for the year	6,350,226	6,350,226
Balance as at 31 December 2018	**(17,080,469)**	**(17,080,469)**

The accounting policies and notes on pages 8 through 20 form an integral part of the financial statements.

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Maldives Marketing and Public Relations Corporation Limited
STATEMENT OF CASH FLOW
Year ended 31 December 2018

	Note	2018 MVR	2017 MVR
Operating activities			
Profit before tax		9,402,844	24,325,058
Adjustment to reconcile profit to net cash flows			
Depreciation	11	368,270	349,423
		9,771,114	**24,674,481**
Working capital changes			
Decrease in trade and other receivables	13	841,084	4,959,987
Increase / (Decrease) in trade and other payable	17	6,597,895	(8,147,531)
Cash generated used in operations		**17,210,093**	**21,486,937**
Business profit tax paid		(4,490,629)	-
Net cash flows from operating activities		**12,719,464**	**21,486,937**
Investing activities			
Acquisition of property, plant and equipment	11	(105,467)	(81,606)
Net cash flow used in investing activities		**(105,467)**	**(81,606)**
Net Increase in cash and cash equivalents		**12,613,998**	**21,405,331**
Cash and cash equivalents at 1 January		68,456,343	47,051,012
Cash and cash equivalents at 31 December	15	**81,070,341**	**68,456,343**

The accounting policies and notes on pages 8 through 20 form an integral part of the financial statements.

MALDIVES MARKETING & PR CORPORATION
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AUDITOR GENERAL'S OFFICE

1. Corporate information

Maldives Marketing and Public Relations Corporation Limited ("the Company") is a limited liability company, which is fully owned by Government of Maldives. The Company was incorporated in the Republic of Maldives on 14 August 2011 under the Act No. 10/96. The Registered office of the Company is situated at Ministry of Finance and Treasury, Ameenee Magu, Male - 20379, Republic of Maldives.

Principal activities and nature of operations
Principal activity of the Company is to provide advertising and public relations services to the Government and related departments and offices through use of various media to create awareness for the target segments in the public with regard to new policies, laws, issues and services in line with the National Strategic Action Plan, provide campaign management services for Government offices.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements are prepared on a historical cost basis. No adjustment is made for inflationary factors affecting these financial statements. The Financial Statements are presented in Maldivian Rufiyaa and all the values are rounded to nearest integral, except when otherwise indicated.

Comparative information
The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. Comparative information has been restated where necessary.

Statement of compliance
The financial statements of Maldives Marketing and Public Relations Corporation Limited have been prepared in accordance with International Financial Reporting Standards.

3. Summary of significant accounting policies

a. Conversion of foreign currencies
The Company's financial statements are presented in Maldivian Rufiyaa, which is the Company's functional and presentation currency.

The decision has been taken by management of the Company to maintain the reporting currency as Maldivian Rufiyaa in the financial statements since most of the business transactions are dealt in Maldivian Rufiyaa.

Transactions in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the income statement.

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

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

- Expected to be realised or intended to sold or consumed in 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

3. Summary of significant accounting policies (continued)

b. Current versus non-current classification (Continued)

All other assets are classified as non-current. A liability is current when:

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

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

c. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific criteria are used for the purpose of recognition of revenue.

Service transferred over time

Under IFRS 15, the Company determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Company recognizes the revenue overtime by measuring the progress towards complete satisfaction of that performance obligation.

Rendering of services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

Advertising Income

Advertising Revenues are recognised when the related advertisement or commercial appears before the public.

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 Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected.

Other income

Other income is recognised on accrual basis.

d. Expenditure recognition

Expenses are recognised in the income statement on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been recognised in income statement.

e. Taxes

Current business profit tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of the reporting period.

AUDITOR GENERAL'S OFFICE

3. Summary of significant accounting policies (continued)

e .Taxes (Continued)

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in income statement.

f. **Property, plant and equipment**

Recognition and measurement

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

3. **Summary of significant accounting policies (continued)**

f. **Property, plant and equipment (continued)**

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Furniture and fittings	10 years
Office equipment	05 years

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

g. **Intangible assets**

Intangible assets with finite lives are amortised over the useful economic life (3 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

h. **Financial instruments**

i) Financial assets

Financial assets include cash and balances with banks and trade and other receivables including receivables from related parties. The accounting policies for each financial asset are stated separately.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less impairment losses on any uncollectible amounts. Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Other receivables and dues from related parties are recognised and carried at cost less impairment losses on any uncollectible amounts.

3. Summary of significant accounting policies (continued)

h. **Financial instruments (continued)**

ii) Impairment of financial assets
The Company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events

that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

The Company's financial liabilities include trade and other payables.

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

Trade and other payables
Liabilities for trade and other amounts payable, which are normally settled in 30-90 day terms, are carried at cost. Payables to related parties are also carried at cost.

i. **Cash and cash equivalents**
Cash and cash equivalents in the statement of financial position comprise of cash in hand and balance with banks.

