AUDITED FINANCIAL STATEMENTS

Maldives Marketing and Public Relations Corporation Limited

December 31, 2022

Prudent Chartered LLP
Certified Auditor ICAM-FL-NLC
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INDEPENDENT AUDITOR'S REPORT

to the shareholders of Maldives Marketing and Public Relations Corporation Limited

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the financial statements of Maldives Marketing and Public Relations Corporation Limited ("the Corporation") which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effect on the financial statements of the matter described in the Basis of Qualified Opinion section, the accompanying financial statements present fairly, in all material respects, as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

1 The receivable and payable balances (refer note 16.1) recognised by the Corporation on account of leasing of tourist resort islands on behalf of the Government during the period 2013 to 2015. These balances as at the reporting date are receivable from various parties amounting to MVR 1,354,801,755/- and the corresponding liability to repay the same to the Ministry of Tourism amounting to MVR 1,512,856,200/-, which includes MVR 158,054,445/- already collected from various parties. However, legal proceedings and investigations are ongoing in relation to these balances. Further, there has not been any movements of these balances from 31 December 2015 and this balance in the previous audited financial statements have been qualified due to lack of sufficient audit evidence.

   Considering the lack of adequate supporting audit evidence, including the possible effects (if any) from the outcome of the pending litigations and investigations on the reported balances, we were unable to determine the reasonableness of the receivable and corresponding payable balances as at the reporting date.

2 We were unable to satisfy ourselves as to the accuracy of the Prepayments amounting to MVR 1,765,181 from the total account balance of MVR 21,448,283/- (2021: MVR 9,245,830/-) stated under Note 16 Trade and other receivables for the year ended 31 December 2022. The Corporation was unable to provide sufficient supporting reconciliation for this balance at the year end. Due to lack of availability of audit evidence, we were unable to determine whether any adjustment is required for this amount as at the reporting date.

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) together with the ethical requirements that are relevant to our audit of the financial statements in the Maldives, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of Matter

1 We draw attention to Note 27 (i) (a) of the financial statements, which describes that the amount included in the previous years as payable to Ministry of Tourism relating to the integrated tourism project amounting to MVR 6,001,775/- (2020: MVR 6,001,775/-) have been adjusted to retained earnings as it was identified in the year 2022 that the balance was created due to incorrect accounting of Income and Expenses of the project in the years 2014 to 2016. Our opinion is not modified in respect of this matter.

2 We draw attention to Note 27 (i) (b) of the financial statements, which describes that the Advance from customers account balance brought forward from previous years included an amount of MVR 7,104,959 pertaining to revenue for the periods 2011 to 2018. As such this amount have been removed from Advance from customers account and reclassified to retained earnings. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Cost recognition

Refer to the summary of significant accounting policies in notes 3.5 of the financial statement

Risk Description

Costs of the corporation are recognized in the Income Statement on the basis of direct association between the cost incurred and the earning of specific items of income. It is a common practice in the corporation to make prepayments for the services rendered from its suppliers.

We have identified cost recognition as a key audit matter because of the significant cost recognized during the year. Additionally, as the corporation often makes prepayments, any error in accurately assigning costs to the appropriate period could result in material misstatement.

Our Response

Our audit procedures in this area included the following:

- Performed detailed analytical and substantive audit procedures to ensure the costs is recognized in association with the respective income.
- For major events, matched the event costs against the revenue recognized.
- For major events, cross-referenced the information available from various sources against the costs recorded in the corresponding period when the event took place.
- Performed cut off test by obtaining the details of 2023. Ensured that no costs related to 2022 has been recognized in 2023

Based on the audit procedures performed, we found that the cost recognized for the year 2022 is inline with the corporations accounting policies.

Revenue recognition

Refer to the summary of significant accounting policies in notes 3.4 of the financial statement

Risk Description

Apart from Government grants, the Corporations main source of income is from membership and participation fees, which represents a significant amount. Invoices issued to Customers to collect the fees are initially recorded as "advance from customers". The Corporation prepares a manual computation at the end of each reporting period to recognize revenue by reclassify revenue amount from "advance from customers" to the Revenue account.

Given the significance of accurately assigning revenue to the appropriate period and that any errors in this process could potentially lead to material misstatements in the financial statements, we have identified revenue recognition as a critical audit matter.

