Report No: FIN-2020-20(E)

29th June 2020

MALDIVES BROADCASTING CORPORATION

FROM 1ST JANUARY 2015 TO 27TH APRIL 2015

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SUCCESSORS (SHAREHOLDERS AND BOARD OF DIRECTORS) OF MALDIVES BROADCASTING CORPORATION

Introduction

1. We were engaged to audit the accompanying financial statements of Maldives Broadcasting Corporation ("the Corporation"), which comprise the statement of financial position as at 27th April 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information exhibited on pages 4 to 21.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the Standards on Auditing (ISA). Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Qualified Opinion

4. Because of the disclaimer of opinion issued in respect of the prior year ended 31st December 2014, we were unable to satisfy ourselves as to the accuracy and completeness of the opening balances for property, plant and equipment, intangible assets, trade and other receivables, cash and cash equivalents, general fund, trade and other payables and amount due to a related party. Since these opening balances entered into the determination of the financial position as at 27th April 2015 and results of operations and cash flows for the period then ended, we were unable to determine whether adjustments to the financial position as at 27th April 2015, results of the operations and cash flows for the period then ended might have been necessary.

5. As disclosed in the Note 5 to the financial statements, the Corporation has recorded revenue amounting to MVR 5,037,854/- during the period ended 27th April 2015. However, management has failed to recognise advertisement, announcement and sponsorship revenue on occurrence of the respective events. Instead revenue from such events have been recognised when the Corporation raises the invoice to the Customer for the said services. The invoices are not raised upon rendering of the respective services (i.e. upon broadcasting the respective advertisement, announcement and sponsorship). This constitutes a departure from International Accounting Standards. As per IAS 18 Revenue, revenue from advertisement, announcement and sponsorship shall be recognised on broadcasting the respective advertisement, announcement and sponsorship. Therefore, in this regard the Corporation's revenue recognition policy does not comply with IAS 18 Revenue. Further, due to lack of information, we were unable to quantify the effect of revenue recognition in these financial

statements for the period ended 27th April 2015. Accordingly, we were not able to determine whether any adjustments might have been necessary on the amounts stated in the financial statements as revenue, surplus for the period and consequently on the general fund.

6. The Corporation has recognized direct cost of operations amounting to MVR 3,720,560/- and administrative expenses amounting to MVR 33,098,858/- during the period ended 27th April 2015. Due to lack of sufficient and appropriate supporting documentation and transaction details, we were unable to perform the necessary audit procedures in order for us to verify the completeness, existence and accuracy of these expenses.

7. The Corporation has recognized budgetary contribution for the period from Ministry of Finance of the Republic of Maldives amounting to MVR 40,303,525/-. However, we were unable to verify the completeness, existence and accuracy of this amount due to non-availability of sufficient and appropriate audit evidence.

8. As disclosed in the Note 7 to the financial statements, the Corporation has recorded property, plant and equipment amounting to MVR 506,788,550/- as at 27th April 2015. Due to non-availability of a fixed assets register we were unable to satisfy ourselves as to the completeness, existence, accuracy, valuation and rights and obligations of the property, plant and equipment stated in the financial statements. Further the balances of computer equipment and furniture and fittings as at 01st January 2015 and 27th April 2015 represent negative net book values and the Corporation was not able to correct these errors due to non-availability of a proper fixed assets register.

   Owing to the above matters, we were unable to satisfy ourselves as to the completeness, existence and accuracy of the depreciation charges for the period then ended.

9. As disclosed in the Note 8 to the financial statements, the Corporation has recorded intangible assets amounting to MVR 84,713/- as at 27th April 2015. However, we were unable to verify the completeness, existence and accuracy of this amount due to non-availability of an intangible assets register and non-availability of sufficient and appropriate audit evidence.

10. As disclosed in the Note 9 to the financial statements, the Corporation has recorded trade and other receivables amounting to MVR 6,091,015/- as at 27th April 2015. However, as a result of the departure in revenue recognition described above and due to unavailability of sufficient appropriate audit evidence, we were unable to satisfy ourselves as to the completeness, existence, accuracy, valuation and rights and obligations of the trade and other receivables stated in these financial statements.

