



Report No: FIN-2022-02(E)

23<sup>rd</sup> January 2022

# PUBLIC SERVICE MEDIA LIMITED FINANCIAL YEAR 2018



آڈیٲر جنرل آف سٲرکٲرل آڈٲٹ

AUDITOR GENERAL'S OFFICE

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## **AUDITOR GENERAL'S REPORT**

### **TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF PUBLIC SERVICE MEDIA LIMITED**

#### **Disclaimer of Opinion**

We were engaged to audit the accompanying financial statements of Public Service Media 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 a summary of significant accounting policies and other explanatory information exhibited on pages 5 to 22.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

1. Because of the disclaimer opinion issued in respect of the prior year financial statements for the period ended 31 December 2017, we were unable to satisfy ourselves as to the accuracy and completeness of the opening balances for property plant and equipment, intangible assets, trade and other receivables, cash and cash equivalents, bank overdraft, amount due to related party, trade and other payables, stated capital and accumulated losses. Since these opening balances entered into the determination of the results of operations and cash flows of the Company in 2018, we were unable to determine whether adjustments to the financial position, results of the operations and cash flows might have been necessary for the year ended 31 December 2018.
2. The Company has not assessed the implications of IFRS9 “Financial Instruments” and IFRS15 “Revenue from Contracts with Customers” on the Company’s financial statements for the year ended 31 December 2018. Therefore, we were unable to determine whether adjustments to the financial statements might have been necessary for the year ended 31 December 2018.
3. As per Section 3.13.1 and 3.13.2 of Public Service Media Act No: 09 of 2015, Maldives Broadcasting Corporation (“MBC”) has transferred ownerships of all websites, tv radio channels, all other forms of media, memberships, all assets, cash, receivables, archives, all rights, obligations and liabilities to Public Service Media on 28 April 2015. However, due to unavailability of terms and conditions and sufficient, appropriate evidence in relation to the transfer of assets and liabilities from MBC, we were unable to determine the possible effects of these transferred assets and liabilities and any financial reporting implications to these financial statements.

## **Basis for Disclaimer of Opinion (Continued)**

4. Public Service Media was formed under the Public Service Media Act No: 09 of 2015 on 28 April 2015. Subsequently, on 30 July 2017, Public Service Media was incorporated under the Companies Act No 10 of 1996 as Public Service Media Limited. Currently, the same entity has been regulated under two Acts. Therefore, we were unable to conclude the legal form of the Company.
5. As disclosed in Note 5 to the financial statements, the Company has recorded revenue amounting to MVR 39,595,308/- during the year ended 31 December 2018. However, we were unable to verify the completeness, occurrence, and accuracy of this amount due to unavailability of sufficient appropriate audit evidence.
6. The Company has recognized direct expenses amount of MVR 126,300,240/-, administrative expenses amount of MVR 83,143,850/- and marketing expenses amount of MVR 1,156,745/- during the year ended 31 December 2018. However, we were unable to verify the completeness, occurrence and accuracy of these amounts due to unavailability of sufficient appropriate audit evidence.
7. The Company has recognised budgetary contribution from the Ministry of Finance of Republic of Maldives amounting to MVR 142,000,000/- during the year ended 31 December 2018. However, we were unable to verify the completeness, occurrence, and accuracy of these amounts due to unavailability of sufficient appropriate audit evidence.
8. The Company is liable for income tax at the rate of 15% on its taxable profits as per Business Profit Tax Act No 5 of 2011 (the “Act”) and amendments thereto. However, the Company has not submitted the annual tax return to Maldives Inland Revenue Authority. The Company has not fulfilled tax filing requirements as stipulated in the tax Act. Further, the Company has not made a provision for tax expense, tax liability, deferred tax or disclosures as required by IAS12 “Income Tax” in the financial statements for the year ended 31 December 2018. Therefore, we were unable to determine whether adjustments to the financial statements might have been necessary for the year ended 31 December 2018.
9. As disclosed in the Note 7 to the financial statements, the Company has recorded property, plant and equipment amounting to MVR 587,997,860/- as at 31 December 2018. However, the Company has not recognised depreciation for the year ended 31 December 2018 and accumulated depreciation as at 31 December 2018. Further, the Company has not maintained a fixed asset register for property, plant and equipment as at 31 December 2018. Therefore, we were unable to verify the completeness, existence, accuracy and valuation of this amount due to unavailability of sufficient appropriate audit evidence.
10. As disclosed in the Note 8 to the financial statements, the Company has recorded intangible assets amounting to MVR 2,640,244/- as at 31 December 2018. However, we were unable to verify the completeness, existence, accuracy and valuation of this amount due to unavailability of sufficient appropriate audit evidence.
11. As disclosed in the Note 9 to the financial statements, the Company has recorded trade and other receivables amounting to MVR 20,700,259/- as at 31 December 2018. However, we were unable to verify the completeness, existence, accuracy and recoverability of this amount due to unavailability of sufficient appropriate audit evidence.
12. As disclosed in the Note 10 to the financial statements, the Company has recorded cash and cash equivalents amount of MVR 5,319,918/- and bank overdrafts amount of MVR 6,107,664/-, resulting



