Report No: FIN-2021-51(E)

08 August 2021

MALDIVES AIRPORTS COMPANY LIMITED
FINANCIAL YEAR 2020

AUDITOR GENERAL'S OFFICE

Contents

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES AIRPORTS COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Maldives Airports Company Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), 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.

Responsibilities of management for the financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Group’s internal control.

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

- Conclude on the appropriateness of the board of directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with Board of Directors 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.

8th August 2021

H. Niyazy

Hussain Niyazy
Auditor General

Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2020

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**MVR**	**MVR**	**MVR**	**MVR**
Revenue from contracts with customers	**3**	2,326,270,055	5,789,418,964	2,190,511,660	5,364,202,999
Cost of sales and operating supplies		(1,163,332,141)	(2,526,580,098)	(1,136,097,207)	(2,462,341,815)
Gross profit		**1,162,937,915**	**3,262,838,867**	**1,054,414,453**	**2,901,861,184**
Other income	**4**	3,996,578	77,837,822	1,066,207	84,098,235
Administrative expenses		(938,985,474)	(1,764,146,277)	(831,829,724)	(1,604,399,287)
Selling and marketing costs		(3,501,241)	(10,474,921)	(1,163,076)	(6,471,920)
Operating profit		**224,447,777**	**1,566,055,490**	**222,487,860**	**1,375,088,212**
Net finance cost	**5**	(143,712,793)	(75,188,806)	(134,945,137)	(59,833,555)
Profit before tax from operations		**80,734,984**	**1,490,866,684**	**87,542,723**	**1,315,254,657**
Income tax credit / (expense)	**6**	5,240,054	(175,740,477)	8,854,038	(154,949,305)
Profit After Tax		**85,975,038**	**1,315,126,207**	**96,396,761**	**1,160,305,352**
Other Comprehensive Income					
Items that will not be subsequently reclassified to the income statement:					
Remeasurement of defined benefit liability	**27**	6,332,808	(7,318,558)	6,332,808	(7,318,558)
Related taxes	**26**	(949,921)	1,097,784	(949,921)	1,097,784
Other comprehensive (loss)/income for the year net of tax		**5,382,887**	**(6,220,774)**	**5,382,887**	**(6,220,774)**
Total comprehensive income for the year		**91,357,925**	**1,308,905,433**	**101,779,648**	**1,154,084,578**
Total comprehensive income attributable to:					
Equity holders of the parent		97,386,271	1,254,718,134	101,779,648	1,154,084,578
Non-controlling interest		(6,028,346)	54,187,299	-	-
		91,357,925	**1,308,905,433**	**101,779,648**	**1,154,084,578**
Earnings per share	**7**	57.3	876.8	64.3	773.5

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

Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

		Group		*Company*	
		2020	**2019**	**2020**	**2019**
	Note	**MVR**	**MVR**	**MVR**	**MVR**
Assets					
Non-current assets					
Property, plant and equipment	9	2,505,303,069	2,682,938,244	2,356,622,165	2,506,023,244
Capital work-in-progress	10	10,807,583,630	9,298,549,573	10,026,123,889	8,775,599,949
Capital advance	11	478,491,517	620,531,034	478,491,517	620,531,034
Investment properties	12	138,987,532	145,274,498	138,987,532	145,274,498
Right-of-use assets	13	7,903,335,250	160,661,186	7,816,858,066	10,558,743
Intangible assets	14	18,266,368	21,965,596	17,669,522	21,275,689
Investment in subsidiary	15	-	-	1,848,000	1,848,000
Deferred tax assets	26	50,585,827	19,405,207	35,957,366	1,162,776
		21,902,553,193	**12,949,325,337**	**20,872,558,057**	**12,082,273,933**
Current assets					
Inventories	18	318,155,302	356,810,373	310,527,151	345,875,928
Trade and other receivables	19	826,525,020	1,470,083,852	762,456,386	1,363,366,664
Financial assets at amortized cost	20	161,813,702	358,486,459	-	198,109,546
Cash and cash equivalents	21	1,150,379,613	1,458,499,403	994,194,936	1,093,594,370
		2,456,873,637	**3,643,880,087**	**2,067,178,473**	**3,000,946,508**
Total assets		**24,359,426,830**	**16,593,205,424**	**22,939,736,530**	**15,083,220,441**
Equity and liabilities					
Equity					
Share capital	22	150,000,000	150,000,000	150,000,000	150,000,000
Revaluation reserve	23	497,264,617	518,886,366	497,264,616	518,886,366
Fair value reserve	23	10,386,245	10,386,245	-	-
Currency translation reserve	23	26,878,026	26,878,026	-	-
Retained earnings		5,818,539,802	6,377,767,305	5,042,872,610	5,611,835,610
		6,503,068,689	**7,083,917,942**	**5,690,137,226**	**6,280,721,976**
Non-controlling interest	24	435,064,723	455,221,943	-	-
Total equity		**6,938,133,412**	**7,539,139,885**	**5,690,137,226**	**6,280,721,976**
Non-current liabilities					
Loans and borrowings	25	7,468,556,340	6,606,475,630	7,468,556,340	6,606,475,630
Deferred income	13.1	7,800,000,000	-	7,800,000,000	-
Lease liabilities	13.2	148,533,733	188,885,533	8,087,773	1,602,123
Employee retirement benefits obligations	27	246,919,946	234,782,673	246,919,946	234,782,673
		15,664,010,019	**7,030,143,836**	**15,523,564,059**	**6,842,860,426**
Current liabilities					
Loans and borrowings	25	268,316,759	171,827,185	268,316,759	171,827,185
Trade and other payables	28	1,413,629,112	1,719,729,200	1,383,080,796	1,676,875,049
Contract liabilities	29	63,124,499	-	63,124,499	-
Lease liabilities	13.2	10,380,316	14,772,283	9,680,479	10,204,216
Business profit tax payable	6	1,832,713	117,593,035	1,832,713	100,731,589
		1,757,283,399	**2,023,921,703**	**1,726,035,245**	**1,959,638,039**
Total equity and liabilities		**24,359,426,830**	**16,593,205,424**	**22,939,736,530**	**15,083,220,441**

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

Name of the director	**Designation**	**Signature**
Mohamed Umar Manik	Chairman	....
Gordon Andrew Stewart	Chief Executive Officer & Managing Director	....

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

4 August 2021
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Maldives Airports Company Limited
STATEMENT OF CHANGES IN EQUITY - Group
Year ended 31 December 2020

	Note	Share capital capital MVR	Revaluation reserve MVR	Fair value reserve MVR	Currency translation reserve MVR	Retained earnings MVR	Total MVR
Balance at 1 January 2019		150,000,000	539,397,362	10,386,245	26,878,026	5,777,598,468	6,504,260,101
Changes on initial application of IFRS 16	2.3	-	-	-	-	(1,493,150)	(1,493,150)
		150,000,000	539,397,362	10,386,245	26,878,026	5,776,105,318	6,502,766,951
Realised revaluation surplus on usage	24	-	(24,130,584)	-		24,130,584	-
Profit for the year		-	-	-	-	1,254,718,134	1,254,718,134
Dividends	8	-	-	-	-	(677,186,731)	(677,186,731)
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,619,588	-	-	-	3,619,588
Balance at 31 December 2019		**150,000,000**	**518,886,366**	**10,386,245**	**26,878,026**	**6,377,767,305**	**7,083,917,942**
Balance at 1 January 2020		150,000,000	518,886,366	10,386,245	26,878,026	6,377,767,305	7,083,917,942
Reclassification of reserve						14,128,874	14,128,874
Realised revaluation surplus on usage	24	-	(25,437,352)	-		25,437,352	-
Profit for the year		-	-	-	-	97,386,271	97,386,271
Dividends	8	-	-	-	-	(696,180,000)	(696,180,000)
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,815,603	-	-	-	3,815,603
Balance at 31 December 2020		**150,000,000**	**497,264,616**	**10,386,245**	**26,878,026**	**5,818,539,802**	**6,503,068,689**

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

Maldives Airports Company Limited
STATEMENT OF CHANGES IN EQUITY - Company
Year ended 31 December 2020

	Note	Share capital capital MVR	Revaluation reserve MVR	Retained earnings MVR	Total MVR
Balance at 1 January 2019		150,000,000	539,397,362	5,112,300,329	5,801,697,691
Adjustment to retained earnings from adoption of IFRS16	2.3	-	-	(1,493,150)	(1,493,150)
		150,000,000	539,397,362	5,110,807,179	5,800,204,541
Realised revaluation surplus on usage	24	-	(24,130,584)	24,130,584	-
Profit for the year		-	-	1,154,084,578	1,154,084,578
Dividends	8	-	-	(677,186,731)	(677,186,731)
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,619,588	-	3,619,588
Balance at 31 December 2019		**150,000,000**	**518,886,366**	**5,611,835,610**	**6,280,721,976**
Balance at 1 January 2020		150,000,000	518,886,366	5,611,835,610	6,280,721,976
Realised revaluation surplus on usage	24	-	(25,437,352)	25,437,352	-
Profit for the year		-	-	101,779,648	101,779,648
Dividends	8	-	-	(696,180,000)	(696,180,000)
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,815,603	-	3,815,603
Balance at 31 December 2020		**150,000,000**	**497,264,616**	**5,042,872,610**	**5,690,137,226**