11. As disclosed in the Note 10 to the financial statements, the Corporation has recorded cash and cash equivalents amounting to MVR 4,176,120/- as at 27th April 2015. However, we were unable to verify the completeness, existence and accuracy of this amount due to non-availability of sufficient appropriate audit evidence.

12. The Corporation has recorded accumulated losses amounting to MVR 8,961,975/- as at 01st January 2015. We were unable to determine whether adjustments to financial position, results of the operations and cash flows might have been necessary for the period ended 27th April 2015.

13. As disclosed in the Note 11 to the financial statements, the Corporation has recorded trade and other payables amounting to MVR 9,020,655/- as at 27th April 2015. We were not provided with sufficient and appropriate documentation to verify the completeness, existence and accuracy of trade and other payable recorded in the general ledger.

14. As disclosed in the Note 12 to the financial statements, the Corporation has recorded amount due to a related party amounting to MVR 508,813,026/- as at 27th April 2015. We were not provided with sufficient and appropriate documentation to verify the completeness, existence and accuracy of amount due to a related party amount recorded in the general ledger.

15. We were unable to obtain a direct representation from the legal counsels on any pending litigations and accordingly evaluate the impact and contingencies at the end of period and disclosures required if any in the financial statements for the period ended 27th April 2015. We were unable to satisfy

ourselves by alternative procedures, the effects of any pending litigations on the financial statements of the Corporations for the period ended 27th April 2015.

16. The Corporation has not recognized any stated capital in the financial statements for the period ended 27th April 2015. Therefore, we were unable to determine whether adjustments to the financial statements might have been necessary for the period ended 27th April 2015.

17. The process of control over the recording and accounting of cash receipts, cash disbursements, invoicing, fixed assets management and purchases were inadequate and could not be relied upon for the purpose of our audit. Further, there were no practicable alternative audit procedures that we could adopt to satisfy ourselves as to whether all the cash receipts, cash disbursements and purchases have been properly recorded.

Disclaimer of Opinion

18. Because of the significance of the matters described in the Basis for disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

7th June 2020

Hassan Ziyath
Auditor General

MALDIVES BROADCASTING CORPORATION
(ESTABLISHED UNDER THE MALDIVES BROADCASTING CORPORATION ESTABLISHMENT ACT NO 5/240)
STATEMENT OF COMPREHENSIVE INCOME
FROM 01ST JANUARY 2015 TO 27TH APRIL 2015

FOR THE PERIOD/ YEAR ENDED	Note	27/04/2015 MVR (117 Days)	31/12/2014 MVR (365 Days)
Revenue	5	5,037,854	22,737,250
Direct Cost of Operations		(3,720,560)	(11,903,475)
Gross Surplus		1,317,294	10,833,775
Administrative Expenses		(33,098,858)	(120,459,437)
Marketing Expenses		(253,269)	(1,369,364)
Deficit from Operation before Government's Budgetary Contribution for the Period/Year	6	(32,034,833)	(110,995,026)
Budgetary Contribution for the Period/Year		40,303,525	108,468,083
Surplus/Deficit (Total Comprehensive Surplus) for the Period/Year		8,268,692	(2,526,943)

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Corporation set out on pages 8 to 21. The Report of the Independent Auditors is given on pages 1 to 2.

MALDIVES BROADCASTING CORPORATION
(ESTABLISHED UNDER THE MALDIVES BROADCASTING CORPORATION ESTABLISHMENT ACT NO 5/240)
STATEMENT OF FINANCIAL POSITION

AS AT	Note	27/04/2015 MVR	31/12/2014 MVR
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	7	506,788,550	499,024,692
Intangible Assets	8	84,713	79,338
Total Non-Current Assets		506,873,263	499,104,030
Current Assets			
Trade and Other Receivables	9	6,091,015	9,520,337
Cash and Cash Equivalents	10	4,176,120	1,290,899
Total Current Assets		10,267,135	10,811,236
Total Assets		517,140,398	509,915,266
EQUITY AND LIABILITIES			
Equity			
General Fund		(693,283)	(8,961,975)
Total Equity		(693,283)	(8,961,975)
Current Liabilities			
Trade and Other Payables	11	9,020,655	10,064,215
Amount Due to a Related Party	12	508,813,026	508,813,026
Total Current Liabilities		517,833,681	518,877,241
Total Equity and Liabilities		517,140,398	509,915,266

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Corporation set out on pages 8 to 21. The Report of the Independent Auditors is given on pages 1 to 2.

