Report No: FIN-2022-04(E)

12TH January 2022

MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION

FINANCIAL YEAR 2019

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES MARKETING AND PUBLIC RELATIONS CORPORATION LIMITED

Disclaimer of Opinion

We were engaged to audit the financial statements of Maldives Marketing and Public Relations Corporation Limited (MMPRC) (the "Corporation"), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other 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.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

1. As more fully disclosed in Note 14.1, receivable and payable balances were recognised by the Corporation on account of leasing of tourist resort islands on behalf of the Government during the period 2013 to 2015. These balances as at the reporting date are receivable from various parties (refer note 14.1) amounting to MVR 1,354,801,755/- and the corresponding liability to repay the same to the Ministry of Tourism amounting to MVR 1,512,856,200/- (including MVR 158,054,445/- already collected) (refer note 18.1) respectively. However, legal proceedings and investigations are ongoing in relation to these balances. Further, there has not been any movements of these balances from 31 December 2015.

   Considering the lack of adequate supporting audit evidence, including the possible effects (if any) from the outcome of the pending litigations and investigations on the reported balances, we were unable to determine the reasonableness of the receivable and corresponding payable balances as at the reporting date.

2. Included under trade and other payables, are payables to the Ministry of Tourism, amounting to MVR 6,001,775/- (2018: MVR 6,001,775/-) (refer note 18.1). Due to lack of availability of audit evidence, we were unable to determine whether any adjustment is required for these payable balances as at the reporting date.

3. Included under trade and other receivables, is a fixed term cash lent of MVR 157,253,546/- (2018: MVR 157,253,546/-). As disclosed in note 14.2, the verdict (705/Cv-C/2017) issued by the Civil Court on 17 September 2017 was in favour of the Corporation. However, these balances have not been settled as at the date of our report. Further, there has not been any movements of this balance from the year 2015. The Corporation has neither made an assessment of impairment nor a provision is recognised against the possible impairment as at the reporting date. In the absence of an impairment assessment, we were unable to ascertain the reasonableness of the balance as at the reporting date.

4. Included under trade and other receivables, are claims on account of budget allocation for the period up to 2017 from the Ministry of Tourism, amounting to MVR 10,924,634/- (2018: MVR 10,924,634/-) (refer note 14.3). Due to lack of evidence to support the eligibility for the said budget allocation as at the reporting date and the absence of a direct confirmation from the Ministry of Tourism, we were unable to ascertain the reasonableness of the receivable balance as at the reporting date.

5. Included under Accounts receivables (refer note 14) as at the reporting date is, an aggregate amount of MVR 4,354,105/- (2018: MVR 1,946,311/-), which remain unsettled for more than a year. The Corporation has neither made an assessment nor accounted for an allowance for impairment. In the absence of an impairment assessment, we were unable to ascertain the reasonableness of the balance as at the reporting date.

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

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

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

The Board of Directors are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Corporation's financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the International Ethical Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

12th January 2022

H. Niyazy

Hussain Niyazy

Auditor General

Maldives Marketing and Public Relations Corporation Limited
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2019

	Note	2019 MVR	2018 MVR
Revenue	6	27,706,045	26,032,982
Government grant	7	104,873,305	49,115,995
Event costs		(89,036,565)	(56,524,213)
Other income		34,419	281,917
Administration expenses		(12,906,070)	(9,503,837)
Selling and distribution expenses		(2,443,121)	-
Profit before interest and tax	8	28,228,013	9,402,844
Finance cost	9	(487,549)	-
Profit before tax from operation		27,740,464	9,402,844
Business tax expense	10	(4,088,891)	(3,052,617)
Profit for the year		23,651,573	6,350,226

The accounting policies and notes on pages 8 through 28 form an integral part of the financial statements.

