Report No: FIN-2021-59 (E)

23 August 2021

MALDIVES SPORTS CORPORATION LIMITED

FINANCIAL YEAR 2020

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES SPORTS CORPORATION LIMITED

Opinion

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

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

Emphasis of Matter

We draw attention to Note 2.2 in the financial statements which informs that the company made a significant loss of MVR 5,060,086 (2019: MVR 4,646,376) for the financial year ended 31 December 2020 and has a retained loss of MVR 24,107,909 (2019: MVR 19,047,823) as at 31 December 2020. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 interim 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim 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 those charged with governance 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.

23rd August 2021

H. Niyazy
Hussain Niyazy
Auditor General

بسم الله الرحمن الرحيم

Maldives Sports Corporation Ltd
Male', Maldives

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Notes	2020 MVR	2019 MVR
Revenue	3	8,657,601	371,329
Direct Cost	4	(8,270,405)	(268,340)
Gross Profit/(Loss)		**387,196**	**102,989**
Other Income	5	960,000	960,000
Personnel Expenses	6	(4,909,772)	(4,120,649)
Administrative Expenses	7	(1,491,827)	(1,586,657)
Sales and Marketing Expenses	8	(5,682)	(2,059)
Operating profit/(loss)		**(5,060,086)**	**(4,646,376)**
Finance Cost		-	-
Profit/(Loss) before tax		**(5,060,086)**	**(4,646,376)**
Tax Expense	9	-	-
Profit/(Loss) for the period		**(5,060,086)**	**(4,646,376)**
Loss per share attributable to the equity holders of the Company during the year	**10**	**(0.19)**	**(0.22)**

Figures in brackets indicate deductions

The accounting notes on pages 07 through 19 form an integral part of the financial statement.

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MALDIVES SPORTS CORPORATION LTD C-0280/2016

بسم الله الرحمن الرحيم

MALDIVES SPORTS CORPORATION

Maldives Sports Corporation Ltd
Male', Maldives

STATEMENT OF FINANCIAL POSITION
For the financial year ended 31 December 2020

	Notes	2020 MVR	2019 MVR
ASSETS			
Non-current assets			
Property, plant, and equipment	11	942,536	1,168,838
Right to use office space	12	240,000	240,000
Total non-current assets		**1,182,536**	**1,408,838**
Current assets			
Cash and cash equivalents	13	1,731,557	2,657,411
Inventory	14	-	38,279
Trade and other receivables	15	4,626	10,242
Advances & deposits paid	16	-	58,539
Total current assets		**1,736,183**	**2,764,471**
Total assets		**2,918,719**	**4,173,309**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	26,527,329	21,527,329
Accumulated loss		(24,107,909)	(19,047,823)
Total equity		**2,419,420**	**2,479,505**
Current liabilities			
Trade and other payables	18	259,299	207,445
Advances & deposits received	19	-	1,246,359
Total current liabilities		**259,299**	**1,453,804**
Non-Current liabilities			
Deferred Income	20	240,000	240,000
Total Non-current liabilities		**240,000**	**240,000**
Total equity and liabilities		**2,918,719**	**4,173,309**

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

Abdul Latheef Abdul Hakeem ....

Mauroof Ahmed ....

23 August 2021

The accounting notes on pages 07 through 19 form an integral part of the financial statement.

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MALDIVES SPORTS CORPORATION LTD C-0280/2016

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MALDIVES SPORTS CORPORATION

Maldives Sports Corporation Ltd
Male', Maldives

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2020

	Share capital MVR	Accumulated Loss MVR	Total equity MVR
As at 1st January 2019	17,082,886	(14,401,806)	2,681,080
Adjustments	-	358	358
Share issued	4,444,443	-	4,444,443
Profit/(Loss) for the year	-	(4,646,376)	(4,646,376)
As at 31st December 2019	21,527,329	(19,047,823)	2,479,505
As at 1st January 2020	21,527,329	(19,047,823)	2,479,505
Share issued	5,000,000	-	5,000,000
Profit/(Loss) for the quarter	-	(5,060,086)	(5,060,086)
As at 31st December 2020	26,527,329	(24,107,909)	2,419,420

The accounting notes on pages 07 through 19 form an integral part of the financial statement.

