



Report No: FIN-2021-52(E)

10 August 2021

**MALE' WATER AND SEWERAGE COMPANY  
PRIVATE LIMITED  
FINANCIAL YEAR 2020**



ދިވެހިރާއްޖޭގެ ޖެނެރަލް އިންޓެންޑެންޓް އޮފީސް

AUDITOR GENERAL'S OFFICE

## TABLE OF CONTENTS

Auditor General's Report .....	1
Financial Statement	
Statement of Comprehensive Income .....	3
Statement of Financial Position.....	4
Statement of Changes in Equity .....	5
Statement of Cash Flow .....	7
Notes to the Financial Statement .....	8

## **AUDITOR GENERAL'S REPORT**

### **TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALE' WATER AND SEWERAGE COMPANY PRIVATE LIMITED**

#### **Opinion**

We have audited the financial statements of Male' Water and Sewerage Company Private 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, in all material respects, 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' 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.

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

#### **Responsibilities of management for the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Hussain Niyazy  
Auditor General

10 August 2021



**Male' Water and Sewerage Company Private Limited**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Period ended 31 December 2020**

	Note	COMPANY		GROUP	
		Year ended	Year ended	Year ended	Year ended
		31-12-2020	31-12-2019	31-12-2020	31-12-2019
		MVR	MVR	MVR	MVR
Revenue	3	986,632,627	1,009,756,365	1,026,485,418	1,057,423,167
Cost of sales		(406,380,537)	(456,857,134)	(410,165,400)	(471,016,574)
Gross profit		580,252,090	552,899,231	616,320,018	586,406,593
Other income	4	88,714,737	86,470,366	86,827,287	82,598,250
Administrative expenses		(264,928,242)	(253,075,944)	(302,836,743)	(275,877,758)
Selling and marketing expenses		(4,079,002)	(7,865,648)	(11,194,971)	(15,396,890)
Operating profit	5	399,959,583	378,428,005	389,115,591	377,730,195
Net finance cost	6	(16,807,306)	(16,994,674)	(18,432,105)	(18,756,871)
Profit before tax from continuing operations		383,152,277	361,433,331	370,683,486	358,973,324
Income tax expense	7	(59,314,653)	(52,643,043)	(57,197,812)	(53,488,241)
Profit for the year		323,837,624	308,790,288	313,485,674	305,485,083
Other comprehensive income		-	-	-	-
Total comprehensive income		323,837,624	308,790,288	313,485,674	305,485,083
<b>Attributable to:</b>					
Equity holders of the parent		323,837,624	308,790,288	318,162,211	305,006,533
Non-controlling interest	22	-	-	(5,452,848)	478,550
		323,837,624	308,790,288	313,485,674	305,485,083
Earnings per share	8	1,213	1,157	1,192	1,142

The accounting policies and notes on pages 8 through 44 form an integral part of the financial statements.



**Male' Water and Sewerage Company Private Limited**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2020**

	Note	COMPANY		GROUP	
		As at 31-12-2020 MVR	As at 31-12-2019 MVR	As at 31-12-2020 MVR	As at 31-12-2019 MVR
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	728,409,605	744,768,683	801,241,064	837,252,608
Capital work-in-progress	10	651,854,004	618,470,129	677,416,213	642,009,407
Right-of-use assets	24.2	109,178,025	89,155,520	115,865,865	95,780,924
Intangible assets	11	3,010,411	4,743,280	3,663,205	5,417,003
Investment in subsidiary	12	7,650,000	7,650,000	-	-
Investment property	13	18,366,464	17,608,538	18,366,464	17,608,538
		<u>1,518,468,509</u>	<u>1,482,396,150</u>	<u>1,616,552,811</u>	<u>1,598,068,480</u>
<b>Current assets</b>					
Inventories	14	377,490,920	294,274,017	385,310,458	299,820,801
External project work-in progress	15	93,630	13,781	93,630	13,781
Contract assets	16	34,693,922	37,539,995	34,693,922	37,539,995
Trade and other receivables	17	422,433,903	387,597,507	361,180,030	327,492,530
Non-current assets held for sale	31	-	-	4,000,370	-
Other current financial assets	18	-	6,123,187	-	6,123,187
Cash and cash equivalents	19	295,187,729	221,458,410	297,412,092	235,557,288
		<u>1,129,900,104</u>	<u>947,006,897</u>	<u>1,082,690,502</u>	<u>906,547,582</u>
<b>Total assets</b>		<u>2,648,368,613</u>	<u>2,429,403,047</u>	<u>2,699,243,313</u>	<u>2,504,616,062</u>
<b>Equity and liabilities</b>					
Share capital	20	267,000,000	267,000,000	267,000,000	267,000,000
Share allotment gain	21	3,042	3,042	3,042	3,042
General reserve		894,068,205	785,991,604	894,068,205	785,991,604
Assets replacement reserve		123,121,290	107,681,776	123,121,290	107,681,776
Retained earnings		343,726,464	328,679,128	353,650,607	344,278,684
<b>Equity attributable to the equity holders of the company</b>		<u>1,627,919,001</u>	<u>1,489,355,550</u>	<u>1,637,843,144</u>	<u>1,504,955,106</u>
Non-controlling interest	22	-	-	18,916,630	24,560,898
<b>Total equity</b>		<u>1,627,919,001</u>	<u>1,489,355,550</u>	<u>1,656,759,774</u>	<u>1,529,516,004</u>
<b>Non-current liabilities</b>					
Interest-bearing borrowings	23	99,618,486	134,684,844	99,618,486	134,684,844
Lease liabilities	24.3	110,332,023	87,488,688	116,760,536	98,165,357
Government grants	25	12,014,284	12,942,568	12,014,284	12,942,568
Deferred tax liability	7.3	5,029,268	7,429,785	3,981,646	8,406,265
		<u>226,994,061</u>	<u>242,545,885</u>	<u>232,374,952</u>	<u>254,199,034</u>
<b>Current liabilities</b>					
Interest-bearing borrowings	23	42,798,006	41,961,736	42,798,006	41,961,736
Lease liabilities	24.3	854,606	789,111	15,958,061	19,223,389
Government grants	25	928,284	928,284	928,284	928,284
Contract liabilities	26	13,702,020	37,547,273	13,702,020	37,547,273
Trade and other payables	27	701,929,958	596,497,163	705,054,827	602,296,536
income tax liability	7.2	33,242,677	19,778,045	31,667,389	18,943,806
		<u>793,455,551</u>	<u>697,501,612</u>	<u>810,108,587</u>	<u>720,901,024</u>
<b>Total equity and liabilities</b>		<u>2,648,368,613</u>	<u>2,429,403,047</u>	<u>2,699,243,313</u>	<u>2,504,616,062</u>

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

Signed for and on behalf of the Board by,

Name of the Director

Signature

1) AHMED MAUSOOM

2) HASSAN SHAH

The accounting policies and notes on pages 8 through 44 form an integral part of the financial statements.

8 August 2021



**Male' Water and Sewerage Company Private Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**Period ended 31 December 2020**

	COMPANY						
	Share capital MVR	Share application money MVR	Share allotment gain MVR	Assets replacement reserve MVR	General reserve MVR	Retained earnings MVR	Total equity MVR
Balance as at 01 January 2019	267,000,000	13,924,260	3,042	87,109,577	641,986,207	431,332,829	1,441,355,915
Transferred to reserves	-	-	-	20,572,199	144,005,397	(164,577,596)	-
Transferred to government grants	-	(13,924,260)	-	-	-	-	(13,924,260)
Dividends for year 2018	-	-	-	-	-	(246,866,393)	(246,866,393)
Profit for the year	-	-	-	-	-	308,790,288	308,790,288
<b>Balance as at 31 December 2019</b>	<b>267,000,000</b>	<b>-</b>	<b>3,042</b>	<b>107,681,776</b>	<b>785,991,604</b>	<b>328,679,128</b>	<b>1,489,355,550</b>
Transferred to reserves	-	-	-	15,439,514	108,076,601	(123,516,115)	-
Dividends for year 2019	-	-	-	-	-	(185,274,173)	(185,274,173)
Profit for the year	-	-	-	-	-	323,837,624	323,837,624
<b>Balance as at 31 December 2020</b>	<b>267,000,000</b>	<b>-</b>	<b>3,042</b>	<b>123,121,290</b>	<b>894,068,205</b>	<b>343,726,464</b>	<b>1,627,919,001</b>

The accounting policies and notes on pages 8 through 44 form an integral part of the financial statements.



**Male' Water and Sewerage Company Private Limited**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Period ended 31 December 2020**

	GROUP							
	Share capital MVR	Share application money MVR	Share allotment gain MVR	Assets replacement reserve MVR	General reserve MVR	Retained earnings MVR	Non-Controlling Interest MVR	Total equity MVR
Balance as at 01 January 2019	267,000,000	13,924,260	3,042	87,109,577	641,986,207	450,716,140	25,970,803	1,486,710,029
Transferred to reserves	-	-	-	20,572,199	144,005,397	(164,577,596)	-	-
Transferred to government grants	-	(13,924,260)	-	-	-	-	-	(13,924,260)
Dividends for year 2018	-	-	-	-	-	(246,866,393)	(1,888,455)	(248,754,848)
Profit for the year	-	-	-	-	-	305,006,533	478,550	305,485,083
<b>Balance as at 31 December 2019</b>	<b>267,000,000</b>	<b>-</b>	<b>3,042</b>	<b>107,681,776</b>	<b>785,991,604</b>	<b>344,278,684</b>	<b>24,560,898</b>	<b>1,529,516,004</b>
Transferred to reserves	-	-	-	15,439,514	108,076,601	(123,516,115)	-	-
Dividends for year 2019	-	-	-	-	-	(185,274,173)	(191,420)	(185,465,593)
Profit for the year	-	-	-	-	-	318,162,211	(5,452,848)	312,709,363
<b>Balance as at 31 December 2020</b>	<b>267,000,000</b>	<b>-</b>	<b>3,042</b>	<b>123,121,290</b>	<b>894,068,205</b>	<b>353,650,607</b>	<b>18,916,630</b>	<b>1,656,759,774</b>

The accounting policies and notes on pages 8 through 44 form an integral part of the financial statements.