AUDITOR GENERAL'S OFFICE

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0509/2011

Maldives Marketing and Public Relations Corporation Limited
STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

Asset	Note	2019 MVR	(Restated) 2018 MVR
Non-current assets			
Property, plant and equipment	11	2,199,855	407,377
Deferred tax asset	10	-	2,821
Right-of-use assets	13.1	7,398,426	-
		9,598,281	410,198
Current assets			
Trade and other receivables	14	1,540,626,363	1,536,160,394
Business profit tax receivable	15	-	1,670,287
Cash and cash equivalents	16	149,963,619	81,070,341
		1,690,589,982	1,618,901,022
Total assets		1,700,188,263	1,619,311,220
Equity and liabilities			
Share capital and reserves			
Issued share capital	17	10,000,000	10,000,000
Call in arrears	17	(10,000,000)	(10,000,000)
Retained earnings		8,037,661	(15,613,912)
Total equity		8,037,661	(15,613,912)
Non-current liabilities			
Lease liability	13.2	5,623,852	-
		5,623,852	-
Current liabilities			
Trade and other payables	18	1,633,471,561	1,634,925,132
Lease liability	13.2	1,312,711	-
Deferred government grant	19	49,326,695	-
Business profit tax payable	15	2,415,783	-
		1,686,526,750	1,634,925,132
Total equity and liabilities		1,700,188,263	1,619,311,220

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

Name of the Director		Signature
Thoyyib Mohamed	Managing Director	
Abdulla Suood	Board Director	

The accounting policies and notes on pages 8 through 28 form an integral part of the financial statements.

9 December 2021
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AUDITOR GENERAL'S OFFICE

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0505/2011

Maldives Marketing and Public Relations Corporation Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2019

	Share capital	Call in arrears	Retained earnings	Total
	MVR	MVR	MVR	MVR
Balance as at 1 January 2018 as previously state	10,000,000	(10,000,000)	(23,430,695)	(23,430,695)
Ajustment on correction of errors (Note no 24)	-	-	1,466,556	1,466,556
Balance as at 01 January 2018 as restated	10,000,000	(10,000,000)	(21,964,138)	(21,964,138)
Profit for the year	-	-	6,350,226	6,350,226
Balance as at 31 December 2018	10,000,000	(10,000,000)	(15,613,912)	(15,613,912)
Profit for the year	-	-	23,651,573	23,651,573
Balance as at 31 December 2019	10,000,000	(10,000,000)	8,037,661	8,037,661

The accounting policies and notes on pages 8 through 28 form an integral part of the financial statements.

AUDITOR GENERAL'S OFFICE

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0509/2011

Maldives Marketing and Public Relations Corporation Limited
STATEMENT OF CASH FLOW
Year ended 31 December 2019

	Note	2019 MVR	(Restated) 2018 MVR
Operating activities			
Profit before tax		27,740,464	9,402,844
Adjustment to reconcile profit to net cash flows			
Depreciation and amortisation	11	1,512,667	368,270
Finance cost	13.2	487,549	-
		29,740,680	9,771,114
Working capital changes			
(Increase) / decrease in trade and other receivables	14	(4,805,209)	2,052,135
Increase in trade and other payable	18	(1,453,577)	5,386,844
Increase in government grants	7	49,326,695	-
Cash generated from operations		72,808,589	17,210,092
Lease interest paid		(487,549)	-
Income tax paid		-	(4,490,629)
Net cash flows from operating activities		72,321,040	12,719,463
Investing activities			
Acquisition of property, plant and equipment	11	(2,219,116)	(105,467)
Net cash flow used in investing activities		(2,219,116)	(105,467)
Financing activities			
Settlement of lease liabilities	13.2	(1,208,651)	-
Net cash used from financing activities		(1,208,651)	-
Net Increase in cash and cash equivalents		68,893,273	12,613,997
Cash and cash equivalents at 1 January		81,070,341	68,456,343
Cash and cash equivalents at 31 December	16	149,963,619	81,070,341

The accounting policies and notes on pages 8 through 28 form an integral part of the financial statements.