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

Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	MVR	MVR	MVR	MVR
Operating activities					
Profit before tax from operations		80,734,984	1,490,866,684	87,542,723	1,315,254,657
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation on property, plant and equipment	13/14	244,769,099	249,367,787	212,787,988	217,780,241
Depreciation on investment properties		6,294,641	6,217,677	6,294,641	6,217,677
Amortisation of right-of-use assets	13	11,982,093	20,277,043	11,783,439	10,927,959
Amortisation of intangible assets	14	3,841,737	3,832,407	3,656,157	3,715,971
Interest income	5	(15,003,632)	(5,438,757)	(7,654,907)	(315,076)
Interest expenses	5.2	141,104,110	58,543,896	141,104,110	58,543,896
Interest expenses on lease liabilities	5.2	17,612,315	22,083,667	1,495,934	1,604,735
Loss of disposal of property, plant and equipment		4,502,646	4,747,649	4,502,646	4,765,505
Gain on modification of leases		(138,859)	-	(138,859)	-
Allowance for impairment loss on trade receivables		49,848,594	(74,033,906)	42,797,629	(82,730,000)
Provision for employee retirement benefit	13	18,470,081	21,421,642	18,470,081	21,421,642
Operating profit before working capital changes		**564,017,808**	**1,797,885,790**	**522,641,581**	**1,557,187,207**
Working capital adjustments:					
- Inventories		38,655,071	(35,000,487)	35,348,777	(34,140,360)
- Trade and other receivables		(27,673,934)	138,061,595	(66,273,719)	146,612,250
- Trade and other payables		(378,208,797)	243,931,704	(418,148,927)	249,206,343
- Contract liabilites		63,124,499	-	63,124,499	-
Cash flows from operating activities		259,914,647	2,144,878,602	136,692,212	1,918,865,440
Business profit tax paid		(138,835,192)	(13,099,105)	(121,973,747)	-
Interest paid	5.2	(141,104,110)	(58,543,896)	(88,858,145)	(58,543,896)
Net cash flows from operating activities		**(20,024,656)**	**2,073,235,601**	**(74,139,680)**	**1,860,321,544**
Investing activities					
Acquisition of property, plant and equipment	13	(24,932,425)	(70,426,761)	(21,185,411)	(52,714,887)
Acquisition of intangible assets	14	(127,895)	(1,044,438)	(35,375)	(390,815)
Cost incurred on construction of capital work-in-progress	10	(1,555,919,496)	(2,301,104,425)	(1,297,409,380)	(2,171,626,586)
Proceeds from disposal of property, plant and equipment		159,006	421,158	159,006	403,302
Net capital advance recovery		142,039,517	350,803,494	142,039,517	350,803,494
Investment on fixed deposits	20	(1,436,789)	174,658,130	-	-
Investment in treasury bills	20	198,109,546	(198,109,546)	198,109,546	(198,109,546)
Lease extension fee payments		(485,730)	-	-	-
Interest received		9,406,772	6,361,567	7,969,983	-
Net cash flows used in investing activities		**(1,233,187,493)**	**(2,038,440,820)**	**(970,352,113)**	**(2,071,635,038)**
Financing activities					
Proceeds from borrowings		1,092,617,781	1,813,904,243	1,092,617,781	1,813,904,243
Repayment of loans		(134,047,497)	(957,920,097)	(134,047,497)	(957,920,097)
Payment of lease liabilities		(13,477,925)	(22,944,716)	(13,477,925)	(12,778,248)
Dividend paid		-	(75,000,000)	-	(75,000,000)
Net cash flows used in financing activities		**945,092,359**	**758,039,430**	**945,092,359**	**768,205,898**
Net increase in cash and cash equivalents		(308,119,790)	792,834,212	(99,399,435)	556,892,405
Cash and cash equivalents as at 1 January		1,458,499,403	665,665,192	1,093,594,370	536,701,965
Cash and cash equivalents as at 31 December	21	**1,150,379,614**	**1,458,499,403**	**994,194,936**	**1,093,594,370**

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

AUDITOR GENERAL'S OFFICE

MALDIVES AIRPORTS COMPANY LIMITED HULHULE', REPUBLIC OF MALDIVES

1 Corporate information

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

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

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

2 Significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of Maldives Airports Company Limited and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis, except for certain classes of property, plant and equipment and define benefit plans measured at fair value.

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

2.2 Basis of consolidation

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

b) Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has only joint ventures.

Joint ventures

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

2 Significant accounting policies continued

2.2 Basis of consolidation continued

c) Equity method

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

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

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

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

d) Changes in ownership interests

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

2.3 Principles of consolidation and equity accounting

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 Summary of significant accounting policies

a) New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

2.41 b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

The Group classifies all other liabilities as non-current.

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

c) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

c) Fair value measurement continued

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is determined periodically by the company in accordance with the company's procurement policy approved by the board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

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

- Investment Properties - note 2.4(h) and 12
- Right of Use Asset - note 2.4(i) and 13

d) Revenue from contracts with customers

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

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

In the distribution business, revenue has been recognised on the despatched value of goods sold, excluding value-added tax. Product sold to retailers has been made on a sale or return basis. Revenue for goods supplied with a right of return has been stated net of the value of returns.

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

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

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

  Departure control system charges : On the basis of the particular aircraft type, when the service is performed and consumed by customer.

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

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

All the revenues are billed on a monthly basis.

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2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

d) Revenue from contracts with customers continued

Interest income

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

Other revenues earned are recognized on the following basis:

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

Consignment commission

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

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

e) Government grants

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

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

f) Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

g) Property, plant and equipment

All property, plant and equipment, except vehicles and ground handling equipment are recognised at fair value based on periodic, valuations by external independent valuers, less subsequent depreciation. Vehicles and ground handling equipment are recognised at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

g) Property, plant and equipment continued

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

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

h) Investment properties

Investment property are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently cost less accumulated depreciation. However, Investment properties are revalued every 5 years and gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer.

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

Buildings on leasehold land	20 -50 years

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

Capital work- in- progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalized. Capital work in progress is not depreciated until its completion of construction and the asset is put into use upon which the cost of completed construction works is transferred to the appropriate category of investment property.

Reclassification of property plant and equipment under investment property

The Group has decided to reclassify part of buildings from property, plant and equipment to investment property from 1 January 2017. The buildings related to investment properties were transferred at valuation and are considered as the cost of these assets from the date of transfer and subsequently measured at cost less accumulated depreciation.

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2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

i) Leases

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

Group as a lessee

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

i) Right-of-use assets

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

Buildings on lease	2 -8 years
Leasehold land	30-50 years

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

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

ii) Lease liabilities

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

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

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

iii) Leases at normial value from government

The Group holds lease right of its land on a long term from the government at a norminal value. Fair value recognition is applied to righ-of-use asset and the fair value of the land lease is determined based on an valuation performed by an accredited external independent valuer. Fair value of the right-of-use asset is amortized on a straight-line basis over the lease term.

Initial gain on valuation if the land is recorded as a government grant as refererd in section (e) Government grants.

iv) Short-term leases and leases of low-value assets

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

2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

i) Leases continued

Group as a lessor

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

j) Intangible assets

Computer software

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

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

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed ten years.

k) Impairment of non-financial assets

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

Policy applicable from 1st January 2018

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

k) Financial assets (Non-derivative) continued

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 32 for further details.

l) Inventories

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

Group value its inventory as below;

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

2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

m) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance. The Group holds the trade receivables with the objective to collect the contractual cash flows. See note 19 for further information about the Group's accounting for trade receivables and note 32 for a description of the Group's impairment policies.

n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

o) Share capital

Ordinary shares are classified as equity.

p) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated after adjusting the interest accrued, repayments of principal and interest. Interest on borrowings are recognized on accrual basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date or if the borrowings are only repayable on the availability of net cash flows of the Group and such availability is not anticipated for at least 12 months after the reporting date.

q) Borrowing costs

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

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

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

r) Provisions

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

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

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

s) Current and deferred business profit tax

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

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

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

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2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

s) Current and deferred business profit tax continued

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

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

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

t) Employee benefits

Short-term obligations

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

Defined contribution plan

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

Defined benefit plans

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

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

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

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

u) Dividend distribution

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

2 Significant accounting policies continued

2.4 Summary of significant accounting policies continued

v) Fair value estimation

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

w) Comparatives

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

2.5 Use of estimates and judgements

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

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

- Loss allowance for expected credit losses - note 2.4(k), 19.1 and 19.2
- Estimated useful life of property plant and equipment - note 2.4(g) and 9
- Estimated useful life of intangible asset - note 2.4 (j) and 14
- Estimation uncertainties and judgements made in employee retirement benefits - note 2.4(t) and 27
- Estimation uncertainties and judgements made in relation to lease accounting - note 2.4(i) and 13.1
- Estimation of fair values of buildings and investment property - note 2.4(h) and note 12
- Estimation of fair values of leasehold right of the land - note 2.4(i) and 13

Other disclosures relating to the Group's exposure to risks and uncertainties includes:
- Financial risk factors and policies - note 32.1
- Capital risk management 32.2