Statement of cash flows is prepared in "indirect method". For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks as defined above, net of outstanding bank overdrafts, if any.

j. **Impairment of assets**
The Company assesses, at the end of each reporting period, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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3. Summary of significant accounting policies (continued)

j. Impairment of assets (continued)

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.
The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

k. Provisions

General provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

l. Pension and other post-employment benefits

All local (Maldivian National) employees are eligible for Maldives Retirement Pension Scheme (MRPS) contribution according to the terms of the Maldives Pension Act Law No. 8/2009 handled by Maldives Pension Administration Office (MPAO) from May 2011.

4. Summary of significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

(b) Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

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4. Summary of significant accounting judgments, estimates and assumptions (continued)

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and

the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Maldives. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

5. Standard issued not yet effective.

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

IFRS 16 – Leases

IFRS 16 specifies how an IFRS report will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 01 January 2019.

		2018 MVR	2017 MVR
6	**Revenue**		
	Advertising	2,739,689	528,302
	Membership fee	16,615,901	15,434,264
	Fair participation fee	6,677,392	7,179,163
	Net Government grants (6.1)	5,231,679	12,608,215
		31,264,661	**35,749,944**
6.1	**Government grants**		
	Advertising	-	188,399
	PR & FAM Trip	13,798,554	7,819,202
	Promotional material	-	495,550
	Promotional fair	30,085,762	29,974,170
	Consultation fee	5,231,679	12,608,215
		49,115,995	**51,085,536**
6.2	**Government grants Cost of sales**		
	Advertising	-	188,399
	PR & Fam Tours	30,085,762	7,819,202
	Promotional material	13,798,554	495,550
	Fair& Events	-	29,974,170
		43,884,316	**38,477,321**
	Net Government grant	**5,231,679**	**12,608,215**
7	**Other income**		
	Miscellaneous income	104,017	166,475
	Reversal of over provision in prior year	177,900	-
	Notice period pay received	-	26,649
		281,917	**193,124**
8	**Profit from the operating activities stated after charging,**		
	Salary and wages	5,426,466	5,437,877
	Board member's fee	396,500	390,000
	Rent	406,000	388,750
	Telephone and internet	296,814	285,629

9 Deferred tax

9.1 Deferred tax on temporary differences

a) The deferred tax is arrived by applying the income tax rate of 15% to the timing differences as at 31 December.

(Continued)

9 Deferred tax

9.1 Deferred tax on temporary differences

	2018 MVR	2017 MVR
On property, plant and equipment	2,821	1,295
Total tax asset as at 31 December	**2,821**	**1,295**

The provision on deferred tax is made on temporary differences between the carrying value and tax base of property, plant and equipment, accumulated tax losses, voluntary retirement provision and debtors general provision. The Company's management expects to earn future taxable profits and therefore deferred tax assets are recognised.

b) Movement in deferred tax

	2018 MVR	2017 MVR
As at 01 January	(169,060)	1,295
Provision reversed during the year	171,881	(170,355)
As at 31 December	**2,821**	**(169,060)**

10 Profit per share - basic

Basic Profit per share is calculated by dividing the Profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The following reflects the loss and share data used in the basic earnings per share computation.

	2018 MVR	2017 MVR
Amount used as the numerator:		
Profit for the year	6,350,226	21,500,377
Number of ordinary shares used as denominator:		
Weighted average number of ordinary shares in issue - applicable to basic earnings per share	100,000	100,000

11 Property, plant and equipment

Gross carrying amounts At cost	Balance as at 01.01.2018 MVR	Additions during the year MVR	Balance as at 31.12.2018 MVR
Furniture and fittings	163,890	22,467	186,357
Office equipment	1,659,980	75,000	1,734,980
Comunication Tools	5,189	8,000	13,189
	1,829,059	**105,467**	**1,934,526**

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11 Property, plant and equipment (Continued)

Depreciation	Balance as at 01.01.2018 MVR	Charge for the year MVR	Balance as at 31.12.2018 MVR
Furniture and fittings	66,007	18,636	84,643
Office equipment	1,091,834	346,996	1,438,830
Comunication Tools	1,038	2,638	3,676
	1,158,879	**368,270**	**1,527,149**
Net book value	**670,180**		**407,377**

12 Intangible assets

	2018 MVR	2017 MVR
Computer software		
As at 01 January	16,962	16,962
Additions during the year	-	-
As at 31 December	**16,962**	**16,962**
Amortisation		
As at 1 January	16,962	16,962
Charge for the year	-	-
As at 31 December	**16,962**	**16,962**
Net book value	-	-

13 Trade and other receivables

	2018 MVR	2017 MVR
Accounts receivables	9,569,226	13,703,096
Prepayments and deposits	6,713,858	2,007,446
Other receivable	1,357,385,567	1,358,799,195
Fixed Term Cash lend	157,253,546	157,253,546
Amounts due from related parties (note 13.1)	5,202,555	5,202,555
	1,536,124,752	**1,536,965,838**

13.1 Amounts due from related parties

Maldives Tourism, Arts and Culture	5,202,555	5,202,555

14 Business profit tax receivable

Current tax receivables	1,670,287	233,801
	1,670,287	**233,801**

15 Cash and cash equivalents

Cash in hand	12,829,305	3,593,705
Cash at bank	68,241,036	64,862,638
	81,070,341	**68,456,343**

