



Report No: FIN-2020-40(E)

02 September 2019

MALDIVES AIRPORTS COMPANY LIMITED

FINANCIAL YEAR 2019



ދިވެހިރާއްޖޭގެ އިންޓެރނަލް އޮފީސް

AUDITOR GENERAL'S OFFICE

Contents

Auditor General's Report	
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Financial Position	4
Statement of Changes in Equity - Group	5
Statement of Changes in Equity - Company	6
Consolidated Statement of Cash Flow	7
Notes to the Consolidated Financial Statements	8

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



ދިވެހިރާއްޖޭގެ ޖެނެރަލް އޮފީސް

AUDITOR GENERAL'S OFFICE



AUDITOR GENERAL'S REPORT

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

Opinion

We have audited the financial statements of Maldives Airports Company Limited (the Company); the consolidated financial statements of the Company and its subsidiary ("the Group") which comprise the statement of financial position as at 31 December 2019, 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 as set is pages 3 to 40.

In our opinion, the financial statements of Maldives Airports Company Limited ("the Company"), the consolidated financial statements of the Company and its subsidiary ("the Group") give a true and fair view of the financial position of the Company and Group as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

30th August 2020



Hassan Ziyath
Auditor General



Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	Note	Group		Company	
		2019 MVR	2018 MVR	2019 MVR	2018 MVR
Revenue	3	5,789,418,964	5,141,912,457	5,364,202,999	4,746,544,013
Cost of sales and operating supplies		(2,526,580,098)	(2,379,928,173)	(2,462,341,815)	(2,308,802,267)
Gross profit		3,262,838,867	2,761,984,284	2,901,861,184	2,437,741,746
Other income	4	77,837,822	95,997,891	84,098,235	98,901,785
Administrative expenses		(1,764,146,277)	(1,298,190,202)	(1,604,399,287)	(1,127,920,912)
Selling and marketing costs		(10,474,921)	(11,248,720)	(6,471,920)	(7,673,824)
Operating profit		1,566,055,490	1,548,543,253	1,375,088,212	1,401,048,796
Net finance cost	5	(75,188,806)	(59,413,094)	(59,833,555)	(65,787,691)
Profit before tax from operations		1,490,866,684	1,489,130,159	1,315,254,657	1,335,261,105
Business profit tax expenses	6	(175,740,477)	(229,841,847)	(154,949,305)	(206,616,553)
Profit After Tax		1,315,126,207	1,259,288,312	1,160,305,352	1,128,644,552
Other Comprehensive Income					
Remeasurement of defined benefit liability	29	(7,318,558)	-	(7,318,558)	-
Related taxes	28.1	1,097,784	-	1,097,784	-
Total other comprehensive income - net of tax		(6,220,774)	-	(6,220,774)	-
Total comprehensive income for the year		1,308,905,433	1,259,288,312	1,154,084,578	1,128,644,552
Total comprehensive income attributable to:					
Equity holders of the parent		1,254,718,134	1,213,562,996	1,154,084,578	1,128,644,552
Non-controlling interest		54,187,299	45,725,316	-	-
		1,308,905,433	1,259,288,312	1,154,084,578	1,128,644,552
Earnings per share	7	876.8	839.5	773.5	752.4

The accounting policies and notes on pages 8 to 40 form an integral part of the financial statements.



Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	Group		Company	
		2019 MVR	2018 MVR	2019 MVR	2018 MVR
Assets					
Non-current assets					
Property, plant and equipment	9	2,682,938,244	2,768,577,187	2,506,023,244	2,577,786,516
Capital work-in-progress	10	9,298,549,573	7,097,528,290	8,775,599,949	6,704,056,505
Capital advance	11	620,531,034	971,334,528	620,531,034	971,334,528
Investment properties	12	145,274,498	150,103,170	145,274,498	150,103,170
Right-of-use assets	13	160,661,186	-	10,558,743	-
Intangible assets	14	21,965,596	24,530,318	21,275,689	24,377,598
Investment in subsidiary	15	-	-	1,848,000	1,848,000
Operating lease-rights	18	-	45,680,856	-	-
Deferred tax assets	28	19,405,207	-	1,162,776	-
		12,949,325,337	11,057,754,349	12,082,273,933	10,429,506,317
Current assets					
Inventories	19	356,810,373	321,809,886	345,875,928	311,735,568
Trade and other receivables	20	1,470,083,852	2,137,221,082	1,363,366,664	2,029,120,569
Financial assets at amortized cost	21	358,486,459	335,035,043	198,109,546	-
Business profit tax recoverable	6	-	103,184,088	-	103,994,100
Cash and cash equivalents	22	1,458,499,403	665,665,192	1,093,594,370	536,701,965
		3,643,880,087	3,562,915,291	3,000,946,508	2,981,552,202
Total assets		16,593,205,424	14,620,669,640	15,083,220,441	13,411,058,518
Equity and liabilities					
Equity					
Share capital	23	150,000,000	150,000,000	150,000,000	150,000,000
Revaluation reserve	24	518,886,366	539,397,362	518,886,366	539,397,362
Fair value reserve	24	10,386,245	10,386,245	-	-
Currency translation reserve	24	26,878,026	26,878,026	-	-
Retained earnings		6,377,767,305	5,777,598,468	5,611,835,610	5,112,300,329
		7,083,917,942	6,504,260,101	6,280,721,976	5,801,697,691
Non-controlling interest	25	455,221,943	401,034,644	-	-
Total equity		7,539,139,885	6,905,294,745	6,280,721,976	5,801,697,691
Non-current liabilities					
Lease rent equalisation account	26	-	67,768,341	-	-
Loans and borrowings	27	6,606,475,630	4,718,531,276	6,606,475,630	4,718,531,276
Lease liabilities	13.2	188,885,533	-	1,602,123	-
Deferred tax liabilities	28	-	43,447,916	-	53,330,980
Employee retirement benefits obligations	29	234,782,673	206,042,473	234,782,673	206,042,473
		7,030,143,836	5,035,790,006	6,842,860,426	4,977,904,729
Current liabilities					
Loans and borrowings	27	171,827,185	1,203,787,393	171,827,185	1,203,787,393
Trade and other payables	30	1,719,729,200	1,475,797,496	1,676,875,049	1,427,668,706
Lease liabilities	13.2	14,772,283	-	10,204,216	-
Business profit tax payable	6	117,593,035	-	100,731,589	-
		2,023,921,703	2,679,584,889	1,959,638,039	2,631,456,099
Total equity and liabilities		16,593,205,424	14,620,669,640	15,083,220,441	13,411,058,518

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

.....
Mohamed Umar Manik
Chairman

.....
Gordon Andrew Stewart
CEO & MD

The accounting policies and notes on pages 8 to 40 form an integral part of the financial statements.

30 August 2020
Male'



Maldives Airports Company Limited
STATEMENT OF CHANGES IN EQUITY - Group
Year ended 31 December 2019

	Note	Share capital capital MVR	Revaluation reserve MVR	Fair value reserve MVR	Currency translation reserve MVR	Retained earnings MVR	Total MVR
Balance at 1 January 2018		150,000,000	566,117,997	10,386,245	26,878,026	4,809,206,357	5,562,588,625
Changes on initial application of IFRS 9		-	-	-	-	(200,379,700)	(200,379,700)
		150,000,000	566,117,997	10,386,245	26,878,026	4,608,826,657	5,362,208,925
Realised revaluation surplus on usage	24	-	(30,208,815)	-	-	30,208,815	-
Profit for the year		-	-	-	-	1,213,562,996	1,213,562,996
Dividends	8	-	-	-	-	(75,000,000)	(75,000,000)
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,488,180	-	-	-	3,488,180
Balance at 31 December 2018		150,000,000	539,397,362	10,386,245	26,878,026	5,777,598,468	6,504,260,101
Balance at 1 January 2019		150,000,000	539,397,362	10,386,245	26,878,026	5,777,598,468	6,504,260,101
Changes on initial application of IFRS 16	2.3	-	-	-	-	(1,493,150)	(1,493,150)
		150,000,000	539,397,362	10,386,245	26,878,026	5,776,105,318	6,502,766,951
Realised revaluation surplus on usage	24	-	(24,130,584)	-	-	24,130,584	-
Profit for the year		-	-	-	-	1,254,718,134	1,254,718,134
Dividends	8	-	-	-	-	(677,186,731)	(677,186,731)
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,619,588	-	-	-	3,619,588
Balance at 31 December 2019		150,000,000	518,886,366	10,386,245	26,878,026	6,377,767,305	7,083,917,942

The accounting policies and notes on pages 8 to 40 form an integral part of the financial statements.



Maldives Airports Company Limited
STATEMENT OF CHANGES IN EQUITY - Company
Year ended 31 December 2019

	Note	Share capital capital MVR	Revaluation reserve MVR	Retained earnings MVR	Total MVR
Balance at 1 January 2018		150,000,000	566,117,997	4,228,826,662	4,944,944,659
Changes on initial application of IFRS 9		-	-	(200,379,700)	(200,379,700)
		150,000,000	566,117,997	4,028,446,962	4,744,564,959
Realised revaluation surplus on usage	24	-	(30,208,815)	30,208,815	-
Profit for the year		-	-	1,128,644,552	1,128,644,552
Dividends	8	-	-	(75,000,000)	(75,000,000)
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,488,180	-	3,488,180
Balance at 31 December 2018		150,000,000	539,397,362	5,112,300,329	5,801,697,691
Balance at 1 January 2019		150,000,000	539,397,362	5,112,300,329	5,801,697,691
Adjustment to retained earnings from adoption of IFRS16	2.3	-	-	(1,493,150)	(1,493,150)
		150,000,000	539,397,362	5,110,807,179	5,800,204,541
Realised revaluation surplus on usage	24	-	(24,130,584)	24,130,584	-
Profit for the year		-	-	1,154,084,578	1,154,084,578
Dividends	8	-	-	(677,186,731)	(677,186,731)
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,619,588	-	3,619,588
Balance at 31 December 2019		150,000,000	518,886,366	5,611,835,610	6,280,721,976

The accounting policies and notes on pages 8 to 40 form an integral part of the financial statements.



Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2019

	Note	Group		Company	
		2019 MVR	2018 MVR	2019 MVR	2018 MVR
Operating activities					
Profit before tax from operations		1,490,866,684	1,489,130,159	1,315,254,657	1,335,261,105
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation on property, plant and equipment	13/14	249,367,787	246,745,118	217,780,241	216,370,664
Depreciation on investment properties		6,217,677	6,672,837	6,217,677	6,672,837
Amortisation of right-of-use assets	13	20,277,043	-	10,927,959	-
Amortisation of intangible assets	14	3,832,407	4,934,242	3,715,971	4,835,014
Lease acquisition fee expense recognized	22	-	1,020,866	-	-
Lease rent adjustment	30	-	14,033,110	-	-
Interest income	5	(5,438,757)	(6,374,597)	(315,076)	-
Interest expenses	5.2	58,543,896	65,787,691	58,543,896	65,787,691
Interest expenses on lease liabilities	5.2	22,083,667	-	1,604,735	-
Loss of disposal of property, plant and equipment		4,747,649	28,856,024	4,765,505	28,910,590
Loss on disposal of investment properties		-	22,512,588	-	22,512,588
Provision for employee retirement benefit	13	21,421,642	206,042,473	21,421,642	206,042,473
Operating profit before working capital changes		1,871,919,696	2,079,360,510	1,639,917,207	1,886,392,962
Working capital adjustments:					
- Inventories		(35,000,487)	3,459,450	(34,140,360)	1,167,002
- Trade and other receivables		64,027,689	(170,674,338)	63,882,250	(177,918,058)
- Trade and other payables		243,931,704	499,021,735	249,206,343	496,281,844
Cash flows from operating activities		2,144,878,602	2,411,167,357	1,918,865,440	2,205,923,750
Business profit tax paid		(13,099,105)	(20,262,528)	-	-
Interest paid	5.2	(58,543,896)	(65,787,691)	(58,543,896)	(65,787,691)
Net cash flows from operating activities		2,073,235,601	2,325,117,138	1,860,321,544	2,140,136,059
Investing activities					
Acquisition of property, plant and equipment	13	(70,426,761)	(33,434,987)	(52,714,887)	(26,131,721)
Acquisition of intangible assets	14	(1,044,438)	(460,331)	(390,815)	(460,331)
Cost incurred on construction of capital work-in-progress	10	(2,301,104,425)	(4,856,003,044)	(2,171,626,586)	(4,744,474,348)
Proceeds from disposal of property, plant and equipment		421,158	521,718	403,302	297,526
Net capital advance recovery		350,803,494	699,886,147	350,803,494	699,886,147
Investment on fixed deposits	21	174,658,130	(146,756,843)	-	-
Investment in treasury bills	21	(198,109,546)	-	(198,109,546)	-
Interest received		6,361,567	6,374,597	-	-
Net cash flows used in investing activities		(2,038,440,820)	(4,329,872,743)	(2,071,635,038)	(4,070,882,726)
Financing activities					
Proceeds from borrowings		1,813,904,243	2,759,014,648	1,813,904,243	2,759,014,648
Repayment of loans		(957,920,097)	(778,088,575)	(957,920,097)	(778,088,575)
Payment of lease liabilities		(22,944,716)	-	(12,778,248)	-
Dividend paid		(75,000,000)	-	(75,000,000)	-
Net cash flows used in financing activities		758,039,430	1,980,926,073	768,205,898	1,980,926,073
Net increase in cash and cash equivalents		792,834,212	(23,829,532)	556,892,405	50,179,407
Cash and cash equivalents as at 1 January		665,665,192	689,494,724	536,701,965	486,522,559
Cash and cash equivalents as at 31 December	22	1,458,499,403	665,665,192	1,093,594,370	536,701,965

The accounting policies and notes on pages 8 to 40 form an integral part of the financial statements.



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

1 Corporate information

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

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

The Group consists of the Company's interest in a subsidiary undertaking Maldives In-flight Catering Private Limited, a limited liability company incorporated and domiciled in the Republic of Maldives, operating a flight kitchen and a transit hotel in Maldives. The Company owns 65% of authorized and issued share capital of the subsidiary. Information on other related party relationships of the Group is provided in Note 31.

2 Significant accounting policies

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

2.1 Basis of preparation

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

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

2.2 Summary of significant accounting policies

(a) New standards, amendments and interpretations adopted by the Group

The following amendments to the International Accounting Standards that are relevant for the preparation of the financial statements have been adopted by the Group for the first time with effect from financial year beginning on 1 January 2018.

- IFRS 16 Leases
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- IFRIC 22- 'Foreign currency transactions and advance consideration'
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

(b) New standards and interpretations not yet adopted

There are no other standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact to the Group.

2.3 Changes in accounting policies

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

2.3 Changes in accounting policiess (Continued)

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adopting IFRS 16 in the balance sheet on 1 January 2019 is, as follows:

	MVR
Right-of-use assets increased by (IFRS 16)	180,938,229
Lease liability increased by (IFRS 16)	(204,518,864)
Derecognition of operating Lease-rights (IAS 17)	(45,680,856)
Derecognition of Lease rent equalisation account (IAS 17)	67,768,341
Adjustment to retained earnings from adoption of IFRS16	(1,493,150)

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective approach of adoption, the Group applied IFRS 16 to active leases as at 1st January 2019 and the cumulative effect has been adjusted to the opening balance of retained earning as at 1st January 2019.

2.4 Consolidation

(a) Subsidiaries

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

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

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

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

(b) Joint arrangements

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



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

2.4 Consolidation (Continued)

Joint ventures

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

(c) Equity method

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.12.

(d) Changes in ownership interests

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

2.5 Principles of consolidation and equity accounting

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

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

2.7 Property, plant and equipment

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

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

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

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

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

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

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

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

2.8 Investment properties

Investment property are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently cost less accumulated depreciation. However, if there is an impairment in value, other than of a temporary nature, the carrying amount is reduced to recognize the decline.

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

Buildings on leasehold land	20 -50 years
-----------------------------	--------------

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



2.8 Investment properties (Continued)

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

Reclassification of property plant and equipment under investment property

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

2.9 Intangible assets

Computer software

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

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

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

2.10 Impairment of non-financial assets

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

2.11 Operating lease rights

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.12 Financial assets (Non-derivative)

Policy applicable from 1st January 2018

(i) Classification

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

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

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



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

2.12 Financial assets (Non-derivative) (Continued)

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

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

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



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

2.12 Financial assets (Non-derivative) (Continued)

(iv) Impairment

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

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 33 for further details.

Policy applicable before 1st January 2018

Classification

The Group classifies its financial assets in the following categories: held to maturity instruments, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Held to maturity investments

These investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available for sale and those that meet the definition of loans and receivables.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables except for maturities greater than 12 months after the reporting date.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of them within 12 months of the reporting date.

Recognition and measurement

When a financial asset is recognized initially, an entity shall measure it at its fair value plus transactions cost that are directly attributable to the acquisition or issue of the financial asset. Loans and receivables shall be measured at amortized cost using the effective interest method.

Held to maturity investments shall be measured at amortized cost using the effective interest method.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, shall be measured at cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

2.13 Inventories

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

Group value its inventory as below;

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

2.14 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance. The Group holds the trade receivables with the objective to collect the contractual cash flows. See note 20 for further information about the Group's accounting for trade receivables and note 33 (c) for a description of the Group's impairment policies.

2.15 Cash and cash equivalents

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

2.16 Share capital

Ordinary shares are classified as equity.

2.17 Borrowings

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

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

2.18 Borrowing costs

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

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

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

2.19 Provisions

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

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

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



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

2.20 Current and deferred business profit tax

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

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

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

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

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

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

2.21 Employee benefits

Short-term obligations

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

Defined contribution plan

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

Defined benefit plans

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

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



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

2.21 Employee benefits (Continued)

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

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

2.22 Revenue

Revenue is recognised as control is passed, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. Revenue is measured based on the consideration in a contract with a customer.

The following provides the information about the nature and timing of the satisfaction of performance obligations in contract with customers:

(a) Sales of goods

The performance obligation is satisfied when the goods are handed over to customers. Revenue is recognized when the Group satisfies its performance obligation towards the customer.

Non traffic revenue is primarily generated from contracts with airlines for the provision of jet fuels and sale of duty-free products to individual passengers. Revenue is recognised as the goods are delivered as follows:

- Fuel sales : On the basis of quantity sold, when product delivered to the customer.
- Duty-free goods sales : On the basis of item price displayed in the product, when product accepted by the customer.

(b) Sales of services

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

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

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

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

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

All the revenues are billed on a monthly basis.

The nature and timing of the satisfaction of performance obligation were not significantly affected to the Group compare with previous accounting standard.