AUDITOR GENERAL'S OFFICE

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0505/2011

1. Corporate information

Maldives Marketing and Public Relations Corporation Limited ("the Corporation") is a limited liability Corporation, which is fully owned by Government of Maldives. The Corporation was incorporated in the Republic of Maldives on 14 August 2011 under the Act No. 10/96. The Registered office of the Corporation is situated at Ministry of Finance and Treasury, Ameenee Magu, Male - 20379, Republic of Maldives.

1.1 Principal activities and nature of operations

Principal activity of the Corporation is to provide advertising and public relations services to the Government and related departments and offices through use of various media to create awareness for the target segments in the public with regard to new policies, laws, issues and services in line with the National Strategic Action Plan, provide campaign management services for Government offices.

1.3 Date of authorization of the financial statements

The financial statements of the Corporation for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 09 December 2021.

2. Basis of preparation

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

2.1 Statement of compliance

The financial statements of Maldives Marketing and Public Relations Corporation Limited have been prepared in accordance with International Financial Reporting Standards.

2.2 Going concern

Directors have assessed the Corporation's ability to continue as a going concern and are satisfied that the Corporation will continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainty relating to Corporation's ability to continue as a going concern.

In assessing the Corporation's ability to continue as a going concern, the Corporation believes that, in the event of the Corporates inability to collect funds in relation to receivables from various parties amounting to MVR 1,354,801,755/- (refer note 14.1), the Ministry of Tourism will not demand the corresponding liability amounting to MVR 1,518,857,975/- from the Corporation (refer note 18.1).

2.3 Comparative information

Other than for the amounts restated (refer note 24) and reclassified (refer note 25), the accounting policies have been consistently applied by the Corporation and are consistent with those used in the previous year.

2.4 New standards, interpretation and amendments adopted by the Corporation

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Corporation's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019.

The Corporation adopted IFRS 16 using the modified retrospective method with the date of initial application on 1 January 2019. As stipulated by the standard, the prior- year figures were not adjusted. As part of initial application of IFRS 16, the Corporation chose to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous lease recognised in the balance sheet immediately before the date of initial application. In addition, the Corporation has decided not to apply the new guidance to leases whose term will end within twelve months of the date of initial application. In such cases, the leases will be accounted for as short-term leases and the lease payments associated with them will be recognised as an expense from short-term leases. Please refer note 13.3 for further details.

AUDITOR GENERAL'S OFFICE

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0500/2011

3. Summary of significant accounting policies

a. Conversion of foreign currencies

The Corporation's separate financial statements are presented in MVR which is the Corporation's functional and presentation currency.

Transactions in foreign currencies are initially recorded by the Corporation at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the end of the reporting period. All differences are taken to the profit or loss.

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

b. Current versus non-current classification

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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

c. Revenue recognition

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

Service transferred over time
Under IFRS 15, the Corporation determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Corporation recognizes the revenue overtime by measuring the progress towards complete satisfaction of that performance obligation.

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

Advertising Income
Advertising Revenues are recognised when the related advertisement or commercial appears before the public.

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

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

AUDITOR GENERAL'S OFFICE

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0503/2011

3. **Summary of significant accounting policies (Continued)**

Membership Fees and Other income
Membership Fees and Other income is recognised on accrual basis.

d. Expenditure recognition

Expenses are recognised in the income statement on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been recognised in income statement.

e. Taxes

Current business profit tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of the reporting period.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred tax relating to items recognised outside profit or loss is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

AUDITOR GENERAL'S OFFICE

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0505/2011

3. Summary of significant accounting policies (Continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in income statement.

f. Property, plant and equipment

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

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

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

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

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

Furniture and fittings	10 years
Office equipment	05 years
Communication Tools	05 years

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

g. Leases

The Corporation assesses at the inception of the contract whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Corporation as a lessee
The Corporation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3. Summary of significant accounting policies (Continued)

Right-of-use assets
The Corporation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings - 2nd floor of H. Zoneyria	05 Years

If ownership of the leased asset transfers to the Corporation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities
At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Corporation uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Corporation applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease

h. Intangible assets

Intangible assets with finite lives are amortised over the useful economic life (3 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

i. Impairment of non- financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

AUDITOR GENERAL'S OFFICE

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0505/2011

3. Summary of significant accounting policies (Continued)

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment/ reversal of impairment

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Financial Instruments - Initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Corporation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

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

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

AUDITOR GENERAL'S OFFICE

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0503/2011

3. **Summary of significant accounting policies (Continued)**

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

  And

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

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

The Corporation's financial assets at amortised cost includes trade receivables.