**Male' Water and Sewerage Company Private Limited**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**Period ended 31 December 2020**

	Note	COMPANY		GROUP	
		Year ended 31-12-2020 MVR	Year ended 31-12-2019 MVR	Year ended 31-12-2020 MVR	Year ended 31-12-2019 MVR
<b>Operating activities</b>					
Profit before tax from continuing operation		383,152,277	361,433,331	370,683,486	358,973,324
<b>Adjustments to reconcile profit before tax to net cash flows</b>					
<b>Non-cash:</b>					
Depreciation of property plant and equipment	9.2	79,478,527	82,638,531	89,528,430	90,567,619
Amortisation of intangible assets	11	1,846,797	1,832,178	2,011,664	1,955,929
Depreciation of investment properties	13	1,290,113	551,122	1,290,113	551,122
Depreciation of right of use assets	24.2	3,675,561	3,108,556	7,264,984	5,392,121
Impairment of property plant and equipment		-	-	10,436,797	-
Finance income	6.1	(327,430)	(515,943)	(327,430)	(515,943)
Finance cost	6.2	17,134,736	17,510,617	19,046,306	19,625,900
Provision for impairment receivables	17.6	33,334,467	17,707,089	33,556,066	18,452,003
Loss on disposal of property, plant and equipment		-	8,118	-	8,118
Reversal of lease liabilities		-	-	(344,983)	-
Provision for slow and non moving inventories	14	9,517,112	2,395,878	9,517,112	2,395,878
Release of government grant	25	(928,284)	(53,408)	(928,284)	(53,408)
		<u>528,173,876</u>	<u>486,616,069</u>	<u>541,734,261</u>	<u>497,352,663</u>
<b>Working capital adjustments:</b>					
Decrease/(Increase) in inventories	14	(92,734,015)	(43,526,054)	(103,857,789)	(44,185,742)
Decrease/(increase) in contract assets		2,846,073	19,118,819	2,846,073	19,118,819
Decrease in trade and other receivables	17	(68,170,863)	(18,537,592)	(70,057,596)	7,107,764
Increase in contract liabilities		(23,845,253)	(35,813,060)	(23,845,253)	(36,613,146)
(Decrease) in trade and other payables	27	(4,841,378)	(32,701,818)	5,236,208	(29,669,504)
External project work in progress		(79,849)	-	(79,849)	-
<b>Cash flows from operating activities</b>		<u>341,348,591</u>	<u>375,156,364</u>	<u>351,976,055</u>	<u>413,110,854</u>
Interest received	6.1	327,430	515,943	327,430	515,943
Interest paid	6.2	(17,134,736)	(17,510,617)	(19,046,306)	(19,625,899)
Income tax paid	7.2	(48,250,538)	(82,236,312)	(48,872,222)	(83,971,187)
<b>Net cash flows from operating activities</b>		<u>276,290,747</u>	<u>275,925,378</u>	<u>284,384,957</u>	<u>310,029,711</u>
<b>Investing activities</b>					
Purchases and construction of property, plant and equipment	9	(14,366,885)	(17,715,382)	(19,201,491)	(25,224,533)
Purchases of intangible assets	11	(113,929)	(309,054)	(257,866)	(588,866)
Proceeds from sale of property, plant and equipment		-	-	-	-
Withdrawal of/(Invest in) other financial assets	18	6,123,187	(95,606)	6,123,187	(95,606)
Purchase of investment property	13	(339,213)	(9,002,541)	(339,213)	(9,002,541)
Cost incurred on construction of capital work-in-progress	10	(83,845,265)	(171,452,083)	(85,868,196)	(183,197,889)
<b>Net cash used in investing activities</b>		<u>(92,542,105)</u>	<u>(198,574,666)</u>	<u>(99,543,579)</u>	<u>(218,109,435)</u>
<b>Financing activities</b>					
Proceeds from borrowings	23	3,113,889	140,190,788	3,113,889	140,190,788
Repayment of borrowings	23	(37,343,977)	(42,371,110)	(37,343,977)	(42,371,110)
Payment of principle portion of lease liabilities		(789,235)	(570,634)	(13,365,833)	(12,492,521)
Dividends paid to equity holder of the parent		(75,000,000)	(149,373,293)	(75,390,653)	(151,261,748)
<b>Net cash used in financing activities</b>		<u>(110,019,323)</u>	<u>(52,124,249)</u>	<u>(122,986,574)</u>	<u>(65,934,591)</u>
Net increase in cash and cash equivalents		73,729,319	25,226,463	61,854,804	25,985,685
Cash and cash equivalents at 1 January		221,458,410	196,231,947	235,557,288	209,571,603
<b>Cash and cash equivalents at 31 December</b>	19	<u>295,187,729</u>	<u>221,458,410</u>	<u>297,412,092</u>	<u>235,557,288</u>



The accounting policies and notes on pages 8 through 44 form an integral part of the financial statements.



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

**1. Corporate information**

Male' Water Sewerage Company Private Limited is a limited liability Company incorporated and domiciled in Republic of Maldives since 1 April 1995. The Company is engaged in the treatment and distribution of water, providing sewerage facilities and water related construction contracts in the Maldives including supplying electricity facility in Dhavaafaru Island. The registered office of the Company is located at 20-04, Ameenee Magu, Machchangolhi, Male', Republic of Maldives.

The Government of Maldives (GOM) has a controlling interest in the shares of the Company.

The Group consists of the Company's interest in a subsidiary undertaking, Island Beverage Maldives Private Limited, a limited liability Company incorporated and domiciled in the Republic of Maldives, which produces, supplies and sells bottled mineral water in the Republic of Maldives. The Company owns 51% of authorized and issued share capital of the subsidiary.

**2. Basis of preparation and other significant accounting policies**

**2.1 Basis of preparation**

The consolidated financial statements of the Male' Water and Sewerage Company Private Limited and the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB). The Consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The preparation of consolidated financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant are set out. No adjustments are made for inflationary factors affecting these consolidated financial statements. The consolidated financial statements are presented in Maldivian Rufiyaa (MVR) and all the values are rounded to nearest integral, except when otherwise indicated.

The consolidated financial statements of Male' Water and Sewerage Company Private Limited for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the board of directors on 8 August 2021.

**2.2 Going concern**

The Board of Directors is satisfied that the Group has adequate resources to continue its operations in the foreseeable future. The Directors have concluded that the going concern basis of accounting is appropriate for the year 2021 and they do not intend either to liquidate or cease trading



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

**2. Basis of preparation and other significant accounting policies (continue)**

**2.3 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2020. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(Continued)



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

**2. Basis of preparation and other significant accounting policies (continue)**

**2.4.1 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**2.4.2 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 sell or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting date

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability at least twelve months after the reporting date.

(Continued)



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

2.4 Summary of other significant accounting policies (Continued)

2.4.2 Current versus non-current classification (Continued)

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

2.4.3 Conversion of foreign currencies

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

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

**2.4 Summary of other significant accounting policies (Continued)**

**2.4.4 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 categorized 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.

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.



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

**2.4 Summary of other significant accounting policies (Continued)**

**2.4.5 Revenue from contracts with customers**

The Group is largely in the business of sale of water, electricity and Contracting of water & sewerage projects on behalf of the government. Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

**a) Sale of water and Electricity**

Revenue from Sale of water and Electricity is recognised at the point in time when control of the asset is transferred to the customer, generally on consumption of water and Electricity. The normal credit term is 30 days upon consumed.

**b) Construction projects - Water & sewerage**

The Group water & sewerage construction projects under long-term contracts with government. Such contracts are entered into before construction of such projects begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from Water & sewerage construction projects are therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group becomes entitled to invoice customers for construction of Water & sewerage projects based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference. It is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

**c) Sale of goods - Water bottles, pipes and other water related item**

The group sells Water bottles, pipes and other water related items directly to customers.

For sale of Water bottles, pipes and other water related items to customers, revenue is recognised by the group at a point in time when control of the goods has transferred to customer.

**2.4.6 Government grant**

Government grants are recognised when there is a 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 at nominal amounts 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.



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

2.4 Summary of other significant accounting policies (Continued)

2.4.7 Expenditure recognition

Expenses are recognised in the consolidated statements of comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

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

2.4.8 Taxation

a) *Current tax*

Provision for business profit tax is based on the elements of income and expenditure as reported in the consolidated financial statements and is computed in accordance with the provisions of the relevant tax statutes.

b) *Deferred tax*

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the consolidated financial statements. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the unused tax credits and tax losses carried forward can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

c) *Sales tax*

Revenue, expenses assets are recognised net of the amount of sales tax. Receivable and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

2.4. Summary of other significant accounting policies (Continued)

2.4.9 Property, plant and equipment

All property, plant and equipment, which are initially recorded at historical cost, are stated at cost less depreciation. Cost includes the transfer value of the assets, or their purchase cost, or the cost of construction, together with any incidental expenses of acquisition. 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.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful life, commencing from the date in which the assets were purchased up to the date of disposal, except for leased land and buildings constructed therein, which are depreciated over the unexpired period of lease, as follows:

Public rainwater scheme and new water scheme	- 40 years
Sewerage system	- 20 years
Reverse Osmosis (RO) plant, generator, bore well and machinery	- 15 years
Motor vehicles	- 04 years
Office equipment	- 04 years
Other equipment	- 05 years
Furniture and fittings	- 08 years
Computer hardware	- 03 years
Computer software	- 05 years
Desalination building and fuel farm	- 20 years
Leasehold Land right	- 50 years
Vessels	- 20 years

The assets residual value 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.

Cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produces while bringing the asset to that location and condition are capitalised, as part of the cost of the asset.

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

2.4.10 Intangible asset

a) Brand name

Brand name is shown at historical cost. Brand name has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

b) Computer software

Cost 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. Computer software development costs recognised as assets are amortized over their estimated useful lives, which does not exceed four year.



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

**2.4 Summary of other significant accounting policies (Continued)**

**2.4.11 Investment properties**

Investment properties are measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Cost of the investment property is amortised over the useful life of the property.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of changes in use.

**2.4.12 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 circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. For the purpose 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.

**2.4.13 Financial instruments - initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a) Financial assets**

**I. Initial recognition and measurement**

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

(Continued)



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

2.4 Summary of other significant accounting policies (Continued)

2.4.13 Financial instruments - initial recognition and subsequent measurement (Continued)

a) Financial assets (Continued)

II. Subsequent measurement

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

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

III. Financial assets at amortised cost (debt instruments)

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

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

And

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

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

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

IV. Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

V. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

2.4 Summary of other significant accounting policies (Continued)

2.4.13 Financial instruments – initial recognition and subsequent measurement (Continued)

a) Financial assets (Continued)

**VI. Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

**VII. Derecognition**

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

The rights to receive cash flows from the asset have expired

Or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

2.4 Summary of other significant accounting policies (Continued)

2.4.13 Financial instruments - initial recognition and subsequent measurement (Continued)

**VIII. Impairment of financial assets**

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

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

**a) Financial liabilities**

**I. Initial recognition and measurement**

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

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

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

**II. Subsequent measurement**

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

**III. Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

**IV. De-recognition**

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



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

**2.4 Summary of other significant accounting policies (Continued)**

**2.4.14 Trade and other receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement within 'selling and marketing costs. Trade receivables are carried at anticipated realizable value. A general provision is made for doubtful receivables based on a review of all outstanding amounts from customers at the year end. Bad debts are written off during the year in which they are identified.

**2.4.15 Contract assets**

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

**2.4.16 Inventories**

Inventories are stated at the lower cost and net realized value. Cost is determined using the weighted average cost method. Cost of inventory includes purchases, transport and handling costs. Net realizable value is the estimated selling price in the ordinary courses 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.

The stock of desalinated water is not valued and is therefore not reflected in the consolidated financial statements. The stock quantity of desalinated water held from year to year is not expected to vary substantially to have a material effect on the financial results for the year.

**2.4.17 Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise of cash at banks and cash in hand, other short-term highly liquid investments with original maturities of three months or less. For the purpose of cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Cash flow statement is prepared in "indirect method".

**2.4.18 Other Liabilities and provisions**

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

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

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

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



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

**2.4 Summary of other significant accounting policies (Continued)**

**2.4.19 Contract liabilities**

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

**2.4.20 Defined contribution plans**

Employees are eligible for Maldives Retirement Pension Scheme in line with the respective statutes and regulations. The Group contributes 7% of basic salary of Maldivian employees to Maldives Retirement Pension Scheme.

**2.5 Significant accounting judgements, estimates and assumptions**

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

**a) Useful lifetime of the Property, Plant and Equipment**

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

**b) Tax**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the Group and the responsible tax authority. Such differences of

interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Maldives.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based

upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**c) Going concern**

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the group has the resources to continue in business for the foreseeable future. Furthermore, In the going concern assessment the management have taken into consideration the existing and anticipated effects of the Covid-19 outbreak on the entity's business activities. Since the Group has made profit for the past few years, the financial statements are prepared on the going concern basis.