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

2.22 Revenue (Continued)

(c) Interest income

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

(d) Other revenues earned are recognized on the following basis:

Dividends - shareholders' right to receive the payment is established

Rental - as it accrues

(e) Consignment commission

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

Income is recognized on an accrual basis in accordance with the substance of the relevant contracts.

2.23 Dividend distribution

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

2.24 Fair value estimation

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

2.25 Comparatives

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



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

3	Revenue from contract with customers	Group		Company	
		2019 MVR	2018 MVR	2019 MVR	2018 MVR
Traffic revenue					
	Landing fee	265,987,247	242,083,958	265,987,247	242,083,958
	Parking fee	64,398,208	50,018,475	64,398,208	50,018,475
	Navigation fee	94,689,956	91,199,203	94,689,956	91,199,203
	Ground handling charges	489,342,376	440,378,273	489,342,376	440,378,273
	Departure control system	61,463,471	54,453,478	61,463,471	54,453,478
		975,881,258	878,133,387	975,881,258	878,133,387
Non traffic revenue					
	Fuel sales	2,872,013,432	2,427,882,994	2,872,771,854	2,428,490,432
	Duty-free sales	699,263,620	711,628,936	699,263,620	711,628,936
	Rent and lease charges	142,953,284	129,222,568	153,269,426	139,389,036
	Cargo income	231,365,233	202,683,552	232,688,074	203,808,724
	Utility sales	44,227,818	46,373,462	80,388,135	78,815,096
	Lounge income	145,992,329	119,550,891	145,992,329	119,550,891
	Consignment commission	137,620,504	132,095,428	137,620,504	132,095,428
	Revenue share	27,178,856	24,354,217	27,178,856	24,354,217
	Miscellaneous income	27,871,784	20,231,722	30,769,341	22,428,339
	Passenger related charges	8,379,602	7,849,527	8,379,602	7,849,527
		4,336,866,462	3,821,873,297	4,388,321,741	3,868,410,626
Other revenue sources					
	Room revenue	109,323,282	120,287,102	-	-
	Cabin handling	48,247,731	42,523,025	-	-
	Catering	232,517,949	197,150,513	-	-
	Food and beverages	74,407,930	70,221,045	-	-
	Miscellaneous income	12,174,352	11,724,088	-	-
		476,671,244	441,905,773	-	-
	Total revenue	5,789,418,964	5,141,912,457	5,364,202,999	4,746,544,013
4 Other income					
		Group		Company	
		2019 MVR	2018 MVR	2019 MVR	2018 MVR
	Exchange gain	1,187,386	1,978,508	1,141,049	1,978,508
	Sundry income	2,616,530	1,771,580	227,186	212,047
	Reversal of provision for arbitration costs	-	4,118,145	-	4,118,145
	Reversal of impairment provision on trade receivables	74,033,906	88,129,658	82,730,000	92,593,085
		77,837,822	95,997,891	84,098,235	98,901,785
5 Net finance cost					
		Group		Company	
		2019 MVR	2018 MVR	2019 MVR	2018 MVR
5.1 Finance income					
	Interest income from investment on treasury	(315,076)	-	(315,076)	-
	Interest income from fixed deposits	(5,123,681)	(6,374,597)	-	-
		(5,438,757)	(6,374,597)	(315,076)	-
5.2 Finance cost					
	Interest on corporate bond	17,107,131	51,767,155	17,107,131	51,767,155
	Bank loan interest	21,260,062	13,634,296	21,260,062	13,634,296
	Interest Expense on Lease Liabilities	22,083,667	-	1,604,735	-
	Profit share on islamic finance facility	20,176,703	386,240	20,176,703	386,240
		80,627,563	65,787,691	60,148,631	65,787,691
	Net finance cost	75,188,806	59,413,094	59,833,555	65,787,691



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
6 Business profit tax expense				
Current tax	233,876,228	118,281,610	204,725,689	93,710,796
Deferred tax recognized during the year (Note 28.1)	(58,135,752)	111,560,237	(49,776,385)	112,905,757
Business profit tax expenses reported in the consolidated statement of comprehensive income	175,740,477	229,841,847	154,949,305	206,616,553

6.1 Business profit tax on profit

A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December is as follows:

	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Profit before tax	1,490,866,684	1,489,130,159	1,315,254,657	1,335,261,105
Add: Tax effect on expenses not allowed for tax purpose	65,544,211	153,287,486	46,584,658	143,101,118
Taxable profit	1,556,410,895	1,642,417,645	1,361,839,315	1,478,362,223
Loss carried forward from previous tax years	-	(853,373,580)	-	(853,373,580)
Less: tax free allowance	(500,000)	(500,000)	(250,000)	(250,000)
Taxable profit for the year	1,555,910,895	788,544,065	1,361,589,315	624,738,643
Business profit tax on taxable profit @ 15%	233,386,634	118,281,610	204,238,397	93,710,796
Adjustment in respect of previous year	487,292	-	487,292	-
Tax charged to income statement	233,873,926	118,281,610	204,725,689	93,710,796

6.2 Business profit tax payable / (recoverable)

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
As at 1 January	(103,184,088)	(201,203,170)	(103,994,100)	(197,704,896)
Tax charge for the year	233,876,228	118,281,610	204,725,689	93,710,796
Adjustment in respect of previous year				
Tax paid during the year	(13,099,105)	(20,262,528)	-	-
As at 31 December	117,593,035	(103,184,088)	100,731,589	(103,994,100)

7 Earnings per share

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

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Profit attributable to equity holders of the company	1,315,126,207	1,259,288,312	1,160,305,352	1,128,644,552
Weighted average number of ordinary	1,500,000	1,500,000	1,500,000	1,500,000
Basic earnings per share (MVR)	877	840	774	752

8 Dividends

At the annual general meeting held on 01 August 2019, a final dividend of MVR 451.46 per share amounting to MVR 677,186,731 was declared in respect of 2018 to the Government of Maldives, which has been accounted as appropriation of profit in the statement of changes in equity during the year.

The company had paid MVR 75,000,000 of the declared dividend to the Government of the Maldives and the balance amounting MVR 602,186,731 were set-off with the receivables from the Government.



Maldives Airports Company Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year ended 31 December 2019

9 Property, plant and equipment - Group

	Buildings and island infrastructures	Machinery and equipment	Furniture, fittings and fixtures	Vehicles and ground handling equipment	Office and other equipment	Cookery linen and fabric	Kitchen and house keeping equipment	Total
Balance as at 1 January 2019								
Opening net book amount	2,210,347,840	292,340,335	21,853,061	208,936,627	28,691,874	3,208,624	3,198,826	2,768,577,187
Additions	1,827,529	26,577,001	7,139,002	26,250,910	5,336,710	10,223	3,285,385	70,426,761
Transfer from CWIP (Note 10)	87,695,455	8,444,231	219,258	-	2,111,946	-	-	98,470,890
Disposals - cost	-	(12,878,784)	(161,994)	(55,896,869)	-	-	-	(68,937,647)
Disposals - accumulated depreciation	-	8,963,224	160,542	54,645,074	-	-	-	63,768,840
Depreciation charge	(124,619,107)	(62,047,457)	(8,336,354)	(41,006,541)	(10,221,977)	(81,387)	(3,054,964)	(249,367,787)
Balance as at 31 December 2019	2,175,251,717	261,398,550	20,873,515	192,929,201	25,918,553	3,137,460	3,429,247	2,682,938,244
Summary of balances for 2019								
Cost or valuation	3,179,667,399	769,225,270	86,374,844	522,177,799	120,022,042	12,269,493	36,522,070	4,726,258,918
Accumulated depreciation	(1,004,415,682)	(507,826,720)	(65,501,329)	(329,248,598)	(94,103,489)	(9,132,033)	(33,092,823)	(2,043,320,674)
Balance as at 31 December 2019	2,175,251,717	261,398,550	20,873,515	192,929,201	25,918,553	3,137,460	3,429,247	2,682,938,244
Balance as at 1 January 2018								
Opening net book amount	2,080,029,970	312,232,752	23,473,437	243,378,261	32,557,853	3,208,624	4,226,802	2,699,107,699
Additions	-	9,563,078	6,019,214	10,887,687	4,953,978	-	-	33,434,987
Transfer from CWIP (Note 10)	281,269,349	29,506,859	-	-	1,362,753	-	-	312,138,961
Disposals - cost	(33,011,675)	(2,592,696)	(622,413)	-	(437,805)	-	(1,971,247)	(38,635,836)
Disposals - accumulated depreciation	3,902,834	2,493,421	570,586	-	435,415	-	1,874,239	9,276,495
Depreciation charge	(121,842,639)	(58,863,078)	(7,587,762)	(45,329,322)	(10,180,320)	-	(2,941,997)	(246,745,118)
Balance as at 31 December 2018	2,210,347,840	292,340,335	21,853,062	208,936,626	28,691,874	3,208,624	-	2,768,577,187
Summary of balances for 2018								
Cost or valuation	3,090,144,415	747,082,822	79,178,578	551,823,758	112,573,386	12,259,270	33,236,685	4,626,298,914
Accumulated depreciation	(879,796,575)	(454,742,487)	(57,325,517)	(342,887,131)	(83,881,512)	(9,050,646)	(30,037,859)	(1,857,721,727)
Balance as at 31 December 2018	2,210,347,840	292,340,335	21,853,061	208,936,627	28,691,874	3,208,624	3,198,826	2,768,577,187