Derecognition

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

- The rights to receive cash flows from the asset have expired

  Or

- The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Corporation has transferred substantially all

the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Corporation continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Corporation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained.

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

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3. Summary of significant accounting policies (Continued)

Impairment of financial assets

The Corporation applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, the Corporation does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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

▶ Contract assets

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

▶ Trade receivables

A receivable represents the Corporation's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section l) financial instruments - initial recognition and subsequent measurement.

▶ Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of balances with banks and cash in hand. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks as defined above. Statement of cash flows is prepared in "indirect method".

Financial liabilities

Initial recognition and measurement

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

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

The Corporation's financial liabilities include interest bearing loans and borrowings, trade and other payables.

Subsequent measurement

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

Loans and borrowings

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

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

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3. Summary of significant accounting policies (Continued)

Derecognition

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

▶ Contract liabilities

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

k. Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

l. Retirement Benefit Obligations

a) Maldives Retirement Pension

Defined contribution plans - Maldives Retirement Pension Scheme all local (Maldivian National) employees are eligible for Maldives Retirement Pension Scheme (MRPS) contribution according to the terms of the Maldives pension Act Law No. 8/2009 handled by Maldives Pension Administration Office (MPAO) from May 2011.

b) Other employee benefits

Short-term employee benefit obligations of the Corporation are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4. Summary of significant accounting judgements, estimates and assumptions

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Going concern

The Proprietor has made an assessment of the Corporation's ability to continue as a going concern. The Proprietor does not intend either to liquidate or to cease trading.

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4. Summary of significant accounting judgements, estimates and assumptions (Continued)

Impairment of non-financial assets
The carrying amounts of the Corporation's assets, other than inventories, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflects current market assessments of the time value of money and the risks specific to the assets.
If there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the assets in prior years.

5. New and amended standards and interpretations

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the financial statements of the Corporation in the foreseeable future. The Corporation intends to adopt these amended standards, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively

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5. New and amended standards and interpretations (Continued)

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Corporation.

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Corporation will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Corporation will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Corporation.

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		2019	(Restated) 2018
6	Revenue	MVR	MVR
	Advertising	2,201,340	2,739,689
	Membership fee	17,102,633	16,615,901
	Fair participation fee	8,402,072	6,677,392
		27,706,045	26,032,982

		2019	2018
7	Government grants	MVR	MVR
	Government grant for the year	154,200,000	49,115,995
	Cost reimbursed during the year	104,873,305	49,115,995
	Deferred government grants	49,326,695	-

During the year, the Corporation received government grant amounting to MVR 154mn (2018 - MVR 49mn). The grant received in excess of the expenses incurred is shown as deferred goverment grants.

		2019	2018
8	Profit before tax stated after charging,	MVR	MVR
	Salary and wages	5,827,101	5,426,466
	Board member's fee	466,508	396,500
	Rent	116,760	406,000
	Telephone and internet	332,402	296,814

		2019	2018
9	Finance cost	MVR	MVR
	Lease interest expenses	487,549	-
		487,549	-

		2019	2018
10	Business tax expense	MVR	MVR
	Current business profit tax (10.1)	4,086,070	1,335,427
	Deferred tax on temporary differences	2,821	-
	Additional tax as per MIRA audit	-	1,659,393
	Underprovision on business tax	-	57,797
	Income tax expense reported in the statement of profit or loss and other comprehensive income	4,088,891	3,052,617