	Group		Company	
3 Revenue from contract with customers	**2020**	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Traffic revenue				
Landing fee	93,050,251	265,987,247	93,050,251	265,987,247
Parking fee	57,907,895	64,398,208	57,907,895	64,398,208
Navigation fee	38,582,390	94,689,956	38,582,390	94,689,956
Ground handling charges	175,379,439	489,342,376	175,379,439	489,342,376
Departing charges	22,037,699	61,463,471	22,037,699	61,463,471
	386,957,674	975,881,258	386,957,674	975,881,258
Non traffic revenue				
Fuel sales	1,129,953,878	2,872,013,432	1,130,292,745	2,872,771,854
Duty-free sales	208,805,558	699,263,620	208,805,558	699,263,620
Rent and lease charges	81,504,878	142,953,284	88,911,998	153,269,426
Cargo income	112,144,989	231,365,233	112,760,565	232,688,074
Utility sales	39,647,832	44,227,818	62,184,827	80,388,135
Lounge income	87,555,974	145,992,329	87,555,974	145,992,329
Consignment commission	48,096,810	137,620,504	48,096,810	137,620,504
Revenue share	14,069,749	27,178,856	14,069,749	27,178,856
Miscellaneous income	48,135,394	27,871,784	48,224,136	30,769,341
Passenger related charges	2,651,624	8,379,602	2,651,624	8,379,602
	1,772,566,685	4,336,866,462	1,803,553,986	4,388,321,741
Other revenue sources				
Room revenue	25,237,760	109,323,282	-	-
Cabin handling	21,254,543	48,247,731	-	-
Catering	101,824,443	232,517,949	-	-
Food and beverages	15,796,541	74,407,930	-	-
Miscellaneous income	2,632,410	12,174,352	-	-
	166,745,697	476,671,244	-	-
Total revenue	**2,326,270,055**	**5,789,418,964**	**2,190,511,660**	**5,364,202,999**

	Group		Company	
4 Other income	**2020**	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Exchange gain	889,453	1,187,386	816,902	1,141,049
Sundry income	2,968,265	2,616,530	110,446	227,186
Gain on lease modifications	138,859	-	138,859	-
Reversal of impairment provision on trade receivables	-	74,033,906	-	82,730,000
	3,996,578	**77,837,822**	**1,066,207**	**84,098,235**

	Group		Company	
5 Net finance cost	**2020**	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
5.1 Finance income				
Interest income from investment on	(7,654,907)	(315,076)	(7,654,907)	(315,076)
Interest income from fixed deposits	(4,439,002)	(5,123,681)	-	-
Covid- 19 related rent concessions	(2,909,723)	-	-	-
	(15,003,632)	(5,438,757)	(7,654,907)	(315,076)
5.2 Finance cost				
Interest on corporate bond	-	17,107,131	-	17,107,131
Bank loan interest	141,104,110	21,260,062	141,104,110	21,260,062
Interest Expense on Lease Liabilities	17,612,315	22,083,667	1,495,934	1,604,735
Profit share on islamic finance facility	-	20,176,703	-	20,176,703
	158,716,425	80,627,563	142,600,044	60,148,631
Net finance cost	**143,712,793**	**75,188,806**	**134,945,137**	**59,833,555**

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	Group		Company	
	2020	2019	2020	2019
	MVR	MVR	MVR	MVR
6 Business profit tax expense				
Current tax	23,074,871	233,876,228	23,074,871	204,725,689
Deferred tax recognized during the year (Note 26.1)	(28,314,925)	(58,135,752)	(31,928,908)	(49,776,385)
Business profit tax expenses reported in the consolidated statement of comprehensive income	**(5,240,054)**	**175,740,477**	**(8,854,038)**	**154,949,305**

6.1 Business profit tax on profit

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

	2020	2019	2020	2019
	MVR	MVR	MVR	MVR
Profit before tax	80,734,984	1,490,866,684	87,542,723	1,315,254,657
Loss of subsidiary which is not subject to tax	6,807,739	-		
Add: Tax effect on expenses not allowed for tax purpose	66,539,747	65,544,211	66,539,747	46,584,658
Taxable profit	154,082,470	1,556,410,895	154,082,470	1,361,839,315
Less: utilized tax free allowance	(250,000)	(250,000)	(250,000)	(250,000)
Taxable profit for the year	153,832,470	1,556,160,895	153,832,470	1,361,589,315
Business profit tax on taxable profit @ 15%	23,074,871	233,386,634	23,074,871	204,238,397
Adjustment in respect of previous year	-	487,292	-	487,292
Tax charged to income statement	**23,074,871**	**233,873,926**	**23,074,871**	**204,725,689**

6.2 Business profit tax payable / (recoverable)

	Group		Company	
	2020	2019	2020	2019
	MVR	MVR	MVR	MVR
As at 1 January	117,593,035	(103,184,088)	100,731,589	(103,994,100)
Tax charge for the year	23,074,871	233,876,228	23,074,871	204,725,689
Tax paid during the year	(138,835,192)	(13,099,105)	(121,973,747)	-
As at 31 December	1,832,713	117,593,035	1,832,713	100,731,589

7 Earnings per share

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

	Group		Company	
	2020	2019	2020	2019
	MVR	MVR	MVR	MVR
Profit attributable to equity holders of the company	85,975,038	1,315,126,207	96,396,761	1,160,305,352
Weighted average number of ordinary shares in	1,500,000	1,500,000	1,500,000	1,500,000
Basic earnings per share (MVR)	57	877	64	774

8 Dividends

At the annual general meeting held on 29 September 2020, a final dividend of MVR 464.12 per share amounting to MVR 696,180,000 was declared in respect of 2019 to the Government of Maldives, which has been accounted as appropriation of profit in the statement of changes in equity during the year.

The company has not paid dividends from the declared amount to the Government of the Maldives and MVR 624,071,291.40 were set-off with the receivables from the Government. As at 31 December 2020, MVR 72,108,708.59 is recorded as a payable to the Government.

9 Property, plant and equipment - Group

	Buildings and island infrastructures	Machinery and equipment	Furniture, fittings and fixtures	Vehicles and ground handling equipment	Office and other equipment	Cookery linen and fabric	Kitchen and house keeping equipment	Total
Balance as at 1 January 2020								
Opening net book amount	2,175,251,717	261,398,550	20,873,515	192,929,201	25,918,553	3,137,460	3,429,247	2,682,938,244
Additions	-	16,300,484	2,146,295	837,939	4,987,593	636,954	23,161	24,932,425
Transfer from CWIP (Note 10)	43,425,693	3,110,329	327,127	-	-	-	-	46,863,150
Disposals - cost	(9,519,936)	(11,103,416)	(193,159)	-	(888,589)	-	-	(21,705,100)
Disposals - accumulated depreciation	6,546,536	9,417,383	193,032	-	886,497	-	-	17,043,449
Depreciation charge	(127,485,679)	(61,927,798)	(7,334,914)	(35,701,276)	(9,194,291)	(61,324)	(3,063,815)	(244,769,097)
Balance as at 31 December 2020	**2,088,218,331**	**217,195,532**	**16,011,896**	**158,065,864**	**21,709,763**	**3,713,090**	**388,593**	**2,505,303,069**
Suumary of balances for 2020								
Cost or valuation	3,213,573,156	777,532,667	88,655,107	523,015,738	124,121,046	12,906,447	36,545,231	4,776,349,392
Accumulated depreciation	(1,125,354,825)	(560,337,135)	(72,643,211)	(364,949,874)	(102,411,283)	(9,193,357)	(36,156,638)	(2,271,046,322)
Balance as at 31 December 2020	**2,088,218,331**	**217,195,532**	**16,011,896**	**158,065,864**	**21,709,763**	**3,713,090**	**388,593**	**2,505,303,069**
Balance as at 1 January 2019								
Opening net book amount	2,210,347,840	292,340,335	21,853,061	208,936,627	28,691,874	3,208,624	3,198,826	2,768,577,187
Additions	1,827,529	26,577,001	7,139,002	26,250,910	5,336,710	10,223	3,285,385	70,426,761
Transfer from CWIP (Note 10)	87,695,455	8,444,231	219,258	-	2,111,946	-	-	98,470,890
Disposals - cost	-	(12,878,784)	(161,994)	(55,896,869)	-	-	-	(68,937,647)
Disposals - accumulated depreciation	-	8,963,224	160,542	54,645,074	-	-	-	63,768,840
Depreciation charge	(124,619,107)	(62,047,457)	(8,336,354)	(41,006,541)	(10,221,977)	(81,387)	(3,054,964)	(249,367,787)
Balance as at 31 December 2019	**2,175,251,717**	**261,398,550**	**20,873,515**	**192,929,201**	**25,918,553**	**3,137,460**	**3,429,247**	**2,682,938,244**
Suumary of balances for 2019								
Cost or valuation	3,179,667,399	769,225,270	86,374,844	522,177,799	120,022,042	12,269,493	36,522,070	4,726,258,918
Accumulated depreciation	(1,004,415,682)	(507,826,720)	(65,501,329)	(329,248,598)	(94,103,489)	(9,132,033)	(33,092,823)	(2,043,320,674)
Balance as at 31 December 2019	**2,175,251,717**	**261,398,550**	**20,873,515**	**192,929,201**	**25,918,553**	**3,137,460**	**3,429,247**	**2,682,938,244**