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

9 Property, plant and equipment - Company

	Buildings and island infrastructures	Machinery and equipment	Furniture, fittings and fixtures	Vehicles and ground handling equipment	Office and other equipment	Total
Balance as at 1 January 2019	2,047,924,892	286,691,013	16,827,498	197,866,241	28,476,872	2,577,786,515
Additions	1,369,740	21,961,888	2,767,941	21,768,254	4,847,063	52,714,887
Transfer from CWIP (Note 10)	87,695,455	8,444,231	219,258	-	2,111,946	98,470,890
Disposals - cost	-	(12,878,784)	(161,994)	(55,258,589)	-	(68,299,367)
Disposals - accumulated depreciation	-	8,963,224	160,542	54,006,794	-	63,130,560
Depreciation charge	(102,793,855)	(60,373,385)	(6,473,186)	(38,280,871)	(9,858,944)	(217,780,241)
Balance as at 31 December 2019	2,034,196,232	252,808,187	13,340,059	180,101,829	25,576,937	2,506,023,244
Summary of balances for 2019						
Cost or valuation	2,558,436,123	748,181,917	60,124,236	476,348,390	113,373,900	3,956,464,566
Accumulated depreciation	(524,239,891)	(495,373,730)	(46,784,177)	(296,246,561)	(87,796,963)	(1,450,441,322)
Balance as at 31 December 2019	2,034,196,232	252,808,187	13,340,059	180,101,829	25,576,937	2,506,023,244
Balance as at 1 January 2018						
1,895,775,525	306,956,347	20,258,535	230,945,889	32,259,537	2,486,195,833	
Additions	-	8,695,780	2,676,991	10,072,293	4,686,657	26,131,721
Transfer from CWIP (Note 10)	281,269,349	28,462,848	-	-	1,305,545	311,037,742
Disposals - cost	(33,011,675)	(2,182,154)	-	-	-	(35,193,829)
Disposals - accumulated depreciation	3,902,834	2,082,879	-	-	-	5,985,714
Depreciation charge	(100,011,142)	(57,324,686)	(6,108,028)	(43,151,941)	(9,774,867)	(216,370,664)
Balance as at 31 December 2018	2,047,924,892	286,691,013	16,827,498	197,866,241	28,476,872	2,577,786,516
Summary of balances for 2018						
Cost or valuation	2,469,370,929	730,654,581	57,299,030	509,838,727	106,414,893	3,873,578,160
Accumulated depreciation	(421,446,037)	(443,963,568)	(40,471,532)	(311,972,486)	(77,938,021)	(1,295,791,645)
Balance as at 31 December 2018	2,047,924,892	286,691,013	16,827,498	197,866,241	28,476,872	2,577,786,516



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

10 Capital work in progress

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
As at 01 January	7,097,528,290	2,623,273,538	6,704,056,505	2,340,229,230
Additions during the year	2,301,104,425	4,856,003,044	2,171,626,586	4,744,474,348
Transfer to property, plant and equipment (Note 9)	(98,470,890)	(312,138,961)	(98,470,890)	(311,037,742)
Transfer to investment properties (Note 12)	(1,389,005)	(57,539,671)	(1,389,005)	(57,539,671)
Transfer to intangible assets (Note 14)	(223,247)	(12,069,660)	(223,247)	(12,069,660)
As at 31 December	9,298,549,573	7,097,528,290	8,775,599,949	6,704,056,505

Capital work-in-progress at the year-end comprises of:

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
New runway, fuel farm and cargo terminal	6,217,258,161	5,256,694,731	6,217,258,161	5,256,694,731
New international passenger terminal	790,466,403	623,535,378	790,466,403	623,535,378
Fuel farm development	41,957,421	36,141,921	41,957,421	36,141,921
Master plan consultancy	29,335,529	28,995,529	29,335,529	28,995,529
Materials for internal road construction	18,719,342	21,560,257	18,719,342	21,560,257
Provision of electricity to new development areas	181,063,362	19,070,083	181,063,362	19,070,083
New sea plane terminal	860,481,329	489,329,963	860,481,329	489,329,963
Project management and design review	125,472,790	81,883,464	125,472,790	81,883,464
Other facilities relocation projects	11,831,459	21,774,543	11,831,459	21,774,543
Integration of oracle system and implementation of other applications	10,094,830	7,834,444	10,094,830	7,834,444
Jetties in front of water front building	-	8,106,514	-	8,106,514
Auxiliary projects	255,860,812	-	255,860,812	-
Development of Madifushi resort project	520,450,150	391,436,222	-	-
New radar installation	24,218,371	19,196,738	24,218,371	19,196,738
South west harbour shore protection	11,671,750	19,899,362	11,671,750	19,899,362
Residential apartments - HIYA project	169,114,837	40,828,081	169,114,837	40,828,081
Other projects	30,553,027	31,241,058	28,053,553	29,205,495
	9,298,549,573	7,097,528,290	8,775,599,949	6,704,056,505

During the year, the Group has capitalised borrowing costs amounting to MVR 228,568,026 (2018: MVR 180,100,266) on qualifying assets. The borrowings are meant to fund specific projects and the interest percentage and borrowing cost capitalised are as follows;

Project	Rate of interest	Group		Company	
		2019 MVR	2018 MVR	2019 MVR	2018 MVR
New runway, fuel farm and cargo terminal	3%	143,952,340	106,630,068	143,952,340	106,630,068
	5%	12,413,663	2,950,646	12,413,663	2,950,646
		156,366,003	109,580,714	156,366,003	109,580,714
New international passenger Terminal	3%	16,816,419	5,255,357	16,816,418.73	5,255,357
	5.7%	5,108,730	366,462	5,108,730	366,462
		21,925,149	5,621,819	21,925,149	5,621,819
New sea plane terminal	5%	50,276,874	64,897,733	50,276,874	64,897,733
		50,276,874	64,897,733	50,276,874	64,897,733
Total		228,568,026	180,100,266	228,568,026	180,100,266



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

11 Capital advance	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
<i>Capital advance for development projects</i>				
New runway, fuel farm and cargo terminal	301,543,915	525,290,527	301,543,915	525,290,527
New sea plane terminal	18,367,628	81,993,081	18,367,628	81,993,081
Auxiliary projects	28,269,051	66,071,396	28,269,051	66,071,396
Power upgrading project	13,646,003	45,054,608	13,646,003	45,054,608
New international passenger terminal	221,333,826	228,126,078	221,333,826	228,126,078
Residential apartments - HIYA project	37,230,965	20,414,041	37,230,965	20,414,041
Other projects	139,647	4,384,797	139,647	4,384,797
	620,531,034	971,334,528	620,531,034	971,334,528

12 Investment properties	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Movement for the year				
Balance as at 1 January	150,103,170	121,748,924	150,103,170	121,748,924
Disposals - cost	-	(24,013,427)	-	(24,013,427)
- accumulated depreciation	-	1,500,839	-	1,500,839
Transfer from CWIP (Note 10)	1,389,005	57,539,671	1,389,005	57,539,671
Depreciation charge	-	(6,672,837)	-	(6,672,837)
Balance as at 31 December	151,492,175	150,103,170	151,492,175	150,103,170

Summary of balances

Cost / valuation	160,343,015	158,954,011	160,343,015	158,954,011
Accumulated depreciation	(15,068,517)	(8,850,841)	(15,068,517)	(8,850,841)
Balance as at 31 December	145,274,498	150,103,170	145,274,498	150,103,170

Income earned from Investment Property

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

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Rent income	90,380,913	76,743,428	90,380,913	76,743,428

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

13 Right-of-use assets	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Cost				
Recognition of right-of-use Assets on initial application of IFRS 16	180,938,229	-	21,486,702	-
Accumulated Amortization				
Change during the year	(20,277,043)	-	(10,927,959)	-
At 31st December	(20,277,043)	-	(10,927,959)	-
Net carrying value at 31 December	160,661,186	-	10,558,743	-

13.1 Lease liabilities

At 1st January	-	-	-	-
Recognition of lease liability on initial application of IFRS 16	204,518,864	-	22,979,852	-
Interest charge during the year	22,083,667	-	1,604,735	-
Payments made during the year	(22,944,716)	-	(12,778,248)	-
Balance as at 31 December	203,657,815	-	11,806,339	-

13.2 Maturity analysis

Current	14,772,283	-	10,204,216	-
Non-current	188,885,533	-	1,602,123	-
	203,657,815	-	11,806,339	-



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

14 Intangible assets	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Movement for the year				
Balance as at 1 January	24,530,318	16,952,980	24,377,598	16,682,622
Additions during the year	1,044,438	460,331	390,815	460,331
Disposals - cost	-	(24,024)	-	-
- accumulated amortization	-	5,613	-	-
Transfer from CWIP (Note 10)	223,247	12,069,660	223,247	12,069,660
Amortization charge	(3,832,407)	(4,934,242)	(3,715,971)	(4,835,014)
Balance as at 31 December	21,965,596	24,530,318	21,275,689	24,377,598
Summary of balances				
Cost / valuation	47,532,703	46,265,019	45,311,174	44,697,111
Accumulated amortisation	(25,567,107)	(21,734,701)	(24,035,485)	(20,319,513)
Balance as at 31 December	21,965,596	24,530,318	21,275,689	24,377,598

15 Investment in subsidiary	Company	
	2019 MVR	2018 MVR
At 31 December	1,848,000	1,848,000

The details of the subsidiary at 31 December 2019 is set out below. The share capital of the subsidiary consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of the entity	Place of business / Country of incorporation	Ownership interest held by the group 2019	Ownership interest held by the group 2018	Principal activity
Maldives In-flight Catering Private Limited	Maldives	65%	65%	Operating a flight kitchen and transit hotel