## Basis for Disclaimer of Opinion (Continued)

in a net amount of MVR 787,746/- as at 31 December 2018. However, the statement of cash flows recorded an amount of MVR 2,659,861/- as cash and cash equivalents resulting a difference of MVR 1,872,115/- between above two balances. In addition to that, the Company has not performed bank reconciliations for balances at banks and the overdraft balance as at 31 December 2018. Therefore, we were unable to verify the completeness, existence and accuracy of cash and cash equivalents balance as at 31 December 2018 and statement of cash flows for the year ended 31 December 2018 due to unavailability of sufficient appropriate audit evidence. Hence, we were unable to determine whether adjustments to the financial statements might have been necessary for the year ended 31 December 2018.

13. As per Note 11 to the financial statements, the Company has recognised an amount of MVR 516,923,291/- as capital contribution transferred from Ministry of Finance of Republic of Maldives as at 31 December 2018. However, we were unable to verify the completeness, existence and accuracy of this amount due to unavailability of sufficient appropriate audit evidence.
14. As disclosed in the Note 12 to the financial statements, the Company has recorded trade and other payables amounting to MVR 88,941,286/- as at 31 December 2018. However, we were unable to verify the completeness, existence and accuracy of this amount due to unavailability of sufficient appropriate audit evidence.
15. As disclosed in the Note 13 to the financial statements, the Company has recorded amount due to related party of MVR 59,252,000/- as at 31 December 2018. However, we were unable to verify the completeness, existence and accuracy of this amount due to unavailability of sufficient appropriate audit evidence.
16. As per the employment contracts between the Company and its employees, the Company shall pay a lump sum amount to its employees upon their retirement. However, the Company has not recognised its retirement benefits obligation in relation to these employment contracts as per International Accounting Standard 19 - "Employee Benefits" - as at 31 December 2018. Therefore, we were unable to determine whether adjustments to the financial statements might have been necessary for the year ended 31 December 2018.
17. We were unable to obtain appropriate representations from lawyers of the Company. Therefore, we were unable to determine the effect of litigations against the Company on the financial statements of the Company as at and for the year ended 31 December 2018.
18. We were unable to obtain appropriate representations from management of the Company with respect to the accompanying financial statements. We could not determine the effect of the lack of such representations on the financial statements of the Company as at and for the year ended 31 December 2018.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of above elements to the statements of financial position, statements of comprehensive income, changes in equity and cash flows.