9 Property, plant and equipment - Company

	Buildings and island infrastructures	Machinery and equipment	Furniture, fittings and fixtures	Vehicles and ground handling equipment	Office and other equipment	Total
Balance as at 1 January 2020	2,034,196,232	252,808,187	13,340,059	180,101,829	25,576,937	2,506,023,244
Additions	-	14,592,796	1,758,035	233,028	4,601,553	21,185,411
Transfer from CWIP (Note 10)	43,425,693	3,110,329	327,127	-	-	46,863,150
Disposals - cost	(9,519,936)	(11,103,416)	(193,159)	-	(888,589)	(21,705,100)
Disposals - accumulated depreciation	6,546,536	9,417,383	193,032	-	886,497	17,043,449
Depreciation charge	(105,588,092)	(59,437,252)	(5,788,859)	(33,138,580)	(8,835,205)	(212,787,988)
Balance as at 31 December 2020	**1,969,060,433**	**209,388,027**	**9,636,235**	**147,196,277**	**21,341,193**	**2,356,622,165**
Suumary of balances for 2020						
Cost or valuation	2,592,341,881	754,781,625	62,016,239	476,581,419	117,086,865	4,002,808,029
Accumulated depreciation	(623,281,448)	(545,393,598)	(52,380,004)	(329,385,142)	(95,745,672)	(1,646,185,864)
Balance as at 31 December 2020	**1,969,060,433**	**209,388,027**	**9,636,235**	**147,196,277**	**21,341,193**	**2,356,622,165**
Balance as at 1 January 2019	2,047,924,892	286,691,013	16,827,498	197,866,241	28,476,872	2,577,786,515
Additions	1,369,740	21,961,888	2,767,941	21,768,254	4,847,063	52,714,887
Transfer from CWIP (Note 10)	87,695,455	8,444,231	219,258	-	2,111,946	98,470,890
Disposals - cost	-	(12,878,784)	(161,994)	(55,258,589)	-	(68,299,367)
Disposals - accumulated depreciation	-	8,963,224	160,542	54,006,794	-	63,130,560
Depreciation charge	(102,793,855)	(60,373,385)	(6,473,186)	(38,280,871)	(9,858,944)	(217,780,241)
Balance as at 31 December 2019	**2,034,196,232**	**252,808,187**	**13,340,059**	**180,101,829**	**25,576,937**	**2,506,023,244**
Suumary of balances for 2019						
Cost or valuation	2,558,436,123	748,181,917	60,124,236	476,348,390	113,373,900	3,956,464,566
Accumulated depreciation	(524,239,891)	(495,373,730)	(46,784,177)	(296,246,561)	(87,796,963)	(1,450,441,322)
Balance as at 31 December 2019	**2,034,196,232**	**252,808,187**	**13,340,059**	**180,101,829**	**25,576,937**	**2,506,023,244**

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10 Capital work in progress

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
As at 01 January	9,298,549,573	7,097,528,290	8,775,599,949	6,704,056,505
Additions during the year	1,555,919,496	2,301,104,425	1,297,409,380	2,171,626,586
Transfer to property, plant and equipment (Note 9)	(46,863,150)	(98,470,890)	(46,863,150)	(98,470,890)
Transfer to investment properties (Note 12)	(7,675)	(1,389,005)	(7,675.00)	(1,389,005)
Transfer to intangible assets (Note 14)	(14,615)	(223,247)	(14,615)	(223,247)
As at 31 December	**10,807,583,630**	**9,298,549,573**	**10,026,123,889**	**8,775,599,949**

Capital work-in-progress at the year-end comprises of:	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
New runway, fuel farm and cargo terminal	6,490,088,086	6,217,258,161	6,490,088,086	6,217,258,161
New international passenger terminal	1,324,985,343	790,466,403	1,324,985,343	790,466,403
Fuel farm development	47,327,235	41,957,421	47,327,235	41,957,421
Master plan consultancy	29,590,529	29,335,529	29,590,529	29,335,529
Materials for internal road construction	4,769,724	18,719,342	4,769,724	18,719,342
Provision of electricity to new development areas	279,906,007	181,063,362	279,906,007	181,063,362
New sea plane terminal	968,623,209	860,481,329	968,623,209	860,481,329
Project management and design review	172,275,301	125,472,790	172,275,301	125,472,790
Other facilities relocation projects	9,181,937	11,831,459	9,181,937	11,831,459
Integration of oracle system and implementation of other applications	11,360,214	10,094,830	11,360,214	10,094,830
Auxiliary projects	324,586,132	255,860,812	324,586,132	255,860,812
Development of Madifushi resort project	778,810,168	520,450,150	-	-
New radar installation	32,425,853	24,218,371	32,425,853	24,218,371
South west habour shore protection	20,648,283	11,671,750	20,648,283	11,671,750
Residential apartments - HIYA project	240,478,895	169,114,837	240,478,895	169,114,837
Other projects	72,515,390	30,553,027	69,877,140	28,053,553
	10,807,572,307	**9,298,549,573**	**10,026,123,889**	**8,775,599,949**

During the year, the Group has capitalised borrowing costs amounting to MVR 109,817,399 (2018: MVR 228,568,026) on qualifying assets. The borrowings are meant to fund specific projects and the interest percentage and borrowing cost capitalised are as follows;

Project	Rate of interest	Group		Company	
		2020	**2019**	**2020**	**2019**
		MVR	**MVR**	**MVR**	**MVR**
New runway, fuel farm	3%	38,173,488	143,952,340	38,173,488	143,952,340
and cargo terminal	5%	9,248,295	12,413,663	9,248,295	12,413,663
		47,421,783	156,366,003	47,421,783	156,366,003
New international passenger	3%	24,592,527	16,816,419	24592527.1	16,816,419
Terminal	5.7%	11,008,503	5,108,730	11,008,503	5,108,730
		35,601,030	21,925,149	35,601,030	21,925,149
New sea plane terminal	5%	26,794,586	50,276,874	26,794,586	50,276,874
		26,794,586	50,276,874	26,794,586	50,276,874
Total		**109,817,399**	**228,568,026**	**109,817,399**	**228,568,026**

11 Capital advance

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Capital advance for development projects				
New runway, fuel farm and cargo terminal	238,884,697	301,543,915	238,884,697	301,543,915
New sea plane terminal	-	18,367,628	-	18,367,628
Auxiliary projects	17,960,253	28,269,051	17,960,253	28,269,051
Power upgrading project	-	13,646,003	-	13,646,003
New international passenger terminal	194,980,564	221,333,826	194,980,564	221,333,826
Residential apartments - HIYA project	26,526,356	37,230,965	26,526,356	37,230,965
Other projects	139,647	139,647	139,647	139,647
	478,491,517	**620,531,034**	**478,491,517**	**620,531,034**

12 Investment properties

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Movement for the year				
Balance as at 1 January	145,274,498	150,103,170	145,274,498	150,103,170
Disposals - cost	-	-	-	-
- accumulated depreciation	-	-	-	-
Transfer from CWIP (Note 10)	7,675	1,389,005	7,675	1,389,006
Depreciation charge	(6,294,641)	(6,217,678)	(6,294,641)	(6,217,678)
Balance as at 31 December	**138,987,532**	**145,274,497**	**138,987,532**	**145,274,498**
Summary of balances				
Cost / valuation	160,350,690	160,343,015	160,350,690	160,343,015
Accumulated depreciation	(21,363,158)	(15,068,517)	(21,363,158)	(15,068,517)
Balance as at 31 December	**138,987,532**	**145,274,498**	**138,987,532**	**145,274,498**

Income earned from Investment Property

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Rent income	38,563,128	90,380,913	38,563,128	90,380,913

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

13 Right-of-use assets

	Group		Company	
	2020	**2019**	**2020**	**2019**
Cost	**MVR**	**MVR**	**MVR**	**MVR**
At 1st January	180,938,229		21,486,702	-
Recognition of right-of-use Assets on initial application of IFRS 16	-	180,938,229	-	21,486,702
Modifications during the year	(17,905,380)	-	-	-
Adjustment for subsidiary righ-of-use asset carried forward	(44,718,740)	-	-	-
Additions during the year (13.1)	7,819,498,380	-	7,818,082,762	-
At 31st December	**7,937,812,488**	**180,938,229**	**7,839,569,464**	**21,486,702**
Accumulated Amortization				
At 1st January	(20,277,043)	-	(10,927,959)	-
Change during the year	(14,200,195)	(20,277,043)	(11,783,439)	(10,927,959)
At 31st December	**(34,477,238)**	**(20,277,043)**	**(22,711,398)**	**(10,927,959)**
Net carrying value at 31 December	**7,903,335,250**	**160,661,186**	**7,816,858,066**	**10,558,743**

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

Deferred income

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Recognition of Grant income on initial valuation of the leasehold rights	7,800,000,000		7,800,000,000	-
Transfer to profit and loss during the year	-	-	-	-
At 31st December	**7,800,000,000**	**-**	**7,800,000,000**	**-**

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13.2	**Lease liabilities**				
	At 1st January	203,657,815	-	11,806,339	-
	Recognition of lease liability on initial application of IFRS 16	-	204,518,864	-	22,979,852
	Recognitions during the year during the year	5,735,775	-	4,805,888	-
	Modification during the Year	(7,677,087)	-	13,138,016	-
	Adjustment for carried forward leases to subsidiary	(46,936,845)	-	-	-
	Interest charge during the year	17,612,315	22,083,667	1,495,934	1,604,735
	Payments made during the year	(13,477,925)	(22,944,716)	(13,477,925)	(12,778,248)
	Balance as at 31 December	**158,914,048**	**203,657,815**	**17,768,252**	**11,806,339**
13.2	Maturity analysis				
	Current	10,380,316	14,772,283	9,680,479	**10,204,216**
	Non-current	148,533,733	188,885,533	8,087,773	**1,602,123**
		158,914,048	**203,657,815**	**17,768,252**	**11,806,339**