**Male' Water and Sewerage Company Private Limited**  
**Accounting Policies and Explanatory Notes to the Consolidated Financial Statement**  
**Year ended 31 December 2020**

2.5 Significant accounting judgements, estimates and assumptions (Continued)

d) Impairment of non-financial assets

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



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

3 Revenue from contract with customers

3.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contract with customers,

Segment Type of goods or services	COMPANY				
	For the year ended 31 December 2020				
	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	Total MVR
Supply of utilities	754,320,464	-	-	-	754,320,464
Construction revenue	-	104,965,134	-	-	104,965,134
Sale of bottled water & flake Ice	-	-	112,457,512	-	112,457,512
Sale of pipe and other water related items	-	-	-	14,889,517	14,889,517
<b>Total revenue from contracts with customers</b>	<b>754,320,464</b>	<b>104,965,134</b>	<b>112,457,512</b>	<b>14,889,517</b>	<b>986,632,627</b>

**Timing of revenue recognition**

Service transferred over time	754,320,464	-	-	-	754,320,464
Performance-related milestones	-	104,965,134	-	-	104,965,134
Goods transferred at a point in time	-	-	112,457,512	14,889,517	127,347,029
<b>Total revenue from contracts with customers</b>	<b>754,320,464</b>	<b>104,965,134</b>	<b>112,457,512</b>	<b>14,889,517</b>	<b>986,632,627</b>

Segment Type of goods or services	COMPANY				
	For the year ended 31 December 2019				
	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	Total MVR
Supply of utilities	780,976,806	-	-	-	780,976,806
Construction revenue	-	90,899,051	-	-	90,899,051
Sale of bottled water & flake Ice	-	-	127,924,287	-	127,924,287
Sale of pipe and other water related items	-	-	-	9,956,221	9,956,221
<b>Total revenue from contracts with customers</b>	<b>780,976,806</b>	<b>90,899,051</b>	<b>127,924,287</b>	<b>9,956,221</b>	<b>1,009,756,365</b>

**Timing of revenue recognition**

Service transferred over time	780,976,806	-	-	-	780,976,806
Performance-related milestones	-	90,899,051	-	-	90,899,051
Goods transferred at a point in time	-	-	127,924,287	9,956,221	137,880,508
<b>Total revenue from contracts with customers</b>	<b>780,976,806</b>	<b>90,899,051</b>	<b>127,924,287</b>	<b>9,956,221</b>	<b>1,009,756,365</b>



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

3 Revenue from contract with customers (continued)

3.1 Disaggregated revenue information(continued)

Segment Type of goods or services	Group				
	For the year ended 31 December 2020				
	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	Total MVR
Supply of utilities	750,969,196	-	-	-	750,969,196
Construction revenue	-	104,965,134	-	-	104,965,134
Sale of bottled water & flake Ice	-	-	155,664,202	-	155,664,202
Sale of pipe and other water related items	-	-	-	14,886,885	14,886,885
<b>Total revenue from contracts with customers</b>	<b>750,969,196</b>	<b>104,965,134</b>	<b>155,664,202</b>	<b>14,886,885</b>	<b>1,026,485,418</b>

**Timing of revenue recognition**

Service transferred over time	750,969,196	-	-	-	750,969,196
Performance-related milestones	-	104,965,134	-	-	104,965,134
Goods transferred at a point in time	-	-	155,664,202	14,886,885	170,551,087
<b>Total revenue from contracts with customers</b>	<b>750,969,196</b>	<b>104,965,134</b>	<b>155,664,202</b>	<b>14,886,885</b>	<b>1,026,485,418</b>

Segment Type of goods or services	Group				
	For the year ended 31 December 2019				
	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	Total MVR
Supply of utilities	772,845,202	-	-	-	772,845,202
Construction revenue	-	90,899,051	-	-	90,899,051
Sale of bottled water & flake Ice	-	-	183,735,355	-	183,735,355
Sale of pipe and other water related items	-	-	-	9,943,559	9,943,559
<b>Total revenue from contracts with customers</b>	<b>772,845,202</b>	<b>90,899,051</b>	<b>183,735,355</b>	<b>9,943,559</b>	<b>1,057,423,167</b>

**Timing of revenue recognition**

Service transferred over time	772,845,202	-	-	-	772,845,202
Performance-related milestones	-	90,899,051	-	-	90,899,051
Goods transferred at a point in time	-	-	183,735,355	9,943,559	193,678,914
<b>Total revenue from contracts with customers</b>	<b>772,845,202</b>	<b>90,899,051</b>	<b>183,735,355</b>	<b>9,943,559</b>	<b>1,057,423,167</b>



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

	COMPANY		GROUP	
	Year ended 31-12-2020	Year ended 31-12-2019	Year ended 31-12-2020	Year ended 31-12-2019
	MVR	MVR	MVR	MVR
<b>4 Other income</b>				
Fixed monthly charges	18,535,398	17,728,016	18,535,398	17,728,016
Operational income	18,820,959	26,798,298	19,165,942	26,931,717
Rental and management income	13,408,963	10,506,761	11,375,763	8,466,761
Penalties, surcharges and fines	21,110,708	8,209,243	21,110,708	8,209,243
Income from disconnection/ reconnection/relocation/termination	15,711,192	21,209,105	15,711,192	21,209,105
Government grant	928,284	53,408	928,284	53,408
Dividend income	199,233	1,965,535	-	-
	<b>88,714,737</b>	<b>86,470,366</b>	<b>86,827,287</b>	<b>82,598,250</b>
<b>5 Profit from operating activities stated after charging,</b>				
Staff costs (Note 5.1)	118,255,639	127,172,855	132,174,241	137,577,751
Directors' fees	1,019,600	1,022,991	1,523,600	1,527,895
Depreciation property plant and equipments	79,478,524	59,147,237	64,028,626	64,080,539
Bank service charges and commission	12,204,140	12,157,117	12,217,202	12,172,548
Import duty and freight charges	7,106,605	11,086,939	7,106,605	11,086,939
Repair and maintenance	15,547,887	12,395,647	15,795,399	13,057,002
Transport and travelling expenses	1,184,575	1,790,297	1,449,677	2,050,806
Land and office rentals	-	567,662	76,845	1,319,843
Insurance expense	6,098,010	6,073,221	6,756,225	6,802,587
Water expense	4,522,314	5,915,551	4,628,133	5,952,194
Electricity expense	4,673,332	1,283,549	4,675,010	1,306,162
Fuel expense	1,344,842	1,930,107	1,344,842	1,930,107
Telephone and postage expense	3,420,300	2,940,584	3,999,648	3,448,185
Printing and stationary expense	1,019,210	1,538,611	1,554,069	2,012,727
Board meeting expenses	51,547	53,870	51,547	53,870
Entertainment expense	1,292,957	1,632,067	2,770,746	2,689,025
Donations expense	1,296,012	2,472,614	1,296,012	2,472,614
Legal expenses	1,200	81,200	1,200	81,200
<b>5.1 Staff costs</b>				
Salaries and wages	55,610,522	47,724,738	60,688,225	52,153,140
Staff bonus	5,807,523	22,011,277	5,856,355	22,493,026
Allowances expense	44,548,508	37,872,432	44,548,508	37,872,432
Overtime expense	5,570,739	5,914,176	5,570,739	5,914,176
Overseas training expenses	1,111,822	7,751,517	1,111,822	7,751,517
Staff welfare expense	754,348	980,736	8,458,736	5,622,607
Local training expenses	1,067,282	1,109,858	1,192,559	1,558,255
Staff provident fund	3,784,895	3,366,718	4,262,402	3,771,195
Staff recruitment and work permit expenses	-	441,403	484,895	441,403
	<b>118,255,639</b>	<b>127,172,855</b>	<b>132,174,241</b>	<b>137,577,751</b>
<b>6 Net finance cost</b>				
<b>6.1 Finance income</b>				
Interest income on short term deposits	327,430	515,943	327,430	515,943
<b>6.2 Finance expenses</b>				
Interest expense on borrowings	8,456,891	9,345,067	10,368,461	10,526,315
Net foreign exchange loss	1,015,507	1,579,374	1,015,507	1,683,374
Interest expense on lease liabilities	7,662,338	6,586,176	7,375,567	7,063,125
	<b>17,134,736</b>	<b>17,510,617</b>	<b>18,759,535</b>	<b>19,272,814</b>
<b>Net finance cost</b>	<b>16,807,306</b>	<b>16,994,674</b>	<b>18,432,105</b>	<b>18,756,871</b>
<b>7 Income tax expenses</b>				
Tax on business profit (Note 7.1)	61,715,170	55,818,572	61,595,805	56,240,084
Deferred tax on temporary differences (Note 7.4)	(2,400,517)	(3,175,529)	(4,397,993)	(2,751,843)
<b>Income tax expense reported in the income statement</b>	<b>59,314,653</b>	<b>52,643,043</b>	<b>57,197,812</b>	<b>53,488,241</b>



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

**7 Income tax expenses (continue)**

- 7.1 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:

	COMPANY		GROUP	
	Year ended	Year ended	Year ended	Year ended
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR
Profit before tax from operating activities	383,152,277	361,433,331	369,907,175	363,228,534
Add: Depreciation charge for the period	82,615,434	88,130,389	103,268,443	96,183,680
Other disallowable expenses	59,544,696	46,232,696	62,080,118	54,855,185
Less: Capital allowances	(95,079,111)	(96,556,912)	(106,134,389)	(107,418,634)
Other allowable expenses	(18,548,839)	(26,865,693)	(20,851,050)	(33,741,184)
Taxable profit before adjustments	411,684,457	372,373,811	408,270,297	373,107,581
Less: Tax free allowance	(250,000)	(250,000)	(500,000)	(500,000)
Taxable profit	411,434,457	372,123,811	407,770,297	372,607,581
Income tax on taxable profit at 15%	61,715,170	55,818,572	61,165,545	55,891,137

**7.2 Income tax payable/ (refund)**

As at 1 January	19,778,045	46,195,785	18,943,806	46,674,909
Tax charge for the year	61,715,170	55,818,572	61,595,805	56,240,084
Paid during the year	(48,250,538)	(82,236,312)	(48,872,222)	(83,971,187)
As at 31 December	33,242,677	19,778,045	31,667,389	18,943,806

	COMPANY		GROUP	
	As at	As at	As at	As at
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR
7.3 Deferred tax				
Temporary difference,				
On property, plant and equipment	171,725,535	141,653,321	169,928,275	149,892,518
On ROU assets	-	(2,537,922)	-	(2,716,119)
On carried forward tax losses	-	-	(3,414,160)	-
On debtors general provision	(114,092,963)	(80,758,496)	(115,865,695)	(82,309,628)
On staff bonus provision	(5,802,820)	-	(5,802,820)	-
On stock general provision	(18,301,283)	(8,825,002)	(18,301,283)	(8,825,002)
	33,528,469	49,531,901	26,544,317	56,041,769
Tax rate	15%	15%	15%	15%
Deferred tax liability as at 31 December	5,029,268	7,429,785	3,981,648	8,406,265

Deferred tax liabilities are calculated on all temporary differences under the liability method using the effective tax rate of 15%. Deferred income tax liabilities/assets for the Group and the Company are arising from accelerated tax depreciation and the provision for bad debt. The net movement on the deferred income tax is as follows:

	COMPANY		GROUP	
	As at	As at	As at	As at
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR
7.4 Movement in deferred tax (assets)/liabilities				
At 1 January	7,429,785	10,605,314	8,406,265	11,158,108
Provision made during the year	(2,400,517)	(3,175,529)	(4,424,619)	(2,751,843)
As at 31 December	5,029,268	7,429,785	3,981,646	8,406,265

**8 Earnings per share**

- 8.1 Earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events which have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

8 Earnings per share (continue)

8.2 The following reflects the income and share data used in the basic earnings per share computation.

	COMPANY		GROUP	
	Year ended 31-12-2020 MVR	Year ended 31-12-2019 MVR	Year ended 31-12-2020 MVR	Year ended 31-12-2019 MVR
Profit attributable to equity holders	323,837,624	308,790,288	318,162,211	305,006,533
Weighted average number of - ordinary shares in issue	267,000	267,000	267,000	267,000
<b>Basic earnings per share</b>	<b>1,213</b>	<b>1,157</b>	<b>1,192</b>	<b>1,142</b>

8.3 Dividends per share

At the 29th annual general meeting held on 11 August 2020, a final dividend in respect of the financial year 2019 of MVR 694/- per share (2018: MVR 925/- per share) amounting to a total of MVR 185,274,173/- (2019: MVR 246,866,393/-) was declared. These financial statements reflects this dividend, which has been accounted for under statement of changes in equity as an appropriation of retained earnings during the year.

