Report No: FIN-2021-24(E)

03 May 2021

BUSINESS CENTER CORPORATION LTD (BCC) FINANCIAL YEAR 2018

AUDITOR GENERAL'S OFFICE

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بسم الله الرحمن الرحيم

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BUSINESS CENTER CORPORATION (BCC) LIMITED

Opinion

We have audited the financial statements of Business Center Corporation Limited (the "Company"), which comprise of the statement of financial position as at 31st December 2018, the statement of comprehensive income, the statement of cash flows, statement of changes in equity for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information set out in pages 3 to 13.

In our opinion, Business Center Corporation Limited's financial statements give a true and fair view of the financial position of the Company as at 31st December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESB Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of the financial statements that give a true and fair view 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

03rd May 2021

Hassan Ziyath
Auditor General

BUSINESS CENTER CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2018

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)	Note	FY 2018	FY 2017
Revenue		-	-
Cost of Sales		-	-
Gross Profit/(Loss)		-	-
Other Income		-	-
Selling and Marketing costs	4	-	-
Administrative costs	5	(685,080)	(300,230)
Profit/(Loss) Before Tax		(685,080)	(300,230)
Business Profit Tax		-	-
Profit/(Loss) For The Year		**(685,080)**	**(300,230)**

The accounting policies and notes on pages 7 to 13 form an integral part of the financial statements

BUSINESS CENTER CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)	Note	FY 2018	FY 2017
ASSETS			
Non-current assets			
Property, plant and equipment		-	-
Intangible assets		-	-
		-	-
Current Assets			
Prepaid Expenses		-	-
Other current Assets		41,580	-
Cash and cash equivalents		266,400	-
Total Assets		**307,980**	**-**
EQUITY AND LIABILITIES			
Equity			
Share Capital		1,020,230	20,230
Retained earnings		(985,310)	(300,230)
		34,920	**(280,000)**
Non-current liabilities			
Other Non-current liabilities			
		-	-
Current liabilities			
Other Payables		273,060	(280,000)
Total Equity and Liability		**307,980**	**-**

The Board of Directors are responsible for the preparation and presentation of these financial statements and signed on its behalf by;

Name of the Director | Signature

Lamya Ibrahim
Director

Ahmed Ifthikhar
Director

1 April 2021

BUSINESS CENTER CORPORATION LIMITED
STATEMENT CASHFLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2018

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)	Note	YTD 2018	YTD 2017
Cash Flow from Operating Activities			
Profit/(Loss) Before Tax		(685,080)	(300,230)
Adjustments for:			
Depreciation on Property, Plant and Equipment		-	-
Amortization of Intangible Assets		-	-
Operating Cash Flow Before Working Capital Changes		(685,080)	(300,230)
Working capital changes			
Change in prepaid expenses		-	-
Change in other current Assets		(41,580)	-
Change in accounts payables		(6,940)	280,000
Change in other non-current liabilities		(48,520)	-
Net Cash Used in Operating Activities		**(733,600)**	**(20,230)**
Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment		-	-
Acquisition of Intangible Assets		-	-
Net Cash from Used in Investing Activities		-	-
Cash Flows from Financing Activities			
Proceeds from capital contributed		1,000,000	20,230
Net Cash from Financing Activities		1,000,000	20,230
Net Increase in Cash and Cash Equivalents		266,400	-
Cash and Cash Equivalents at the Beginning of the Year		-	-
Cash and Cash Equivalents at End of the Year		**266,400**	-

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BUSINESS CENTER CORPORATION

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2018

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

	Share Capital MVR	Accumulated Losses MVR	Total Equity MVR
As at 10th May 2017	-	-	-
Issued and paid up share capital	20,230	-	20,230
Profit/(loss) (Total Comprehensive Income) for the Year	-	(300,230)	(300,230)
As at 31st December 2017	**20,230**	**(300,230)**	**(280,000)**
As at 01st January 2018	20,230	(300,230)	(280,000)
Issued and paid up share capital	1,000,000	-	1,000,000
Profit/(loss) (Total Comprehensive Income) for the Year	-	(685,085)	(685,085)
As at 31st December 2018	**1,020,230**	**(985,315)**	**34,915**

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BUSINESS CENTER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 2018

1 Corporate information

Business Center Corporation (BCC) is a limited liability company, which is fully owned by the Government of the Maldives. The company is incorporated on May 10, 2017 under the Presidential Decree bearing No: 2017/3 and governed under the Companies' Act No. 10 of 1996.

The Business Center Corporation (BCC) was established in 2017 under a presidential decree, which would be the legal vehicle mandated for the operations and management of the six Regional Business Centers (BC), established as per the SME Act (2013) and would be steering the governments' SME support efforts, under the overall direction of the responsible Minister and through the advisory support of the SME Council.