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Our Response

Our audit procedures in this area included the following:

- Performed detailed analysis of the revenue recognized for the year
- Performedreconciliation of the member list with membership fee income recognized
- For the significant journal entries posted, obtained detailed breakdown of the entries and ensured that the transactions are related to current period.
- Performed cut off testing by obtaining the details of 2023 and ensured that that no fees related to 2022 has been recognized in 2023

Based on the tests performed, we found that the revenue recognized for the year 2022 is in line with the corporations accounting policies.

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 IFRS, and for such internal control as the management determine 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, the 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 have no realistic alternative but to do so.

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 consolidated 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 consolidated 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 consolidated 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.

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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.

The engagement partner on the audit resulting in this independent auditor's report is Ibrahim Shabeen.

Ibrahim Shabeen
Partner
Prudent Chartered LLP
Certified Auditor: ICAM-FL-NLC

Dated Thursday, 25 May 2023

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Maldives Marketing and Public Relations Corporation Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Note	2022 MVR	(Restated) 2021 MVR
Revenue	**5**	11,233,466	8,167,995
Government grant	**6**	124,200,000	154,200,000
Direct costs	**7**	(146,513,215)	(128,165,217)
Other income	**8**	2,832	8,174
Administrative expenses	**9**	(29,269,212)	(22,675,939)
Selling and distribution expenses	**10**	(3,959,315)	(174,034,414)
Profit before interest and tax		**(44,305,443)**	**(162,499,401)**
Finance cost	**11**	(4,421,480)	(4,533,432)
Profit before tax from operation		**(48,726,924)**	**(167,032,834)**
Income tax credit / (expense)	**12**	7,309,039	25,054,925
Profit for the year		**(41,417,885)**	**(141,977,908)**

The accounting policies and notes on pages 8 through 27 form an integral part of the financial statements.

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Maldives Marketing and Public Relations Corporation Limited
STATEMENT OF FINANCIAL POSITION
Year ended 31 December 2022

			(Restated)
		2022	2021
Asset	**Note**	**MVR**	**MVR**
Non-current assets			
Property, plant and equipment	13	5,484,127	3,466,974
Intangible assets	14	219,445	494,739
Deferred tax asset	12.3	32,742,275	25,433,237
Right-of-use assets	15.1	6,549,889	8,835,369
		44,995,737	**38,230,318**
Current assets			
Trade and other receivables	16	1,377,999,141	1,365,514,885
Cash and cash equivalents	17	42,962,226	102,124,701
		1,420,961,367	**1,467,639,586**
Total assets		**1,465,957,104**	**1,505,869,905**
Equity and liabilities			
Share capital and reserves			
Issued share capital	18	10,000,000	10,000,000
Call in arrears	18	(10,000,000)	(10,000,000)
Retained earnings		(165,303,192)	(123,885,307)
Total equity		**(165,303,192)**	**(123,885,307)**
Non-current liabilities			
Lease liability	15.2	4,001,809	6,836,088
Interest bearing borrowing	21.2	67,820,423	72,452,376
		71,822,232	**79,288,464**
Current liabilities			
Trade and other payables	19	1,548,050,528	1,540,706,882
Lease liability	15.2	3,502,063	2,919,984
Interest bearing borrowing	21.2	6,844,003	4,424,099
Income tax payable	20	1,041,471	2,415,783
		1,559,438,065	**1,550,466,748**
Total equity and liabilities		**1,465,957,104**	**1,505,869,905**

The accounting policies and notes on pages 8 through 27 form an integral part of the financial statements.

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

Name of the Director **Signature**

Abdulla Suood ....

Thoyyib Mohamed ....

Date 25th May 2023

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Maldives Marketing and Public Relations Corporation Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	Share capital MVR	Call in arrears MVR	Retained earnings MVR	Total MVR
Balance as at 01 January 2021	**10,000,000**	**(10,000,000)**	**5,076,880**	**5,076,880**
Prior Period Adjustment	-	-	13,015,722	13,015,722
Profit /loss for the year	-	-	(141,977,908)	(141,977,908)
Balance as at 31 December 2021	**10,000,000**	**(10,000,000)**	**(123,885,307)**	**(136,901,029)**
Profit /loss for the year	-	-	(41,417,885)	(41,417,885)
Balance as at 31 December 2022	**10,000,000**	**(10,000,000)**	**(165,303,192)**	**(178,318,914)**

The accounting policies and notes on pages 8 through 27 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 2022