10.1 Current business profit tax

Business profit tax is calculated at 15% on the taxable profit the year in accordance with the Business Profit Tax Act No. 05/2011. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives' domestic tax rate for the years ended 31 December is as follows:

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10 Business tax expense (Continued)

10.2 Reconciliation between accounting profit and taxable income :

	2019	2018
	MVR	MVR
Profit before tax	27,740,464	9,402,844
Add: Depreciation and amortisation charge for the year	1,512,667	764,770
Less: Capital allowances	(1,512,667)	(368,270)
Other allowable expenses	-	(396,500)
Taxable Income for the Year	27,740,464	9,402,844
Less: Tax free allowance	(500,000)	(500,000)
	27,240,464	8,902,844
Business income tax on taxable profit @ 15%	4,086,070	1,335,427

10.3 Deferred tax

a) Deferred tax on temporary differences

	2019	2018
	MVR	MVR
On property, plant and equipment	-	2,821
Total tax asset as at 31 December	-	2,821

The provision on deferred tax is made on temporary differences between the carrying value and tax base of property, plant and equipment, accumulated tax losses, voluntary retirement provision and debtors general provision. The Corporation's management expects to earn future taxable profits and therefore deferred tax assets are recognised.

b) Movement in deferred tax

	2019	2018
	MVR	MVR
As at 01 January	2,821	(169,060)
Provision reversed during the year	(2,821)	171,881
As at 31 December	-	2,821

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11 Property, plant and equipment

11.1 Gross carrying amounts At cost	As at 01.01.2019 MVR	During the year MVR	As at 31.12.2019 MVR
Furniture and fittings	186,357	1,597,421	1,783,778
Office equipment	1,734,980	498,867	2,233,847
Comunication Tools	13,189	122,828	136,017
	1,934,526	2,219,116	4,153,642

11.2 Accumulated depreciation	Balance as at 01.01.2019 MVR	Charge for the year MVR	Balance as at 31.12.2019 MVR
Furniture and fittings	84,643	150,147	234,790
Office equipment	1,438,830	263,618	1,702,448
Comunication Tools	3,676	12,873	16,549
	1,527,149	426,638	1,953,787
Net book value	407,377		2,199,855

12 Intangible assets

	2019 MVR	2018 MVR
12.1 Computer software cost		
As at 01 January	16,962	16,962
Additions during the year	-	-
As at 31 December	16,962	16,962
12.2 Amortisation		
As at 1 January	16,962	16,962
Charge for the year	-	-
As at 31 December	16,962	16,962
Net book value	-	-

13 Lease

The Corporation has a contract for the use of building in its operations. The building has lease term of 5 years.

13.1 Right-of-use assets	Rental of 2nd floor of H.Zoneyria MVR	Total MVR
Recognized on adoption of IFRS-16	8,484,455	8,484,455
Balance as at 31.12.2019	8,484,455	8,484,455
Accumulated depreciation		
Amortisation for the year	1,086,029	1,086,029
Balance as at 31.12.2019	1,086,029	1,086,029
Net book value	7,398,426	7,398,426

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13 Lease (Continued)

13.2 Lease liabilities

	2019 MVR
Additions during the year	8,145,215
Accretion of interest	487,549
Payments	(1,696,200)
As at 31 December 2019	6,936,564

Classification	Interest rate	Maturity	2019
Current	12%	2020	1,312,711
Non - current	12%	2021- April 2024	5,623,852
Total			6,936,564

13.3 Transition to IFRS 16

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

Lease liabilites as at 1 January 2019	MVR
Operating lease commitments as at 31 December 2018	70,703,790
Incremental borrowing rate as at 1 January 2019	12.00%
Discounted operating lease commitments as at 1 January 2019	8,484,455
Lease liabilites as at 1 January 2019	8,484,455
Right-of-use assets	
Discounted operating lease commitments as at 1 January 2019	8,484,455

