Report No: FIN-2023-78(E)

17 December 2023

PUBLIC SERVICE MEDIA LIMITED FINANCIAL YEAR 2020

AUDITOR GENERAL'S OFFICE

TABLE OF CONTENTS

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDER AND BOARD OF DIRECTORS OF PUBLIC SERVICE MEDIA

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 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies 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 of opinion issued in respect of the prior year financial statements for the year ended 31 December 2019, 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 2020, 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 2020.

2. The Company has not assessed the implications of IFRS16 "Leases", IFRS9 "Financial Instruments" and IFRS15 "Revenue from Contracts with Customers" on the Company's financial statements for the year ended 31 December 2020. Therefore, we were unable to determine whether adjustments to the financial statements might have been necessary for the year ended 31 December 2020.

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. During the year, the Company has invoiced MVR 4,251,860 for sponsorship of a program which were to be held in a future date. However, the revenue is overstated by the said amount as the entire amount has been recorded as revenue even though the Company has not fulfilled the performance obligations.

5. The Company is liable for income tax at the rate of 15% on its taxable profits as per Income Tax Act No. 25 of 2019 (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 2020.

6. As disclosed in the Note 15 to the financial statements, the Company has recorded amount due to related party of MVR 89,252,000 as at 31 December 2020. However, we were unable to verify the completeness, existence, and accuracy of this amount due to unavailability of sufficient appropriate audit evidence.

7. 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 recognized its retirement benefits obligation in relation to these employment contracts as per International Accounting Standard 19 - "Employee Benefits" - as at 31 December 2020.

8. As disclosed in the Note 9 to the financial statements, the Company has recorded property, plant and equipment amounting to MVR 591,040,286 as at 31 December 2020. However, the Company has not recognized depreciation for the year ended 31 December 2020 and accumulated depreciation as of 31 December 2020. Further, the Company has not maintained a fixed asset register for property, plant, and equipment as at 31 December 2020. Therefore, we were unable to verify the completeness, existence, accuracy, and valuation of this amount due to unavailability of sufficient appropriate audit evidence.

9. As disclosed in the Note 10 to the financial statements, the Company has recorded intangible assets amounting to MVR 2,918,190 as at 31 December 2020. However, we were unable to verify the completeness, existence, accuracy, and valuation of this amount due to unavailability of sufficient appropriate audit evidence.

10. The Company has not properly performed bank reconciliations for balances at banks as at 31 December 2020 and we have not received bank confirmation from one bank. Therefore, we were unable to verify the completeness, existence and accuracy of cash and cash equivalents balance as at 31 December 2020 and statement of cash flows for the year ended 31 December 2020 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 2020.

Basis for Disclaimer of Opinion (*continued*)

11. As disclosed in the Note 14 to the financial statements, the Company has recorded trade payables amounting to MVR 95,953,541 as at 31 December 2020. However, we were unable to verify the completeness and accuracy of this amount as there have been unreconciled material differences between the creditors' confirmations and balance in the creditors' aging. Further, we were unable to verify the completeness, existence and accuracy of other payables amounting to MVR 9,512,220 stated in the note 14 of the financial statements due to unavailability of sufficient appropriate audit evidence.

12. The Company has recognized direct expenses amount of MVR 62,204,397 during the year ended 31 December 2020. However, we were unable to verify the completeness, occurrence, and accuracy of these amounts due to unavailability of sufficient appropriate audit evidence.

13. We were unable to obtain appropriate representations from lawyers of the Company. Therefore, we were unable to determine the effect of litigations for or against the Company on the financial statements of the Company as at and for the year ended 31 December 2020.

14. As per Note 13 to the financial statements, the Company has recognised an amount of MVR 516,924,158 as capital contribution transferred from Ministry of Finance of Republic of Maldives as at 31 December 20. However, we were unable to verify the completeness, existence and accuracy of this amount due to unavailability of sufficient appropriate audit evidence.

Other Matter

As at the reporting date the Company recorded an accumulated loss of MVR 106,393,692 including a loss of MVR 98,555,853 from its operations during the year. The Company was unable to generate sufficient funds on its own and hence relied upon the Government of Maldives for funding the Company's operations. As recorded in the statement of comprehensive income, during the year the Government of Maldives granted MVR 81,001,726 to the Company for funding the operations of the Company.

Responsibilities of the management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Corporation's financial statements in accordance with International Standards on Auditing ("ISA") and to issue an auditors' 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 the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Maldives and we have fulfilled our other ethical responsibilities in accordance with these requirements.