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16	Share capital	2018 MVR	2017 MVR
	Authorised share capital		
	10,000,000 Ordinary shares of Rf 100/= each	1,000,000,000	1,000,000,000
	Issued share capital		
	100,000 Ordinary shares of Rf 100/= each	10,000,000	10,000,000
	Call in arrears		
	100,000 Ordinary shares of Rf 100/= each	10,000,000	10,000,000

17 Trade and other payables

	2018 MVR	2017 MVR
Trade payables	9,168,137	4,760,468
Advance from customer	19,025,251	19,284,082
Other payables	1,538,196	1,318,332
Accrued expenses	2,457,814	231,437
Payable to the Ministry of Tourism, Arts and Culture	1,518,857,975	1,518,857,975
Amount due to related parties (note 17.1)	85,137,999	85,137,999
Goods and services tax recoverable	170,675	167,859
	1,636,356,047	**1,629,758,152**

17.1 Amount due to related parties

	2018 MVR	2017 MVR
Maldives Ports Limited	**85,137,999**	**85,137,999**

18 Capital commitment and contingent liabilities

The Company had no significant capital commitments or contingent liabilities as at 31 December 2018.

19 Financial risk management objectives and policies

The Company's principle financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for company's operations and to provide guarantees to support its operations. The company has financial assets such as trade and other receivables and cash and balances with banks, which are arise directly from its operations. The Company is exposed to market risk, credit risk and foreign currency risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

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19 Financial risk management objectives and policies (continued)

19.1 Foreign currency risk

The Company incurs currency risk on services, purchases that are denominated in foreign currency. Foreign exchange risk arises from future commercial transactions and is recognised assets and liabilities.

19.2 Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated funds and related party borrowings. As part of its overall liquidity management, the Company maintains sufficient level of cash or cash convertible investments to meet its working capital requirement.

19.3 Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

20 Fair value of financial assets and financial liabilities

The fair value of short-term financial assets and liabilities approximate their carrying value because of their immediate or short-term maturity. Directors believe that the fair value of long-term financial assets would not differ significantly from their carrying amount recorded in the statement of financial position.

21 Capital management

Capital includes the equity share capital and accumulated reserves. The Company's objective is to maintain a healthy capital ratio in order to support the business and maximise the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in the Company's operations. To manage capital structure, the Company may use dividend payment to shareholders, return capital to shareholders or raise new capital.

The Company monitors capital based on the total debt to equity ratio, which is total debt divided by total shareholders equity. The debt to equity ratio at 31 December are as follows:

	2018 MVR	2017 MVR
Total net liability	1,555,285,706	1,561,301,809
Total shareholders' equity	(17,080,469)	(23,430,695)
Debt to equity ratio	**(91.06)**	**(66.63)**

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22 Reclassification

	As per 2018 financial statements MVR	Reclassification MVR	Reclassified amount MVR
Revenue			
Miscellaneous income	166,475	(166,475)	-
Other income			
Miscellaneous income	-	166,475	166,475

	As per 2018 financial statements MVR	Current year comparative balance in the financials MVR
Revenue	35,916,419	35,749,944
Other income	26,649	193,124

During the year, the management has decided to reclass the Miscellaneous income from revenue to under other income for the purpose of better presentation and comparative figures of the same also has been reclassified.

23 Events occurring after the reporting date

Fixed term cash lend and borrowing, an amount of MVR 85,137,999.00 due to Maldives Ports Limited, has been restructured in the year 2020 to a loan payable from 2020 to 2025 in yearly instalments subject to an annual interest rate of 4.60%.

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

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Maldives Marketing and Public Relations Corporation Limited
DETAIL STATEMENT OF EXPENDITURE
Year ended 31 December 2018

		2018 MVR	2017 MVR
I	**Direct costs**		
	Events	796,456	1,731,046
	Fairs-MMPRC Cost	8,613,484	1,536,433
	Advertising	265,272	296,316
	Promotional material	1,686,509	-
	PR & Fam Trips	1,278,176	-
		12,639,897	**3,563,795**
II	**Administrative expenses**		
	Salary and wages	5,426,466	5,437,877
	Directors remuneration	396,500	390,000
	Pension contributions	182,513	172,196
	Staff training	2,613	318,408
	Meals and entertainment	17,301	17,460
	Repairs and maintenance	893,332	1,164
	Depreciation	368,270	349,423
	Rent	406,000	388,750
	Telephone and internet	296,814	285,629
	Registration and permit fees	7,850	8,175
	Professional fees	303,862	310,362
	Annual fee	2,000	2,000
	Printing and stationaries	67,113	82,178
	Water	5,055	6,734
	Subscription fee	168,048	84,657
	Bank charges	149,533	36,306
	Miscellaneous expenses	160,705	117,668
	Other expense	12,557.00	1.00
	Exchange loss	-	5,860
	Website maintenace fee	1,800	39,367
	GST expenses	500,774	-
	Electricity Charge	134,731	-
		9,503,837	**8,054,215**

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