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

Name of the Director	**Signature**
Ali Khalid (CND)	
Mohamed Shameem (DMD)	

07th June 2020

MALDIVES BROADCASTING CORPORATION
(ESTABLISHED UNDER THE MALDIVES BROADCASTING CORPORATION ESTABLISHMENT ACT NO 5/240)
STATEMENT OF CHANGES IN EQUITY

FROM 01ST JANUARY 2015 TO 27TH APRIL 2015

	General Fund MVR	Total Equity MVR
Balance as at 01st January 2014	(6,435,032)	(6,435,032)
Deficit for the Year	(2,526,943)	(2,526,943)
Balance as at 31st December 2014	(8,961,975)	(8,961,975)
Balance as at 01st January 2015	(8,961,975)	(8,961,975)
Surplus for the Period	8,268,692	8,268,692
Balance as at 27th April 2015	(693,283)	(693,283)

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Corporation set out on pages 8 to 21. The Report of the Independent Auditors is given on pages 1 to 2.

MALDIVES BROADCASTING CORPORATION
(ESTABLISHED UNDER THE MALDIVES BROADCASTING CORPORATION ESTABLISHMENT ACT NO 5/240)
STATEMENT OF CASH FLOWS
FROM 01ST JANUARY 2015 TO 27TH APRIL 2015

FOR THE PERIOD/ YEAR ENDED	Note	27/04/2015 MVR (117 Days)	31/12/2014 MVR (365 Days)
Cash Flows from Operating Activities			
Surplus/Deficit for the Period/Year		8,268,692	(2,526,943)
Adjustments for:			
Depreciation of Property, Plant and Equipment	7	-	22,138,030
Amortization of Intangible Assets	8	-	135,367
Operating Surplus before Working Capital Changes		8,268,692	19,746,454
Changes in ;			
Trade and Other Receivables		3,429,322	(3,354,815)
Trade and Other Payables		(1,043,560)	9,028,050
Net Cash Generated from Operating Activities		10,654,454	25,419,689
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment	7	(7,763,858)	(28,722,073)
Purchase of Intangible Assets	8	(5,375)	(2,530)
Net Cash Used in Investing Activities		(7,769,233)	(28,724,603)
Net Increase/(Decrease) in Cash and Cash Equivalents		2,885,221	(3,304,914)
Cash and Cash Equivalents at the Beginning of the Period/Year		1,290,899	4,595,813
Cash and Cash Equivalents at the End of the Period/Year	10	4,176,120	1,290,899

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Corporation set out on pages 8 to 21. The Report of the Independent Auditors is given on pages 1 to 2.

1. REPORTING ENTITY

Maldives Broadcasting Corporation ("the Corporation") is established under the Maldives Broadcasting Corporation Establishment Act No 5/240 on 20th April 2010. The registered office of the Corporation is situated at Public Service Media (formerly Maldives Broadcasting Corporation), Radio Building, Ameenee Magu, Male', Republic of Maldives.

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

- To work towards the promotion of the religion of Islam, Maldivian culture and language on a wide scale,
- To promote the role of a public service broadcaster and guarantee its independence from political, economic or financial interference,
- To promote the provision of high quality broadcast programmes which are of benefit of the public at large,
- To broadcast within a framework of accountability and responsibility to the public.

The Corporation has commenced business activities with effect from 14th February 2012.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is the Corporation's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

(d) Use of Estimates and Judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

2. BASIS OF PREPARATION (CONTINUED)

(e) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Transactions in Foreign Currencies

Transactions in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated to Maldivian Rufiyaa at the foreign exchange rate ruling as at that date. Foreign exchange differences arising on translations are recognized in the profit or loss.

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.

3.2 Financial Instruments

(i) Financial Assets (Non-derivative)

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

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

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

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

- Receivables
- Cash and Cash Equivalent

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

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

Receivables

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

Receivables comprise trade and other receivables.

