

**MALE' WATER & SEWERAGE COMPANY PVT LTD**

Financial statement - 31 December 2021



## *Independent auditor's report*

To the Shareholders of Male` Water & Sewerage Company Pvt Ltd

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### *Our opinion*

In our opinion, the financial statements of Male` Water & Sewerage Company Pvt Ltd (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Company and the Group as at 31 December 2021, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### **What we have audited**

The financial statements of the Company and the consolidated financial statements of the Group, which comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

### **Independence**

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Resident Partner Jatindra Bhatray FCA

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Key audit matter	How our audit addressed the Key audit matter
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**The Company:**

**Construction contract revenue**

Refer to the significant accounting policy Note 2.5.5 (b) and Note 3.1 to the financial statements.

Revenue recorded during the year include revenue from construction project contracts amounting MVR 321,848,124 Revenue from construction project contracts are recognised over time. The Company uses the input method to determine the amount of revenue to be recognised in a given period and the stage of completion is measured by reference to total cost incurred relative to total estimated cost.

We focused on this area due to the significance of the revenue recognized during the year from construction project contracts, and because the percentage completion of ongoing contracts involved estimation of future costs for each of those contracts. Any error in judgment or intent while estimating future costs could result in an over/understatement of revenue.

Specific work that we performed on the estimated contract costs for completion used to calculate percentage completion of construction project contracts determined by the management in the input method of revenue recognition included the following:

- We understood the budgetary process for individual contracts, the inbuilt controls and checked the effectiveness of the relevant controls, over the process.
- Checked the accuracy of the budgeted costs of the projects completed subsequent to the reporting dates, by comparing the actual costs of those projects with the respective budgets.
- Checked the approved summary of contract budgets on a sample basis with reference to the detailed bills of quantity (BOQ), estimated labour hours and related costs and other overhead costs.

**The Group:**

**Revenue recognition of the subsidiary company**

Refer to the significant accounting policy Note 2.5.5 (c) and Note 3.1 to the financial statements.

The subsidiary Company manufactures and sells bottled drinking water to its customers across Maldives, mainly through its own distribution network.

That Company recognised revenue from sale of bottled drinking water amounting to MVR 173,748,028 during the year ended 31 December 2021.

We considered revenue recognition as a key audit matter due to the following:

- Revenue represents a significant line item in that Company’s statement of comprehensive income.
- Significant audit effort is required since the revenue involve large volumes of transactions and it is an area of higher assessed risk of material misstatement or significant risk.

Our audit approach included both control testing and substantive procedures performed as follows:

- i) Understood and evaluated the design, implementation and operating effectiveness of key controls over initiating, recording, processing and reporting of revenue transactions;
- ii) Tested significant revenue transactions on a sample basis during the year, to ensure that revenue had been recognised in accordance with the contractual terms in the correct accounting period and the requirements of the relevant accounting standard;
- iii) Assessed the adequacy of the disclosures made in the financial statements in relation to revenue.

**The Group:**

**Impairment of trade receivables, receivables from related parties, contract assets and other receivables**

Refer to significant accounting policy Notes 2.5.10 (VIII), and 30.3, Notes 16 and 17 to the financial statements.

As at 31 December 2021 the Group's trade receivables, receivables from related parties, contract assets and other receivables amounted to MVR 663,349,817 before provision for impairment. An impairment provision is recognised to adjust the receivable balances to the present value based on the estimated future cash flows. The provision for impairment of trade receivables, receivables from related parties, contract assets and other receivables amounted to MVR 134,995,632 as at 31 December 2021.

Impairment provision is calculated using statistical methods and historical collection trends adjusted for forward looking information. Significant estimates and assumptions used by the management in such calculations and the basis for impairment is disclosed in accounting policy Note 30.3.

We considered the calculation of impairment provision as a key audit matter as it is a complex area requiring management judgement on significant estimates and assumptions made on customer payment behaviors and since the amount of impairment provision recognized in the financial statements is material.