14 Trade and other receivables

		2019 MVR	(Restated) 2018 MVR
Accounts receivables		5,482,083	6,376,701
Provision for impairment		(750,935)	-
		4,731,148	6,376,701
Prepayments and deposits		12,585,848	6,713,859
Receivables from lease acquisitions	(Note 14.1)	1,354,801,755	1,354,801,755
Fixed term cash lent	(Note 14.2)	157,253,546	157,253,546
Amounts due from related parties	(Note 14.3)	10,924,634	10,924,634
Other receivables		329,432	89,899
		1,540,626,363	1,536,160,394

14.1 Receivables from lease acquisitions

These balances were recognised by the Corporation on account of leasing of tourist resort islands on behalf of the Government during the period 2013 to 2015. These balances as at the reporting date are receivable from various parties amounts to MVR 1,354,801,755/- and the corresponding liability to repay the same to the Ministry of Tourism amounting to MVR 1,512,856,200/- (including MVR 158,054,445/- already collected)(refer note 18.1). However, legal proceedings and investigations are ongoing in relation to these balances (refer note 19.2).

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14 Trade and other receivables (Continued)

14.2 Fixed term cash lent

Fixed term cash lent MVR 157,253,546/- (2018: MVR 157,253,546/-) is receivable from SOF Private Limited. The verdict issued by the Courts on 17 September 2017 is in favour of the Corporation. However, these balances have not been settled by SOF Private Limited.

14.3 Amounts due from related parties	Relationship	2019 MVR	(Restated) 2018 MVR
Ministry of Tourism	Affiliate through government	10,924,634	10,924,634

The balance represent the pending receivables from Ministry of Tourism with reference to claims made by the Corporation in relation to Budget Allocation up to the year 2017.

15 Business profit tax payable / (receivable)

Opening balance	(1,670,287)	(233,801)
Business profit tax expense for the year	4,086,070	1,335,427
Payment made during the year	-	(2,824,682)
Business profit tax underpovision	-	52,769
Business profit tax payable / (receivable)	2,415,783	(1,670,287)

16 Cash and cash equivalents	2019 MVR	2018 MVR
Cash in hand	344,785	12,829,305
Cash at bank	149,618,834	68,241,036
	149,963,619	81,070,341

17 Share capital	2019 MVR	2018 MVR
Authorised share capital		
10,000,000 Ordinary shares of Rf 100/= each	1,000,000,000	1,000,000,000
Issued share capital		
100,000 Ordinary shares of Rf 100/= each	10,000,000	10,000,000
Call in arrears		
100,000 Ordinary shares of Rf 100/= each	10,000,000	10,000,000

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		2019	2018
18	Trade and other payables	MVR	MVR
	Trade payables	17,175,672	9,168,137
	Advance from customer	9,780,766	19,042,091
	Other payables	283,190	292,755
	Accrued expenses	2,235,959	2,426,175
	Amount due to related parties (Note 18.1)	1,603,995,974	1,603,995,974
		1,633,471,561	1,634,925,132

18.1	Amount due to related parties	Relationship		
	Ministry of Tourism	Affiliate through government	1,518,857,975	1,518,857,975
	Maldives Ports Limited	Affiliate through government	85,137,999	85,137,999
			1,603,995,974	1,603,995,974

The payable to Ministry of Tourism includes MVR 1,512,856,200/- recognized by the Corporationon account of leasing of tourist resort islands on behalf of the Government during the period 2013 to 2015. Please refer note 14.1.

19 Capital commitments and contingent liabilities

19.1 Capital commitments

The Corporation had no significant capital commitments as at the reporting date.

19.2 Contingent liabilities

On December 9, 2015, the Ministry of Tourism (MOT) informed the Corporation (MMPRC) through its letter number 88-B/MMPRC/2015/70 stating that the Government of Maldives has decided to withdraw the mandate given to the Corporation to lease Islands, lagoons land plots for tourism purposes. In the same letter the MOT stated that they will be dealing with all the issues in connection with the leases made through the Corporation.

Some parties have filed cases against the Corporation to the Civil Court claiming to complete leasing process as they have received the offer letter from the Corporation. The Civil Court has dismissed those claims stating that the Corporation has no legal mandate to complete such process.