9 Property, plant and equipment

9.1 Gross carrying amounts

	GROUP				
	Balance as at 01.01.2020 MVR	Additions/ transfers MVR	Impairment charges MVR	Disposal/ transfers MVR	Balance as at 31.12.2020 MVR
Buildings, desalination plant and fuel farm	297,521,523	42,483,393	-	(4,132,870)	335,872,046
Public rain water and new water supply scheme	200,469,204	-	-	-	200,469,204
Sewerage system	134,320,879	-	-	-	134,320,879
Shrink film blowing machine and preform	136,192,764	320,878	-	-	136,513,642
Reserve osmosis (RO) plants, generator, borewell and control pumps	600,239,662	485,186	-	-	600,724,848
Motor vehicles	93,963,058	5,387,179	-	-	99,350,237
Office and other equipment	67,087,007	11,816,092	-	(915,018)	77,988,081
Furniture and fittings	21,508,084	1,215,203	-	-	22,723,287
Computer hardware	40,018,981	7,946,948	-	-	47,965,929
Vessels	69,780,831	8,000	(12,544,727)	(4,000,370)	53,243,734
	<b>1,661,101,993</b>	<b>69,662,879</b>	<b>(12,544,727)</b>	<b>(9,048,258)</b>	<b>1,709,171,887</b>

9.2 Accumulated Depreciation

	GROUP				
	Balance as at 01.01.2020 MVR	Charge for the year MVR	Impairment charges MVR	Disposal/ transfers MVR	Balance as at 31.12.2020 MVR
Buildings, desalination plant and fuel farm	107,205,771	11,149,484	-	(2,998,026)	115,357,229
Public rain water and new water supply scheme	84,398,481	5,004,314	-	-	89,402,795
Sewerage system	100,965,520	3,295,869	-	-	104,261,389
machine and preform system	46,539,148	9,088,243	-	-	55,627,391
Reserve osmosis (RO) plants, generator, borewell and control pumps	293,334,939	36,042,941	-	-	329,377,880
Motor vehicles	80,272,889	7,359,274	-	-	87,632,163
Office and other equipment	54,400,898	7,052,143	-	(341,036)	61,112,005
Furniture and fittings	16,440,479	1,188,738	-	-	17,629,217
Computer hardware	33,578,519	6,037,675	-	-	39,616,194
Vessels	6,712,741	3,309,749	(2,107,930)	-	7,914,560
	<b>823,849,385</b>	<b>89,528,430</b>	<b>(2,107,930)</b>	<b>(3,339,062)</b>	<b>907,930,823</b>
	<b>837,252,608</b>				<b>801,241,064</b>

(Continued)



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

9 Property, plant and equipment (Continued)

	COMPANY			
	Balance as at 01-01-2020 MVR	Additions/ transfers MVR	Disposal/ transfers MVR	Balance as at 31-12-2020 MVR
<b>9.1 Gross carrying amounts</b>				
Buildings, desalination plant and fuel farm	222,002,081	42,304,026	(4,132,870)	260,173,237
Public rain water and new water supply scheme	200,469,204	-	-	200,469,204
Sewerage system	134,320,879	-	-	134,320,879
Shrink film blowing machine and preform system	136,192,764	320,878	-	136,513,642
Reverse osmosis (RO) plants, generator, borewell and control pumps	575,203,498	485,186	-	575,688,684
Motor vehicles	80,405,739	2,183,684	-	82,589,423
Office and other equipment	64,770,864	11,728,509	(915,018)	75,584,355
Furniture and fittings	16,724,179	-	-	16,724,179
Computer hardware	36,271,422	7,805,992	-	44,077,414
Vessels	53,243,734	-	-	53,243,734
	<b>1,519,604,364</b>	<b>64,828,275</b>	<b>(5,047,888)</b>	<b>1,579,384,751</b>
	Balance as at 01-01-2020 MVR	Charge for the year MVR	Disposal / transfers MVR	Balance as at 31-12-2020 MVR
<b>9.2 Accumulated Depreciation</b>				
Buildings, desalination plant and fuel farm	85,002,718	10,372,005	(2,998,026)	92,376,697
Public rain water and new water supply scheme	84,398,481	5,004,314	-	89,402,795
Sewerage system	100,965,520	3,295,869	-	104,261,389
Shrink film blowing machine and preform system	46,539,148	9,088,243	-	55,627,391
Reverse osmosis (RO) plants, generator, borewell and control pumps	282,647,473	30,973,009	-	313,620,482
Motor vehicles	71,118,292	6,720,681	-	77,838,973
Office and other equipment	53,407,724	6,652,523	(341,036)	59,719,211
Furniture and fittings	13,824,353	617,036	-	14,441,389
Computer hardware	31,679,599	4,092,660	-	35,772,259
Vessels	5,252,373	2,662,187	-	7,914,560
	<b>774,835,681</b>	<b>79,478,527</b>	<b>(3,339,062)</b>	<b>850,975,146</b>
<b>Total carrying amount of property plant and equipment</b>	<b>744,768,683</b>			<b>728,409,605</b>

9.3 The value of fully depreciated property, plant and equipment at the reporting date amounted to MVR 270,028,125/- (2019: MVR 283,507,171/-) of the Group and MVR 243,751,189/- (2019: MVR 266,306,561/-) of the Company.

9.4 Depreciation expenses of MVR 64,028,626/- (2019: MVR 64,080,539/-) has been charged in cost of sales and MVR 25,501,243/- (2019: MVR 26,524,452/-) in administrative expenses of the Group.

9.5 Depreciation expenses of MVR 58,311,132/- (2019: MVR 59,147,237/-) has been charged in cost of sales and MVR 21,167,392/- (2019: MVR 23,528,214/-) in administrative expenses of the Company.



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

10 Capital work-in-progress	COMPANY		GROUP	
	As at 31-12-2020 MVR	As at 31-12-2019 MVR	As at 31-12-2020 MVR	As at 31-12-2019 MVR
At 1 January	618,470,129	498,346,450	642,009,407	545,038,276
Additions	83,845,265	171,452,083	85,868,196	183,197,889
Capitalised during the year to property, plant and equipment	(50,461,390)	(51,328,404)	(50,461,390)	(86,226,758)
<b>At 31 December</b>	<b>651,854,004</b>	<b>618,470,129</b>	<b>677,416,213</b>	<b>642,009,407</b>

**10.1 In the course of construction**

Land reclamation and development - Gulhifal	195,866,751	195,866,751	195,866,751	195,866,751
RO plant building extension - Hulhumale'	8,387,026	8,387,026	8,387,026	8,387,026
New CS building - Male'	-	47,268,038	-	47,268,038
Hulhumale' water & sewer network phase 2	122,717,212	106,619,217	122,717,212	106,619,217
RO Facility building at Haveeree Hingun - Mal	13,384,343	13,384,343	13,384,343	13,384,343
Gulhifalhu warehouse building	5,547,658	3,588,186	5,547,658	3,588,186
VAF pre-filtration system	25,389,035	25,007,452	25,389,035	25,007,452
Construction of boreholes - Gulhifalhu	12,690,562	9,488,406	12,690,562	9,488,406
Total utility solutions to L. Baresdhoo	3,286,479	2,413,849	3,286,479	2,413,849
Switchgear for Thilafushi operations	1,791,504	1,791,504	1,791,504	1,791,504
2 New boreholes - Male	3,105,916	3,105,916	3,105,916	3,105,916
Facility building - Gulhifalhu	2,837,674	2,837,674	2,837,674	2,837,674
Ventilation system	3,788,075	3,788,075	3,788,075	3,788,075
New preform machine	2,992,127	1,879,330	2,992,127	1,879,330
1.5 MVA transformer w/LV box	2,090,821	2,090,821	2,090,821	2,090,821
Construction of preform building - Gulhifalhu	43,552,051	43,143,391	43,552,051	43,143,391
Borehole construction 300m3/hr - Maafushi	1,456,454	1,162,158	1,456,454	1,162,158
Reject line modification - Vilimale	2,675,370	2,675,370	2,675,370	2,675,370
3PAR Stores	-	2,307,953	-	2,307,953
PVC pipe commercializing	1,073,256	1,073,256	1,073,256	1,073,256
Jetting machine	1,721,088	1,721,088	1,721,088	1,721,088
Other capital projects	197,500,603	138,870,325	197,500,603	138,870,325
BPH project	-	-	25,562,209	23,539,278
	<b>651,854,004</b>	<b>618,470,129</b>	<b>677,416,213</b>	<b>642,009,407</b>

10.2 During the year, the company has incurred borrowing cost amounting to MVR 7,443,923 (2019: 1,854,633) on qualifying assets in capital work-in-progress.

**11 Intangible assets**

11.1 Gross carrying amount at cost	COMPANY		
	Balance as at 01-01-2020 MVR	Additions MVR	Balance as at 31-12-2020 MVR
Computer software	27,034,628	113,928	27,148,556
Accumulated amortisation and impairment at cost	Balance as at 01-01-2020 MVR	Charge for the year MVR	Balance as at 31-12-2020 MVR
Computer software	22,291,348	1,846,797	24,138,145
<b>Net carrying amount</b>	<b>4,743,280</b>		<b>3,010,411</b>

(Continued)



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

		GROUP		
		Balance as at	Additions	Balance as at
		01-01-2020		31-12-2020
		MVR	MVR	MVR
11	Intangible assets			
11.2	Gross carrying amount at cost			
	Computer software	27,747,314	227,334	27,974,648
	Brand name	25,000	-	25,000
	ISO and HACCP Certificate	234,788	30,532	265,320
		<u>28,007,102</u>	<u>257,866</u>	<u>28,264,968</u>
	Accumulated amortisation and impairment at cost			
	Computer software	22,528,357	1,994,592	24,522,949
	Brand name	20,001	1,250	21,251
	ISO and HACCP Certificate	41,741	15,822	57,563
		<u>22,590,099</u>	<u>2,011,664</u>	<u>24,601,763</u>
	Net carrying amount	<u>5,417,003</u>		<u>3,663,205</u>

11.3 Amortisation charge of MVR 2,011,664 (2019: MVR 1,955,929) is included in administrative expenses of the Group and MVR 1,846,797 (2019: MVR 1,832,178) is included in administrative expenses of the company.

		COMPANY	
		As at	As at
		31-12-2019	31-12-2018
		MVR	MVR
12	Investment in subsidiaries		
	Island Beverages Maldives Private Limited	<u>7,650,000</u>	<u>7,650,000</u>

Investment in subsidiary comprises investment made by the Company in Island Beverages Maldives Private Limited, a company incorporated in the Republic of Maldives. The Company holds 51% of the issued shares.