Our audit procedures on this matter included the following:

- Tested the accuracy and completeness of the trade receivables, receivables from related parties, contract assets and other receivables considered in the impairment provision calculation by checking the arithmetical accuracy of the listing obtained and matching the outstanding balances with the general ledger.
- Checked the accuracy of the data considering individual contract assets, other receivables, receivables from related parties and trade receivables balances and the aging of such balances on a sample basis, to determine whether management's identification of assets requiring impairment provision was appropriate.
- We tested the key underlying assumptions used in the calculation of the impairment provision by evaluating the process by which those were drawn up and their sources. We also checked the sensitivity of the forward-looking information used in calculation of expected credit losses.
- We checked the appropriateness of the methodology applied in the determination of impairment provision calculation by referring the requirements of *IFRS 9, Financial instruments; recognition and measurement*, and tested the worksheet formulas and logic including mathematical accuracy of management's model used to calculate the impairment provision.



### *Other information*

Management is responsible for the other information. The other information comprises the annual report for the year ended 31 December 2021 (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Other matter*

The financial statements of the Company for the year ended 31 December 2020 were audited by Auditor General's Office whose report, dated 10 August 2021, expressed an unmodified opinion on those statements.

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

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

In preparing the financial statements of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the 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/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 of Company and the consolidated financial statements of the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with the ethical requirements in accordance with IESBA Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jatindra Bhatray.

MALE`

*7 September 2022*

For PRICEWATERHOUSECOOPERS

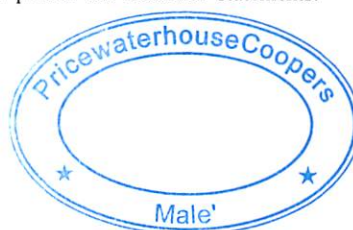
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Jatindra Bhatray  
Partner

Male' Water and Sewerage Company Pvt Ltd  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
Year ended 31 December 2021

	Note	GROUP		COMPANY	
		Year ended 31-12-2021	Year ended 31-12-2020	Year ended 31-12-2021	Year ended 31-12-2020
		MVR	MVR	MVR	MVR
Revenue	3	1,281,992,479	965,454,435	1,232,378,579	927,147,949
Cost of sales		(663,986,147)	(410,165,400)	(657,003,700)	(406,380,537)
<b>Gross profit</b>		<b>618,006,332</b>	<b>555,289,035</b>	<b>575,374,879</b>	<b>520,767,412</b>
Other income	4	77,570,805	86,827,287	79,365,412	88,714,737
Administrative expenses		(292,630,044)	(280,511,529)	(266,487,212)	(242,824,627)
Selling and marketing expenses		(18,363,177)	(11,194,971)	(11,553,843)	(4,079,002)
Impairment of loss on financial Assets		(24,693,308)	(33,556,066)	(25,032,327)	(33,334,467)
<b>Operating profit</b>	5	<b>359,890,608</b>	<b>316,853,756</b>	<b>351,666,909</b>	<b>329,244,053</b>
Net finance cost	6	(18,753,994)	(18,432,105)	(17,229,677)	(16,807,306)
<b>Profit before tax from continuing operations</b>		<b>341,136,614</b>	<b>298,421,651</b>	<b>334,437,232</b>	<b>312,436,747</b>
Income tax expense	7	(52,254,335)	(55,605,925)	(51,631,249)	(57,630,028)
<b>Profit for the year</b>		<b>288,882,279</b>	<b>242,815,726</b>	<b>282,805,983</b>	<b>254,806,719</b>
<b>Other comprehensive income :</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Re-measurement of retirement benefit obligations	26	5,644,885	4,326,159	5,644,885	4,326,159
Related tax		(846,733)	(648,924)	(846,733)	(648,924)
<b>Other comprehensive income for the year, net of tax</b>		<b>4,798,152</b>	<b>3,677,235</b>	<b>4,798,152</b>	<b>3,677,235</b>
<b>Total comprehensive income</b>		<b>293,680,431</b>	<b>246,492,961</b>	<b>287,604,135</b>	<b>258,483,954</b>
<b>Attributable to:</b>					
Equity holders of the parent		290,699,519	251,945,809	287,604,135	258,483,954
Non-controlling interest	21	2,980,912	(5,452,848)	-	-
		<b>293,680,431</b>	<b>246,492,961</b>	<b>287,604,135</b>	<b>258,483,954</b>
Earnings per share	8	1,089	944	1,077	968

The accounting policies and notes on pages 11 through 56 form an integral part of the financial statements.