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

	Company	
	2019 MVR	2018 MVR
Summarised statement of financial position		
Current assets	645,826,099	584,767,412
Current liabilities	(67,176,181)	(51,533,116)
Net current assets	578,649,918	533,234,296
Non-current assets	868,899,406	639,979,097
Non-current liabilities	(187,283,410)	(67,768,340)
Net non-current net assets	681,615,996	572,210,757
Total net assets	1,260,265,914	1,105,445,053
Accumulated NCI	455,221,943	401,034,644
Summarised statement of comprehensive income		
Revenue	476,671,243	441,905,774
Profit / total comprehensive income for the year	154,820,855	130,643,760
Profit allocated to NCI	54,187,299	45,725,316
Summarised cash flows		
Cash flows from operating activities	212,914,056	183,382,011
Cash flows used in investing activities	33,194,218	(257,390,948)
Cash flows used in financing activities	(10,166,468)	-
Net decrease in cash flows	235,941,806	(74,008,937)



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

16 Investment in joint venture

	Company	
	2019 MVR	2018 MVR
Airport Investments Maldives Private Limited	5,000,000	5,000,000
Provision for impairment of investment in joint ventures	(5,000,000)	(5,000,000)
At 31 December	-	-

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

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

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

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

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Addu International Airport Private Limited	32,000,000	32,000,000	32,000,000	32,000,000
Provision for impairment of financial assets	(32,000,000)	(32,000,000)	(32,000,000)	(32,000,000)
	-	-	-	-

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

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

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

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

Provision for impairment is as follows:

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Balance as at 1 January	32,000,000	32,000,000	32,000,000	32,000,000
Provision made during the year	-	-	-	-
Balance as at 31 December	32,000,000	32,000,000	32,000,000	32,000,000

18 Operating lease rights

	Group	
	2019 MVR	2018 MVR
At 1 January	45,680,856	46,701,721
Less: amortisation for the year	-	(1,020,866)
Transferred to right-of-use assets	(45,680,856)	-
	-	45,680,856

On 30 September 2013, Maldives In-flight Catering Private Limited entered into an agreement with the Government of Maldives to acquire the lease right of Madifushi in Meemu Atoll for a period of 50 years, up to 30 September 2063. Payment of lease acquisition cost of MVR 51,040,200 (USD 3,310,000). Lease right is amortised and charged to the income statement over the lease term of 50 years. On 01st January 2019 the Company transferred this lease acquisition fee to right-of-use assets with the adoption of IFRS 16: Leases.



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

19 Inventories	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Fuel Inventory	86,213,743	69,221,585	86,213,743	69,221,585
Duty-free goods	164,121,723	160,445,620	164,121,723	160,445,620
Spare parts	101,660,794	86,912,781	101,660,794	86,912,781
Food and beverage	6,644,308	6,769,658	-	-
Housekeeping	4,290,137	3,304,660	-	-
	<u>362,930,705</u>	<u>326,654,304</u>	<u>351,996,260</u>	<u>316,579,986</u>
Less: Provision for slow moving inventories	(6,120,332)	(4,844,418)	(6,120,332)	(4,844,418)
	<u>356,810,373</u>	<u>321,809,886</u>	<u>345,875,928</u>	<u>311,735,568</u>
20 Trade and other receivables				
Trade receivables	356,877,211	416,741,493	254,223,933	316,140,937
Trade receivables from related parties (Note 31)	215,727,446	227,523,897	206,500,843	221,965,441
Provision for Impairment of trade	(121,475,029)	(112,690,150)	(90,385,934)	(90,297,149)
Provision for impairment of receivables from related parties	(37,964,134)	(43,978,510)	(37,964,134)	(43,978,510)
	<u>413,165,494</u>	<u>487,596,730</u>	<u>332,374,708</u>	<u>403,830,719</u>
Other receivables	638,799,828	1,234,099,957	619,783,560	1,221,460,985
Advances and prepayments	196,105,908	253,563,283	189,195,774	241,867,753
Tax receivables	243,964,874	261,032,849	243,964,874	261,032,849
Interest receivables	315,076	-	315,076	-
Less: provision for impairment of other receivables (note 20.1)	(22,267,328)	(99,071,737)	(22,267,328)	(99,071,737)
	<u>1,470,083,852</u>	<u>2,137,221,082</u>	<u>1,363,366,664</u>	<u>2,029,120,569</u>

Other receivables of Group mainly include recoverable from Ministry of Finance and Treasury amounting to MVR 614,518,360 (2018 : MVR 1,216,638,951).

20.1 Provision for impairment of trade receivables	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Movement for the year				
Balance at 1 January	156,668,661	107,730,808	134,275,659	89,801,233
Changes on initial application of IFRS 9	-	47,132,448	-	47,132,448
Provision made during the year	8,696,094	4,463,427	-	-
Reversal of provision during the year	(5,925,591)	(1,817,359)	(5,925,591)	(1,817,359)
Written-off as uncollectable	-	(840,662)	-	(840,662)
Balance at 31 December	<u>159,439,164</u>	<u>156,668,661</u>	<u>128,350,068</u>	<u>134,275,659</u>
Breakdown of provision for trade receivables				
Provision for trade receivables - related parties	37,964,134	43,978,510	37,964,134	43,978,510
Provision for trade receivables - Others	121,475,029	112,690,150	90,385,934	90,297,149
Balance at 31 December	<u>159,439,164</u>	<u>156,668,661</u>	<u>128,350,068</u>	<u>134,275,659</u>

20.2 Provision for impairment of other receivables	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Movement for the year				
Balance at 1 January	99,071,737	-	99,071,737	-
Changes on initial application of IFRS 9	-	189,847,462	-	189,847,462
Reversal of provision during the year	(76,804,409)	(90,775,726)	(76,804,409)	(90,775,726)
Written-off as uncollectable	-	-	-	-
Balance at 31 December	<u>22,267,328</u>	<u>99,071,737</u>	<u>22,267,328</u>	<u>99,071,737</u>



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

21	Financial assets at amortised cost	Group		Company	
		2019 MVR	2018 MVR	2019 MVR	2018 MVR
Short term:					
	Investments in treasury bills	198,109,546	-	198,109,546	-
	Fixed deposits	160,376,913	335,035,043	-	-
		358,486,459	335,035,043	198,109,546	-

Investment in treasury bills are government securities issued by the central bank, Maldives Monetary Authority (MMA). The company has short-term investment in the treasury bills made for three months at a rate of 3.87%. The total carrying amount invested in treasury bills are neither past due nor impaired.

Deposits are made for varying periods between three months to one year, depending on the immediate cash requirements of the Group, and earn interest ranging from 2.5% to 3.25% per annum (2018 : 2.5% to 3.25% per annum). Deposits with original maturities of less than three months are classified under cash and cash equivalents. The total carrying amount invested in fixed deposits are neither past due nor impaired.

22	Cash and cash equivalents	2019 MVR	2018 MVR	2019 MVR	2018 MVR
	Cash in hand	36,078,581	644,249,157	34,843,192	19,924,767
	Cash at bank	1,422,420,822	21,416,035	1,058,751,178	516,777,198
		1,458,499,403	665,665,192	1,093,594,370	536,701,965

23	Share capital	Group / Company	
		Number of shares	Ordinary shares MVR
	At 1 January 2018	1,500,000	150,000,000
	At 31 December 2018	1,500,000	150,000,000
	At 31 December 2019	1,500,000	150,000,000

The total authorised number of ordinary shares is 5,000,000 shares (2018: 5,000,000 shares) with a par value of MVR 100 per share (2018: MVR 100 per share). Of the above, 1,500,000 shares are issued and fully paid.

24	Other reserves	Group		Company	
		2019 MVR	2018 MVR	2019 MVR	2018 MVR
24.1	Revaluation reserve				
	Balance as at 1 January	539,397,362	566,117,997	539,397,362	566,117,997
	Realised on usage and disposal	(24,130,584)	(30,208,815)	(24,130,584)	(30,208,815)
	Deferred tax liability reversal on realised revaluation surplus on usage	3,619,588	3,488,180	3,619,588	3,488,180
	Balance as at 31 December	518,886,366	539,397,362	518,886,366	539,397,362
24.2	Fair value reserve				
	Balance as at 31 December	10,386,245	10,386,245	-	-
24.3	Foreign currency translation reserve				
	Balance as at 31 December	26,878,026	26,878,026	-	-



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

25 Non-controlling interest	Group	
	2019 MVR	2018 MVR
Balance as at 1 January	401,034,644	355,309,328
Share of net profit of subsidiary	54,187,299	45,725,316
Balance as at 31 December	455,221,943	401,034,644

26 Lease rent equalisation account	Group	
	2019 MVR	2018 MVR
Balance as at 1 January	67,768,341	53,735,231
Charged during the year	-	14,033,110
Transferred to right-of-use assets	(67,768,341)	-
Balance as at 31 December	-	67,768,341