		Group		Company	
14	**Intangible assets**	**2020 MVR**	**2019 MVR**	**2020 MVR**	**2019 MVR**
	Movement for the year				
	Balance as at 1 January	21,965,596	24,530,318	21,275,689	24,377,598
	Additions during the year	127,895	1,044,438	35,375	390,815
	Disposals - cost	-	-	-	-
	- accumulated amortization	-	-	-	-
	Transfer from CWIP (Note 10)	14,615	223,247	14,615	223,247
	Amortization charge	(3,841,738)	(3,832,407)	(3,656,157)	(3,715,971)
	Balance as at 31 December	**18,266,368**	**21,965,596**	**17,669,522**	**21,275,689**
	Summary of balances				
	Cost / valuation	47,582,693	47,532,703	45,361,164	45,311,174
	Accumulated amortisation	(29,223,264)	(25,567,107)	(27,691,642)	(24,035,485)
	Balance as at 31 December	**18,359,429**	**21,965,596**	**17,669,522**	**21,275,689**

		Company	
15	**Investment in subsidiary**	**2020 MVR**	**2019 MVR**
	At 31 December	**1,848,000**	**1,848,000**

The details of the subsidiary at 31 December 2020 is set out below. The share capital of the subsidiary consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of the entity	Place of business / Country of incorporation	Ownership interest held by the group 2020	Ownership interest held by the group 2019	Principal activity
Maldives In-flight Catering Private Limited	Maldives	65%	65%	Operating a flight kitchen and transit hotel

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

	Company	
	2020 MVR	**2019 MVR**
Summarised statement of financial position		
Current assets	405,855,927	645,826,099
Current liabilities	(47,408,913)	(67,176,181)
Net current assets	358,447,013	578,649,918
Non-current assets	1,069,548,671	868,899,406
Non-current liabilities	(184,953,617)	(187,283,410)
Net non-current net assets	884,595,054	681,615,996
Total net assets	**1,243,042,067**	**1,260,265,914**
Accumulated NCI	**435,064,723**	**455,221,943**
Summarised statement of comprehensive income		
Revenue	166,745,697	476,671,243
Profit / total comprehensive income for the year	(17,223,845)	154,820,855
Profit allocated to NCI	(6,028,346)	54,187,299
Summarised cash flows		
Cash flows from operating activities	61,522,145	212,914,056
Cash flows used in investing activities	(262,835,380)	33,194,218
Cash flows used in financing activities	(7,407,120)	(10,166,468)
Net decrease in cash flows	**(208,720,355)**	**235,941,806**

16 Investment in joint venture

	Company	
	2020	**2019**
	MVR	**MVR**
Airport Investments Maldives Private Limited	5,000,000	5,000,000
Provision for impairment of investment in joint ventures	(5,000,000)	(5,000,000)
At 31 December	-	-

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

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

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

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Addu International Airport Private Limited	32,000,000	32,000,000	32,000,000	32,000,000
Provision for impairment of financial assets	(32,000,000)	(32,000,000)	(32,000,000)	(32,000,000)
	-	-	-	-

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

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

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

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

Provision for impairment is as follows:	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Balance as at 1 January	32,000,000	32,000,000	32,000,000	32,000,000
Provision made during the year	-	-	-	-
Balance as at 31 December	**32,000,000**	**32,000,000**	**32,000,000**	**32,000,000**

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		Group		Company	
18	**Inventories**	**2020**	**2019**	**2020**	**2019**
		MVR	**MVR**	**MVR**	**MVR**
	Fuel Inventory	68,472,888	86,213,743	68,472,888	86,213,743
	Duty-free goods	135,224,887	164,121,723	135,224,887	164,121,723
	Spare parts	115,855,659	101,660,794	115,855,659	101,660,794
	Food and beverage	4,122,167	6,644,308	-	-
	Housekeeping	3,505,984	4,290,137	-	-
		327,181,585	362,930,705	319,553,434	351,996,260
	Less: Provision for slow moving inventories	(9,026,283)	(6,120,332)	(9,026,283)	(6,120,332)
		318,155,302	**356,810,373**	**310,527,151**	**345,875,928**

19	**Trade and other receivables**				
	Trade receivables	260,052,867	356,877,211	202,407,142	254,223,933
	Trade receivables from related parties (Note 30)	235,239,532	215,727,446	232,651,454	206,500,843
	Provision for Impairment of trade receivables	(146,644,466)	(121,475,029)	(108,504,407)	(90,385,934)
	Provision for impairment of receivables from related parties	(83,220,875)	(37,964,134)	(83,220,875)	(37,964,134)
		265,427,058	413,165,494	243,333,314	332,374,708
	Other receivables	90,166,606	638,799,828	57,988,535	619,783,560
	Advances and prepayments	191,507,556	196,105,908	181,710,737	189,195,774
	Tax receivables	281,113,544	243,964,874	281,113,544	243,964,874
	Interest receivables	-	315,076	-	315,076
	Less: provision for impairment of other receivables (note 19.2)	(1,689,744)	(22,267,328)	(1,689,744)	(22,267,328)
		826,525,020	**1,470,083,852**	**762,456,386**	**1,363,366,664**

Other receivables of Group mainly include recoverable from Ministry of Finance and Treasury amounting to MVR 44,167,623 (2019 : MVR 614,518,360).

		Group		Company	
19.1	**Provision for impairment of trade receivables**	**2020**	**2019**	**2020**	**2019**
		MVR	**MVR**	**MVR**	**MVR**
	Movement for the year				
	Balance at 1 January	159,439,164	156,668,661	128,350,068	134,275,659
	Provision made during the year	69,211,761	8,696,094	63,375,214	-
	Reversal of provision during the year	-	(5,925,591)	-	(5,925,591)
	Written-off as uncollectable	-	-	-	-
	Balance at 31 December	**228,650,925**	**159,439,164**	**191,725,282**	**128,350,068**
	Breakdown of provision for trade receivables				
	Provision for trade receivables - related parties	83,220,875	37,964,134	83,220,875	37,964,134
	Provision for trade receivables - Others	146,644,466	121,475,029	108,504,407	90,385,934
	Balance at 31 December	**228,650,925**	**159,439,164**	**191,725,282**	**128,350,068**

		Group		Company	
19.2	**Provision for impairment of other receivables**	**2020**	**2019**	**2020**	**2019**
		MVR	**MVR**	**MVR**	**MVR**
	Movement for the year				
	Balance at 1 January	22,267,328	99,071,737	22,267,328	99,071,737
	Reversal of provision during the year	(20,577,584)	(76,804,409)	(20,577,584)	(76,804,409)
	Written-off as uncollectable	-	-	-	-
	Balance at 31 December	**1,689,744**	**22,267,328**	**1,689,744**	**22,267,328**

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		Group		Company	
20	**Financial assets at amortised cost**	**2020**	**2019**	**2020**	**2019**
		MVR	**MVR**	**MVR**	**MVR**
	Short term:				
	Investments in treasury bills	-	198,109,546	-	198,109,546
	Fixed deposits	161,813,702	160,376,913	-	-
		161,813,702	**358,486,459**	**-**	**198,109,546**

Deposits are made for varying periods between three months to one year, depending on the immediate cash requirements of the Group, and earn interest ranging from 2.5% to 3.25% per annum (2019 : 2.5% to 3.25% per annum). Deposits with original maturities of less than three months are classified under cash and cash equivalents. The total carrying amount invested in fixed deposits are neither past due nor impaired.

21	**Cash and cash equivalents**	**2020**	**2019**	**2020**	**2019**
		MVR	**MVR**	**MVR**	**MVR**
	Cash in hand	15,083,957	36,078,581	14,509,176	34,843,192
	Cash at bank	1,135,295,657	1,422,420,822	979,685,760	1,058,751,178
		1,150,379,613	**1,458,499,403**	**994,194,936**	**1,093,594,370**

22	**Share capital**	**Group / Company**	
		Number of shares	**Ordinary shares MVR**
	At 1 January 2019	1,500,000	150,000,000
	At 31 December 2019	1,500,000	150,000,000
	At 31 December 2020	**1,500,000**	**150,000,000**

The total authorised number of ordinary shares is 5,000,000 shares (2019: 5,000,000 shares) with a par value of MVR 100 per share (2019: MVR 100 per share). Of the above, 1,500,000 shares are issued and fully paid.