## **Responsibilities of the Board of Directors and those Charged with Governance for the Financial Statements**

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

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

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Corporation’s financial statements in accordance with International Standards on Auditing (“ISAs”) and to issue an auditor’s report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

04<sup>th</sup> January 2022



Hussain Niyazy  
Auditor General



**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER**

	<b>Note</b>	<b>2018 MVR</b>	<b>2017 MVR</b>
<b>Revenue</b>	<b>5</b>	39,595,308	53,893,686
Direct Costs		(126,300,240)	(103,128,185)
<b>Gross Loss</b>		<u>(86,704,932)</u>	<u>(49,234,499)</u>
Administrative Expenses		(83,143,850)	(69,714,384)
Marketing Expenses		(1,156,745)	(6,720,298)
<b>Loss from Operating Activities</b>	<b>6</b>	<u>(171,005,527)</u>	<u>(125,669,181)</u>
Budgetary Contribution for the Year		142,000,000	88,138,432
<b>Loss (Total Comprehensive Income) for the Year</b>		<u><u>(29,005,527)</u></u>	<u><u>(37,530,749)</u></u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 22.





**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER**

	Note	2018 MVR	2017 MVR
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7	587,997,860	559,465,466
Intangible Assets	8	2,640,244	583,744
<b>Total Non-Current Assets</b>		<u>590,638,104</u>	<u>560,049,210</u>
<b>Current Assets</b>			
Trade and Other Receivables	9	20,700,259	11,111,032
Cash and Cash Equivalents	10	5,319,918	9,416,801
<b>Total Current Assets</b>		<u>26,020,177</u>	<u>20,527,833</u>
<b>Total Assets</b>		<u>616,658,281</u>	<u>580,577,043</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	11	516,923,291	516,923,291
Retained Earnings		(54,565,960)	(25,560,433)
<b>Total Equity</b>		<u>462,357,331</u>	<u>491,362,858</u>
<b>Current Liabilities</b>			
Trade and Other Payables	12	88,941,286	74,214,185
Amount Due to Related Party	13	59,252,000	15,000,000
Bank Overdraft	10	6,107,664	-
<b>Total Current Liabilities</b>		<u>154,300,950</u>	<u>89,214,185</u>
<b>Total Liabilities</b>		<u>154,300,950</u>	<u>89,214,185</u>
<b>Total Equity and Liabilities</b>		<u>616,658,281</u>	<u>580,577,043</u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 22.

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

**Name of the Director**

**Signature**

.. Ali.Khalid. (MD).....



.. Mohamed Shameem (DMD).....



04 January 2022



**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED**

	<b>Share Capital</b>	<b>Retained Earnings / (Accumulated Losses)</b>	<b>Total Equity</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
Balance as at 1 January 2017	516,928,038	11,970,316	528,898,354
Adjustments made during the Year	(4,747)	-	(4,747)
Loss (Total Comprehensive Income) for the Year	-	(37,530,749)	(37,530,749)
Balance as at 31 December 2017	<u>516,923,291</u>	<u>(25,560,433)</u>	<u>491,362,858</u>
Balance as at 1 January 2018	516,923,291	(25,560,433)	491,362,858
Loss (Total Comprehensive Income) for the Year	-	(29,005,527)	(29,005,527)
Balance as at 31 December 2018	<u>516,923,291</u>	<u>(54,565,960)</u>	<u>462,357,331</u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 22.



**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER**

	<b>Note</b>	<b>2018 MVR</b>	<b>2017 MVR</b>
<b>Cash Flows From Operating Activities</b>			
Loss for the Year		(29,005,527)	(37,530,749)
<b>Working Capital Changes</b>			
Trade and Other Receivables		(9,589,227)	2,153,964
Trade and Other Payables		14,727,101	46,997,425
Amounts Due to Related Party		44,252,000	15,000,000
<b>Net Cash Generated From Operating Activities</b>		<u>20,384,347</u>	<u>26,620,640</u>
<b>Cash Flows From Investing Activities</b>			
Acquisition of Property, Plant and Equipment	7	(28,532,394)	(35,314,237)
Acquisition of Intangible Assets	8	(2,056,500)	(428,680)
<b>Net Cash Used in Investing Activities</b>		<u>(30,588,894)</u>	<u>(35,742,917)</u>
<b>Cash Flows From Financing Activities</b>			
Transfer from Share Capital	9	-	(4,747)
<b>Net Cash Used in Financing Activities</b>		<u>-</u>	<u>(4,747)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>		(10,204,547)	(9,127,024)
<b>Cash and Cash Equivalents at the Beginning of the Year</b>		7,544,686	16,671,710
<b>Cash and Cash Equivalents at the End of the Year</b>	11	<u>(2,659,861)</u>	<u>7,544,686</u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 22.