Cash and Cash Equivalents

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

(ii) Financial Liabilities (Non-derivative)

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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

The Corporation has non-derivative financial liabilities such as loans and borrowings, trade and other payables, amounts due to related parties and amount due to a director. Such financial liabilities are recognized initially at transaction price plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3.3 Property, Plant and Equipment

(i) Recognition and Measurement

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, Plant and Equipment (Continued)

(i) Recognition and Measurement (Continued)

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

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

(ii) Subsequent Costs

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

(iii) Depreciation

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

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

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

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

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

3.4 Intangible Assets

(i) Recognition and Measurement

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible Assets (Continued)

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

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

(iii) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current period are as follows.

Computer software	03 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the amortization commences from the month on which is the intangible assets commissioned for commercial operation.

3.5 Impairment

(i) Financial Assets (including receivables)

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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

(ii) Non-Financial Assets

The carrying amounts of the Corporation's non-financial assets and are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment (Continued)

(ii) Non-Financial Assets (Continued)

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6 Provisions

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

3.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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

Government Grants

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

When the Corporation receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected.

Rendering of Services

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

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

- Sponsorships sales revenue is recognised when the program is broadcast.
- Advertisement sales revenue is recognised when the advertisement is broadcast.
- Announcements sales revenue is recognised when the announcement is broadcast.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Revenue (Continued)

Rendering of Services (Continued)

- Airtime recording/airtime live recording is recognised when the program is recorded/broadcast.
- Short-messaging services (SMS) is recognised with reference to the agreement entered with the telecommunication service providers.

3.8 Expenses

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

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

3.9 Employee Benefits

(i) Short-term Employee Benefits

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

(ii) Defined Contribution Plans

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

4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

A number of new standards and amendments to standards are effective for annual periods beginning after 01st January 2015 and earlier application is permitted; however, the Corporation has not early applied the following new or amended standards in preparing these financial statements.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

5 REVENUE

	27/04/2015 MVR (117 Days)	31/12/2014 MVR (365 Days)
Advertisement Income	1,094,920	4,864,476
Announcement Income	721,381	3,397,370
Income from Sponsorships	2,999,163	12,923,516
Rental Income	57,035	614,850
Other Operational Income	165,355	937,038
	5,037,854	22,737,250

6 DEFICIT FROM OPERATIONS

	27/04/2015 MVR (117 Days)	31/12/2014 MVR (365 Days)
Is stated after charging all the expenses including the following:		
Depreciation of Property, Plant and Equipment	-	22,138,030
Amortization of Intangible Assets	-	135,367
Personnel Costs **(Note 6.1)**	21,219,586	62,447,297

6.1 Personnel Costs

Salaries and Wages	10,445,331	29,129,705
Staff Allowances	6,444,590	19,814,042
Overtime Expense	3,612,692	11,522,797
Pension Contribution Expense	716,973	1,980,753
	21,219,586	62,447,297

MALDIVES BROADCASTING CORPORATION
(ESTABLISHED UNDER THE MALDIVES BROADCASTING CORPORATION ESTABLISHMENT ACT NO 5/240)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FROM 01ST JANUARY 2015 TO 27TH APRIL 2015

7 PROPERTY, PLANT AND EQUIPMENT

	Land MVR	Buildings MVR	Machinery and Equipment MVR	Computer Equipment MVR	Communication Equipment MVR	Furniture and Fittings MVR	Total 27/04/2015 MVR	Total 31/12/2014 MVR
Cost								
Opening Balance	414,436,100	56,414,122	67,739,768	2,751,711	7,963,309	4,020,269	553,325,279	524,603,206
Additions during the Period/Year	-	-	5,720,958	66,078	1,729,438	247,384	7,763,858	28,722,073
Closing Balance	414,436,100	56,414,122	73,460,726	2,817,789	9,692,747	4,267,653	561,089,137	553,325,279
Accumulated Depreciation								
Opening Balance	-	6,452,699	21,222,291	3,305,293	5,559,427	17,760,877	54,300,587	32,162,557
Charge for the Period/Year	-	-	-	-	-	-	-	22,138,030
Closing Balance	-	6,452,699	21,222,291	3,305,293	5,559,427	17,760,877	54,300,587	54,300,587
Net Carrying Value								
As at 27th April 2015	414,436,100	49,961,423	52,238,435	(487,504)	4,133,320	(13,493,224)	506,788,550	
As at 31st December 2014	414,436,100	49,961,423	46,517,477	(553,582)	2,403,882	(13,740,608)		499,024,692