23	**Other reserves**	**Group**		**Company**	
		2020	**2019**	**2020**	**2019**
		MVR	**MVR**	**MVR**	**MVR**
23.1	**Revaluation reserve**				
	Balance as at 1 January	518,886,366	539,397,362	518,886,366	539,397,362
	Realised on usage and disposal	(25,437,352)	(24,130,584)	(25,437,352)	(24,130,584)
	Deferred tax liability reversal on realised revaluation surplus on usage	3,815,603	3,619,588	3,815,603	3,619,588
	Balance as at 31 December	**497,264,617**	**518,886,366**	**497,264,616**	**518,886,366**
23.2	**Fair value reserve**				
	Balance as at 31 December	10,386,245	10,386,245	-	-
23.3	**Foreign currency translation reserve**				
	Balance as at 31 December	26,878,026	26,878,026	-	-

24 Non-controlling interest

	Group	
	2020	**2019**
	MVR	**MVR**
Balance as at 1 January	455,221,943	401,034,644
Share of net profit of subsidiary	(6,028,346)	54,187,299
Reclassification of reserve	(14,128,874)	-
Balance as at 31 December	**435,064,723**	**455,221,943**

25 Loans and borrowings

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Non-current				
Borrowing from MOFT - China Exim	5,171,311,337	4,964,525,283	5,171,311,337	4,964,525,283
Borrowing from MOFT - Saudi Fund	588,867,564	416,890,715	588,867,564	416,890,715
Borrowing from MOFT - ADFD	111,043,618	56,699,659	111,043,618	56,699,659
Borrowing from MOFT	-	123,360,000	-	123,360,000
Borrowing from MOFT - OFID	269,187,843	133,865,156	269,187,843	133,865,156
Borrowing from MOFT - KFAED	272,654,201	140,423,634	272,654,201	140,423,634
Borrowing from China Development Bank	684,185,400	547,404,991	684,185,400	547,404,991
Demand Loan - BML USD	233,393,962	223,306,192	233,393,962	223,306,192
Demand Loan - BML MVR	137,912,416	-	137,912,416	-
	7,468,556,340	6,606,475,630	7,468,556,340	6,606,475,630
Current				
Borrowing from MOFT	123,360,000	123,360,000	123,360,000	123,360,000
Demand Loan - BML USD	39,693,174	48,467,185	39,693,174	48,467,185
Demand Loan - BML MVR	62,087,584	-	62,087,584	-
Borrowing from China Development Bank	43,176,000	-	43,176,000	-
	268,316,759	171,827,185	268,316,759	171,827,185
Total borrowings	**7,736,873,099**	**6,778,302,815**	**7,736,873,099**	**6,778,302,815**

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

Description	**Provider of funds**	**Loan denominated currency**	**Weighted average interest rate %**	**2020**	**2019**
Demand loan - BML USD	Bank of Maldives	US$	8.5%	273,087,136	271,773,377
Demand loan - BML MVR	Bank of Maldives	MVR	8.5%	200,000,000	-
Subsidiary loan - MoFT	China Exim Bank	US$	3.0%	5,171,311,337	4,964,525,283
Subsidiary loan - MoFT	Saudi Fund for	US$	3.0%	588,867,564	416,890,715
Subsidiary loan - MoFT	Abu Dhabi Fund	US$	4.0%	111,043,618	56,699,659
Subsidiary loan - MoFT	OPEC Fund for Int'l Development	US$	5.7%	269,187,843	133,865,156
Subsidiary loan - MoFT	Kuwait Fund for Arab Economic	US$	2.5%	272,654,201	140,423,634
Long term loan	Ministry of Finance and	US$	5.0%	123,360,000	246,720,000
Long term loan	China Development	US$	4.8%	727,361,400	547,404,991
				7,736,873,099	**6,778,302,815**

25 Loans and borrowings (Continued)

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

	2020	2019
USD	488,772,575	439,578,652
MVR	200,000,000	-

25.1 Details of loans and borrowings

The Company has obtained a demand loan from the bank of Maldives for the purpose of development and renovation works of facilities in Velana International Airport. The total facility of this loan is US$ 30,300,000 out of which US$ 27,674,356 has been disbursed as of 31 December 2020. This loan has been obtained on 14 March 2017 and the loan has to be repaid in 120 months in equal instalments. The interest charged for this facility is 8.5% p.a. payable on monthly basis.

A second a demand loan was obtained from the bank of Maldives during the year 2020 for working capital support during the outbreak of Covid 19. The total facility of this loan is MVR 362,370,000 out of which MVR 200,000,000 has been disbursed as of 31 December 2020. This loan has been obtained on 14 March 2017 and the loan has to be repaid in 60 months in equal instalments. The interest charged for this facility is 8.5% p.a. payable on monthly basis. Both demand loans are secured by mortgage of leasehold rights of Hulhule Island and all buildings thereon.

Bank borrowings includes the disbursements by China Exim Bank for new runway, fuel farm and cargo project. US$ 335,363,900 has been disbursed as at 31 December 2020. Loan lent from Ministry of Finance and Treasury was received from China Exim Bank in foreign currencies and such loan has been re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in Maldivian Rufiyaa. This loan has been received on the guarantee from the Government of Maldives (GoM). Principal are to be paid in thirty equal semiannual installments and first repayment will commence on the first available payment date falling five years after date of withdrawal. The interest charged for this facility is 3% p.a. payable on semiannual basis.

On 30 January 2017 the Company had entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting SAR 375,000,000 receivable from the Saudi Fund for Development by the Government of Maldives, has been re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2020, the Company has withdrawn USD 38,188,558. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in forty equal semiannual instalments on 15 February and 15 August each year. The first repayment shall commence on the first available payment date falling five years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 3% p.a.

On 12 July 2017 the Company had entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting US$ 50,000,000 receivable from the OPEC Fund for International Development by the Government of Maldives, will be re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2020, the Company has withdrawn loan amounting USD 17,457,059. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in twenty eight semi-annual instalments on 15 January and 15 July each year. The first repayment shall commence on the first available payment date falling four years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 5.7% p.a.

On 27 November 2017 the Company had entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting KD 15,000,000 receivable from the Kuwait fund for Arab Economic Development by the Government of Maldives, will be re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2020, the Company has withdrawn USD 17,681,855 from the above loan. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in thirty two semi-annual instalments on 1 January and 1 July each year. The first repayment shall commence on the first available payment date falling four years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 2.5% p.a.

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25.1 Details of loans and borrowings (Continued)

On 08 October 2018 the Company had entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting AED 183,650,000 receivable from the Abu Dhabi Fund for Development by the Government of Maldives, will be re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2020, the Company has withdrawn loan amounting USD 26,450,273 from the above loan. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in twenty four semi-annual instalments on 30 March and 30 September each year. The first repayment shall commence on the first available payment date falling three years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 4% p.a.

The Company had obtained a loan from the Ministry of Finance and Treasury (MoFT) for the purpose of financing the upgrading the Velana International Airport development project. The total facility of this loan is US$ 16,000,000 which has been disbursed as of 31 December 2018. This loan has been obtained on 30 October 2018 and the loan has to be repaid in two equal installments. The interest charged for this facility is 5% p.a. The company has paid first insallment of the during the year 2020.

The Company had obtained a term facility from China Development Bank (CDB) for the purpose of financing the saeplance facilities development project. The total facility of this loan is US$ 47,170,000 and as of 31 December 2020, the company has fully withdrawn the loan. Repayment of this loan shall be paid in twenty-one equal installments, paid semi-annually, starting from March 2021. The interest charged for this facility is base 2.9%+LIBOR p.a.

26 Deferred tax liabilities

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Deferred tax assets	(99,485,067)	(69,616,946)	(84,846,522)	(58,728,060)
Deferred tax liabilities	48,899,241	50,211,740	48,889,156	57,565,284
	(50,585,827)	**(19,405,207)**	**(35,957,366)**	**(1,162,776)**

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

At 1 January	(19,405,207)	43,447,916	(1,162,776)	53,330,980
Charge to income statement	(28,314,938)	(58,135,752)	(31,928,908)	(49,776,385)
Charge other comprehensive Income	949,921	(1,097,784)	949,921	(1,097,784)
Credit deferred tax liability reversal on realised revaluation surplus	(3,815,603)	(3,619,588)	(3,815,603)	(3,619,588)
At 31 December	**(50,585,827)**	**(19,405,207)**	**(35,957,366)**	**(1,162,776)**

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

On property, plant and equipment	209,645,480	334,744,931	209,645,480	383,523,004
On right-of-use assets	-	(41,503,479)	-	245,554
On employee pension provision	-	-	-	-
On debtors general provision	(202,441,309)	(187,826,823)	(202,441,309)	(156,737,728)
On defined benefits obligations	(246,919,946)	(234,782,673)	(246,919,946)	(234,782,673)
	(239,715,775)	(129,368,044)	(239,715,775)	(7,751,843)
Tax rate	15%	15%	15%	15%
Net deferred tax (asset) / liability	**(35,957,366)**	**(19,405,205)**	**(35,957,366)**	**(1,162,776)**

27 Employee retirement benefits obligations

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
At 1 January	234,782,673	206,042,473	234,782,673	206,042,473
Current service cost	15,937,455	15,255,827	15,937,455	15,255,827
Interest charge	10,800,003	9,477,954	10,800,003	9,477,954
Actuarial gain on obligation	(6,332,808)	7,318,558	(6,332,808)	7,318,558
	255,187,323	238,094,812	255,187,323	238,094,812
Less: payment during the year	(8,267,377)	(3,312,139)	(8,267,377)	(3,312,139)
Closing balance	**246,919,946**	**234,782,673**	**246,919,946**	**234,782,673**

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

Amount Recognized in Profi t or Loss

Current service cost	15,937,455	15,255,827	15,937,455	15,255,827
Interest charge	10,800,003	9,477,954	10,800,003	9,477,954
	26,737,458	**24,733,781**	**26,737,458**	**24,733,781**

Amount recognized in income statementAmount Recognized in Other Comprehensive Income

Actuarial loss/(gain) on obligation	(6,332,808)	7,318,558	(6,332,808)	7,318,558
	(6,332,808)	**7,318,558**	**(6,332,808)**	**7,318,558**

The retirement benefit obligation of the Company is estimated based on the calculation performed by the actuarial valuer. The projected unit credit method is used to determine the present value of the defined benefit obligation. Key assumptions used in the calculation are as follows:

	2020	**2019**
Management level:		
Discount rate	4.60%	4.60%
Expected salary increment	2.39%	2.78%
Staff turnover factor:		
Up to 30 years	6.27%	6.27%
From 31 to 44 years	2.07%	2.07%
Above 44 years	1.08%	1.08%
Operational level:		
Discount rate	4.60%	4.60%
Expected salary increment	3.54%	0.32%
Staff turnover factor:		
Up to 30 years	11.52%	11.52%
From 31 to 44 years	3.53%	3.53%
Above 44 years	2.50%	2.50%

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

		Impact on defined benefit obligation	
	Change in assumption (%)	Increase in assumption	Decrease in assumption
		2020	**2020**
		MVR	**MVR**
Discount rate	0.50%	(14,479,916)	15,900,725
Salary growth rate	0.50%	16,207,778	(14,871,937)

The liability for defined benefit obligations is not externally funded.