17th December 2023

H. Niyazy

Hussain Niyazy
Auditor General

PUBLIC SERVICE MEDIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	2020 MVR	2019 MVR
Revenue	5	16,597,916	22,213,028
Direct Costs		(62,204,398)	(111,907,556)
Gross Loss		(45,606,482)	(89,694,528)
Administrative Expenses		(52,949,371)	(71,578,627)
Marketing Expenses		-	(23,687)
Finance Expenses		-	-
Loss from Operating Activities		(98,555,853)	(161,296,842)
Budgetary Contribution for the Year	6	81,001,726	129,913,435
Total Comprehensive Income for the year		(17,554,127)	(31,383,407)

The accounting policies and notes form an integral part of the financial statements.

PUBLIC SERVICE MEDIA LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2020

	Notes	2020 MVR	2019 MVR
Assets			
Non-current assets			
Property, Plant and Equipment	9	591,040,287	588,985,238
Intangible Assets	10	2,918,190	2,786,148
		593,958,477	591,771,386
Current Assets			
Trade and Other Receivables	11	9,813,724	8,692,961
Cash and Cash Equivalents	12	1,476,027	368,994
		11,289,751	9,061,955
Total Assets		605,248,228	600,833,341
Equity and liabilities			
Capital and reserves			
Share Capital	13	516,924,158	516,924,158
Retained Earnings		(106,393,692)	(88,839,565)
		410,530,466	428,084,593
Current liabilities			
Trade and Other Payables	14	105,465,761	82,329,264
Amount Due to Related Party	15	89,252,000	89,252,000
Bank Overdraft	12	-	1,167,484
		194,717,761	172,748,748
Total equity and liabilities		605,248,227	600,833,341

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

Name of the Director — Signature

Ibrahim Hilmy

Abdulla Rasheed

The accounting policies and notes form an integral part of the financial statements.

10 December 2023

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PUBLIC SERVICE MEDIA LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Share Capital MVR	Accumulated Losses MVR	Total MVR
Balance as at 1 January 2019	516,923,291	(57,456,158)	459,467,133
Adjustment Made during the Year	867	-	867
Loss (Total Comprehensive Income) for the year	-	(31,383,407)	(31,383,407)
Balance as at 31 December 2019	516,924,158	(88,839,565)	428,084,593
Loss (Total Comprehensive Income) for the year	-	(17,554,127)	(17,554,127)
Balance as at 31 December 2020	516,924,158	(106,393,692)	410,530,466

The accounting policies and notes form an integral part of the financial statements.

PUBLIC SERVICE MEDIA LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	2020 MVR	2019 MVR
Cash Flows From Operating Activities			
Loss for the Year		(17,554,127)	(31,383,407)
Working capital adjustment			
(Increased)/ Decreased in trade and other receivables	11	(1,120,761)	12,007,298
Increased / (Decreased) in trade and other payables	14	23,136,497	(6,612,022)
Amounts due to related Party	15	-	30,000,000
		4,461,608	4,011,869
Cash flows from operating activities		4,461,608	4,011,869
Investing activities			
Acquisition of Property, Plant and Equipment	9	(2,055,049)	(987,378)
Acquisition of Intangible Assets	10	(132,042)	(145,904)
Net cash flows used in investing activities		(2,187,091)	(1,133,282)
Cash Flows From Financing Activities			
Transfer to Share Capital		-	867
Net cash flows from financing activities		-	867
Net increased in cash and cash Equivalents		2,274,518	2,879,454
Cash and cash equivalents as at 1 January		(798,490)	(3,677,945)
Cash and Cash Equivalents at the End of the Year	12	1,476,027	(798,490)

The accounting policies and notes form an integral part of the financial statements.

1. Corporate information

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.

1.1 Principal activities and nature of operations

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

2.1 Statement of Compliance

The Financial statements of the Company which comprise the Statement of financial position, Statement of profit or loss and other comprehensive income, Statement of changes in equity and cash flow statement together with accounting policies and notes have been prepared and presented in accordance with International Financial Reporting Standards (IFRS).

2.2 Basis of measurement

The Financial statements of the Company for the period ended 31 December 2020 have been prepared on the historical cost basis.

2.3 Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The financial Statements are presented in Maldivian Rufiyaa (MVR), which is the functional currency of the Company. All financial information presented in MVR has been rounded to the nearest amount unless stated otherwise.

2.4 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.

2.5 Offsetting

Assets and liabilities, and income and expenses, are not offset unless required or permitted by IFRSs/IAS.

2.6 Going concern

The Company incurred a net loss of MVR 17,554,127/- during the year ended 31 December 2020. As of the reporting date, the Company's reported accumulated losses amounting to MVR 106,393,692/- and the current liabilities of the Company exceeded its current assets by MVR 183,428,010/-. These events or conditions indicate that an uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Despite of the above facts, Directors have concluded that the going concern basis of accounting is appropriate for the year 2020 and they do not intend either to liquidate or cease the Company. Directors have made such assessment of the Company's ability to continue as a going concern in the foreseeable future with the financial and operational support of Ministry of Finance.