27 Loans and borrowings	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Non-current				
Corporate Bond - Maldives Monetary Authority	-	-	-	-
Borrowing from MOFT - China Exim	4,964,525,283	4,180,944,705	4,964,525,283	4,180,944,705
Demand Loan - BML	223,306,192	108,982,476	223,306,192	108,982,476
Borrowing from MOFT - Saudi Fund	416,890,715	384,800,666	416,890,715	384,800,666
Borrowing from MOFT - ADFD	56,699,659	12,943,436	56,699,659	12,943,436
Borrowing from MOFT	123,360,000	-	123,360,000	-
Borrowing from MOFT - OFID	133,865,156	30,859,993	133,865,156	30,859,993
Borrowing from MOFT - KFAED	140,423,634	-	140,423,634	-
Borrowing from China Development Bank	547,404,991	-	547,404,991	-
	6,606,475,630	4,718,531,276	6,606,475,630	4,718,531,276
Current				
Corporate Bond - Maldives Monetary Authority	-	693,540,079	-	693,540,079
Borrowing from MOFT	123,360,000	246,720,000	123,360,000	246,720,000
Demand Loan - BML	48,467,185	47,647,314	48,467,185	47,647,314
Mudharabah finance facility	-	215,880,000	-	215,880,000
	171,827,185	1,203,787,393	171,827,185	1,203,787,393
Total borrowings	6,778,302,815	5,922,318,669	6,778,302,815	5,922,318,669

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

Description	Provider of funds	Loan denominated currency	Weighted average interest rate %	2019	2018
Corporate bond	MMA	US\$	4.9%	-	693,540,079
Demand loan - BML	Bank of Maldives	US\$	8.5%	271,773,377	156,629,790
Subsidiary loan - MoFT	China Exim Bank	US\$	3.0%	4,964,525,283	4,180,944,705
Subsidiary loan - MoFT	Saudi Fund for	US\$	3.0%	416,890,715	384,800,666
Subsidiary loan - MoFT	Abu Dhabi Fund for	US\$	4.0%	56,699,659	12,943,436
Subsidiary loan - MoFT	OPEC Fund for Int'l Development	US\$	5.7%	133,865,156	30,859,993
Subsidiary loan - MoFT	Kuwait Fund for Arab Economic Development	US\$	2.5%	140,423,634	-
Long term loan	Ministry of Finance and Treasury	US\$	5.0%	246,720,000	246,720,000
Long term loan	China Development Bank	US\$	4.8%	547,404,991	-
Mudharabah finance facility	Ministry of Finance and Treasury	US\$	16.1%	-	215,880,000
				6,778,302,815	5,922,318,669



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

27 Loans and borrowings (Continued)

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

	2019	2018
USD	439,578,652	384,067,359
Total borrowings	<u>439,578,652</u>	<u>384,067,359</u>

27.1 Details of loans and borrowings

The Company has obtained a demand loan from the bank of Maldives for the purpose of development and renovation works of facilities in Velana International Airport. The total facility of this loan is US\$ 30,300,000 out of which US\$ 26,315,976 has been disbursed as of 31 December 2019. This loan has been obtained on 14 March 2017 and the loan has to be repaid in 120 months in equal instalments of US\$ 377,000 from the month of disbursement. The interest charged for this facility is 8.5% p.a. payable on monthly basis. The loan is secured by mortgage of leasehold rights of Hulhule Island and all buildings thereon.

Bank borrowings includes the disbursements by China Exim Bank for new runway, fuel farm and cargo project. US\$ 321,953,650 has been disbursed as at 31 December 2019. Loan lent from Ministry of Finance and Treasury was received from China Exim Bank in foreign currencies and such loan has been re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in Maldivian Rufiyaa. This loan has been received on the guarantee from the Government of Maldives (GoM). Principal are to be paid in thirty equal semiannual installments and first repayment will commence on the first available payment date falling five years after date of withdrawal. The interest charged for this facility is 3% p.a. payable on semiannual basis.

On 30 January 2017 the Company had entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting SAR 375,000,000 receivable from the Saudi Fund for Development by the Government of Maldives, has been re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2019, the Company has withdrawn USD 27,035,714. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in forty equal semiannual instalments on 15 February and 15 August each year. The first repayment shall commence on the first available payment date falling five years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 3% p.a.

On 12 July 2017 the Company had entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting US\$ 50,000,000 receivable from the OPEC Fund for International Development by the Government of Maldives, will be re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2019, the Company has withdrawn loan amounting USD 8,681,268. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in twenty eight semi-annual instalments on 15 January and 15 July each year. The first repayment shall commence on the first available payment date falling four years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 5.7% p.a.

On 27 November 2017 the Company had entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting KD 15,000,000 receivable from the Kuwait fund for Arab Economic Development by the Government of Maldives, will be re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2019, the Company has withdrawn USD 9,106,591 from the above loan. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in thirty two semi-annual instalments on 1 January and 1 July each year. The first repayment shall commence on the first available payment date falling four years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 2.5% p.a.



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

27.1 Details of loans and borrowings (Continued)

On 08 October 2018 the Company had entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting AED 183,650,000 receivable from the Abu Dhabi Fund for Development by the Government of Maldives, will be re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2019, the Company has withdrawn loan amounting USD 13,505,697 from the above loan. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in twenty four semi-annual instalments on 30 March and 30 September each year. The first repayment shall commence on the first available payment date falling three years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 4% p.a.

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

The Company had obtained a term facility from China Development Bank (CDB) for the purpose of financing the saeplance facilities development project. The total facility of this loan is US\$ 47,170,000 and as of 31 December 2019, the company has withdrawn loan amounting US\$ 35,499,675 from this loan. Repayment of this loan shall be paid in twenty-one equal installments, paid semi-annually, starting from March 2021. The interest charged for this facility is base 2.9%+LIBOR p.a.

28 Deferred tax liabilities

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

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Deferred tax assets	(69,616,946)	(74,328,128)	(58,728,060)	(64,445,064)
Deferred tax liabilities	50,211,740	117,776,044	57,565,284	117,776,044
	(19,405,207)	43,447,916	(1,162,776)	53,330,980

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

At 1 January	43,447,916	(28,023,931)	53,330,980	(19,486,387)
Adjustment on initial application of IFRS 9	-	(36,600,210)	-	(36,600,210)
At 1 January - restated	43,447,916	(64,624,141)	53,330,980	(56,086,597)
Charge to income statement	(58,135,752)	111,560,237	(49,776,385)	112,905,757
Charge other comprehensive Income	(1,097,784)	-	(1,097,784)	-
Credit deferred tax liability reversal on realised revaluation surplus	(3,619,588)	(3,488,180)	(3,619,588)	(3,488,180)
At 31 December	(19,405,207)	43,447,916	(1,162,776)	53,330,980

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

On property, plant and equipment	334,744,931	741,757,513	383,523,004	785,173,626
On right-of-use assets	(41,503,479)	-	245,554	-
On employee pension provision	-	(77,979)	-	-
On debtors general provision	(187,826,823)	(245,984,289)	(156,737,728)	(223,591,288)
On defined benefits obligations	(234,782,673)	(206,042,473)	(234,782,673)	(206,042,473)
	(129,368,044)	289,652,772	(7,751,843)	355,539,865
Tax rate	15%	15%	15%	15%
Net deferred tax (asset) / liability	(19,405,207)	43,447,918	(1,162,776)	53,330,980



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

29 Employee retirement benefits obligations

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
At 1 January	206,042,473	-	206,042,473	-
Current service cost	15,255,827	12,192,258	15,255,827	12,192,258
Past service cost	-	198,962,221	-	198,962,221
Interest charge	9,477,954	-	9,477,954	-
Actuarial gain on obligation	7,318,558	-	7,318,558	-
	238,094,812	211,154,479	238,094,812	211,154,479
Less: payment during the year	(3,312,139)	(5,112,006)	(3,312,139)	(5,112,006)
Closing balance	234,782,673	206,042,473	234,782,673	206,042,473

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

Amount Recognized in Profit or Loss

Current service cost	15,255,827	12,192,258	15,255,827	12,192,258
Past service cost	-	198,962,221	-	198,962,221
Interest charge	9,477,954	-	9,477,954	-
	24,733,781	211,154,479	24,733,781	211,154,479

Amount recognized in income statement **Amount Recognized in Other Comprehensive Income**

Actuarial gain on obligation	7,318,558	-	7,318,558	-
	7,318,558	-	7,318,558	-

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

	2019	2018
<i>Management level:</i>		
Discount rate	4.60%	4.60%
Expected salary increment	2.78%	2.39%
Staff turnover factor:		
<i>Up to 30 years</i>	6.27%	6.27%
<i>From 31 to 44 years</i>	2.07%	2.07%
<i>Above 44 years</i>	1.08%	1.08%
<i>Operational level:</i>		
Discount rate	4.60%	4.60%
Expected salary increment	0.32%	3.54%
Staff turnover factor:		
<i>Up to 30 years</i>	11.52%	11.52%
<i>From 31 to 44 years</i>	3.53%	3.53%
<i>Above 44 years</i>	2.50%	2.50%

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

	Change in assumption (%)	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		2019	2018
Discount rate	0.50%	-5.82%	6.39%
Salary growth rate	0.50%	6.51%	-5.97%

The liability for defined benefit obligations is not externally funded.