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بسم الله الرحمن الرحيم

MALDIVES SPORTS CORPORATION

Maldives Sports Corporation Ltd
Male', Maldives

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2020

	Notes	2020 MVR	2019 MVR
Cash Flow from Operating activities			
Profit/Loss (before taxation)		(5,060,086)	(4,646,376)
Adjustments for:			
Amortization	**12**	960,000	960,000
Depreciation	**11**	240,539	238,126
Government Grant	**5**	(960,000)	(960,000)
Operating loss before working capital changes		**(4,819,546)**	**(4,408,250)**
Working capital changes			
(Increase)/decrease in trade and other receivables	**15**	5,616	(10,242)
(Increase)/decrease in Inventory	**14**	38,279	20,414
(Increase)/decrease deposits paid	**16**	58,539	(58,539)
Increase/(decrease) in trade and other payables	**18**	51,854	(22,763)
Increase/(decrease) in customer advances	**19**	(1,246,359)	1,246,359
Net cash flows from operating activities		**(5,911,617)**	**(3,233,022)**
Cash Flow from Investing activities			
Acquisition of property and equipment	**11**	(14,237)	(61,012)
Net cash flows used in investing activities		**(14,237)**	**(61,012)**
Cash Flow from Financing activities			
Proceeds from capital contributed	**17**	5,000,000	4,444,443
Adjustments to retained earnings		-	358
Net Cash Flows from Financing Activities		**5,000,000**	**4,444,801**
Net increase in cash and cash equivalents		**(925,854)**	**1,150,768**
Cash and cash equivalents at the beginning of the year		2,657,411	1,506,642
Cash and cash equivalents at the end of the year		**1,731,558**	**2,657,411**

The accounting notes on pages 07 through 19 form an integral part of the financial statement.

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MALDIVES SPORTS CORPORATION LTD C-0280/2016

NOTES TO THE FINANCIAL STATEMENTS

1 Corporate information

Maldives Sports Corporation Limited (SportsCo) is a limited liability company, which is fully owned by the Government of Maldives. The company is incorporated under Sports Act 30/2015 in Republic of Maldives on 15th day of March 2016 bearing Registration no C- 280/2016. The address of its registered office is Ministry of Youth and Sports, Velaanaage 4th Floor, Male', Republic of Maldives and Principal place of business is Youth Accommodation Block, 1st Floor, Sabnam magu, Male', Maldives.

The main business activity of company is developing of Sports related infrastructure and generating income through sports related activities.

2 Summary of significant Accounting Policies

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

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issues by the International Accounting Standards Board (IASB). The Financial Statements have been prepared under the historical cost convention. No adjustments are made for inflationary factors affecting these financial statements. The Financial Statements are presented in Maldivian Rufiyaa and all the values are rounded to nearest integral, except when otherwise indicated.

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

2.2 Going concern

The company has incurred an accumulated loss of MVR 24,107,909. The financial statements have nevertheless been prepared based on the Company being a going concern on the assumption that the Shareholder of the Company, Government of Maldives, intends to continue providing working capital requirements.

If the Company is unable to be in operational existence in the foreseeable future, provision would have to be made to reduce the value of assets to their estimated recoverable amounts, and for any further liabilities that may arise in winding up, and fixed assets will have to be reclassified as current assets.

2.3 Foreign currency translation

2.3.1 Functional and presentational currency

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

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2.3.2 Transactions and balances

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

2.4 Property, Plant and Equipment

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

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

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

Depreciation on property plant and equipment of the group is charged on a straight-line basis to write off the cost over the estimated useful life of the assets, and depreciation is charged fully to the year it was purchased.

The following annual rates are used for the depreciation of property, plant and equipment:

Land and Building	4%
Furniture and fittings	10%
Office Equipment	20%
Computer Equipment	20%

2.5 Intangible assets

2.5.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.5.2 Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

2.6 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists,

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the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash- generating unit for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Expenditure on software used to enhance functionality of computers is capitalised and amortised using the straight-line method over 3 years.

Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

2.7 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company business activities. Revenue is shown, net of estimated returns, rebates and discounts. Revenue is recognised as follows:

2.7.1 Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

The company has transferred to the buyer the significant risk and rewards of ownership of the goods

- The company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;

- The amount of revenue can be measured reliably

- It is probable that the economic benefits associated with the transaction will flow to the buyer and

- The costs incurred or to be incurred in respect of the transaction can be measured reliably

2.7.2 Rendering of Services

Sales of services are recognized in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed based on actual service provided as a proportion of the total services to be provided.