	Note	2022 MVR	(Restated) 2021 MVR
Operating activities			
Profit before tax		(48,726,924)	(167,032,834)
Adjustment to reconcile profit to net cash flows			
Depreciation and Amortisation	13	4,234,106	3,280,428
Finance cost	11	4,421,480	4,533,432
Prior period Adjustment			13,106,733
Cash generated before working capital changes		**(40,071,337)**	**(146,112,241)**
Working capital changes			
Decrease / (Increase) in trade and other receivables	16	(12,484,256)	171,209,739
(Decrease) / Increase in trade and other payable	19	7,343,646	(507,946)
(Decrease) / Increase Deferred government grant	6	-	-
Cash generated (used in) / from operations		**(45,211,947)**	**24,589,552**
Lease interest paid		(977,664)	(891,089)
Interest paid		(3,443,816)	(3,642,343)
Tax Paid		(1,374,312)	-
Net cash flow used in operating activities		**(51,007,739)**	**20,056,120**
Investing activities			
Acquisition of property, plant and equipment	13	(2,797,152)	(1,903,275)
Acquisition of intangible asset	14.1	-	(166,305)
Net cash flow used in investing activities		**(2,797,152)**	**(2,069,580)**
Financing activities			
Settlement of principle portion of lease liabilities	15.2	(3,145,536)	(2,261,041)
Loan repaid during the year	21.1	(2,212,050)	(10,126,508)
Loan obtained during the year	21.1	-	-
Net cash flow generated from financing activities		**(5,357,585)**	**(12,387,549)**
Net (decrease) / increase in cash and cash equivalents		**(59,162,476)**	**5,598,991**
Cash and cash equivalents at 1 January		102,124,701	96,525,709
Cash and cash equivalents at 31 December	17	**42,962,226**	**102,124,701**

The accounting policies and notes on pages 8 through 27 form an integral part of the financial statements.

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MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
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Maldives Marketing and Public Relations Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

1 Corporate information

Maldives Marketing and Public Relations Corporation Limited ("the Corporation") is a limited liability Corporation incorporated in the Maldives in accordance with the Companies' Act of the Maldives, with registration number C-0509/2011. The Corporation is fully owned by the Government of Maldives. The registered office of the Corporation is situated at Ministry of Finance and Treasury, Ameenee Magu, Male - 20379, Republic of Maldives.

1.1 Principal activities and nature of operations

Principal activity of the Corporation is to promote Maldives by carrying out marketing and public relations activities such as campaigns, advertising and participating in fairs and roadshows.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of Measurement

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

2.3 Functional & Presentation Currency

The Corporation's financial statements are presented in Maldivian Rufiyaa (MVR), which is the Corporation's functional and presentation currency.

2.4 Going concern

Directors have assessed the Corporation's ability to continue as a going concern and are satisfied that the Corporation will continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainty relating to Corporation's ability to continue as a going concern. Hence the financial statements have been prepared under the going concern basis.

In assessing the Corporation's ability to continue as a going concern, the Corporation believes that, in the event of the Corporates inability to collect funds in relation to receivables from various parties amounting to MVR 1,354,801,755/- (refer note 16.1), the Ministry of Tourism will not demand the corresponding liability amounting to MVR 1,512,856,200/- from the Corporation (refer note 19.1).

2.5 Comparative information

Other than for the amounts restated (refer note 27), the accounting policies have been consistently applied by the Corporation and are consistent with those used in the previous year.

3 Summary of significant accounting policies

3.1 Conversion of foreign currencies

Transactions in foreign currencies are initially recorded by the Corporation at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the end of the reporting period. All differences are taken to the profit or loss.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

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3 Summary of significant accounting policies (Continued)

3.2 Materiality and Aggregation

In compliance with IAS 1: Presentation of Financial Statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions are presented separately unless they are immaterial.
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.
Income and expenses are not offset in the profit or loss unless required or permitted by any accounting standard or interpretation.

3.3 Current versus non-current classification

The Corporation presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

3.4 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation 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 Corporation 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 Corporation recognizes the revenue overtime by measuring the progress towards complete satisfaction of that performance obligation.

Rendering of services

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

Advertising Income

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

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3 Summary of significant accounting policies (Continued)

Government grants

Government grants are recognized 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 recognized 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 recognized as income in equal amounts over the expected useful life of the related asset.

When the Corporation 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.

Membership Fees and Other income

Membership Fees and Other income is recognized on accrual basis.