There are some ongoing litigations against both the Corporation and Ministry of Tourism jointly. In one of the Cases, the Civil Court held both the Corporation and Ministry of Tourism liable and to refund the acquisition cost paid by the claimant to the Corporation to acquire the lease of an Island.

However, as mentioned in the MOT's letter, it is Ministry of Tourism who are dealing with the recovery and the liability in connection with all the leases made through MMPRC in 2014 and 2015.

No provisions have been made in these financial statements in connection with the above other than to the payable balance to Ministry of Tourism recognised in these financial statements amounting to MVR 1,512,856,200/- (refer note 18.1) as the Management believes that any benefits or additional liabilities that could arise from resolution of recovery actions shall not be transferred to the Corporation by Ministry of Tourism.

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20 Financial risk management objectives and policies

The Corporation's principle financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for Corporation's operations and to provide guarantees to support its operations. The Corporation has financial assets such as trade and other receivables and cash and balances with banks, which are arise directly from its operations. The Corporation is exposed to market risk, credit risk and foreign currency risk. The Corporation's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

20.1 Foreign currency risk

The Corporation incurs currency risk on services, purchases that are denominated in foreign currency. Foreign exchange risk arises from future commercial transactions and is recognised assets and liabilities.

20.2 Liquidity risk

The Corporation's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated funds and goverment budget every year. As part of its overall liquidity management, the Corporation maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. Due to the Covid-19 outbreak the Corporation may experience liquidity constraints in the short term. The Corporation is in the process of adjusting the ways to manage liquidity to respond to the current market turmoil by way of alternative funding through working capital, negotiating supplier payments, etc.

20.3 Credit risk

The Corporation has no significant concentrations of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

21 Fair value of financial assets and financial liabilities

The fair value of short-term financial assets and liabilities approximate their carrying value because of their immediate or short-term maturity. Directors believe that the fair value of long-term financial assets would not differ significantly from their carrying amount recorded in the statement of financial position.

22 Events occurring after the reporting date

An amount of MVR 85,137,999 due to Maldives Ports Limited (refer note 18.1) , has been restructured in the year 2020 to a loan payable from 2020 to 2025 in yearly instalments subject to an annual interest rate of 4.60%.

Other than the above, there have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

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23 Emoluments to the key management personnel

The members of the Board of Directors of the Corporation are the members of the key management personnel:

The Corporation has paid remuneration as follows;

	31 Dec 2019 MVR	31 Dec 2018 MVR
Short-term employee benefits	466,508	396,500

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel.

24 Ajustment on correction of errors

24.1 Certain prior period errors which have been detected during the year has been corrected as per IAS 8 (Accounting policies, Changes in accounting estimates & Errors) retrospectively in most recent prior period retained earnings. Correction of errors as follows.

(a) Corporation has writen-off cetian balances which were carried forward from the year 2016 related to Baresdhoo project. Baresdhoo project was handed over to Maldives Integrated Tourism Development Corporation (MITDC) during the year 2016. MITDC through its letter number MMITDC-F/Corporation/2020/1 dated 02nd November 2020 informed that there are no outstanding payable or receivable from and to the Corporation related to this project. Consequentially, The management of the Corporation resolved to adjust these balances with restrospective effect.

Baresdhoo related accounts;	MVR
Bank gurantee	(771,000)
Retention	(231,391)
Advances	2,093,563

** figures in brackets reflects the credit balances.*

(b) Prior to 2018, the Corporation received funds from Ministry of Tourism as well as made payments to foreign vendors through the Ministry of Tourism. Since 2018 the Corporation receives allocated budget through Ministry of Finance. During the year management identified that certain assets and laibilities were incorrectly carried forward in relation to funding through Ministry of Tourism. Consequentially, the management of the Corporation resolved to adjust these balances with restrospective effect.