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

29 Employee retirement benefits obligations (continued)

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

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

30 Trade and other payables

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Trade payables	494,901,828	1,119,224,077	479,560,914	1,096,422,414
Amounts due to related parties (Note 31)	134,708,565	79,194,078	136,024,980	79,682,711
Accrued expenses	13,045,752	3,566,696	9,281,468	481,570
Accrued compensation payable (Note 30.1)	692,049,600	-	692,049,600	-
Other payables	382,567,989	272,739,060	359,252,945	250,965,588
Advance received	2,225,322	957,166	474,998	-
Passenger service fee payable	230,144	116,419	230,144	116,423
	1,719,729,200	1,475,797,496	1,676,875,049	1,427,668,706

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

Other payables of the Company mainly includes retention amounting to MVR 92,830,258 (2018 : MVR 74,714,572), interest payable amounting to MVR 105,962,151 (2018 : MVR 60,683,416), advance received from customers amounting to MVR 64,070,776 (2018 : MVR 49,640,511) and staff bonus provision amounting to MVR 23,096,345 (2018 : MVR 30,972,443)

- 30.1** The company has come to an agreement with Beijing Urban Construction Group on 19th January 2020, to pay a compensation for the prolongation, interest on delayed payment and suspension of the New Runway Project, Seaplane Terminal Facilities Project and VIA Auxiliary Infrastructure Project. A provision for the agreed compensation of MVR 692,049,600 has been made for the year ended 2019.



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

31 Related party transactions

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

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

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

i) Sales of goods and services	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Maldives Inflight Catering Pvt Ltd	-	-	51,455,279	51,135,869
Ministry of Foreign Affairs	6,275,154	5,615,181	6,275,154	5,615,181
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	2,918,657	2,175,663	2,918,657	2,175,663
Island Aviation Services Ltd	451,522,663	484,507,884	451,522,663	484,507,884
Maldives National Defense Force	3,271,725	2,107,673	3,271,725	2,107,673
State Trading Organization Plc	11,900,919	8,538,403	11,900,919	8,538,403
Aviation Security Command	1,152,550	1,399,214	1,152,550	1,399,214
People'S Majlis Secretariat	1,890,674	1,975,415	1,890,674	1,975,415
Maldives Meteorological Service	1,309,057	1,328,205	1,309,057	1,328,205
Maldives Post Limited	556,904	1,101,672	556,904	1,101,672
Other Government undertakings	5,791,715	5,217,046	5,791,715	5,217,046
	486,590,018	513,966,356	538,045,296	565,102,224

ii) Purchases of goods and services

Department of Immigration and Emigration	715,150	143,350	715,150	143,350
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	9,086,793	13,236,685	9,086,793	13,236,685
Island Aviation Services Ltd	6,464,267	3,464,254	6,464,267	3,464,254
Maldives Customs Services	59,678,056	37,431,297	59,678,056	37,431,297
Maldives Ports Limited	539,256	1,185,294	539,256	1,185,294
Maldives Transport and Contracting Company Plc	11,591,599	24,664,703	11,591,599	24,664,703
State Trading Organization Plc	116,634,172	1,695,059,133	116,634,172	1,695,059,133
Male' Water & Sewerage Company Pvt. Ltd.	1,592,374	1,226,433	1,592,374	1,226,433
	206,301,667	1,776,411,149	206,301,667	1,776,411,149

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

Receivable from related parties:

SATS Limited	9,226,603	7,894,002	-	-
Island Aviation Services Limited	118,391,408	145,718,075	118,391,408	145,718,075
Ministry of Youth and Sports	1,135,364	69,431	1,135,364	69,431
Ministry of Finance and Treasury	63,867,972	63,858,842	63,867,972	63,858,842
Ministry of Foreign Affairs	3,850,926	2,451,023	3,850,926	2,451,023
Maldives National Defense Force	1,323,385	798,898	1,323,385	798,898
Maldives Inflight Catering Pvt Ltd	4,671,545	-	4,671,545	2,335,545
Maldives Post Limited	2,992,567	2,558,881	2,992,567	2,558,881
State Trading Organization Plc	2,827,801	1,081,125	2,827,801	1,081,125
Fenaka Corporation Limited	2,828,892	-	2,828,892	-
Other Government undertakings	4,610,984	3,093,621	4,610,984	3,093,621
	215,727,446	227,523,897	206,500,843	221,965,441



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

31 Related party transactions (continued)	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Payable to related parties:				
Maldives Inflight Catering Pvt Ltd	-	-	1,316,415	488,633
State Trading Organisation Plc	119,900,073	53,550,646	119,900,073	53,550,646
Maldives Transport and Contracting Company Plc	1,434,245	4,394,799	1,434,245	4,394,799
Island Aviation Services Limited	9,114,934	13,923,509	9,114,934	13,923,509
Maldives Pension Administration Office	-	2,931,973	-	2,931,973
Maldives Customs Service	1,219,677	2,530,872	1,219,677	2,530,872
Other Government undertakings	3,039,637	1,862,278	3,039,637	1,862,278
	134,708,565	79,194,078	136,024,980	79,682,711

iv) Key management personnel compensation

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

	Group		Company	
	2019	2018	2019	2018
Emoluments and fees	810,046	1,195,085	606,425	963,785
Termination benefits	-	880,212	-	880,212
	810,046	2,075,297	606,425	1,843,997

32 Capital commitments

	2019	2018
Development projects:		
Short-term commitments - less than 12 months	408,229,771	2,099,547,303
Long-term commitments - over 12	6,077,235,075	6,485,464,846
Total commitment towards Development Projects	6,485,464,846	8,585,012,149

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

33 Events after the reporting period

The Covid-19 pandemic that has been spreading all over the world has impacted the global economy including Maldives. Due to uncertainty and unexpected outcomes of the outbreak, the overall impact on company's Financial Statement for the year ended 31 December 2019 cannot be assessed. However, the company has considered modified macroeconomic factors such impact of expected decline in GDPs and Fuel prices in computation of its Expected Credit Loss in compliance with IFRS 9.



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

33 Financial risk management

33.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

	31 December 2019		31 December 2018	
	US\$	SGD	US\$	SGD
Cash and cash equivalents	83,642,742	-	28,659,708	-
Trade and other receivables	52,314,066	327,388	107,459,285	998,374
Investments in fixed deposits	10,400,578	-	21,727,305	-
Trade and other payables	(40,646,769)	-	(50,397,014)	(55,517)
Borrowings	(439,578,652)	-	(384,067,359)	-
	(333,868,036)	327,388	(276,618,074)	942,857

Sensitivity analysis

5 percent strengthening/ weakening of Maldivian Rufiyaa against United States Dollars and Singapore Dollar as at 31 December 2019 and 31 December 2018, would have increased/ decreased profit by the amount shown below, based on the Group's monetary assets and liabilities. The analysis assumes that all other variables remain constant.

	Strengthening	Weakening
31 December 2019		
US\$ 5% movement	(257,412,256)	257,412,256
SGD 5% movement	187,030	(187,030)
31 December 2018		
US\$ 5% movement	(213,272,535)	213,272,535
SGD 5% movement	531,861	(531,861)

Financial risk factors

	Average rate		As at 31 December	
	2019	2018	2019	2018
1 MVR: SGD	0.0884	0.0890	0.0875	0.0886
1 MVR: USD	0.0650	0.0650	0.0649	0.0649

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

(ii) Cash flow and fair value interest rate risk

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



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

33 Financial risk management (continued)

(b) Liquidity risk

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

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

Group

	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
At 31 December 2019				
Trade and other payables	1,701,511,546	-	-	-
Borrowings	11,763,377	160,063,808	308,426,786	6,298,048,844
At 31 December 2018				
Trade and other payables	1,417,245,087	-	-	-
Borrowings	199,502,726	1,004,284,667	56,446,548	4,662,084,728

Company

	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
At 31 December 2019				
Trade and other payables	1,658,657,395	-	-	-
Borrowings	11,763,377	160,063,808	308,426,786	6,298,048,844
At 31 December 2018				
Trade and other payables	1,370,073,464	-	-	-
Borrowings	199,502,726	1,004,284,667	56,446,548	4,662,084,728

(c) Credit risk

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

(i) Risk management

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

(ii) Security

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

(iii) Impairment of financial assets

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

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

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



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

33 Financial risk management (continued)

- Trade receivables - others and related parties

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

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

- Trade receivables - others and related parties (continued)

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

On that basis, the loss allowance of the Company as at 31 December 2019 and 31 December 2018 was determined as follows for trade receivables that were subjected to expected credit loss calculation.

Scheduled airlines

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

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2018						
Expected loss rate	0.4%	1.0%	3.3%	5.8%	9.2%	
Gross carrying amount – trade receivables	99,454,192	48,254,268	14,918,483	4,167,610	10,254,557	177,049,111
Loss allowance	420,311	477,851	491,228	240,506	945,127	2,575,023

Non-scheduled airlines

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

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2018						
Expected loss rate	15%	27%	44%	73%	93%	
Gross carrying amount – trade receivables	27,021,168	1,958,384	468,829	160,883	55,093,147	84,702,410
Loss allowance	3,996,002	519,897	208,517	117,171	50,995,346	55,836,933

Non-aero

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2019						
Expected loss rate	15%	15%	15%	15%	15%	
Gross carrying amount – trade receivables	14,463,617	4,671,618	1,612,763	1,089,573	30,835,337	52,672,909
Loss allowance	1,997,245	835,570	793,730	906,258	28,917,768	33,450,572



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

33 Financial risk management (continued)

Non-aero (continued)

31st December 2018	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	13%	16%	45%	75%	93%	
Gross carrying amount – trade receivables	12,834,623	10,100,230	916,838	879,120	29,658,606	54,389,416
Loss allowance	1,614,537	1,624,310	409,361	655,338	27,581,647	31,885,193

Related parties - state owned enterprises

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

31st December 2018	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	13%	15%	18%	22%	28%	
Gross carrying amount – trade receivables	12,687,804	10,289,172	20,582,234	15,959,444	90,385,759	149,904,413
Loss allowance	1,633,264	1,581,492	3,626,647	3,524,143	25,553,642	35,919,188

- Receivables from Government Ministries and Departments

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

On that basis, the Company's the loss allowance for receivables from Government Ministries and Departments as at 31 December 2019 and 31 December 2018 were as follows:

	31 December 2019	31 December 2018
Gross carrying amount		
- Trade receivables - related parties	74,598,781	72,061,028
- Other receivables	619,783,560	1,221,460,985
Loss allowance		
- Trade receivables - related parties	388,872	8,059,322
- Other receivables	22,267,328	99,071,737

Provision for government has substantially reduced as over 50% government receivables due as at 31st December has been recovered during the year 2019 and the balance is expected to be recovered in the next year.