		COMPANY			
		Balance as at	Transfer	Balance as at	
		01-01-2020	From PPE	31-12-2020	
		MVR	MVR	MVR	MVR
13	Investment Property				
13.1	Gross carrying amount at cost				
	West coast rasfannu beach pavilion	9,681,536	-	9,681,536	
	CS Building 3rd and 4th floor	9,002,541	339,213	9,341,754	
	Fen Building 2nd Floor	-	2,130,356	2,130,356	
	Fen Building 3rd Floor	-	2,917,532	2,917,532	
		<u>18,684,077</u>	<u>5,047,888</u>	<u>24,071,178</u>	
	Accumulated amortisation and impairment at cost				
	West coast rasfannu beach pavilion	1,008,493	484,077	1,492,570	
	CS Building 3rd and 4th floor	67,046	806,036	873,082	
	Fen Building 2nd Floor	-	1,562,934	1,562,934	
	Fen Building 3rd Floor	-	1,776,128	1,776,128	
		<u>1,075,539</u>	<u>3,339,062</u>	<u>5,704,714</u>	
	Net carrying amount	<u>17,608,538</u>		<u>18,366,464</u>	

(Continued)



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

13 Investment Property	GROUP			
	Balance as at 01-01-2020 MVR	Additions MVR	Transfer From PPE MVR	Balance as at 31-12-2020 MVR
13.2 Gross carrying amount at cost				
West coast rasfannu beach pavilion	9,681,536	-	-	9,681,536
CS Building 3rd and 4th floor	9,002,541	339,213	-	9,341,754
Fen Building 2nd Floor	-	-	2,130,356	2,130,356
Fen Building 3rd Floor	-	-	2,917,532	2,917,532
	<u>18,684,077</u>	<u>339,213</u>	<u>5,047,888</u>	<u>24,071,178</u>
Accumulated amortisation and impairment at cost	Balance as at 01-01-2020 MVR	Charge for the year MVR	Transfer From PPE MVR	Balance as at 31-12-2020 MVR
West coast rasfannu beach pavilion	1,008,493	484,077	-	1,492,570
CS Building 3rd and 4th floor	67,046	806,036	-	873,082
Fen Building 2nd Floor	-	-	1,562,934	1,562,934
Fen Building 3rd Floor	-	-	1,776,128	1,776,128
	<u>1,075,539</u>	<u>1,290,113</u>	<u>3,339,062</u>	<u>5,704,714</u>
Net carrying amount	<u>17,608,538</u>			<u>18,366,464</u>

13.3 The Group has rented out one of its buildings at Rasfannu (West coast beach pavilion), CS Building 3rd and 4th floor and Fen Building 2nd and 3rd floors to third parties and its subsidiary with the intention of earning monthly rental income, and company has adopted cost model to measure the investment property since fair value of the property cannot be reliably estimated.

14 Inventories	COMPANY		GROUP	
	As at 31-12-2020 MVR	As at 31-12-2019 MVR	As at 31-12-2020 MVR	As at 31-12-2019 MVR
Raw materials	32,100,426	36,418,990	36,393,199	39,451,723
Consumable stock	246,906,561	240,241,537	249,990,232	242,355,520
Finished goods	12,332,356	8,730,665	12,775,450	9,130,733
Water inventory	1,861,545	-	1,861,545	-
	<u>293,200,888</u>	<u>285,391,192</u>	<u>301,020,426</u>	<u>290,937,976</u>
Less:				
Impairment for slow and non-moving items	(18,301,283)	(8,825,002)	(18,301,283)	(8,825,002)
	<u>274,899,605</u>	<u>276,566,190</u>	<u>282,719,143</u>	<u>282,112,974</u>
<b>Work-in-progress</b>				
Employee housing unit	102,591,315	17,707,827	102,591,315	17,707,827
	<u>377,490,920</u>	<u>294,274,017</u>	<u>385,310,458</u>	<u>299,820,801</u>

15 External project work-in-progress				
External projects	<u>93,630</u>	<u>13,781</u>	<u>93,630</u>	<u>13,781</u>

16 Contract assets				
Unbilled water consumptions	34,693,922	30,094,060	34,693,922	30,094,060
Construction retention	-	7,445,935	-	7,445,935
	<u>34,693,922</u>	<u>37,539,995</u>	<u>34,693,922</u>	<u>37,539,995</u>

16.1 Amounts relating to contract assets are balances due from customers from water consumption and construction retentions.

16.2 Unbilled water consumption includes water consumption as end of the reporting period which are not opened for billing cycle.

16.3 Construction retention is held by customers until the agreed related milestones are achieved.

16.4 An amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

17	Trade and other receivables	COMPANY		GROUP	
		As at 31-12-2020 MVR	As at 31-12-2019 MVR	As at 31-12-2020 MVR	As at 31-12-2019 MVR
	Trade receivables	230,554,066	125,709,709	236,043,955	129,784,347
	Amounts due from related parties (Note 33)	239,681,567	229,684,007	171,958,145	163,871,739
	Less: provision for impairments of trade receivable (Note 17.6)	(114,092,963)	(80,758,496)	(115,865,695)	(82,309,629)
		<u>356,142,670</u>	<u>274,635,220</u>	<u>292,136,405</u>	<u>211,346,457</u>
	Deposit and prepayments	30,729,386	57,762,515	32,961,375	60,482,216
	Other receivables	35,561,847	55,199,772	36,082,250	55,663,857
		<u>66,291,233</u>	<u>112,962,287</u>	<u>69,043,625</u>	<u>116,146,073</u>
	<b>Trade and other receivables</b>	<b><u>422,433,903</u></b>	<b><u>387,597,507</u></b>	<b><u>361,180,030</u></b>	<b><u>327,492,530</u></b>

17.1 There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

17.2 During the year the Group has billed MVR 67,889,242/- (2019: MVR 67,954,701/-) to the Ministry of Finance (Government of Maldives) as loss of revenue from selling water at subsidy rate in Greater male area ,since Group has not received money as of reporting date no accounting treatment has been applied for the invoices due to the uncertainty of the receivables .

17.2 The amounts due from related parties are unsecured, interest free and have no fixed repayment terms. Accordingly, these amounts are shown as falling due within one year.

17.3 Prepayments of the Group include advance payments made to suppliers amounting to MVR 29,455,117/- (2019: MVR 57,037,205/-) and security deposit MVR 1,274,269/- (2019: MVR 725,310/-).

17.4 Other receivables of the Group include LC margin money MVR 17,666,729 (2019: MVR 25,964,432), staff loans amounting to MVR 1,714,901 (2019: MVR 2,567,149),

17.5 Trade receivables are non-interest bearing and are generally on 30-90 day terms. All trade receivables are subject to credit risk exposure. However, impairment of trade receivable is made when certain debtors are identified (over 180 days 50% and over 365 days 100% provision) to be irrecoverable and as at 31 December 2020, trade receivable of an initial value of MVR 114,092,963/- (2019: 80,758,496/-) were impaired and provided for. See Note no 17.6 for the movement in the provision for impairment of receivables.

17.6	Provision for impairment of trade receivab	COMPANY		GROUP	
		As at 31-12-2020 MVR	As at 31-12-2019 MVR	As at 31-12-2020 MVR	As at 31-12-2019 MVR
	Expected credit loss under simplified approach	114,092,963	80,758,496	115,865,695	82,309,629

Movement of provision for impairment is as follows:

Opening balance	80,758,496	63,051,407	82,309,629	63,857,626
Provision during the year	33,334,467	17,707,089	33,556,066	18,452,003
Closing balance	<u>114,092,963</u>	<u>80,758,496</u>	<u>115,865,695</u>	<u>82,309,629</u>

18	Other current financial assets	COMPANY		GROUP	
	Opening net book amount	6,123,187	6,027,581	6,123,187	6,027,581
	Additions	-	95,606	(6,123,187)	95,606
	Withdrawal	(6,123,187)	-	-	-
	Closing net book amount	<u>-</u>	<u>6,123,187</u>	<u>-</u>	<u>6,123,187</u>

The Company has invested in fixed deposit in the HSBC(Maldives) amounted of USD 360,571/- for a period of 3 months on 18 September 2013 which carries an interest rate of 1.5% p.a. It has been auto renewed through-out the period and accumulated interest has been capitalized.



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

19	Cash and cash equivalents in cash flow statement	COMPANY		GROUP	
		As at 31-12-2020 MVR	As at 31-12-2019 MVR	As at 31-12-2020 MVR	As at 31-12-2019 MVR
	Cash in hand	2,206,570	14,671,907	2,375,316	15,980,931
	Cash at banks	292,981,159	206,786,503	295,036,776	219,576,357
		<u>295,187,729</u>	<u>221,458,410</u>	<u>297,412,092</u>	<u>235,557,288</u>

20	Share capital	Number of shares	Ordinary shares (MVR)
	At 1 January 2020	267,000	267,000,000
	At 31 December 2020	267,000	267,000,000

The total authorised number of ordinary shares is 267,000 shares (2018: 267,000 shares) with a par value of MVR 1,000 per share (2018: MVR 1,000 per share). The above, 267,000 shares are issued and fully paid.

	As at 31-12-2020 MVR	As at 31-12-2019 MVR
Government of Maldives - 213,600 ordinary shares	213,600,000	213,600,000
Hitachi Limited - 53,400 ordinary shares	53,400,000	53,400,000
	<u>267,000,000</u>	<u>267,000,000</u>

21 Share allotment gain  
The difference between the consideration received for shares and the par value of shares allotted by the company has been shown as share allotment gain.

	Consideration paid for shares MVR	Value of shares allotted MVR	Gain MVR
Government of Maldives	267,003,042	267,000,000	3,042

22	Non-controlling interest	Group	
		As at 31-12-2020 MVR	As at 31-12-2019 MVR
	At 1 January	24,560,898	25,970,803
	Dividends declared	(191,420)	(1,888,455)
	Share of net profit of subsidiary	(5,452,848)	478,550
	At 31 December	<u>18,916,630</u>	<u>24,560,898</u>

23	Interest-bearing loans and borrowings	COMPANY		GROUP	
		As at 31-12-2020 MVR	As at 31-12-2019 MVR	As at 31-12-2020 MVR	As at 31-12-2019 MVR
	<b>Non- Current:</b>				
	HSBC term loan	-	129,580	-	129,580
	Loan from a related party Habib Bank Limited	88,086,152	107,820,595	88,086,152	107,820,595
		11,532,334	26,734,669	11,532,334	26,734,669
		<u>99,618,486</u>	<u>134,684,844</u>	<u>99,618,486</u>	<u>134,684,844</u>
	<b>Current :</b>				
	HSBC term loan	-	259,160	-	259,160
	Loan from a related party Mauritius Commercial Bank Habib Bank Limited	22,843,895	17,246,580	22,843,895	17,246,580
		4,751,777	9,253,662	4,751,777	9,253,662
		15,202,334	15,202,334	15,202,334	15,202,334
		<u>42,798,006</u>	<u>41,961,736</u>	<u>42,798,006</u>	<u>41,961,736</u>
	<b>Total borrowings</b>	<u>142,416,492</u>	<u>176,646,580</u>	<u>142,416,492</u>	<u>176,646,580</u>

(Continued)



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

23.1 Movement of interest bearing liabilities

	COMPANY			
	As at	Loans		As at
	01.01.2020	obtained	Repayment	31-12-2020
	MVR	MVR	MVR	MVR
HSBC term loan	391,950	-	(391,950)	-
Loan from a related party	125,067,176	3,113,889	(17,249,985)	110,931,080
Mauritius Commercial Bank	9,250,450	-	(4,499,708)	4,750,742
Habib Bank Limited	41,937,004	-	(15,202,334)	26,734,670
	<u>176,646,580</u>	<u>3,113,889</u>	<u>(37,343,977)</u>	<u>142,416,492</u>
				-
	GROUP			
	As at	Loans		As at
	01.01.2020	obtained	Repayment	31-12-2020
	MVR	MVR	MVR	MVR
HSBC term loan	391,950	-	(391,950)	-
Loan from a related party	125,067,176	3,113,889	(17,249,985)	110,931,080
Mauritius Commercial Bank	9,250,450	-	(4,499,708)	4,750,742
Habib Bank Limited	41,937,004	-	(15,202,334)	26,734,670
	<u>176,646,580</u>	<u>3,113,889</u>	<u>(37,343,977)</u>	<u>142,416,492</u>

The exposure of the Company's borrowings to interest rate changes and contractual repricing dates at the end of the reporting period are as follows:

	COMPANY		GROUP	
	As at	As at	As at	As at
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR
6 months or less	12,711,443	9,815,205	13,422,447	11,729,726
6 - 12 months	30,090,965	32,276,113	32,266,387	38,370,183
1- 5 years	99,614,084	134,555,262	111,647,933	148,854,018
	<u>142,416,492</u>	<u>176,646,580</u>	<u>157,336,767</u>	<u>198,953,927</u>

The carrying amount and the fair value of the non-current borrowings are as follows:

	GROUP	
	As at	As at
	31-12-2020	31-12-2019
	MVR	MVR
<b>Borrowings value 1- 5 years:</b>		
Carrying amount	<u>111,647,933</u>	<u>148,854,018</u>
Fair value	<u>111,647,933</u>	<u>148,854,018</u>

(Continued)



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

23 Interest bearing loans and borrowings

23.2 Details of interest bearing loans and borrowings

Lender	Total loan facility	Repayment Term	Interest rate	Securities/pledged assets
HSBC Limited (Manufacturing plant in Ghulhefalhu)	EURO. 1,460,000/-	Loan has been obtained through 4 disbursements in EURO,  - 01 dis.(EURO. 280,000/-) to be repaid in 48 monthly instalments. - 02 dis.(EURO. 60,000/-) to be repaid in 60 monthly instalments.  - 03 dis.(EURO. 1,030,000/-) to be repaid in 42 monthly instalments. - 03 dis.(EURO. 90,000/-) to be repaid in 24 quarterly instalments.	3 months government T-bills plus 1.75% p.a.	I) Mortgage of leasehold right of 'Fen Building' for MVR 300Mn and Mortgage of RO plants for MVR 115.23Mn. II) Mortgage of a RO plant and 3 Gensets in Hulhumale' along with PET Injection Moulding machine III) Fen building  IV) Eight (8) reverse osmosis plant with different cubic meter per day capacity (it consists 5 RO plant from 1500CM, 2 RO plant from 3000 CM and 1 RO from 2000 cubic meter capacity.) V) Deposits of USD 390,916/- in the name of Male' Water and Sewerage Company Private Limited.
Habib bank limited (Letter of credit)	MVR. 14,680,000/-	Facility has been obtained on 15 February 2018 subject to 6 months grace period and has to be repaid in 9 quarterly instalments.	Fixed rate at 9%	I) mortgage over head lease rights of the land favouring MWSC and mortgage over building 3,696.37 sq. m located at Hulhumale Plot 10618, Hulhumale'
Habib bank limited (Letter of credit)	MVR. 30,927,003/-	Facility has been obtained on 30 May 2019 subject to 12 months grace period and has to be repaid in 12 quarterly instalments.	Fixed rate at 9%	
Hitachi -Contract No. MWSC/P/M/2015/77	USD. 1,758,400/-	Facility has been obtained for acquired 5000M3 RO plant 27 July 2016 and has to be repaid in 20 quarterly instalments.	Fixed rate at 7%	-
Hitachi - Contract No. MWSC/HM/2016/99/ 085	USD. 1,110,400/-	Facility has been obtained for acquired 3000m3 RO plant on 19 July 2017 and has to be repaid in 20 quarterly instalments.	Fixed rate at 7%	-
Hitachi - Contract No. MWSC/P/M/2017/87 /085	USD. 734,300/-	Facility has been obtained for acquired 2000m3 RO plant on 12 November 2017 and has to be repaid in 20 quarterly instalments.	Fixed rate at 4.5%	-
Hitachi - Contract No. MWSC/P/M/2017/12	USD. 1,066,400/-	Facility has been obtained for acquired 3000m3 RO plant on 16 April 2019 and has to be repaid in 20 quarterly instalments.	Fixed rate at 5.5%	-



(Continued)

**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

23 Interest bearing loans and borrowings (Continued)  
 23.2 Details of interest bearing loans and borrowings (Continued)

Lender	Total loan facility	Repayment Term	Interest rate	Securities/pledged assets
Hitachi - Contract No. MWSC/HM/2019/145/008	USD. 1,277,913/-	Facility has been obtained for financed the supply, installation and commissioning of a 3000M3/day RO plant in Hulhumale phase 2 project on 15 July 2019 and has to be repaid in 72 monthly instalments with 12 months grace period.	Fixed rate at 8.35%	-
Hitachi - Contract No. MWSC/HM/2019/146/009	USD. 741,470/-	Facility has been obtained for finance the supply, installation & commissioning of 1.8Mw generator set in Hulhumale phase 2 project on 15 July 2019 and has to be repaid in in 72 monthly instalments with 12 months grace period.	Fixed rate at 8.35%	-
Hitachi - Contract No. MWSC/HM/2019/147/010	USD. 3,988,107/-	Facility has been obtained for finance the supply of water & sewerage system materials in Hulhumale phase 2 project on 15 July 2019 and has to be repaid in in 72 monthly instalments with 12 months grace period.	Fixed rate at 8.35%	-
Maldives Finance Leasing Company - Contract No. 16093029	MVR. 12,100,000/-	IBM has entered a lease agreement to acquired a landing craft and a crane on July 2017 and has to be repaid in 5.5 years.	Fixed rate at 11.5%	-
Maldives Finance Leasing Company - Contract No. 18031247	MVR. 20,000,000/-	IBM has entered a lease agreement to acquired a 5L bottling plant on May 2018 and has to be repaid in 4 years.	Fixed rate at 9%	-
Mauritius Commercial Bank(Maldives) Pvt Ltd	MVR. 25,000,000/-	The MWSC obtained the facility to refinance 60% of the acquiring 3 landing crafts. Principal and interest has to be repaid in 36 monthly installments of MVR 817,285/- each starting from 17 January 2018	Fixed rate at 10.75%	-





**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

24 Leases (continued)

Set out below are the carrying amounts of rent liabilities and the movements during the period

24.3 Lease liabilities	Interest rate	Maturity	COMPANY		GROUP	
			As at	As at	As at	As at
			31-12-2020	31-12-2019	31-12-2020	31-12-2019
			MVR	MVR	MVR	MVR
Non- current	8%	2022-2060	110,332,023	87,488,688	116,760,536	98,165,357
Current	8%	2021	854,606	789,111	15,958,061	19,223,389
			<u>111,186,629</u>	<u>88,277,799</u>	<u>132,718,597</u>	<u>117,388,746</u>
As at 1 January			88,277,799	-	116,045,832	-
Initial application of IFRS 16 - as at 1 January			-	80,480,716	-	114,499,022
Additions			23,698,065	8,367,717	29,393,673	15,382,245
Accretion of interest			7,662,338	6,586,176	10,686,112	10,283,019
Termination of lease			-	-	(597,817)	-
Lease concession			-	-	(270,487)	-
Payments			(8,451,573)	(7,156,810)	(22,538,716)	(22,775,540)
As at 31 December			<u>111,186,629</u>	<u>88,277,799</u>	<u>132,718,597</u>	<u>117,388,746</u>

The following are the amounts relating to leases recognised in profit or loss:

Depreciations charge of Right-of-use-assets		COMPANY		GROUP	
		Year ended	Year ended	Year ended	Year ended
		31-12-2020	31-12-2019	31-12-2020	31-12-2019
		MVR	MVR	MVR	MVR
Leasehold right		-	81,325	-	81,325
Land		81,325	3,006,143	105,272	3,030,090
Building		3,006,143	21,088	8,353,708	3,801,135
		<u>3,087,468</u>	<u>3,108,556</u>	<u>8,458,980</u>	<u>6,912,550</u>
Interest expense on lease liabilities					
Land		6,542,267	6,542,267	6,546,784	6,549,466
Building		43,909	43,909	1,139,141	970,745
Equipments		-	-	804,730	-
		<u>6,586,176</u>	<u>6,586,176</u>	<u>8,490,655</u>	<u>7,520,211</u>
Total amount recognised in profit or loss		<u>9,673,644</u>	<u>9,694,732</u>	<u>16,949,635</u>	<u>14,432,761</u>

25 Government grants

	COMPANY		GROUP	
	As at	As at	As at	As at
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR
As at 1 January	13,870,852	-	13,870,852	-
Transferred from share application money	-	13,924,260	-	13,924,260
Released to other income	(928,284)	(53,408)	(928,284)	(53,408)
As at 31 December	<u>12,942,568</u>	<u>13,870,852</u>	<u>12,942,568</u>	<u>13,870,852</u>
Non- current	12,014,284	12,942,568	12,014,284	12,942,568
Current	928,284	928,284	928,284	928,284
	<u>12,942,568</u>	<u>13,870,852</u>	<u>12,942,568</u>	<u>13,870,852</u>

The amount received as share application money from the government in the month of January 2016, now has been considered as grant received from the government based on the approval received Ministry of Finance on 11th December 2019. The above amount treated as a grant and would be released to income statement over 15 years of period since then.

There are no unfulfilled conditions or contingencies attached to these grants.

26 Contract liabilities

Construction retention Contract advances	COMPANY		GROUP	
	As at	As at	As at	As at
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR
	12,786,459	9,763,392	12,786,459	9,763,392
	915,561	27,783,881	915,561	27,783,881
	<u>13,702,020</u>	<u>37,547,273</u>	<u>13,702,020</u>	<u>37,547,273</u>



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

27	Trade and other payables	COMPANY		GROUP	
		As at	As at	As at	As at
		31-12-2020	31-12-2019	31-12-2020	31-12-2019
		MVR	MVR	MVR	MVR
	Trade payables	22,648,034	14,395,156	24,617,291	16,184,760
	Amounts due to related parties (Note 33)	3,587,168	2,623,621	3,441,968	2,622,811
	Accrued expenses	1,121,019	2,506,408	1,704,691	5,958,666
	Other payables	45,782,023	58,454,437	46,499,163	59,012,758
	Dividend Payable	628,791,714	518,517,541	628,791,714	518,517,541
		<u>701,929,958</u>	<u>596,497,163</u>	<u>705,054,827</u>	<u>602,296,536</u>

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

27.2 Accrued expenses include GST payable of MVR 967,139/- (2019: MVR 2,320,551/-) and Audit fee payable of MVR 231,030/- (2019: MVR 243,829/-).

27.3 During the year the company paid MVR 75,000,000/- (2019: MVR 149,373,293/-) as dividend for its shareholders.

27.4 Other payables of the Company include O&M sales collection payable MVR 7,901,817/- (2019: MVR 7,901,817/-), O&M spare fund payable MVR 1,314,034/- (2019: MVR 1,314,034/-), advance received for Hiya employee housing project in Hulhumale MVR 20,324,552/- (2019: MVR 21,633,942/-), LC clearing MVR 8,265,317/- (2019: MVR 19,446,854/-) and Fenaka Corporation collection payable MVR 1,847,180/- (2019: MVR 1,847,180/-).

**28 Commitments and contingencies**

**28.1 Capital commitments**

The Group has lease contract for items of plant and machinery. The Group's obligations under lease are secured by the lessor's title to the leased assets. The Further minimum lease payments under finance leases are, as follows,

	COMPANY		GROUP	
	As at	As at	As at	As at
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR
Within one year	-	-	8,008,692	13,036,379
After one year but not more than five years	-	-	9,311,130	26,874,295
Total minimum lease payments	-	-	17,319,822	39,910,674
Less amounts representing finance charges	-	-	(7,786,809)	(7,786,809)
<b>Minimum Lease payment</b>	-	-	<u>9,533,013</u>	<u>32,123,865</u>

**28.2 Lease commitments for right of use assets**

The Company has an annual commitment for the use of go downs, office and kiosk stations. The lessor reserves the right to revise the rentals. Details are as follows,

	COMPANY		GROUP	
	As at	As at	As at	As at
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR
Within one year	854,606	789,111	15,958,061	4,529,993

**28.3 Legal claims and contingency**

Company's previous Managing Director Mr. Ahmed Didi has filed a case against the Company for his dismissal from his post of Managing Director alleging that was unconstitutional and therefore illegal. No provision in the financial statements was made as no payments are anticipated by the company at the reporting date. Currently, this has been concluded by the Civil Court on 26 April 2016 by deciding in favour of MWSC and found no cause to award the damages claimed by Mr. Didi. The case was appealed in the high court on 08 May 2016. High court issued a verdict on 28 April 2019 stating that there are no legal ground to overturn the judgement of civil court. Subsequently, Mr. Mohamed Ahmed Didi has appealed the decision of the High Court at the Supreme Court of the Maldives. A hearing regarding the case has been scheduled for 18th March 2021.