Male' Water and Sewerage Company Pvt Ltd  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2021

	Note	GROUP			COMPANY		
		As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2019 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2019 MVR
<b>Assets</b>							
<b>Non-current assets</b>			<b>Restated</b>	<b>Restated</b>		<b>Restated</b>	<b>Restated</b>
Property, plant and equipment	9	985,429,544	801,241,064	837,252,608	917,068,224	728,409,605	744,768,683
Capital work-in-progress	10	510,098,562	677,416,213	642,009,407	483,338,825	651,854,004	618,470,129
Right-of-use assets	23.3	110,084,788	115,865,865	95,780,924	104,870,515	109,178,025	89,155,520
Intangible assets	11	3,898,407	3,663,205	5,417,003	2,987,602	3,010,411	4,743,280
Investment in subsidiary	12	-	-	-	7,650,000	7,650,000	7,650,000
Investment property	13	18,201,509	18,366,464	17,608,538	18,201,509	18,366,464	17,608,538
Deferred tax assets	7.3	3,640,638	2,307,358	-	3,216,101	1,259,736	-
		<b>1,631,353,448</b>	<b>1,618,860,169</b>	<b>1,598,068,480</b>	<b>1,537,332,776</b>	<b>1,519,728,245</b>	<b>1,482,396,150</b>
<b>Current assets</b>							
Inventories	14	452,762,246	385,310,458	299,820,801	444,301,521	377,490,920	294,274,017
External project work-in progress	15	14,081	93,630	13,781	14,081	93,630	13,781
Contract assets	16	219,893,744	14,844,922	77,175,673	219,893,744	14,844,922	77,175,673
Trade and other receivables	17	480,633,341	363,728,838	327,492,530	530,539,719	422,433,903	387,597,507
Non-current assets held for sale		-	4,000,370	-	-	-	-
Other current financial assets		-	-	6,123,187	-	-	6,123,187
Cash and cash equivalents	18	162,828,987	297,412,092	235,557,288	159,390,814	295,187,729	221,458,410
		<b>1,316,132,399</b>	<b>1,065,390,310</b>	<b>946,183,260</b>	<b>1,354,139,879</b>	<b>1,110,051,104</b>	<b>986,642,575</b>
<b>Total assets</b>		<b>2,947,485,847</b>	<b>2,684,250,479</b>	<b>2,544,251,740</b>	<b>2,891,472,655</b>	<b>2,629,779,349</b>	<b>2,469,038,725</b>
<b>Equity and liabilities</b>							
Share capital	19	267,000,000	267,000,000	267,000,000	267,000,000	267,000,000	267,000,000
Share allotment gain	20	3,042	3,042	3,042	3,042	3,042	3,042
General reserve		1,120,583,077	894,068,205	785,991,604	1,120,583,077	894,068,205	785,991,604
Assets replacement reserve		-	123,121,290	107,681,776	-	123,121,290	107,681,776
Retained earnings		293,596,711	300,593,348	354,145,651	278,147,740	288,239,761	338,546,095
<b>Equity attributable to the equity holders of the company</b>		<b>1,681,182,830</b>	<b>1,584,785,885</b>	<b>1,514,822,073</b>	<b>1,665,733,859</b>	<b>1,572,432,298</b>	<b>1,499,222,517</b>
Non-controlling interest	21	21,897,542	18,916,630	24,560,898	-	-	-
<b>Total equity</b>		<b>1,703,080,372</b>	<b>1,603,702,515</b>	<b>1,539,382,971</b>	<b>1,665,733,859</b>	<b>1,572,432,298</b>	<b>1,499,222,517</b>
<b>Non-current liabilities</b>							
Interest-bearing borrowings	22	116,934,471	99,618,486	134,684,844	116,934,471	99,618,486	134,684,844
Lease liabilities	23.5	122,615,294	116,760,536	98,165,357	109,195,854	110,332,023	87,488,688
Government grants	24	11,086,000	12,014,284	12,942,568	11,086,000	12,014,284	12,942,568
Deferred tax liability	7.3	-	-	3,152,963	-	-	2,176,483
		<b>250,635,765</b>	<b>228,393,306</b>	<b>248,945,732</b>	<b>237,216,325</b>	<b>221,964,793</b>	<b>237,292,583</b>
<b>Current liabilities</b>							
Interest-bearing borrowings	22	38,206,416	42,798,006	41,961,736	38,206,416	42,798,006	41,961,736
Lease liabilities	23.5	4,008,102	15,958,061	19,223,389	925,456	854,606	789,111
Government grants	24	928,284	928,284	928,284	928,284	928,284	928,284
Contract liabilities	25	40,460,560	13,702,020	37,547,273	40,460,560	13,702,020	37,547,273
Trade and other payables	26	889,091,534	746,981,533	637,318,549	885,471,019	743,856,665	631,519,176
Income tax liability	7.2	21,074,814	31,786,754	18,943,806	22,530,737	33,242,677	19,778,045
		<b>993,769,710</b>	<b>852,154,658</b>	<b>755,923,037</b>	<b>988,522,472</b>	<b>835,382,258</b>	<b>732,523,625</b>
<b>Total equity and liabilities</b>		<b>2,947,485,847</b>	<b>2,684,250,479</b>	<b>2,544,251,740</b>	<b>2,891,472,655</b>	<b>2,629,779,349</b>	<b>2,469,038,725</b>