2.7 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current

2.7 Current versus non-current classification (Continued)

classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

2.8 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Revenue from rendering of services is recognised in the accounting year in which the services are rendered or performed.
The Company's gross turnover comprises proceeds from following,

- 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.

2.9 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.

2.10 Expenditure recognition

Expenses are recognised in the statement of profit or loss and other comprehensive income 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 charged to the statement of other comprehensive income in arriving at the profit for the period.

AUDITOR GENERAL'S OFFICE

PSM

2.11 Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

The cost of the self-constructed assets includes the cost of materials, direct labour cost and appropriate proportion of production overheads. The cost of property, plant and equipment acquired by the Company includes cost of acquisition together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

When a major inspection of plant and machinery is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are met.

Depreciation on property, plant and equipment of the Company is charged on a straight-line basis to write off the cost over the estimated useful life of the assets. Estimated useful life of the major asset classes are as follows:

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised. Depreciation is charged when the asset is available for use for operating activities.

2.12 Intangible assets

Intangible assets with finite lives are amortised over the useful economic life (03 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

2.13Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflects current market assessments of the time value of money and the risks specific to the assets.

If there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the assets in prior years.

2.14 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of balances with banks and cash in hand. Statement of cash flows is prepared in 'indirect method' and for the purpose of statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

2.15 Liabilities and provisions

All known liabilities have been accounted for in preparing the financial statements. The materiality of the events occurring after the reporting period have been considered and appropriate adjustments and provisions have been made in the financial statements where necessary.

Liabilities classified as current liabilities in the statement of financial position are those, which fall due for payment on demand or within one year from the end of the reporting period. Non-current liabilities are those balances, which fall due for payment after one year from the end of the reporting period.

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

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

2.16 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.

a) Financial assets

Initial recognition and measurement

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

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

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

The Company'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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

Derecognition

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

The rights to receive cash flows from the asset have expired

Or

The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company 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 Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

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

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

2.17 Trade and other receivables

Trade receivables, which generally have 30-90 days terms, are recognised and carried at original invoice amount less impairment losses on any uncollectible amounts.

Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

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

2.18 Financial liabilities

a) Initial recognition and measurement

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

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

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

b) De-recognition

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

3. Summary of significant accounting judgments and estimates

The preparation of financial statements requires the application of certain critical judgements, estimates and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Useful life of the Property, Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Management estimates these values, rates, methods and hence they are subject to uncertainty.

Impairment of non-financial assets

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

4. Standards Issued but not yet effective

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the financial statements of the Company in the foreseeable future. The Company intends to adopt these amended standards, if applicable, when they become effective.

AUDITOR GENERAL'S OFFICE

PSM

4. Standards Issued but not yet effective (Continued)

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

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

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

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

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

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

4. Standards Issued but not yet effective (Continued)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

		2020	2019
5	Revenue	MVR	MVR
	Advertising Income	4,910,357	7,293,272
	Announcement Income	1,300,480	2,083,680
	Income from Sponsorships	9,368,206	7,978,155
	Rental Income	66,515	195,040
	Other Operational Income	952,358	4,662,881
		16,597,916	22,213,028
6	Budgetary contribution for the year		
	Government Grants	80,000,000	120,826,501
	Government Aid	1,001,726	9,086,934
		81,001,726	129,913,435
7	Loss from operating activities stated after charging		
	Salaries and wages	40,282,053	43,013,615
	Staff Allowances	14,433,048	39,423,005
	Pension expense	2,679,151	2,728,799
		57,394,252	85,165,419

8 Income tax on profit

Income tax is required to be calculated at 15% on taxable profit in accordance with the Income Tax Act no. 25/2019. Accumulated tax losses have not been recognised as deferred tax assets since it is not probable that future taxable profits will be available against which the Company can utilise the benefits therefrom.