Other balance sheet accounts;	MVR
Advance payment received	16,840
Other payables	(32,756)
Advance paid to suppliers	400,350
Expense payable	(31,639)
Expense prepaid	(219,864)
GST Expense	(161,106)
Income receivable	(2,529,554)

** figures in brackets reflects the credit balances.*

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24 Ajustment on correction of errors (Continued)

Statement of financial position	As perviously stated As at 31.12.2018 MVR	Increase / (Decrease) MVR	As Restated As at 31.12.2018 MVR	As perviously stated As at 01.01.2018 MVR	Increase / (Decrease) MVR	As Restated As at 01.01.2018 MVR
Assets						
Trade and other receivables	1,536,124,753	35,641	1,536,160,394	1,536,965,838	35,641	1,537,001,479
Equity and liabilities						
Accumulated losses	(17,080,469)	1,466,557	(15,613,912)	(23,430,695)	1,466,556	(21,964,139)
Trade and other payables	1,636,356,047	(1,430,915)	1,634,925,132	1,629,758,152	(1,430,915)	1,628,327,237

Cash flow statement	As at 31.12.2018 MVR	Increase / (Decrease) MVR	(Restated) As at 31.12.2018 MVR
Working capital changes			
Trade and other receivables	841,084	1,211,051	2,052,135
Trade and other payable	6,597,895	(1,211,051)	5,386,844

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25 Reclassification

(i) During the year, the management has decided to present the goverment grant on gross basis and show the gross goverment grant received amount separately in the statement of profit or loss and other comprehensive income for better presentation. Consequesntially, comparative figures have been reclassified to be consistent with the current year presentation.

	As previously stated 2018 MVR	Reclassification MVR	After Reclassification 2018 MVR
Event costs	(12,639,897)	(43,884,316)	(56,524,213)
Revenue	31,264,661	(5,231,679)	26,032,982
Government grant	-	49,115,995	49,115,995

(ii) The Corporation has recalssified a receivabe balance from Ministry of Tourism amounting to MVR 5,722,079/- which was previously included under "Trade receivables" to "Amount due from related parties" to be consistent with the current year presentation.

	As previously stated 2018 MVR	Reclassification MVR	After Reclassification 2018 MVR
Trade receivables	12,098,780	(5,722,079)	6,376,701
Amount due from related parties	5,202,555	5,722,079	10,924,634

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0505/2011

Maldives Marketing and Public Relations Corporation Limited
DETAIL STATEMENT OF EXPENDITURE
Year ended 31 December 2019

	2019 MVR	(Restated) 2018 MVR
I Event costs		
Events	5,953,999	796,456
Fairs	47,625,926	8,613,484
Advertising	15,952,341	265,272
Promotional material	4,200,046	15,485,063
Road shows	7,698,168	1,278,176
PR & Fam trips	7,606,085	30,085,762
	89,036,565	56,524,213
II Administrative expenses		
Salary and wages	5,827,101	5,426,466
Directors remuneration	466,508	396,500
Pension contributions	224,305	182,513
Staff training	360,529	2,613
Meals and entertainment	56,639	17,301
Repairs and maintenance	570,259	893,332
Depreciation	1,512,667	368,270
Rent	116,760	406,000
Telephone and internet	332,402	296,814
Registration and permit fees	11,650	7,850
Professional fees	728,605	303,862
Annual fee	2,000	2,000
Printing and stationaries	34,239	67,113
Water	8,023	5,055
Subscription fee	402,454	168,048
Bank charges	558,956	149,533
Miscellaneous expenses	366,925	160,705
Other expense	9,295	12,557.00
Exchange loss	186,857	-
Website maintenace fee	1,147	1,800
GST expenses	925,924	500,774
Electricity charge	202,825	134,731
	12,906,070	9,503,837
III Selling and distribution		
Sponsorships cost	1,692,186	-
Provision for impairment	750,935	-
	2,443,121	-

AUDITOR GENERAL'S OFFICE

MALDIVES MARKETING & PR CORPORATION
State Owned Corporation
C-0509/2011

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