33.2 Capital risk management

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

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

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



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2019

33.2 Capital risk management (Continued)

The gearing ratios at 31 December 2019 and 31 December 2018 were as follows:

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
Total borrowings (Note 27)	6,778,302,815	5,922,318,669	6,778,302,815	5,922,318,669
Trade and other payables (Note 30)	1,719,729,200	1,475,797,496	1,676,875,049	1,427,668,706
Less: Cash and cash equivalents (Note 22)	(1,458,499,403)	(665,665,192)	(1,093,594,370)	(536,701,965)
Net debt	7,039,532,612	6,732,450,972	7,361,583,494	6,813,285,410
Total equity	7,539,139,885	6,905,294,745	6,280,721,976	5,801,697,691
Total capital	14,578,672,497	13,637,745,717	13,642,305,470	12,614,983,101
Gearing ratio	48%	49%	54%	54%

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

34 Contingencies

Contingent liabilities

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

Contingent assets

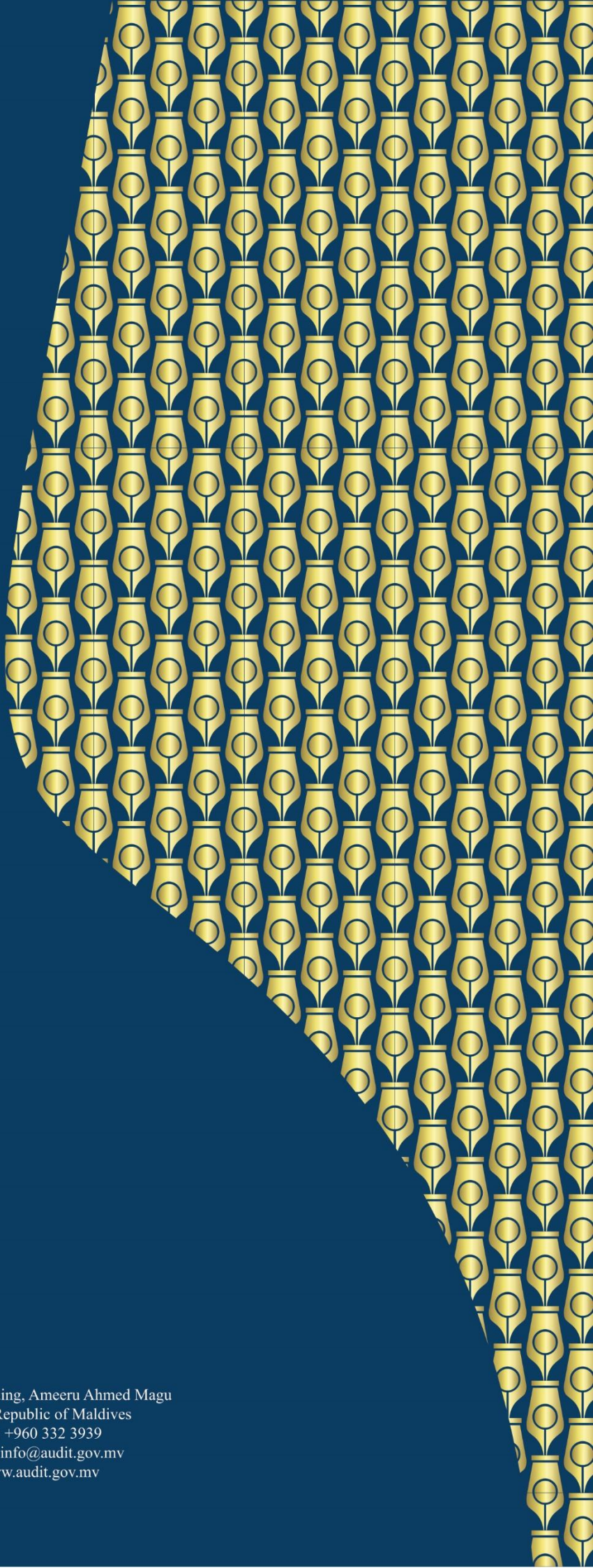
There are no material contingent assets recognized at the reporting date.



Maldives Airports Company Limited
DETAILED STATEMENT OF EXPENDITURES
Year ended 31 December 2019

	Group		Company	
	2019 MVR	2018 MVR	2019 MVR	2018 MVR
i Cost of Operating Supplies				
Fuel cost	1,653,189,503	1,528,733,234	1,653,189,503	1,528,733,234
Duty-free cost of goods sold	418,361,193	410,434,601	418,361,193	410,434,601
Employee benefit expenses (iv)	283,979,777	265,265,677	283,979,777	265,265,677
Depreciation (iii)	96,176,312	96,710,621	96,176,312	96,710,621
Other operating supplies	74,873,313	78,784,040	10,635,030	7,658,134
	2,526,580,098	2,379,928,173	2,462,341,815	2,308,802,267
ii Administrative expenses				
Depreciation on property, plant and equipment (Note iii)	153,191,475	150,034,497	121,603,929	119,660,043
Depreciation on investment properties (Note 12)	6,217,677	6,672,837	6,217,677	6,672,837
Amortisation charges - right-of-use asset	20,277,043	-	10,927,959	-
Amortisation charges (Note 14)	3,832,407	4,934,242	3,715,971	4,835,014
Employee benefit expense (Note iv)	521,783,099	692,584,716	470,082,861	637,614,644
Repair and maintenance	66,456,978	57,623,875	59,801,413	57,623,875
Insurance	18,923,365	26,482,904	18,177,993	14,115,256
Communication expenses	11,731,519	11,542,676	11,731,519	11,542,676
Fuel and consumables	94,624,172	97,346,288	94,624,172	97,346,288
Professional fees	4,587,713	13,169,635	4,290,107	12,401,830
Legal fees and expenses	1,924,313	525,129	910,140	694,129
Travelling expenses	3,847,293	3,695,257	3,847,293	3,695,257
Bank charges and commission	18,865,183	16,582,695	16,739,613	16,582,695
License charges	4,752,839	3,009,333	4,752,839	3,009,333
Import duty and freight charges	7,071,480	9,977,947	7,071,480	9,977,947
Subscription expense	35,554,738	22,310,720	35,554,738	22,310,720
Functions and celebration expense	3,599,693	6,274,484	3,599,693	6,274,484
Printing and stationaries	6,311,943	3,889,532	5,382,688	3,889,532
Garbage disposal charges	7,358,491	8,490,566	7,358,491	8,490,566
Loss on disposal of property, plant and equipment	4,747,649	28,910,590	4,765,505	28,910,590
Loss on disposal of investment properties	-	22,512,588	-	22,512,588
Exchange loss	1,882,521	2,085,388	1,882,521	1,972,745
Provision for EoT claims (Note 30.1)	692,049,600	-	692,049,600	-
Other administrative expenses	74,555,085	109,534,304	19,311,085	37,787,863
	1,764,146,277	1,298,190,202	1,604,399,287	1,127,920,912
iii Depreciation expenses classified as;				
Administrative expenses (ii)	153,191,475	150,034,497	121,603,929	119,660,043
Cost of sales and operating supplies (i)	96,176,312	96,710,621	96,176,312	96,710,621
	249,367,787	246,745,118	217,780,241	216,370,664
iv Employee benefit expense				
Salaries and wages	610,207,964	590,264,819	583,973,178	546,980,093
Staff welfare	4,298,633	3,563,663	3,907,304	3,563,663
Overtime	39,285,574	30,283,267	36,033,604	28,079,857
Pension fund contribution	18,979,684	17,945,674	18,279,215	17,235,830
Staff transportation expenses	18,621,988	18,764,126	17,848,243	18,764,126
Training and development	15,857,884	20,141,747	15,711,887	19,936,831
Employee health insurance	12,903,690	12,367,648	12,903,690	12,367,648
Accommodations	2,558,848	7,208,038	461,666	7,208,038
Employee retirement benefits expenses	24,733,781	211,154,479	24,733,781	211,154,479
Other benefits	58,314,831	58,524,580	40,210,070	37,589,756
	805,762,876	970,218,041	754,062,638	902,880,321
Employee benefit expenses classified as;				
Administrative expenses (i)	521,783,099	692,584,716	470,082,861	637,614,644
Cost of sales and operating supplies (ii)	283,979,777	265,265,677	283,979,777	265,265,677
	805,762,876	957,850,393	754,062,638	902,880,321
v Selling and marketing costs				
Advertising costs	6,471,920	7,673,824	6,471,920	7,673,824
Other distribution costs	4,003,001	3,574,896	-	-
	10,474,921	11,248,720	6,471,920	7,673,824





Ghaazee Building, Ameeru Ahmed Magu
Male', Republic of Maldives
Tel: +960 332 3939
Email: info@audit.gov.mv
www.audit.gov.mv