**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**1. REPORTING ENTITY**

Public Service Media was established under the Public Service Media Act No 9 of 2015 on 28 April 2015. Subsequently, it was incorporated as a limited liability Company since 30 July 2017 under the Companies Act No. 10 of 1996. The Company's registered office is at Radio Building, Ameenee Magu, Male', Republic of Maldives.

Principal activities, nature of operations and the objectives of the Company are as follows;

- To air all the media content which is being produced via internet, all content via broadcast, print media and other news and information for awareness and entertainment using all available technology, and to create and establish a strong state media, which is funded from the government's budget;
- While staying within the boundaries stated in the Public Service Media Act No 09 of 2015, without any outside influence and with editorial independence, to provide the state's media to all areas of the Maldives,
- To continue as Public Service Media, and to assist in obtaining funds in order to improve and develop the state media with the latest resources and technology.

**2. BASIS OF PREPARATION**

**(a) Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

**(b) Basis of Measurement**

The financial statements have been prepared on the historical cost basis.

**(c) Functional and Presentation Currency**

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

**(d) Use of Estimates and Judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Company's financial statements is included in the respective notes.



**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

**3.1 Transactions in Other Currencies**

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 profit or loss.

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.

**3.2 Financial Instruments**

**(i) Financial Assets (Non-derivative)**

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following financial assets (non-derivative):

- Receivables
- Cash and cash equivalents

**Receivables**

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise Trade and other receivables and amounts due from director.



**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Financial Instruments (Continued)**

**(i) Financial Assets (Non-derivative) (Continued)**

**Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and balances at bank.

**(ii) Financial liabilities (Non-derivative)**

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. On de-recognition of a financial liability, the difference between the carrying amounts extinguishes and the consideration paid is recognized in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has non-derivative financial liabilities such as Trade and other payables, Amounts due to related parties, Amounts due to directors.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

**3.3 Property, Plant and Equipment**

**(i) Recognition and Measurement**

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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



**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Property, Plant and Equipment (Continued)**

**(ii) Subsequent Costs**

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

**(iii) Depreciation**

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

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

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

Buildings	25 Years
Machinery and Equipment	03 Years
Computer Equipment	03 Years
Communication Equipment	03 Years
Furniture and Fittings	10 Years

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

**3.4 Intangible Assets**

**(i) Recognition and Measurement**

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

**(ii) Subsequent Expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.



**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Intangible Assets (Continued)**

**(ii) Amortization**

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, 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.

Computer Software	03 years
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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. A full month's amortization is provided in the month of intended use.

**3.5 Impairment**

**(i) Financial Assets (including receivables)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**(ii) Non-financial Assets**

The carrying amounts of the Company's non-financial assets other than inventories 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. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.





**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.5 Impairment (Continued)**

**(ii) Non-financial Assets (Continued)**

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. 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 amortization, if no impairment loss had been recognized.

**3.6 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**3.7 Revenue**

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 specific criteria described below must also be met before revenue is recognised.

**Government Grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied. 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.

**Rendering of Services**

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

Revenue on rendering of services principally includes revenue from sponsorships, advertisements, announcements. The following specific criteria are used for the purpose of recognition of revenue.

- Sponsorships sales revenue is recognised when the program is broadcast.
- Advertisement sales revenue is recognised when the advertisement is broadcast.
- Announcements sales revenue is recognised when the announcement is broadcast.
- Airtime recording/airtime live recording is recognised when the program is recorded/broadcast.



**PUBLIC SERVICE MEDIA LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.7 Revenue (Continued)**

**Rendering of Services (Continued)**

- Short-messaging services (SMS) is recognised with reference to the agreement entered with the telecommunication service providers.

**3.8 Expenses**

All expenses incurred in running the business and in maintaining the capital assets in a state of efficiency has been charged to the profit or loss for the year.