27 Employee retirement benefits obligations (continued)

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

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

28 Trade and other payables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Trade payables	856,517,419	494,901,828	845,840,599	479,560,914
Amounts due to related parties (Note 30)	76,190,653	134,708,565	76,449,923	136,024,980
Accrued expenses	8,830,556	13,045,752	5,170,789	9,281,468
Accrued compensation payable	67,932,933	692,049,600	67,932,933	692,049,600
Other payables	401,501,679	382,567,989	387,421,335	359,252,945
Advance received	2,655,872	2,225,322	265,217	474,998
Passenger service fee payable	-	230,144	-	230,144
	1,413,629,112	**1,719,729,200**	**1,383,080,796**	**1,676,875,049**

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

Other payables of the Company mainly includes retention amounting to MVR 146,004,025 (2019 : MVR 92,830,258), interest payable amounting to MVR 92,730,437 (2019 : MVR 105,667,397), advance received from customers amounting to MVR 73,250,696 (2019 : MVR 72,217,501) and dividend payable to shareholders amounting to MVR 72,108,709 (2019: nil)

29 Contract liabilities

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Short-term advances from customers	63,124,499	-	63,124,499	-
	63,124,499	**-**	**63,124,499**	**-**
Current	63,124,499	-	63,124,499	-
Non-current	-	-	-	-

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

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30 Related party transactions

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

The Company holds a 33.33% interest and has a joint control over Airport Investments Maldives Private Limited. There were no transactions with the Airport Investments Maldives Private Limited during the year. Interests in in joint venture is set out in note 16.

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

	Group		Company	
i) Sales of goods and services	**2020**	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Maldives Inflight Catering Pvt Ltd	-	-	24,007,163	51,455,279
Ministry of Foreing Affairs	2,024,915	6,275,154	2,024,915	6,275,154
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	2,552,419	2,918,657	2,552,419	2,918,657
Island Aviation Services Ltd	188,544,468	451,522,663	188,544,468	451,522,663
Maldives National Defense Force	5,422,615	3,271,725	5,422,615	3,271,725
State Trading Organization Plc	8,161,021	11,900,919	8,161,021	11,900,919
Aviation Security Command	1,092,675	1,152,550	1,092,675	1,152,550
People'S Majlis Secretariat	477,610	1,890,674	477,610	1,890,674
Maldives Meteorological Service	1,216,679	1,309,057	1,216,679	1,309,057
Other Government undertakings	4,429,920	5,791,715	4,429,919.55	5,791,715
	213,922,321	**486,033,113**	**237,929,484**	**537,488,392**

ii) Purchases of goods and services

Department of Immigration and Emigration	74,800	715,150	74,800	715,150
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	10,121,789	9,086,793	10,121,789	9,086,793
Island Aviation Services Ltd	755,216	6,464,267	755,216	6,464,267
Maldives Customs Services	33,289,252	59,678,056	33,289,252	59,678,056
Maldives Ports Limited	492,773	539,256	492,773	539,256
Maldives Transport and Contracting Company Plc	16,182,653	11,591,599	16,182,653	11,591,599
State Trading Organization Plc	676,681,322	116,634,172	676,681,322	116,634,172
Male' Water & Sewerage Company Pvt. Ltd.	3,821,587	1,592,374	3,821,587	1,592,374
	741,419,391	**206,301,667**	**741,419,391**	**206,301,667**

iii) Year-end balances arising from sales / purchases of goods / services

Receivable from related parties:				
SATS Limited	2,588,077	9,226,603	-	-
Island Aviation Services Limited	201,782,507	118,391,408	201,782,507	118,391,408
Ministry of Youth and Sports	107,461	1,135,364	107,461	1,135,364
Ministry of Finance and Treasury	10,378	63,867,972	10,378	63,867,972
Ministry of Foreign Affairs	676,435	3,850,926	676,435	3,850,926
Maldives National Defense Force	3,158,968	1,323,385	3,158,968	1,323,385
Maldives Inflight Catering Pvt Ltd	16,420,032	4,671,545	16,420,032	4,671,545
Maldives Post Limited	2,870,295	2,992,567	2,870,295	2,992,567
State Trading Organization Plc	3,161,307	2,827,801	3,161,307	2,827,801
Fenaka Corporation Limited	-	2,828,892	-	2,828,892
Other Government undertakings	4,464,071	4,610,984	4,464,071	4,610,984
	235,239,532	**215,727,446**	**232,651,454**	**206,500,843**

30 Related party transactions (continued)

Payable to related parties:	Group 2020 MVR	Group 2019 MVR	Company 2020 MVR	Company 2019 MVR
Maldives Inflight Catering Pvt Ltd	-	-	259,269	1,316,415
State Trading Organisation Plc	57,152,220	119,900,073	57,152,220	119,900,073
Maldives Transport and Contracting Company Plc	6,948,766	1,434,245	6,948,766	1,434,245
Island Aviation Services Limited	9,816,027	9,114,934	9,816,027	9,114,934
Dhivehi Raajjege Gulhun Pvt	1,226,653	-	1,226,653	844,004
Maldives Customs Service	36,802	1,219,677	36,802	1,219,677
Other Government undertakings	1,010,185	3,039,637	1,010,185	2,195,632
	76,190,653	**134,708,565**	**76,449,923**	**136,024,980**

iv) Key management personnel compensation

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

	Group 2020	Group 2019	Company 2020	Company 2019
Emoluments and fees	1,146,904	810,046	938,487	606,425
	1,146,904	**810,046**	**938,487**	**606,425**

31 Capital commitments

	2020	2019
Development projects:		
Short-term commitments - less than 12 months	4,821,417,430	408,229,771
Long-term commitments - over 12	774,517,481	6,077,235,075
Total commitment towards Development Projects	**5,595,934,911**	**6,485,464,846**

The commitments are financed by Subsidiary loan agreements with Ministry of Finance and Treasury (MoFT) which has been pre-approved.

32 Events after the reporting period

On 9 February 2021, company has accepted request from customers for COVID-19 insentives on rent of food and bevarage outlets. Agreed incentives included net discounts of MVR 17,808,077 for periods related to financial year 2020.
This amount has been adjusted as at 31 December 2020.

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

32 Financial risk management

32.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

	31 December 2020		31 December 2019	
	US$	SGD	US$	SGD
Cash and cash equivalents	59,030,624	-	83,642,742	-
Trade and other receivables	19,216,566	-	52,314,066	327,388
Investments in fixed deposits	10,493,755	-	10,400,578	-
Trade and other payables	(53,605,925)	(16,258)	(40,646,769)	-
Borrowings	(439,578,652)	-	(439,578,652)	-
	(404,443,631)	**(16,258)**	**(333,868,036)**	**327,388**

Sensitivity analysis

5 percent strengthening/ weakening of Maldivian Rufiyaa against United States Dollars and Singapore Dollar as at 31 December 2020 and 31 December 2019, would have increased/ decreased profit by the amount shown below, based on the Group's monetary assets and liabilities. The analysis assumes that all other variables remain constant.

	Strengthening	Weakening
31 December 2020		
US$ 5% movement	(311,826,040)	311,826,040
SGD 5% movement	(9,464)	9,464
31 December 20219		
US$ 5% movement	(257,412,256)	257,412,256
SGD 5% movement	187,030	(187,030)

Financial risk factors

	Average rate		As at 31 December	
	2020	2019	2020	2019
1 MVR: SGD	0.0902	0.0884	0.0859	0.0875
1 MVR: USD	0.0649	0.0649	0.0649	0.0649

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

(ii) Cash flow and fair value interest rate risk

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

32 Financial risk management (continued)

(b) Liquidity risk

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

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

Group

At 31 December 2020	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
Trade and other payables	1,410,083,330	-	-	-
Borrowings	51,462,065	288,526,853	479,215,765	6,822,186,869
At 31 December 2019				
Trade and other payables	1,701,511,546	-	-	-
Borrowings	11,763,377	160,063,808	308,426,786	6,298,048,844

Company

At 31 December 2020	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
Trade and other payables	1,383,080,796	-	-	-
Borrowings	51,462,065	288,526,853	479,215,765	6,822,186,869
At 31 December 2019				
Trade and other payables	1,658,657,395	-	-	-
Borrowings	11,763,377	160,063,808	308,426,786	6,298,048,844

(c) Credit risk

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

(i) Risk management

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

(ii) Security

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

(iii) Impairment of financial assets

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

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

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

32 Financial risk management (continued)

- Trade receivables - others and related parties

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

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

- Trade receivables - others and related parties (continued)

The expected loss rates are based on the payment profiles of sales over a period of 48 months and 36 months before 31 December 2019 or 31 December 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted by a loss allowance matrix developed by the Group considering the macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has selected GDP of the region/ country of the customer and/ or jet fuel price to be most relevant factors. Accordingly developed a loss allowance matrix based on expected changes in the GDP of the region/ country and/ or jet fuel price and applied to the historical loss rates.