2.7.2 Rental Income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

During the year, SportsCo did not generate any rental income.

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first- in-first-out method and includes purchase, transport costs, handling costs and duty. Where necessary, provision is made in the financial statements for obsolete, slow-moving, and defective inventory.

2.9 Financial assets

Loans and receivable are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as “trade and other receivables” in the statement of financial position.

The Company assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

2.10 Trade 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 company 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.

2.11 Cash and equivalents

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

2.12 Share capital

Ordinary shares are classified as equity. Funds received from Ministry of Finance and Treasury towards the operation cost of the corporation is treated as share capital.

2.13 Trade payables

Trade payables are obligations to pay for goods or service that have been acquired in the ordinary course of business from supplier. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost: any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in the income statement as interest expense.

2.15 Borrowing costs

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

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

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

2.16 Provisions

Provisions are recognized if as a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.17 Business profit tax

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

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

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

Deferred business profit tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized. Since company does not foresee making a profit in the next twelve months, deferred tax asset has not been recognised on the timing differences.

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

Effective 01 January 2020 the company is subject to Income Tax levied under Act number 25/2019. As a result of this Act the Business Profit Tax Regime will be repealed and incorporated in the new Income Tax System

2.18 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

2.19 Changes in Accounting Estimates and Errors

Changes in Accounting Estimates and Errors is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting correction of prior period errors. The comparative amounts of the prior period have been restated to correct the errors which occurred.

2.20 Government Grant

A government grant that become receivable as compensation for expenses and losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognized in profit or loss of the period in which it becomes receivable. Non-monetary grants, such as land or other resources, has been accounted for at fair value. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

2.21 Comparatives

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

		2020 MVR	2019 MVR
3	**Revenue**		
	Sale of Goods	8,332,651	29,415
	Event and Seminar Income	324,950	341,914
		8,657,601	**371,329**

		2020 MVR	2019 MVR
4	**Direct Cost**		
	Cost of Sales	8,270,405	20,414
	Other Direct Costs	-	247,926
		8,270,405	**268,340**

		2020 MVR	2019 MVR
5	**Other Income**		
	Government Grant	960,000	960,000
		960,000	**960,000**

		2020 MVR	2019 MVR
6	**Personnel Expenses**		
	Salary	2,337,915	1,900,572
	Living Allowance	638,206	628,814
	Executive Responsibility Allowance	226,007	173,301
	Attendance Allowance	578,897	544,793
	Board Remuneration	477,100	513,732
	Ramazan Allowance	57,000	54,000
	Financial Performance Allowance	252,000	95,710
	Management Performance Allowance	64,800	19,142
	Company Secretary Allowance	29,520	12,221
	Board Secretary allowance	-	16,936

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Pension Contribution	162,598	129,698
Phone Allowance	30,820	31,730
Leave Encashment	54,909	-
	4,909,772	**4,120,649**

		2020	**2019**
7	**Administrative Expenses**	**MVR**	**MVR**
	Depreciation	240,539	238,126
	Amortisation	960,000	960,000
	Cleaning & Safety Expenses	50,409	5,062
	Bank Charges and Other Commissions	39,165	10,216
	Software / Hardware Licensing	6,106	6,106
	Food Expenses	537	7,396
	Travel, Taxi & Ferry Expenses	891	3,255
	Permit, License, and Other Fees	2,000	2,600
	Water	2,049	2,468
	Telephone, Internet & Data Communication	66,519	77,080
	Tea, Refreshments and Entertainment	7,066	11,192
	Others Miscellaneous Expenses	8,622	31,438
	Staff Traveling Expenses-Abroad	-	10,563
	Stationary, Printing and Postage	27,713	22,986
	Repairs & Maintenance	16,249	19,159
	Computer Expenses -Consumables	1,175	3,150
	Corporate Social Responsibility Expense	-	89,071
	Staff Traveling Expenses-Domestic	6,000	22,079
	Staff Training and Development	-	36,081
	Staff Recreation	2,772	2,880
	Professional fees	-	25,750
	Withholding Tax Expense	17,138	-
	Inventory Obsolescence	36,876	-
		1,491,827	**1,586,657**