Expenses incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenses.

**3.9 Employee Benefits**

**(i) Short-term Employee Benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) Defined Contribution Plans**

All Maldivian employees of the Company are members of the retirement pension scheme established in the Maldives. Employer contributes 14% to this scheme of such employees' pensionable wage. Employers' obligation for contribution to pension scheme is recognized as an employee benefit expense in income statement in the periods during which services are rendered by employees.

**4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these financial statements.

- IFRS 16 – Leases



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<b>5 REVENUE</b>	<b>2018</b>	<b>2017</b>
	<b>MVR</b>	<b>MVR</b>
Advertisement Income	8,825,989	13,171,996
Announcement Income	2,141,660	1,864,160
Income from Sponsorships	19,177,574	16,746,282
Event Income	462,600	9,259,082
Rental Income	461,278	697,975
Other Operational Income	8,526,207	12,154,191
	<u>39,595,308</u>	<u>53,893,686</u>
<b>6 LOSS FROM OPERATING ACTIVITIES</b>	<b>2018</b>	<b>2017</b>
	<b>MVR</b>	<b>MVR</b>
<i>Is stated after charging all the expenses including the following:</i>		
Building Rent and Land Rent	60,000	79,302
Personnel Costs ( <b>Note 6.1</b> )	83,541,198	84,864,447
	<u>83,541,198</u>	<u>84,864,447</u>
<b>6.1 Personnel Costs</b>		
Salaries and Wages	40,916,459	37,750,517
Staff Allowances	39,862,559	44,296,495
Pension Expense	2,762,180	2,787,635
Retirement Benefits and Gratuities	-	29,800
	<u>83,541,198</u>	<u>84,864,447</u>



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**7 PROPERTY, PLANT AND EQUIPMENT**

	<b>Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Computer Equipment</b>	<b>Communication Equipment</b>	<b>Furniture and Fittings</b>	<b>Total 31/12/2018</b>	<b>Total 31/12/2017</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
<b>Cost</b>								
Opening Balance	414,436,100	55,333,550	84,147,808	425,822	494,489	4,627,697	559,465,466	524,151,229
Additions During the Year	-	-	25,838,940	2,155,151	45,388	492,915	28,532,394	35,314,237
Closing Balance	<u>414,436,100</u>	<u>55,333,550</u>	<u>109,986,748</u>	<u>2,580,973</u>	<u>539,877</u>	<u>5,120,612</u>	<u>587,997,860</u>	<u>559,465,466</u>
<b>Accumulated Depreciation</b>								
Opening Balance	-	-	-	-	-	-	-	-
Charge for the Year	-	-	-	-	-	-	-	-
Closing Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Carrying Value</b>								
As at 31 December 2018	<u>414,436,100</u>	<u>55,333,550</u>	<u>109,986,748</u>	<u>2,580,973</u>	<u>539,877</u>	<u>5,120,612</u>	<u>587,997,860</u>	
As at 31 December 2017	<u>414,436,100</u>	<u>55,333,550</u>	<u>50,534,025</u>	<u>35,877</u>	<u>38,201</u>	<u>3,773,476</u>		<u>559,465,466</u>