On that basis, the loss allowance of the Company as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivables that were subjected to expected credit loss calculation.

Scheduled airlines

31st December 2020	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	0.3%	0.8%	2.4%	4.1%	8.5%	
Gross carrying amount – trade receivables	43,968,324	7,537,777	1,218,721	513,056	20,965,321	74,203,200
Loss allowance	138,902	59,713	28,847	21,023	1,788,596	2,037,081

31st December 2019	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	0.4%	0.9%	2.4%	5.1%	9.1%	
Gross carrying amount – trade receivables	95,252,612	21,965,581	5,223,905	5,449,972	3,757,793	131,649,862
Loss allowance	383,514	192,567	126,894	276,644	343,241	1,322,859

Non-scheduled airlines

31st December 2020	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	14%	30%	44%	68%	97%	
Gross carrying amount – trade receivables	8,254,060	881,792	207,586	285,965	58,246,901	67,876,304
Loss allowance	1,187,749	266,158	91,387	194,652	56,785,809	58,525,755

31st December 2019	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	14%	29%	46%	75%	94%	
Gross carrying amount – trade receivables	13,782,471	1,451,686	462,473	393,127	56,049,404	72,139,160
Loss allowance	1,924,389	416,242	214,655	294,162	52,763,055	1,322,859

Non-aero

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

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MALDIVES AIRPORTS COMPANY LIMITED
HULHULE', REPUBLIC OF MALDIVES

32 Financial risk management (continued)

Non-aero (continued)

31st December 2019	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	14%	18%	49%	83%	94%	
Gross carrying amount – trade receivables	14,463,617	4,671,618	1,612,763	1,089,573	30,835,337	52,672,909
Loss allowance	1,997,245	835,570	793,730	906,258	28,917,768	33,450,572

Related parties - state owned enterprises

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

31st December 2019	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	13%	16%	45%	75%	93%	
Gross carrying amount – trade receivables	15,318,629	19,248,844	18,977,944	17,905,463	56,230,906	127,681,786
Loss allowance	2,945,463	4,130,954	4,508,776	5,587,999	20,402,070	37,575,261

- Receivables from Government Ministries and Departments

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

On that basis, the Company's the loss allowance for receivables from Government Ministries and Departments as at 31 December 2020 and 31 December 2019 were as follows:

	31 December 2020	31 December 2019
Gross carrying amount		
- Trade receivables - related parties	6,813,645	74,598,781
- Other receivables	57,988,535	619,783,560
Loss allowance		
- Trade receivables - related parties	211,388	388,872
- Other receivables	1,689,744	22,267,328

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

32.2 Capital risk management

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

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

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

32.2 Capital risk management (Continued)

The gearing ratios at 31 December 2020 and 31 December 2019 were as follows:

	Group		Company	
	2020 MVR	2019 MVR	2020 MVR	2019 MVR
Total borrowings (Note 25)	7,736,873,099	6,778,302,815	7,736,873,099	6,778,302,815
Trade and other payables (Note 28)	1,413,629,112	1,719,729,200	1,383,080,796	1,676,875,049
Less: Cash and cash equivalents (Note 21)	(1,150,379,613)	(1,458,499,403)	(994,194,936)	(1,093,594,370)
Net debt	8,000,122,598	7,039,532,612	8,125,758,959	7,361,583,494
Total equity	6,938,133,412	7,539,139,885	5,690,137,226	6,280,721,976
Total capital	14,938,256,010	14,578,672,497	13,815,896,185	13,642,305,470
Gearing ratio	54%	48%	59%	54%

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

33 Contingencies

Contingent liabilities

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

Contingent assets

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

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

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Maldives Airports Company Limited
DETAILED STATEMENT OF EXPENDITURES
Year ended 31 December 2020

		Group		Company	
		2020	**2019**	**2020**	**2019**
i	**Cost of Operating Supplies**	**MVR**	**MVR**	**MVR**	**MVR**
	Fuel cost	609,992,525	1,653,189,503	609,992,525	1,653,189,503
	Duty-free cost of goods sold	126,588,187	418,361,193	126,588,187	418,361,193
	Employee benefit expenses (iv)	310,698,136	283,979,777	299,286,349	283,979,777
	Depreciation (iii)	95,611,743	96,176,312	95,611,743	96,176,312
	Other operating supplies	20,441,549	74,873,313	4,618,403	10,635,030
		1,163,332,141	**2,526,580,098**	**1,136,097,207**	**2,462,341,815**
ii	**Administrative expenses**				
	Depreciation on property, plant and equipment (Note iii)	149,157,356	153,191,475	117,176,245	121,603,929
	Depreciation on investment properties (Note 12)	6,294,641	6,217,677	6,294,641	6,217,677
	Amortisation charges - right-of-use asset	11,982,093	20,277,043	11,783,439	10,927,959
	Amortisation charges (Note 14)	3,841,737	3,832,407	3,656,157	3,715,971
	Employee benefit expense (Note iv)	443,823,521	521,783,099	414,540,250	470,082,861
	Repair and maintenance	53,047,725	66,456,978	48,389,775	59,801,413
	Insurance	26,808,566	18,923,365	25,438,509	18,177,993
	Communication expenses	12,213,388	11,731,519	10,227,253	11,731,519
	Fuel and consumables	60,443,679	94,624,172	60,443,679	94,624,172
	Professional fees	6,212,086	4,587,713	5,851,258	4,290,107
	Legal fees and expenses	1,012,203	1,924,313	587,043	910,140
	Travelling expenses	1,244,851	3,847,293	1,244,851	3,847,293
	Bank charges and commission	7,657,493	18,865,183	7,172,234	16,739,613
	License charges	490,236	4,752,839	348,199	4,752,839
	Import duty and freight charges	2,560,905	7,071,480	2,560,905	7,071,480
	Subscription expense	25,197,285	35,554,738	25,197,285	35,554,738
	Functions and celebration expense	526,242	3,599,693	526,242	3,599,693
	Printing and stationaries	3,416,536	6,311,943	3,114,737	5,382,688
	Garbage disposal charges	6,792,453	7,358,491	6,792,453	7,358,491
	Loss on disposal of property, plant and equipment	4,829,438	4,747,649	4,829,438	4,765,505
	Exchange loss	1,779,635	1,882,521	1,779,635	1,882,521
	Provision for EoT claims	-	692,049,600	-	692,049,600
	Expected credit losses of trade receivables	49,848,594	-	42,797,629	-
	Health and safety expenses	7,935,804	-	7,935,804	-
	Other adminstrative expenses	51,869,008	74,555,085	23,142,063	19,311,085
		938,985,474	**1,764,146,277**	**831,829,724**	**1,604,399,287**
iii	**Depreciation expenses classified as;**				
	Administrative expenses (ii)	149,157,356	153,191,475	117,176,245	121,603,929
	Cost of sales and operating supplies (i)	95,611,743	96,176,312	95,611,743	96,176,312
		244,769,099	**249,367,787**	**212,787,988**	**217,780,241**
iv	**Employee benefit expense**				
	Salaries and wages	636,855,833	610,207,964	609,199,863	583,973,178
	Staff welfare	2,887,560	4,298,633	2,702,262	3,907,304
	Overtime	13,170,271	39,285,574	11,869,332	36,033,604
	Pension fund contribution	20,892,292	18,979,684	20,476,844	18,279,215
	Staff transportation expenses	19,157,459	18,621,988	17,639,020	17,848,243
	Training and development	4,049,342	15,857,884	3,598,597	15,711,887
	Employee health insurance	13,677,635	12,903,690	13,601,675	12,903,690
	Accommodations	1,458,679	2,558,848	75,216	461,666
	Employee retirement benefits expenses	26,737,458	24,733,781	26,737,458	24,733,781
	Other benefits	15,635,127	58,314,831	7,926,332	40,210,070
		754,521,657	**805,762,876**	**713,826,599**	**754,062,638**
	Employee benefit expenses classified as;				
	Administrative expenses (i)	443,823,521	521,783,099	414,540,250	470,082,861
	Cost of sales and operating supplies (ii)	310,698,136	283,979,777	299,286,349	283,979,777
		754,521,657	**805,762,876**	**713,826,599**	**754,062,638**
v	**Selling and marketing costs**				
	Advertising costs	1,163,076	6,471,920	1,163,076	6,471,920
	Other distribution costs	2,338,165	4,003,001	-	-
		3,501,241	**10,474,921**	**1,163,076**	**6,471,920**

AUDITOR GENERAL'S OFFICE

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