3.5 Expenditure recognition

Expenses are recognized 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 recognized in income statement.

3.6 Taxes

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax

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

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

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

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

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be 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 recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is 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 recognized outside profit or loss is recognized outside income statement. Deferred tax items are recognized 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 recognized 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.

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3 Summary of significant accounting policies (Continued)

3.7 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is 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 recognized 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 recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognized 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 recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Furniture and fittings	10 years
Office equipment	05 years
Communication Tools	05 years

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

3.8 Leases

The Corporation assesses at the inception of the contract 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 in exchange for consideration.

(a) Corporation as a lessee

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

Right-of-use assets

The Corporation 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 rightof-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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3 Summary of significant accounting policies (Continued)

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

Buildings – 2nd floor of H. Zoneyria	05 years
Godowns- 1st floor of H.Fulidhooge	02 years
Godowns- 1st floor of M. Easy Night	05 years
Buildings – 4th floor of H. Zoneyria	05 years

If ownership of the leased asset transfers to the Corporation 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.

Lease liabilities

At the commencement date of the lease, the Corporation 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.

In calculating the present value of lease payments, the Corporation 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.

Short-term leases and leases of low-value assets

The Corporation applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease

3.9 Intangible assets

Intangible assets with finite lives are amortised over the useful economic life 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 recognized in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

3.10 Impairment of non- financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, 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. A cash-generating unit is the smallest identifiable asset group that generates cashflows that largely are independent from other assets and groups.

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3 Summary of significant accounting policies (Continued)

Impairment/ reversal of impairment

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss and other comprehensive income. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3.11 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

(a) 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 Corporation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at 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 Corporation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

(b) Subsequent measurement

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

- Financial assets at 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 derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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

The Corporation 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

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3 Summary of significant accounting policies (Continued)

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

The Corporation's financial assets at amortised cost includes trade receivables.

Derecognition

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

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

When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Corporation continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Corporation 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 Corporation has retained.

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

Impairment of financial assets

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

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

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Corporation performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Corporation's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section l) financial instruments – initial recognition and subsequent measurement.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of balances with banks and cash in hand. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks as defined above. Statement of cash flows is prepared in "indirect method".

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3 Summary of significant accounting policies (Continued)

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 recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Corporation's financial liabilities include interest bearing loans and borrowings, trade and other payables.

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 recognized in statement of 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 comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

Contract liabilities

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

3.12 Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, where 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 Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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3 Summary of significant accounting policies (Continued)

3.13 Retirement Benefit Obligations

a) Maldives Retirement Pension

Employees are eligible for Maldives Retirement Pension Scheme in line with the Maldives pension Act No. 8/2009. The Corporation contributes 7% of basic salary of Maldivian employees to Maldives Retirement Pension Scheme.

b) Other employee benefits

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

4 New and amended standards and interpretations

4.1 New and amended standards adopted

The Corporation has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Annual Improvements to IFRS standards 2018-2020
- Cost of Fulfilling a Contract – Onerous Contracts (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)

The amendments listed above did not have any significant impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods. The Corporation did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

4.2 New and amended standards and interpretations issued but not yet effective

A number of new standards are effective for annual period beginning after 1st January 2022 and earlier application is permitted; however, the Corporation has not early adopted the new or amended standards in preparing these financial statements.
The following amended standards and interpretation are not expected to have a significant impact on the Corporation's financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statement 2)
- Definition of Accounting Estimates (IAS 8)
- Deferred tax related to assets and Liabilities arising from a single Transaction. (Amendments to IAS 12)
- IFRS 17 Insurance Contracts

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		2022	2021
5	**Revenue**	**MVR**	**MVR**
	Membership fee	2,376,222	2,089,410
	Fair participation fee	8,857,244	6,078,585
		11,233,466	**8,167,995**

		2022	2021
6	**Government grants**	**MVR**	**MVR**
	Government grant carried forward	-	-
	Government grant for the year	124,200,000	154,200,000
	Cost reimbursed during the year	(124,200,000)	(154,200,000)
	Deferred government grants	**-**	**-**

		2022	2021
7	**Direct costs**	**MVR**	**MVR**
	Events	7,495,271	7,095,606
	Fairs	63,078,930	53,900,509
	Advertising	50,493,205	43,845,713
	Promotional material	5,365,882	4,172,305
	Road shows	5,971,284	5,180,437
	PR & Fam trips	14,108,643	13,970,647
		146,513,215	**128,165,217**