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<b>8 INTANGIBLE ASSETS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>MVR</b>	<b>MVR</b>
<b>Cost</b>		
Opening Balance	583,744	155,064
Additions During the Period	2,056,500	428,680
Closing Balance	<u>2,640,244</u>	<u>583,744</u>
<b>Accumulated Amortization</b>		
Opening Balance	-	-
Amortization During the Period	-	-
Closing Balance	<u>-</u>	<u>-</u>
<b>Net Carrying Value</b>	<u>2,640,244</u>	<u>583,744</u>
<b>9 TRADE AND OTHER RECEIVABLES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>MVR</b>	<b>MVR</b>
Trade Receivables	12,670,329	6,836,185
Other Receivables	8,029,930	4,274,847
	<u>20,700,259</u>	<u>11,111,032</u>
<b>10 CASH AND CASH EQUIVALENTS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>MVR</b>	<b>MVR</b>
Cash in Hand	2,339,303	3,026,308
Balances at Banks	2,980,615	6,390,493
	<u>5,319,918</u>	<u>9,416,801</u>
Bank Overdraft	(6,107,664)	-
Cash and Cash Equivalents for the cashflow purposes	<u>(787,746)</u>	<u>9,416,801</u>
<b>11 SHARE CAPITAL</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>MVR</b>	<b>MVR</b>
Contribution transferred from Ministry of Finance	516,923,291	516,923,291
	<u>516,923,291</u>	<u>516,923,291</u>
<b>12 TRADE AND OTHER PAYABLES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>MVR</b>	<b>MVR</b>
Trade Payables	81,398,896	68,726,222
Other Payables	7,542,390	5,487,963
	<u>88,941,286</u>	<u>74,214,185</u>



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<b>13 AMOUNT DUE TO RELATED PARTY</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>MVR</b>	<b>MVR</b>
Ministry of Finance	<u>59,252,000</u>	<u>15,000,000</u>
	<u>59,252,000</u>	<u>15,000,000</u>

**14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Overview**

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

**Risk Management Framework**

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

**(i) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

**Exposure to Credit Risk**

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

	<b>Carrying Amount</b>	
	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>MVR</b>	<b>MVR</b>
Trade and Other Receivables	20,700,259	11,111,032
Cash at Banks	(3,127,049)	6,390,493
	<u>17,573,210</u>	<u>17,501,525</u>



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**14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**(ii) Liquidity Risk**

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

The following are the contractual maturities of financial liabilities.

<b>31 December 2018</b>	<b>Carrying Amount MVR</b>	<b>0-12 Months MVR</b>
<b>Financial Liabilities (Non- Derivative)</b>		
Trade and Other Payables	88,941,286	88,941,286
Amount due to a Related Party	59,252,000	59,252,000
<b>Total</b>	<b>148,193,286</b>	<b>148,193,286</b>
<b>31 December 2017</b>	<b>Carrying Amount MVR</b>	<b>0-12 Months MVR</b>
<b>Financial Liabilities (Non- Derivative)</b>		
Trade and Other Payables	74,214,185	74,214,185
Amount due to a Related Party	15,000,000	15,000,000
<b>Total</b>	<b>89,214,185</b>	<b>89,214,185</b>

**(iii) Market Risk**

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

**(a) Interest Rate Risk**

There are no interest bearing borrowing or lending by the Company. Hence, the Company does not face any interest risk as at the reporting date.



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**14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**(iii) Market Risk (Continued)**

**(b) Currency Risk**

**Exposure to Currency Risk**

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	<u>31/12/2018</u>	
	<u>USD</u>	<u>EUR</u>
Cash and Cash Equivalents	23,941	-
Trade and Other Receivables	3,684	-
Trade and Other Payables	(977,394)	(42,753)
<b>Gross Statement of Financial Position Exposure</b>	<u>(949,769)</u>	<u>(42,753)</u>
	<u>31/12/2017</u>	
	<u>USD</u>	<u>EUR</u>
Cash and Cash Equivalents	106,527	-
Trade and Other Receivables	730	-
Trade and Other Payables	(342,460)	-
<b>Gross Statement of Financial Position Exposure</b>	<u>(235,203)</u>	<u>-</u>

The following significant exchange rates were applied during the year:

	<u>Average Rate</u>		<u>Reporting Date Spot Rate</u>	
	<u>2018</u>	<u>2017</u>	<u>31/12/2018</u>	<u>31/12/2017</u>
1 EUR : Maldivian Rufiyaa	18.40	17.22	17.77	18.58
1 US\$ : Maldivian Rufiyaa	15.42	15.42	15.42	15.42

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





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**15 DIRECTORS' RESPONSIBILITY**

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

**16 CONTINGENT LIABILITIES**

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

**17 CAPITAL COMMITMENTS**

There were no material commitments approved or contracted as at the reporting date.