The Company has filed a case against Global Projects Development Private Limited ("GDP") to recover liquidity damages amounting to MVR 3,105,942/- caused due to the delays in completion of works awarded to the Global Projects Development private Limited(GDP) by a contract dated on 9 October 2011. Judgment in favour of MWSC was received in the Civil Court on 27th August 2017 in MWSC's claim against GPD for liquidated damages. MWSC shall receive in equal monthly instalments USD 2,476,252/-. This amount receivable is after the deduction of the USD 629,689/- payable (the retention payment) to GPD. Hence, GPD has appealed the verdict in the High Court of Maldives. High court has concluded the hearing for the case on 14 February 2019. A further procedural hearing was conducted on 08 December 2020 due to a change to the bench presiding the matter. At the hearing parties presented their conclusive arguments and the Judges deemed that the next hearing would be to issue verdict.



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

**28.3 Legal claims and contingency (continue)**

Day to day Transport Service("D2D") was intending to file a case against the Company at the civil court pursuant to a contract that was awarded D2D, which was terminated prior to expiry of the contract. In 2019, D2D claimed for losses of an amount totalling MVR 2,814,509/- and Civil Court issued verdict in favor of by Day-to-Day on 11 February 2020, wherein the Company is to make a payment of MVR 1,856.176. The Company has appealed the decision of the Civil Court at the High Court of the Maldives and the case has been registered. The Court is yet to schedule a hearing. At the reporting date no provision in the financial statements.

Mr.Moosa Naseem (former employee) has filed a case against the Company for his dismissal from his post of Manager-Audit and claimed for the damages and reinstatement. Tribunal issued the verdict in favour of the company on 2 February 2020 stating that tribunal does not have the jurisdiction to hear the case. Mr. Moosa Naseem has appealed the decision of the Employment Tribunal at the High Court of the Maldives. A hearing regarding the case has been scheduled for 24th March 2021. No provision in the financial statements was made as no payments are anticipated by the company at the reporting date.

The Company has filed a case against SIBCO Private Limited for contract default claiming lease deposit, rental charges and delay charges, fine charges, unpaid utility bills and damages cause to the beach pavilion due to the negligence of SIBCO Pvt Ltd amounting to MVR 5,338,250 at the date of case registration. Subsequently SIBCO Pvt Ltd has filed a case against the company to halt the termination of 'Sublease for the operation and maintenance of the West coast beach pavilion'. Both cases were dismissed by the Civil Court upon receiving case withdrawal letters from both parties on 25th February 2021.

**29 Financial risk management objectives and policies**

The Group's principle financial liabilities comprise interest-bearing loans and borrowings, trade and other payables including payables to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group's principal financial assets include trade receivables, cash in hand and balances with the banks which arise directly from its operations.

The Group is exposed to foreign currency risk, liquidity risk ,credit risk and interest risk. The Group's senior management oversees the management of these risks and the Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**29.1 Foreign currency risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through committed credit facilities. The Group's object is to maintain a balance between continuity of funding and flexibility through the use of payables and borrowings. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash balances to meet its working capital

**29.2 Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest bearing loans, bank overdrafts and related party borrowings. As a part of its overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirement. . Due to the Covid-19 outbreak the Group may experience liquidity constraints in the short term. The company is in the process of adjusting the ways to manage liquidity to respond to the current market turmoil by way of alternative funding through working capital, negotiating supplier payments, debt restructuring etc

**29.3 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all the customers who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis so that to minimize the Group's exposure to bad debts.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

**29.4 Interest rate risk**

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. The investment decisions are made by Directors giving due relevance to the Group's financial strategy and market interest rates.



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

**29 Financial risk management objectives and policies (Continued)**

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

Financial risk factors	GROUP				
	Less than 3 months MVR	Between 3 months and 1 Year MVR	Between 1 year and 2 years MVR	Between 2 years and 5 years MVR	Above 5 years MVR
<b>At 31 December 2020</b>					
Trade and other payable	705,054,827	-	-	-	-
Borrowings	13,422,447	32,266,387	39,524,854	57,413,806	14,709,273
<b>At 31 December 2019</b>					
Trade and other payable	602,296,536	-	-	-	-
Borrowings	11,729,726	38,370,183	46,790,740	71,111,933	30,951,345

	COMPANY				
	Less than 3 months MVR	Between 3 months and 1 Year MVR	Between 1 year and 2 years MVR	Between 2 years and 5 years MVR	Between 2 years and 5 years MVR
<b>At 31 December 2020</b>					
Trade and other payable	701,929,958	-	-	-	-
Borrowings	12,711,443	30,090,965	31,978,601	52,926,210	14,709,273
<b>At 31 December 2019</b>					
Trade and other payable	596,497,163	-	-	-	-
Borrowings	9,815,205	32,276,113	37,779,640	65,824,277	30,951,345

**30 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 in light of changes in the Group's operations.

The Group has not changed its Capital management strategy as of the financial statements issue date due to Covid-19 outbreak

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 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios as at 31 December was as follows:

	COMPANY		GROUP	
	As at 31-12-2020 MVR	As at 31-12-2019 MVR	As at 31-12-2020 MVR	As at 31-12-2019 MVR
Total borrowings (Note 24)	142,416,492	176,646,580	142,416,492	176,646,580
Less: Cash and cash equivalents (No 20)	(295,187,729)	(221,458,410)	(297,412,092)	(235,557,288)
Net debt	(152,771,237)	(44,811,830)	(154,995,600)	(58,910,708)
Total equity	1,627,919,001	1,489,355,550	1,637,843,144	1,504,955,106
Total capital	1,475,147,764	1,444,543,720	1,482,847,544	1,446,044,398
Gearing ratio	-10%	-3%	-10%	-4%



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

31 Assets held for sale	Vessel MVR	Total MVR
Opening balance		
Transferred from property, plant and equipment (Note 12)	-	-
Cost	16,545,097	16,545,097
Accumulated Depreciations	(2,107,930)	(2,107,930)
	<u>14,437,167</u>	<u>14,437,167</u>
Less: reduction on market value (Note 7)	(10,436,797)	(10,436,797)
Closing balance	<u>4,000,370</u>	<u>4,000,370</u>

The asset held for sale is in the nature of a landing craft vessel comprising a book value of MVR 14,436,797. The vessel has not been in operation for a year due to lack of feasibility in running such an operation, and therefore the Board of Directors has decided to sell the vessel. There are several interested parties and the sale is expected to be completed before the end of December 2021.

The vessel classified as held for sale at the end of the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of a write-down of MVR 10,436,797 as administrative expenses in the statement of profit or loss. The fair value of the vessel was determined through an open bidding process.

**32 Prior period reclassifications**

During the year ended 31 December 2020, the Company has made reclassification to the prior year financial statements due to the following reason:

The loans classified under borrowings are finance lease liabilities, hence should be presented with lease liabilities as required by IFRS 16. Therefore, the finance lease liabilities included in borrowings had been reclassified to the financial statement line item; lease liabilities and relevant disclosure notes were reclassified respectively.

31 December 2019  
Statement of financial position

	As previously reported	Restatement adjustment /	As restated
Borrowings	22,307,347	(22,307,347)	-
Lease liabilities	10,021,973	22,307,347	32,329,320
Total	<u>32,329,320</u>	<u>-</u>	<u>32,329,320</u>

Notes to the financial statements

	As previously reported	Restatement adjustment /	As restated
<b>Finance cost (Note 9)</b>			
Interest charges	1,181,248	(1,063,047)	118,201
Exchange loss	104,000	-	104,000
Interest on lease liabilities	934,035	1,063,047	1,997,082
Total	<u>2,219,282</u>	<u>-</u>	<u>2,219,282</u>

**Lease liabilities (Note 21)**

**Interest expenses**

Land	7,199	-	7,199
Buildings	926,836		926,836
Equipment		1,063,047	1,063,047
	<u>934,035</u>	<u>1,063,047</u>	<u>1,997,082</u>



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

**33 Related party transactions**

The Group is controlled by the Government of Maldives which owns 80% of the Company's shares. Hitachi Ltd owns 20% of the Company's shares. The Company holds 51% of the shares of Island Beverages Maldives Pvt Ltd. Champa Brothers Maldives Pvt Ltd holds 49% of the shares of Island Beverages Maldives Pvt Ltd.

The following transactions were carried out with related parties:

	COMPANY		GROUP	
	Year ended 31-12-2020	Year ended 31-12-2019	Year ended 31-12-2020	Year ended 31-12-2019
	MVR	MVR	MVR	MVR
<b>i) Sales of goods and services</b>				
Conrad Maldives Rangali Island	-	-	426,216	426,216
Kuredu Island Resort	-	-	393,833	393,833
Meeru Island Resort	-	-	270,395	270,395
Trans Maldivian Airways Pvt Ltd	-	-	1,870,266	1,870,266
Vakarufalhi Island Resort	-	-	520,339	520,339
Veligandu Island Resort	-	-	20,813	20,813
Vilamendhoo Island Resort	-	-	72,981	72,981
Mirihi Island Resort	-	-	138,659	138,659
State Trading Organization PLC	-	-	1,178,731	1,178,731
Maldives Industrial Fisheries Co Ltd	-	-	869,654	869,654
Maldives Custom Services	-	-	3,127	3,127
Island Aviation Services Limited	-	-	332,808	332,808
Maldives Police Service	-	-	151,220	151,220
Other Government Related Entities	181,918,837	219,952,805	182,845,516	221,031,650
Island Beverages Maldives Pvt Ltd	115,786,024	136,211,401	-	-
	<b>297,704,861</b>	<b>356,164,206</b>	<b>189,094,558</b>	<b>227,280,692</b>
<b>ii) Purchases of goods and services</b>				
Government own entities	204,005,902	168,582,790	204,005,902	168,582,790
Island Beverages Maldives Pvt Ltd	2,069,109	14,396,957	-	-
Hitachi Aquatech Engineering Pvt Ltd	-	88,140,075	-	88,140,075
	<b>206,075,011</b>	<b>271,119,822</b>	<b>204,005,902</b>	<b>256,722,865</b>

**iii) Year-end balances arising from sales, purchases of goods and services**

	COMPANY		GROUP	
	As at 31-12-2020	As at 31-12-2019	As at 31-12-2020	As at 31-12-2019
	MVR	MVR	MVR	MVR
<b>Receivables from related parties</b>				
Conrad Maldives Rangali Island	-	-	10,996	121,239
Hurawalhi Island Resort	-	-	551	-
Kuredu Island Resort	-	-	38,414	28,196
Meeru Island Resort	-	-	56,254	29,521
Trans Maldivian Airways Pvt Ltd	-	-	328,010	499,988
Vakarufalhi Island Resort	-	-	278,246	163,321
Veligandu Island Resort	-	-	5,406	5,406
Vilamendhoo Island Resort	-	-	5,676	2,162
Mirihi Island Resort	-	-	23,912	65,828
Innahura Maldives Resort	-	-	11,024	-
Tree Top Health Private Ltd	-	-	17,575	-
Other Government Related Entities	171,450,386	162,217,820	173,140,218	162,956,077
Island Beverages Maldives Pvt Ltd	68,231,181	67,466,187	-	-
	<b>239,681,567</b>	<b>229,684,007</b>	<b>173,916,283</b>	<b>163,871,738</b>