		2022	2021
8	**Other income**	**MVR**	**MVR**
	Other income	2,832	8,174
		2,832	**8,174**

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		2022	2021
9	**Administrative expenses**	**MVR**	**MVR**
	Salary and wages	15,236,895	9,423,676
	Directors remuneration	484,500	440,560
	Pension contributions	539,850	351,135
	Staff training	135,102	147,484
	Meals and entertainment	115,832	159,063
	Repairs and maintenance	364,533	130,694
	Depreciation	4,024,106	3,070,428
	Amortisation	210,000	210,000
	Telephone and internet	157,721	381,365
	Professional fees	3,117,257	2,040,504
	Annual fee	5,000	2,000
	Printing and stationaries	201,155	173,678
	Water	20,925	13,152
	Subscription fee	1,340,384	2,020,054
	Bank charges	942,967	882,357
	Miscellaneous expenses	569,381	446,645
	Other expense	4,746	9,395
	Exchange loss	336,344	389,334
	Website maintenace fee	-	33,000
	GST expenses	32,049	-
	NWT expenses	1,193,841	2,204,933
	Electricity charge	236,624	146,483
		29,269,212	**22,675,939**

		2022	2021
10	**Selling and distribution expenses**	**MVR**	**MVR**
	Sponsorships cost	4,299,568	2,733,650
	Provision for impairment	(340,253)	160,376,130
	Bad Debts write off	-	10,924,634
		3,959,315	**174,034,414**

		2022	2021
11	**Finance cost**	**MVR**	**MVR**
	Lease interest expenses	977,664	891,089
	Loan interest	3,443,816	3,642,343
		4,421,480	**4,533,432**

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		2022 MVR	2021 MVR
12	Income tax expense		
	Current tax Expense (12.1)	-	-
	Income tax under provision in previous years	-	-
	Deferred tax on temporary differences (12.3)	(7,309,039)	(25,054,925)
	Income tax expense reported in the income statement	**(7,309,039)**	**(25,054,925)**

12.1 Current tax expense

In accordance with the provisions of the Income Tax Act (Number 25/2019), the Company is liable for income tax on its taxable profits earned above the tax free threshold at the rate of 15%. A reconciliation between the accounting profit and taxable profit are as follows.

12.2	**Reconciliation between accounting profit and taxable profit:**	**2022 MVR**	**2021 MVR**
	Profit before tax	(48,726,924)	(167,032,834)
	Add: Depreciation and amortisation charge for the year	4,234,106	3,285,309
	Other Disallowable expenses	4,127,913	175,734,802
	Less: Capital allowances	(4,252,602)	(3,263,671)
	Other allowable expenses	(4,468,166)	(15,358,672)
	Taxable Income / (Loss) for the Year	**(49,085,672)**	**(6,635,066)**
	Less: Business loss brought forward	(7,278,358)	(643,292)
	Taxable Income / (Loss) for the Year after Loss relief	**(56,364,030)**	**(7,278,358)**
	Less: Tax free allowance	(500,000)	(500,000)
		-	-
	Income tax on taxable profit @ 15%	-	-

12.3 Deferred tax

a)	**Deferred tax on temporary differences**	**2022 MVR**	**2021 MVR**
	Depreciation and Capital allowance	(2,774)	3,246
	Accumulated Tax losses	7,362,851	995,260
	Provision on doubtful debts	(51,038)	24,056,419
	Total tax asset as at 31 December	**7,309,039**	**25,054,925**

Deferred tax Assets and (Liabilities) are calculated on all taxable and deductible temporary differences arising from the differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided at the rate of 15%.

b)	**Movement in deferred tax**	**2022 MVR**	**2021 MVR**
	As at 01 January	25,433,237	378,312
	Increase/decrease during the year	7,309,039	25,054,925
	As at 31 December	**32,742,275**	**25,433,237**

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13 Property, plant and equipment

13.1 Gross carrying amounts

At cost	As at 01.01.2022 MVR	Addition during the year MVR	As at 31.12.2022 MVR
Furniture and fittings	2,698,456	850,620	3,549,076
Office equipment	3,396,368	1,918,570	5,314,937
Communication Tools	141,135	27,962	169,097
	6,235,959	**2,797,152**	**9,033,110**