The purpose of the BCC is to provide support in the development of the SME sector under the supervision of Ministry of Economic Development.

During the year the company did not have a functioning management and no major operations were undertaken, except for a few board meetings by the Board of Directors.

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements are prepared on the historical cost basis. No adjustment is made for inflationary factors affecting these financial statements. The financial statements are presented in Maldivian Rufiyaa and the all the figures are rounded to nearest Rufiyaa, except when otherwise indicated.

Statement of compliance

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

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the financial year beginning on or after 1 January 2018 and have not been early adopted by the company. The Company is yet to assess the full impact of these standard and interpretations.

- IFRS 16 Leases, this will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases (effective from 1 January 2019).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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2.2 Going Concern

The Company incurred a loss of MVR685,080 at the reporting date. The financial statements have nevertheless been prepared on the basis of the Company being a going concern on the assumption that the shareholder of the Company, Government of Maldives, intends to continue providing sufficient financial support to enable the Company to meet its liabilities as they fall due for a period of at least twelve months from the date of these financial statements.

3 Summary of Significant Accounting Policies

a. Transactions in Foreign Currencies

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

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

b. 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 labour, any other costs directly attributable to bringing the assets to a working condition for their intended use.

(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 Company, 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. 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, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

(iii) Depreciation

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

Leasehold Improvements	Over the lease period
Furniture and fittings	Over 10 years
Office Equipment	Over 05 years
Computer Equipment	Over 03 years
Other Fixed Assets	Over 10 years

Depreciation is provided from the month in which the property, plant and equipment is ready for use commencing from the month in which the assets were purchased up to the date of disposal and are recognised in profit or loss as incurred.
Gains and Losses on disposal of property, plant and equipment are determined by comparing the proceeds with carrying amount and are taken into account in determining the operating profit.

c. Intangible Assets

(i) Recognition and Measurement

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

(ii) Subsequent Costs

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.

(iii) Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. 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 and comparative periods are as follows.

Computer Software	Over 03 years

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

d. Impairment

The carrying amounts of the Company's non-financial assets other than inventories 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. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

e. Provisions

A provision is recognized, if as a result of 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 will be required to settle the obligation.
Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessment of the time value of money and the risk specific to the liability.

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f. Trade receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses. Receivables comprise trade and other receivables and amount due from related parties.

g. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

h. Share capital

Ordinary shares are classified as equity.

i. Trade payable

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

j. Current and deferred business profit tax

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

The Company is liable to business profit tax at 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 or loss. Deferred business profit tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred business profit tax asset is realized or the deferred business profit tax liability is settled.

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

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 a net basis.

k. Revenue from contracts with customers

Revenue is measured based on the consideration specified in the contract with customer. The Corporation recgnise revenue when it transfers control over a good or service to a customer. No good or service was provided by the Corporation during the reporting period.

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l. Critical accounting estimates and judgments

Estimates and judgments 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.

m. Fair value estimation

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

BUSINESS CENTER CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS - 31 DECEMBER 2018

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

4 **Selling and Marketing costs**	**FY 2018**	**FY 2017**
Selling and marketing costs	-	-
	-	-

5 **Administrative costs**	**FY 2018**	**FY 2017**
Registration fee	-	18,230
Company annual fee	2,000	2,000
Fines	2,500	-
Board Director's Allowance	234,000	240,000
Chairman Salary	108,000	40,000
MD Salary	297,000	-
Pension	41,580	-
	685,080	**300,230**

6 **Trade and other Receivables**	**FY 2018**	**FY 2017**
Trade Receivables	-	-
Other Receivables	41,580	-
	41,580	-

7 **Trade and other payables**	**FY 2018**	**FY 2017**
Annual fee	2,000	-
Fines	2,500	-
Board Director's Allowance	-	240,000
Chairman's Salary	-	40,000
MD's Salary	185,400	-
Pension	83,160	-
	273,060	**280,000**

8. Tax on business profit

Business Profit Tax Act No. 05/2011. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December 2018 is as follows:

	FY 2018	**FY 2017**
Loss before tax	(685,080.00)	(300,230.00)
Add; Depreciation charge for the period	-	-
Other disallowable expenses	639,000.00	280,000.00

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Less: Capital allowances	-	-
Other allowable expenses	-	-
Taxable loss before adjustments	(46,080.00)	(20,230.00)
Apportioned loss	-	-
Less: Tax free allowance	(500,000.00)	(500,000.00)
Total Taxable loss	-	-
Income tax on taxable profit @15%	-	-

8.1 Accumulated Tax Losses	**FY 2018**	**FY 2017**
Loss carried forward from the previous tax year	(20,230.00)	-
Tax loss for the year of assessment	(46,080.00)	-
At the end of the year	**(66,310.00)**	-

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