		2020	**2019**
8	**Sales and Marketing Expenses**	**MVR**	**MVR**
	Advertisement, Marketing and Promotion	5,682	2,059
		5,682	**2,059**

		2020	**2019**
9	**Income tax expense**	**MVR**	**MVR**
	Tax on business profit (9.1)	-	-
	Deferred tax on temporary differences (9.3)	-	-
	Income tax expense reported in the income statement	**-**	**-**

In accordance with the provisions of the Income Tax Act No.25 of 2019, the relevant regulations, and subsequent amendments thereto, the Company is liable for income tax on its taxable profits at the rate of 15%. However, no tax provision has been recognized since the Company has incurred tax loss for the year.

9.1 Tax on business profit

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 2020 is as follows:

	2020 MVR	2019 MVR
Loss before tax	(5,060,086)	(4,646,376)
Add: Depreciation charge for the period	1,200,539	1,198,126
Other disallowable expenses	1,090,483	1,065,485
Less: Capital allowances	(1,181,831)	(1,175,175)
Other allowable expenses	(187,804)	(152,926)
Taxable loss before adjustments	(4,138,699)	(3,710,867)
Apportioned loss	-	-
Less: Tax free allowance	(500,000)	(500,000)
Total Taxable loss	-	-
Income tax on taxable profit @ 15%	**-**	**-**

9.2 Accumulated Tax Losses

	2020 MVR	2019 MVR
Loss carried forward from the previous tax year	(14,883,345)	(11,172,479)
Tax loss for the year of assessment	(4,138,699)	(3,710,867)
At the end of the year	**(19,022,044)**	**(14,883,345)**

9.3 Deferred tax on temporary differences

The deferred tax is arrived at by applying the income tax rate of 15% to the timing differences as at 31 December 2020.

	2020 MVR	2019 MVR
Deferred tax asset (Note 9.4)	620,805	556,630
Deferred tax liability (Note 9.4)	(14,072)	(15,244)
Deferred tax asset as at 31 December	**606,733**	**541,386**

The deferred tax asset resulting from carried forwarded tax losses has not been recognised in these financial statements since it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

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9.4 Deferred tax assets / (liability) are attributable to the following:

	2020 MVR	2019 MVR
Deferred tax asset		
Loss before tax	(5,060,086)	(4,646,376)
Add: Disallowable expenses		
Depreciation	1,200,539	1,198,126
Director remuneration	919,817	823,488
Cost of low value asset	8,067	23,228
Donation	-	89,071
Pension Contribution	162,598	129,698
	(2,769,064)	(2,382,765)
Less: Allowable expenses		
Capital Allowance	(1,181,831)	(1,175,175)
Cost of low value asset	(8,067)	(23,228)
Pension Contribution	(162,598)	(129,698)
Withholding Tax Expense	(17,138)	-
Tax based loss	(4,138,699)	(3,710,867)
15%	(620,805)	(556,630)
Deferred tax assets on tax losses	620,872	556,630
Deferred tax liability		
Net book value as per accounting base	942,536	1,168,838
Written down value as per tax base	1,036,349	1,270,463
Temporary difference	(93,814)	(101,626)
15%		
Deferred tax liability	(14,072)	(15,244)
Deferred tax assets on tax losses	606,733	541,386

10 Loss per share

Loss per share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

	2020 MVR	2019 MVR
Loss attributable to equity holders of the Company	(5,060,086)	(4,646,376)
Weighted average number of ordinary shares in issue	26,527,329	21,527,329
Basic loss per share	**(0.19)**	**(0.22)**