13.2 Depreciation

	As at 01.01.2022 MVR	Charge for the year MVR	As at 31.12.2022 MVR
Furniture and fittings	582,408	323,043	905,451
Office equipment	2,115,194	425,455	2,540,650
Communication Tools	71,382	31,501	102,883
	2,768,985	**779,999**	**3,548,983**
Net book value	**3,466,974**		**5,484,127**

14 Intangible assets

14.1 Gross carrying amounts

At cost	As at 01.01.2022 MVR	Addition during the year MVR	As at 31.12.2022 MVR
Computer software	183,267	-	183,267
Website	700,000	-	700,000
	883,267	**-**	**883,267**

14.2 Amortisation

	As at 01.01.2022 MVR	Charge for the year MVR	As at 31.12.2022 MVR
Computer software	38,528	65,293	103,822
Website	350,000	210,000	560,000
	388,528	**275,293**	**663,822**
Net book value	**494,739**		**219,445**

15 Lease

The Corporation have lease contracts for the use of buildings in its operations. Lease of Building for head office generally have a lease term of 5 years. And the godowns are with lease periods between 2-5 years. The Corporation's obligations under its leases are secured by the lessors' title to the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

15.1 Right of use assets

	Office building MVR	Godowns MVR	Total MVR
As at 01 January 2021	**5,203,983**	**1,762,370**	**6,966,353**
Additions	4,454,979	-	4,454,979
Adjustments	-	(19,931)	(19,931)
Depreciation expense	(1,863,227)	(702,805)	(2,566,032)
As at 31 December 2021	**7,795,735**	**1,039,634**	**8,835,369**
Additions	**-**	863,041	863,041
Adjustment	**-**	33,388	33,388
Depreciation expense	(2,467,292)	(714,617)	(3,181,909)
As at 31 December 2022	**5,328,443**	**1,221,447**	**6,549,889**

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15 Lease (Continued)

15.2 Lease Liabilities

	2022 MVR	2021 MVR
As at 1 January	9,756,072	7,491,054
Adjustments	-	71,081
Additions during the year	893,335	4,454,979
Interest on lease liability	977,664	891,089
Payments during the year	(4,123,200)	(3,152,130)
As at 31 December	**7,503,872**	**9,756,072**

15.3 Maturity analysis of lease liability - Undiscounted cash flows

Classification	2022	2021
Less than one year	4,138,200	3,805,200
More than one year	4,440,610	8,313,810
More than five years	-	-
Total undiscounted lease liabilities	**8,578,810**	**12,119,010**

15.4

The following are the amounts recognised in profit or loss:

	2022 MVR	2021 MVR
Depreciation expense of right-of-use assets	3,181,909	2,570,913
Interest expense on lease liabilities	977,664	891,089
	4,159,573	**3,462,002**

16 Trade and other receivables

		2022 MVR	2021 MVR
Accounts receivables		5,148,361	5,116,557
Provision for impairment		(4,661,117)	(5,001,370)
		487,244	115,187
Prepayments		21,448,283	9,245,831
Refundable Deposits		679,700	649,700
Receivable from lease acquisitions	(Note 16.1)	1,354,801,755	1,354,801,755
Fixed term cash lend	(Note 16.2)	157,253,546	157,253,546
Provision for impairment Fixed term cash lend	(Note 16.2)	(157,253,546)	(157,253,546)
Other receivable		582,159	702,413
		1,377,999,141	**1,365,514,885**

16.1 Receivable from lease acquisitions

These balances were recognised by the Corporation on account of leasing of tourist resort islands on behalf of the Government during the period 2013-2015. These balances as at the reporting date are receivable from various parties amounting to MVR 1,354,801,755/- and the corresponding liability to repay the same to the Ministry of Tourism amounting to MVR 1,512,856,200/- (including MVR 158,054,445/- already collected) (refer note 19.1). However, legal proceedings and investigations are ongoing in relation to these balances (refer note 22.2).

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16.2 Fixed term cash lend

Fixed term cash lent MVR 157,253,546/- (2020: MVR 157,253,546/-) is recievable from SOF Private Limited. As this amount was not recovered a case was filed at the civil court against the company and the verdict issued by the court on 17 September 2017 was in favour of the Corporation. Despite the court's decision, SOF Private Limited has not settled these balances. As a result, the Corporation has filed a case at the court to get the court verdict be enforced. Since a significant period has passed without this amount being recovered, the Corporation has made a provision for the entire amount in the year 2021.