9	Property, plant and equipment	Balance as at 01.01.2020	Additions during the year	Balance as at 31.12.2020
	Gross carrying amount	MVR	MVR	MVR
	Land	414,436,100	-	414,436,100
	Buildings	55,333,550	147,000	55,480,550
	Machinery and Equipment	110,632,432	1,841,957	112,474,389
	Computer Equipment	2,687,710	33,421	2,721,131
	Communication Equipment	643,654	4,849	648,503
	Furniture and Fittings	5,251,792	27,822	5,279,614
		588,985,238	2,055,049	591,040,287

9 Property, plant and equipment (Continued)

Depreciation	Balance as at 01.01.2020 MVR	Additions during the year MVR	Balance as at 31.12.2020 MVR
Land	-	-	-
Buildings	-	-	-
Machinery and Equipment	-	-	-
Computer Equipment	-	-	-
Communication Equipment	-	-	-
Furniture and Fittings	-	-	-
	-	-	-
Net book Value	588,985,238		591,040,287

10 Intangible Assets

	2020 MVR	2019 MVR
Cost		
Opening Balance	2,786,148	2,640,244
Additions During the Period	132,042	145,904
Closing Balance	2,918,190	2,786,148
Accumulated Amortization		
Opening Balance	-	-
Amortization During the Period	-	-
Closing Balance	-	-
Net Carrying Value	2,918,190	2,786,148

11 Trade and other receivables

	2020 MVR	2019 MVR
Trade Receivables	9,813,724	8,692,961
	9,813,724	8,692,961

12 Cash and cash equivalents

	2020 MVR	2019 MVR
Cash in Hand	30,000	30,000
Balances at Banks	1,446,027	338,994
	1,476,027	368,994
Bank Overdraft	-	(1,167,484)
	1,476,027	(798,490)

13 Share capital

	2020 MVR	2019 MVR
Contribution transferred from Ministry of Finance	516,924,158	516,924,158
	516,924,158	516,924,158

14 Trade and other payables

	2020 MVR	2019 MVR
Trade Payables	95,953,541	73,773,979
Other Payables	9,512,220	8,555,285
Accrued Expenses	-	-
	105,465,761	82,329,264

15 Amount due to related party

	2020 MVR	2019 MVR
Ministry of Finance and Treasury	89,252,000	89,252,000
	89,252,000	89,252,000

16 Financial instruments and risk management

Overview

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

i) Credit risk
ii) Liquidity risk
iii) 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:

	Carrying amount	
	2020 MVR	2019 MVR
Trade and Other Receivables	9,813,724	8,692,961
Cash at Banks	1,446,027	338,994
	11,259,751	9,031,955

16 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 profitability.

The following are the contractual maturities of financial liabilities.

31 December 2020	Carrying Amount MVR	0-12 Months MVR
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	105,465,761	105,465,761
Amount due to a Related Party	89,252,000	89,252,000
	194,717,761	194,717,761

31 December 2019	Carrying Amount MVR	0-12 Months MVR
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	82,329,264	82,329,264
Amount due to a Related Party	89,252,000	89,252,000
	171,581,264	171,581,264

(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.

(b) Currency Risk

Exposure to Currency Risk

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

	31-Dec-2020	
	USD	EUR
Cash and Cash Equivalents	3,577	-
Trade and Other Receivables	4,173	-
Trade and Other Payables	1,209,601	39,750
Gross Statement of Financial Position Exposure	1,217,352	39,750

16 Financial instruments and risk management (Continued)

	31-Dec-2019	
	USD	EUR
Cash and Cash Equivalents	21,984	-
Trade and Other Receivables	4,173	-
Trade and Other Payables	(1,067,427)	(44,646)
Gross Statement of Financial Position Exposure	(1,041,270)	(44,646)

The following significant exchange rates were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2020	2019	2020	2019
1 EUR : Maldivian Rufiyaa	16.93	16.94	17.61	17.02
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 ± 20% of the mid-point of exchange rate.

17 Director's responsibility

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

18 Contingent liabilities

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

19 Capital commitments

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

20 Events after the reporting date

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

21 Related party transactions

	2020	2019
Ministry of Finance	MVR	MVR
Balance as at 1 January	(89,252,000)	(59,252,000)
Purchases	-	(30,000,000)
Balance as at 31 December	(89,252,000)	(89,252,000)

21 Related party transactions (Continued)

21.1 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 2020 (2019 : Nil).

22 Comparative figures

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

i Direct Costs	2020	2019
	MVR	MVR
Production Payroll	51,069,394	62,386,842
Production Content	11,135,004	49,520,713
	62,204,398	111,907,556

ii Administrative expenses	2020	2019
	MVR	MVR
Administrative Payroll Expenses	21,906,092	22,985,936
General Administrative Expenses	2,570,111	20,455,354
Electricity	20,196,453	17,398,035
Telephone, Fax Internet	6,251,668	6,753,201
Water and Sanitation Services	700,725	1,567,210
Training Expenses	332,941	785,338
Repairs and Maintenance	981,999	1,633,553
Event Managing	9,382	-
	52,949,371	71,578,627

iii Selling and marketing costs	2020	2019
	MVR	MVR
Advertising and promotion	-	4,427
Sales refunds	-	19,260
	-	23,687

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