11 Property, Plant and Equipment

	Office Renovations	Furniture and Fittings	Office Equipment	Computer Equipment	Total
	MVR	MVR	MVR	MVR	MVR
2019					
Cost					
As at 01 January 2019	555,950	493,253	285,688	496,800	1,831,691
Additions during the year	-	21,367	4,742	34,902	61,012
As at 31st December 2019	**555,950**	**514,620**	**290,430**	**531,702**	**1,892,703**
Accumulated Depreciation					
As at 01 January 2019	44,476	99,197	87,465	254,601	485,739
Charge for the year	22,238	51,462	58,086	106,340	238,126
As at 31st December 2019	**66,714**	**150,659**	**145,551**	**360,941**	**723,865**
Net Carrying Value					
As at 01 January 2019	511,474	394,056	198,223	242,199	1,345,952
As at 31st December 2019	**489,236**	**363,961**	**144,879**	**170,761**	**1,168,838**
2020					
Cost					
As at 01 January 2020	555,950	514,620	290,430	531,702	1,892,703
Additions during the year	-	4,337	-	9,900	14,237
As at 31st December 2020	**555,950**	**518,958**	**290,430**	**541,602**	**1,906,940**
Accumulated Depreciation					
As at 01 January 2020	66,714	150,659	145,551	360,941	723,865
Charge for the year	22,238	51,895	58,086	108,320	240,539
As at 31st December 2020	**88,952**	**202,554**	**203,637**	**469,261**	**964,404**
Net Carrying Value					
As at 01 January 2020	489,236	363,961	144,879	170,761	1,168,838
As at 31st December 2020	**466,998**	**316,403**	**86,793**	**72,341**	**942,536**

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12 Right to use Office Space

	Office Space MVR	Total MVR
2019		
Cost		
As at 01 January 2019	2,880,000	2,880,000
Additions during the year	-	-
As at 31 December 2019	2,880,000	2,880,000
Accumulated Amortization		
As at 01 January 2019	1,680,000	1,680,000
Charge for the year	960,000	960,000
As at 31 December 2019	2,640,000	2,640,000
Net Carrying Value		
As at 01 January 2019	1,200,000	1,200,000
As at 31 December 2019	240,000	240,000
2020		
Cost		
As at 01 January 2020	2,880,000	2,880,000
Additions during the year	960,000	960,000
As at 31 December 2020	3,840,000	3,840,000
Accumulated Amortization		
As at 01 January 2020	2,640,000	2,640,000
Charge for the year	960,000	960,000
As at 31 December 2020	3,600,000	3,600,000
Net Carrying Value		
As at 01 January 2020	240,000	240,000
As at 31 December 2020	240,000	240,000

13 Cash and cash equivalents

	2020 MVR	2019 MVR
Cash in hand	120	537
Cash at Bank	1,731,437	2,656,874
	1,731,557	**2,657,411**

14 Inventory

	2020 MVR	2019 MVR
Inventory	-	38,279
	-	**38,279**

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15 Trade and other receivables

	2020 MVR	2019 MVR
Accounts receivable	4,626	-
Other receivables	-	10,242
	4,626	**10,242**

16 Advances & deposits paid

	2020 MVR	2019 MVR
Advances & deposits paid	-	58,539
	-	**58,539**

17 Share capital

Authorised share capital

2,000,000 ordinary shares of MVR 100/- each

Issued share capital	2020 MVR	2019 MVR
Opening balance	21,527,329	17,082,886
Share capital Issued	5,000,000	4,444,443
Closing balance	**26,527,329**	**21,527,329**
No of shares issued	**265,273**	**215,273**

18 Trade and other payables

	2020 MVR	2019 MVR
Accounts payable	162,348	195,808
Accrued expenses	29,226	-
Customer credits	1,160	1,160
GST payable	66,566	10,477
	259,299	**207,445**

19 Advances & deposits received

	2020 MVR	2019 MVR
Advances & deposits received	-	1,246,359
	-	**1,246,359**

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20 Deferred Income

	2020 MVR	2019 MVR
Opening Balance	240,000	1,200,000
Government Grant	960,000	-
Amortization	(960,000)	(960,000)
Closing Balance	**240,000**	**240,000**

21 Capital commitments and contingent liabilities

There were no capital commitments and contingent liabilities as at the reporting date.

22 Financial assets

Loans and receivable are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the statement of financial position.

The Company assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

23 Events after the reporting period

No events have occurred since the reporting date, which would require adjustments to, or disclosures in the financial statements.

24 Risk management objectives and policies

24.1 Risk Management Framework

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

24.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. As a part of its overall prudent liquidity management, the Company maintains sufficient level of cash and cash equivalents to meet its working capital requirement.

AUDITOR GENERAL'S OFFICE

MALDIVES SPORTS CORPORATION LTD
C-0280/2016

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