17 Cash and cash equivalents

	2022 MVR	2021 MVR
Cash in hand	212,951	232,036
Cash at bank	42,749,275	101,892,665
	42,962,226	**102,124,701**

18 Share capital

	2022 MVR	2021 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**
Share capital advance		
100,000 Ordinary shares of Rf 100/- each	**10,000,000**	**10,000,000**

19 Trade and other payables

	2022	2021
Trade payables	21,364,860	19,906,893
Witholding Tax paybles	98,514	3,300
Advance from customer	6,952,495	4,672,564
Accrued expenses	6,778,459	3,267,926
Amount due to related parties (note 19.1)	1,512,856,200	1,512,856,200
	1,548,050,528	**1,540,706,882**

19.1 Amount due to related parties

	Relationship		
Ministry of Tourism, Arts and Culture	Affiliate through government	1,512,856,200	1,512,856,200
		1,512,856,200	**1,512,856,200**

Reference to note 16.1, the payable to Ministry of Tourism includes MVR 1,512,856,200/-recognized by the Corporation on account of leasing of tourist resort islands on behalf of Government during the period 2013 to 2015. Remaining amount of MVR 6,001,775/- is the balance payable to Ministry of Tourism regarding the integrated tourism project.

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20	Income tax payable	2022	2021
		MVR	MVR
	Opening balance	2,415,783	2,415,783
	Income tax expense for the year	-	-
	Payment made during the year	(1,374,312)	-
		1,041,471	**2,415,783**

		2022	2021
21	**Long term loan**	MVR	MVR
21.1	**Loan from Maldives Ports Limited**		
	Balance as at 01 January	76,876,475	87,002,983
	Obtained during the year	-	-
	Repayment during the year	(5,655,866)	(13,768,851)
	Interest expense	3,443,816	3,642,343
	Balance as at 31 December	**74,664,426**	**76,876,475**

		2022	2021
21.2	**Current and Non-current presentation**	MVR	MVR
	Payable within one year	6,844,003	4,424,099
	Payable after one year	67,820,423	72,452,376
		74,664,426	**76,876,475**

Fixed term cash lend and borrowing amount of MVR 85,137,999 due to Maldives Ports Limited was restructured to a term loan in the year 2020. The loan is repayable from 2020 to 2035 in yearly instalments subject to an annual interest rate of 4.60%.

22 Capital commitment and contingent liabilities

22.1 Capital commitment

The Corporation had no significant capital commitments or contingent liabilities as at 31 December 2022.

22.2 Contingent liabilities

On December 9, 2015, the Ministry of Tourism (MOT) informed the Corporation (MMPRC) through its letter number 88-B/MMPRC/2015/70 stating that the Government of Maldives has decided to withdraw the mandate given to the Coporation to lease Islands, lagoons land plots for tourism purposes. Also, the letter stated that MOT will be dealing with all the issues in connection with the leases made through the Corporation.

Some parties have filed cases against the Corporation to the Civil Court claiming to complete leasing process as they have received the offer letter from the Corporation. The Civil Court has dismissed those claims stating that the Corporation has no legal madate to complete such process.

There are some ongoing litigations against both the Corporation and Ministry of Toursim jointly. In one of the Cases, the Civil Court held both the Corporation and Ministry of Tourism liable and to refund the acquisition cost paid by the claimant to the Corporation to acquire the lease of an island.

However, as informed in the letter, Ministry of Tourism would be dealing with the recovery and the liablity in connection with all the leases made through MMPRC in 2014 and 2015.

No provisions have been made in these financial statements in connection with the above other than to the payable balance to Ministry of Tourism recognised in these fianancial statements amounting to MVR 1,512,856,200/- (refer note 19.1) as the Management believes that any benefits or additional liabiliites that could arise from resolution of recovery actions shall not be transferred to the Corporation by Ministry of Tourism.

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23 Financial risk management objectives and policies

The Corporation's principle financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for Corporation's operations and to provide guarantees to support its operations. The Corporation has financial assets such as trade and other receivables and cash and balances with banks, which are arise directly from its operations. The Corporation is exposed to market risk, credit risk and foreign currency risk. The Corporation'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.

23.1 Foreign currency risk

The Corporation 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.

23.2 Liquidity risk

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

23.3 Credit risk

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

24 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.