**18 EVENTS AFTER THE REPORTING DATE**

There were no material events occurred after the reporting date that require adjustments or disclosures in the financial statements.

**19 RELATED PARTY TRANSACTIONS**

<b>Name of the Related Party</b>	<b>Relationship</b>	<b>Nature of the Transaction</b>	<b>Amount 2018 MVR</b>	<b>Amount 2017 MVR</b>	<b>Balance as 31/12/2018 MVR</b>	<b>at 31/12/2017 MVR</b>
Ministry of Finance	Government Entity	Purchases	(44,252,000)	(15,000,000)	(59,252,000)	(15,000,000)

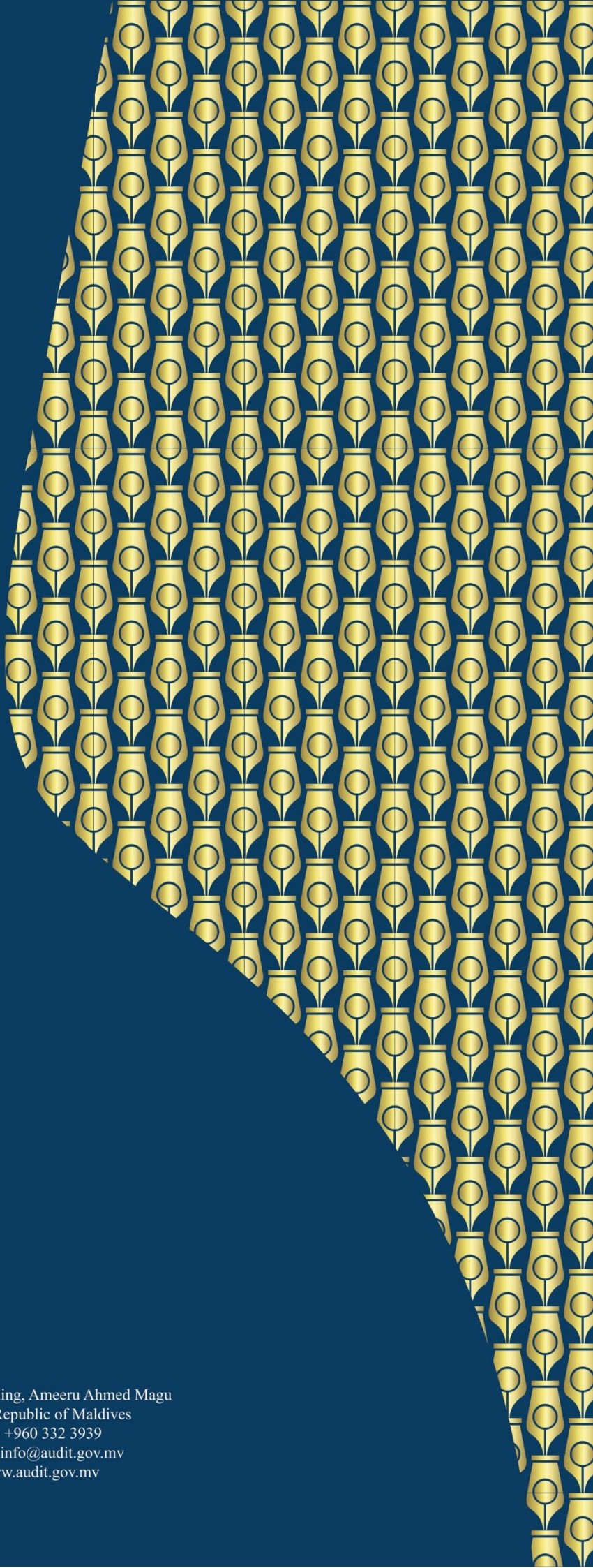
**19.1 Emoluments to Key Management Personnel**

The Board of Directors of the Company are the members of the key management personnel. The Corporation has not paid emoluments to the key management personnel during the year ended 31 December 2018 (2017 : Nil).

**20 COMPARATIVE FIGURES**

Comparative figures have been reclassified wherever appropriate to conform with the current year presentation.





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