(Continued)



**Male' Water and Sewerage Company Private Limited**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Period ended 31 December 2020**

33 Related party transactions (continued)

iii) Year-end balances arising from sales, purchases of goods and services (continued)

Payables to related parties	COMPANY		GROUP	
	As at	As at	As at	As at
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR
State Electric Company Limited	984,382	1,397,014	984,382	1,397,014
Maldives Islamic Bank	-	522,864	-	522,864
Dhiraagu PLC	1,936,276	192,402	1,936,276	192,402
Public Service Media	-	10,017	-	10,017
Fenaka Corporation Limited	92,883	136,006	92,883	136,006
State Trading Organisation PLC	94,472	34,860	94,472	34,860
MTCC	107,903	21,500	107,903	21,500
Island Aviation Services Limited	13,030	13,030	13,030	13,030
Island Beverages Maldives Pvt Ltd	74,368	810	-	-
Maldives Finance Leasing Company	97,286	97,286	97,286	97,286
Hitachi Ltd	-	11,264	-	11,264
Hitachi Aqua-Tech Engineering Pte Ltd	186,568	186,568	186,568	186,568
	<b>3,587,168</b>	<b>2,623,621</b>	<b>3,512,800</b>	<b>2,622,811</b>

iv) Loan from a related party

The Group had installed 4 Reverse Osmosis (RO) Plants, under supplier finance agreement signed between Hitachi Aqua Engineering Private Limited and the Group. The interest cost of MVR 4,510,597 (2019: MVR 4,411,893) is incurred during the year for the these loan obtained. The Loan repayment of MVR 14,401,046 (2019: MVR 14,145,074) has made during the year. Amount outstanding as at reporting date is MVR 21,144,521 (2019: MVR 35,545,567).

The Group has purchased one Seawater Reverse Osmosis(RO) plants, one Generator set and Water & Sewerage materials for the Hulhumale Phase 2 project under finance facility agreement signed between Hitachi Capital Asia Pacific Limited and the Group with value of MVR 92,635,496. The balance financing advance was received in 2020 amounting to MVR 3,113,889 (2019: MVR 89,521,607/-) During the year, finance interest costs for the above loans is MVR 7,443,923 (2019: MVR 1,854,634/-) and MVR 2,845,533/- (2019: Nil) amount of repayment has made during the year for this particular finance facility. Amount outstanding as at reporting date is MVR 89,789,928 (2019: MVR 89,521,607/-)

v) Directors' remuneration

In 2020, a total remuneration of MVR 1,019,600/- (2019: MVR 1,022,991/-) was paid to company directors.

34 Events after the reporting date

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



**Male' Water and Sewerage Company Private Limited**  
**DETAILED STATEMENT OF EXPENSES**  
**Period ended 31 December 2020**

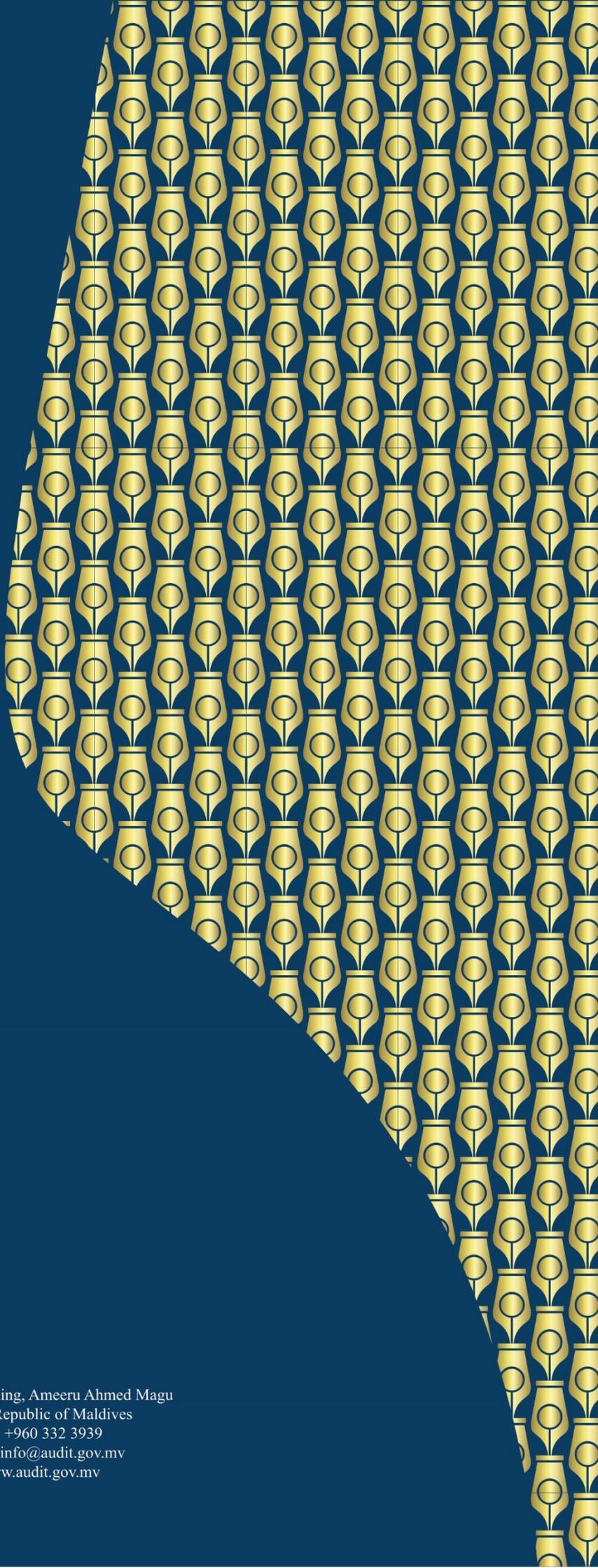
i		COMPANY		GROUP	
		Year ended	Year ended	Year ended	Year ended
		31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR	
	Opening stock	294,274,017	253,143,841	300,486,893	258,030,937
	Add: Purchases	292,169,969	305,479,184	292,421,962	316,031,102
		586,443,986	558,623,025	592,908,855	574,062,039
	Less: Closing stock	(377,490,920)	(294,274,017)	(385,888,420)	(300,486,893)
	<b>Cost of goods sold/consumed</b>	<b>208,953,066</b>	<b>264,349,008</b>	<b>207,020,435</b>	<b>273,575,146</b>
	<b>Add: Direct expenses</b>				
	Direct salary	82,457,237	68,689,470	82,457,237	68,689,470
	Depreciation	58,311,132	59,147,237	64,028,626	64,080,539
	Project expenses	32,474,438	37,301,537	32,474,438	37,301,537
	Electricity expenses	16,967,888	21,319,441	16,967,888	21,319,441
	Repair and maintenance	7,216,776	6,050,441	7,216,776	6,050,441
		<b>406,380,537</b>	<b>456,857,134</b>	<b>410,165,400</b>	<b>471,016,574</b>
	<b>ii Administrative Expenses</b>				
	Salaries and wages	55,610,522	47,724,738	60,688,225	52,153,140
	Staff bonus	5,807,523	22,011,277	5,856,355	22,493,026
	Allowances expense	44,548,508	37,872,432	44,548,508	37,872,432
	Overtime expense	5,570,739	5,914,176	5,570,739	5,914,176
	Staff welfare expense	754,348	980,736	8,458,736	5,622,607
	Overseas training expenses	1,111,822	7,751,517	1,111,822	7,751,517
	Local training expenses	1,067,282	1,109,858	1,192,559	1,558,255
	Staff provident fund	3,784,895	3,366,718	4,262,402	3,771,195
	Staff recruitment expenses	60,334	67,398	60,334	67,398
	Visa fee and work permit expense	424,561	374,005	424,561	374,005
	Directors' fees	1,019,600	1,022,991	1,523,600	1,527,895
	Depreciation property plant and equipments	21,167,392	23,528,214	25,501,243	26,524,452
	Depreciation investment properties	1,290,113	514,204	1,290,113	514,204
	Amortisation	1,846,797	1,832,178	2,011,664	1,955,929
	Depreciation of right-of-use assets	3,675,561	3,108,556	7,264,984	5,392,121
	Bank service charges and commission	12,204,140	12,157,117	12,217,202	12,172,548
	Import duty and freight charges	7,106,605	11,086,939	7,106,605	11,086,939
	Repair and maintenance	15,547,887	12,395,647	15,795,399	13,057,002
	Transport and travelling expenses	1,184,575	1,790,297	1,449,677	2,050,806
	Land and office rentals	-	567,662	76,845	1,319,843
	Insurance expense	6,098,010	6,073,221	6,756,225	6,802,587
	Water expense	4,522,314	5,915,551	4,628,133	5,952,194
	Electricity expense	4,673,332	1,283,549	4,675,010	1,306,162
	Fuel expense	1,344,842	1,930,107	1,344,842	1,930,107
	Telephone and postage expense	3,420,300	2,940,584	3,999,648	3,448,185
	Printing and stationary expense	1,019,210	1,538,611	1,554,069	2,012,727
	Board meeting expenses	51,547	53,870	51,547	53,870
	Entertainment expense	1,292,957	1,632,067	2,770,746	2,689,025
	Donations expense	1,296,012	2,472,614	1,296,012	2,472,614
	Legal expenses	1,200	81,200	1,200	81,200
	Professional fees	906,826	899,502	1,314,228	1,286,692
	Outsourcing expenses	2,744,205	3,662,461	2,744,205	3,662,461
	Fines and penalties	37,010	247,621	49,705	511,016
	Compensation for damages	357,131	-	357,131	-
	Unclaimed GST input tax	6,091,877	4,530,202	6,091,877	4,530,202
	Loss on disposal of property, plant	-	8,118	-	8,118
	WHT expenses	2,528,068	1,766,709	2,528,068	1,766,709
	Provision for slow moving inventory	9,517,112	2,395,878	9,517,112	2,395,878
	Impairment of trade receivables	33,334,467	17,707,088	33,556,066	18,452,002
	License and permits	-	-	395,155	456,691
	IT expenses	-	-	213,297	357,604
	Research & development cost	44,760	503,153	44,760	503,153
	Damaged stock	260,448	674,163	260,448	674,163
	Miscellaneous expenses	1,603,410	1,583,015	1,651,590	1,266,356
	Bad debt written-off	-	-	-	78,552
	Impairment on assets held for sale	-	-	10,436,797	-
	Management fee	-	-	187,299	-
		<b>264,928,242</b>	<b>253,075,944</b>	<b>302,836,743</b>	<b>275,877,758</b>



**Male' Water and Sewerage Company Private Limited**  
**DETAILED STATEMENT OF EXPENSES**  
**Period ended 31 December 2020**

iii Selling and marketing expenses	COMPANY		GROUP	
	Interim	Year ended	Year ended	Year ended
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
	MVR	MVR	MVR	MVR
Advertising, publication and subscription	16,356	92,091	319,333	485,206
Marketing and public relation expenses	4,062,646	7,773,557	4,062,646	7,773,557
Salaries and wages -distribution	-	-	4,671,331	5,295,456
Fuel charges	-	-	361,518	504,867
Sales commission	-	-	1,780,143	1,337,804
	<b>4,079,002</b>	<b>7,865,648</b>	<b>11,194,971</b>	<b>15,396,890</b>





Ghaazee Building, Ameeru Ahmed Magu  
Male', Republic of Maldives  
Tel: +960 332 3939  
Email: [info@audit.gov.mv](mailto:info@audit.gov.mv)  
[www.audit.gov.mv](http://www.audit.gov.mv)