25 Events occurring after the reporting date

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

26 Emoluments to the key management personnel

Board of Directors of the Corporation are the members of the key management personnel:

The Corporation has paid remuneration as follows:	**2022**	**2021**
	MVR	**MVR**
Short-term benefits	484,500	440,560

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel.

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27 Adjustment on corrections of errors

(i) Certain prior period errors which have been identified during the year has been corrected as per IAS 8 (Accounting Policies, Changes in Accounting Estimates & Errors) retrospectively in the comparative figures. Corrections of errors are as follows:

(a) The corporation's financial records showed a payable amount of MVR 6,001,775/- to the Ministry of Tourism for collections related to the integrated tourism project. These collections were carried forward from the years 2014 and 2016. Previous audit reports have highlighted that due to insufficient evidence, the auditors were unable to determine if any adjustments were needed for this balance. Therefore, in 2022, the corporation reviewed the balance by obtaining supporting documents and identified that the balance was created due to incorrect accounting in the years 2014 to 2016.

Part of the payments collected as Lease Acquisition Cost, Bid Guarantee Fee and Bid Sale fee were recorded as Income for the year 2015 and the full costs relating to this project were recorded as expense for the years 2014, 2015 and 2016. In the year 2016, when the project was handed over to MITDC the balance funds (total collections from the project less the expenses incurred) with the MMPRC was handed over to MITDC and the amount paid to MITDC was also recorded in this account. As the full cost relating to this project were expensed in the previous years (2014 to 2016) and that part of the collections relating to this project was recorded as income, the retained earnings have been understated in the previous years. Therefore, the Corporation decided to correct this balance by recording a prior period adjustment.

(b) In 2022, the Corporation performed a reconciliation of the ""Advance payment from Clients"" account which records the Membership & Participation Fee income from Clients. In the reconciliation it was identified that an amount of MVR 7,104,959 pertaining to the periods 2011 to 2018 had not been recognized as revenue of the Corporation. This occurred because transactions corresponding to this amount were not transferred from the Advance payment from Clients account to the Revenue account. As a result, the corporation's management decided to make adjustments to rectify these balances accordingly.

In 2022, the Corporation conducted a reconciliation of the Membership Fee & Participation Fee income account ""Advance payment from Clients."" During this process, it was identified that a total of MVR 7,104,959 pertaining to the periods between 2011 and 2018 had not been recognized as revenue of the Corporation as transactions totalling to this amount were not transferred from the Advance payment from Clients account to the Revenue account. As a result, the corporation's management has resolved to make the necessary adjustments to rectify these balances accordingly.

(c) In the year 2022, the Corporation identified an error in the calculation of the amortization of the Lease liability. The Lease interest was calculated before deducting the monthly lease payment, even though the lease payments were made in advance at the beginning of each month. This incorrect order of calculation has led to differences in yearly interest amount and year end lease liability. Furthermore, it was discovered that the grace period of one property was not taken into account when computing the depreciation amount of that property. As a result, the ROU Asset has been overstated, and the Depreciation for the ROU asset has been understated. This led to differences in yearly depreciation amount and year end ROU Asset.

The Corporation decided to correct this error by restating the comparative financials to account for the differences in previous year and also by recording a prior period adjustment to account for differences relating to periods before 2021.

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(ii) Details of the restatement	As previously stated As at 31.12.2021 MVR	Increase / (Decrease) MVR	As Restated As at 31.12.2021 MVR
Statement of profit and loss and other comprehensive income			
Administrative expenses and Finance Cost			
Depreciation	3,075,309	(4,881)	3,070,428
Finance Cost	4,512,810	20,622	4,533,432
Income tax credit / (expense)			
Income Tax expense	(25,052,564)	(2,361)	(25,054,925)
Statement of financial position			
Non-current assets			
Right-of-use assets	8,850,419	(15,050)	8,835,369
Deferred tax asset	25,430,876	2,361	25,433,237
Share capital and reserves			
Retained earnings	136,887,651	(13,015,722)	123,885,307
Trade and other payables			
Advance payment from Clients	(11,777,523)	7,104,959	(4,672,564)
Lease liability	(9,664,369)	(91,703)	(9,756,072)
Amount due to related parties	(1,518,857,975)	6,001,775	(1,512,856,200)

(iii) Details of Prior Period Adjustments:	MVR
Lease liability Interest Adjustment	(91,012)
Advance from Client Adjustment	7,104,959
Integrated Resort Development:Payable to Ministry of Tourism	6,001,775
	13,015,722

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