8 INTANGIBLE ASSETS

	27/04/2015 MVR	31/12/2014 MVR
Cost		
Opening Balance	407,024	404,494
Additions during the Period/Year	5,375	2,530
Closing Balance	412,399	407,024
Accumulated Amortization		
Opening Balance	327,686	192,319
Amortization during the Period/Year	-	135,367
Closing Balance	327,686	327,686
Net Carrying Value	84,713	79,338

9 TRADE AND OTHER RECEIVABLES

	27/04/2015 MVR	31/12/2014 MVR
Trade Receivables	4,800,995	9,507,528
Other Receivables	1,290,020	12,809
	6,091,015	9,520,337

10 CASH AND CASH EQUIVALENTS

	27/04/2015 MVR	31/12/2014 MVR
Cash in Hand	1,967,749	65,859
Balances with Banks	2,208,371	1,225,040
	4,176,120	1,290,899

11 TRADE AND OTHER PAYABLES

	27/04/2015 MVR	31/12/2014 MVR
Trade Payables	7,458,453	9,589,931
Other Payables	1,144,979	57,061
Accrued Expenses	417,223	417,223
	9,020,655	10,064,215

12 AMOUNT DUE TO A RELATED PARTY

	27/04/2015 MVR	31/12/2014 MVR
Ministry of Finance and Treasury	508,813,026	508,813,026
	508,813,026	508,813,026

AUDITOR GENERAL'S OFFICE

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk
- Operational Risk

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

(ii) Risk Management Framework

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

(iii) Credit Risk

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

Exposure to Credit Risk

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

	Carrying Amount	
	27/04/2015	31/12/2014
	MVR	MVR
Trade Receivables	4,800,995	9,507,528
Other Receivables	1,290,020	12,809
Cash at Banks	2,208,371	1,225,040
	8,299,386	10,745,377

Trade and Other Receivables

The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Corporation's standard payment and delivery terms and conditions are offered.

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Credit Risk (Continued)

Cash and Cash Equivalents

The Corporation held cash and cash equivalents of MVR 4,176,120/- as at 27th April 2015 (as at 31st December 2014: MVR 1,290,899/-). The Corporation limits its exposure to credit risk by maintaining its cash balances in selected banks.

The Corporation has not recognized any allowance for impairment for the bank balances based on the materiality ground.

(iv) Liquidity Risk

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

The following are the contractual maturities of financial liabilities.

27th April 2015	Carrying Amount MVR	0-12 Months MVR
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	8,603,432	8,603,432
Amount due to a Related Party	508,813,026	508,813,026
Total	517,416,458	517,416,458

31st December 2014	Carrying Amount MVR	0-12 Months MVR
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	9,646,992	9,646,992
Amount due to a Related Party	508,813,026	508,813,026
Total	518,460,018	518,460,018

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

AUDITOR GENERAL'S OFFICE

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(v) Market Risk

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

Currency Risk

Exposure to Currency Risk

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

	27/04/2015 US$	31/12/2014 US$
Cash and Cash Equivalents	417	304
Gross Statement of Financial Position Exposure	417	304

	Average Rate		Reporting Date Spot Rate	
	2015 US$	2014 US$	27/04/2015 US$	31/12/2014 US$
1 US$: Maldivian Rufiyaa	15.42	15.42	15.42	15.42

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

Sensitivity Analysis

A 10% strengthening/(weakening) of the MVR, as indicated below, against the foreign currencies as at the end of each period would have increased/(decreased) profit or loss by the amounts shown below.

	Strengthening MVR	Weakening MVR
27th April 2015		
US$ (10% Movement)	(644)	644
31st December 2014		
US$ (10% Movement)	(469)	469

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(vi) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Corporation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Corporation's operations.

14 DIRECTORS' RESPONSIBILITY

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

15 EVENTS AFTER THE REPORTING DATE

On 28th April 2015 Public Service Media (PSM) was formed as a public service company under the Public Service Media Act (9/2015) and the Corporation successfully transferred all its operations, the carrying value of the assets, liabilities and general fund to the PSM.

16 RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transaction	Amount 2015 MVR	Amount 2014 MVR	Amount due from/ (to) 27/04/2015 MVR	Amount due from/ (to) 31/12/2014 MVR
Ministry of Finance and Treasury	Government Entity	-	-	-	(508,813,026)	(508,813,026)

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