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the Board by,

Name of the Director

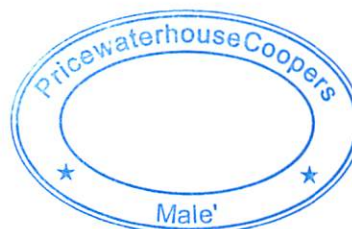
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The accounting policies and notes on pages 11 through 56 form an integral part of the financial statements.

7 September 2022

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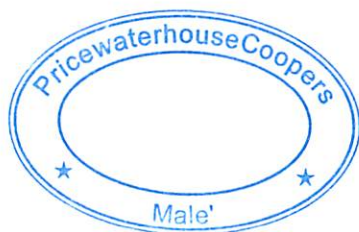




Male' Water and Sewerage Company Pvt Ltd  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
Year ended 31 December 2021

		GROUP							
	Note	Share capital MVR	Share application money MVR	Share allotment gain MVR	Assets replacement reserve MVR	General reserve MVR	Retained earnings MVR	Non- Controlling Interest MVR	Total equity MVR
<b>Balance as at 01 January 2020</b>									
- As previously reported		267,000,000	-	3,042	107,681,776	785,991,604	344,278,684	24,560,898	1,529,516,004
Restatement	33	-	-	-	-	-	9,866,967	-	9,866,967
- As restated		267,000,000	-	3,042	107,681,776	785,991,604	354,145,651	24,560,898	1,539,382,971
Profit for the year		-	-	-	-	-	251,945,809	(5,452,848)	246,492,961
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	-	251,945,809	(5,452,848)	246,492,961
Transferred to reserves		-	-	-	15,439,514	108,076,601	(123,516,115)	-	-
Dividends for year 2019	8.3	-	-	-	-	-	(185,274,173)	(191,420)	(185,465,593)
<b>Balance as at 31 December 2020</b>		267,000,000	-	3,042	123,121,290	894,068,205	297,301,172	18,916,630	1,600,410,339
Restatement	33	-	-	-	-	-	3,292,176	-	3,292,176
- As restated		267,000,000	-	3,042	123,121,290	894,068,205	300,593,348	18,916,630	1,603,702,515
Profit for the year		-	-	-	-	-	290,699,519	2,980,912	293,680,431
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	-	290,699,519	2,980,912	293,680,431
Transferred to reserves		-	-	-	-	103,393,582	(103,393,582)	-	-
Asset replacement reserve transfer		-	-	-	(123,121,290)	123,121,290	-	-	-
Dividends for year 2020	8.3	-	-	-	-	-	(194,302,574)	-	(194,302,574)
<b>Balance as at 31 December 2021</b>		267,000,000	-	3,042	-	1,120,583,077	293,596,711	21,897,542	1,703,080,372

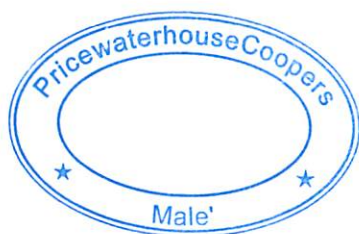
The accounting policies and notes on pages 11 through 56 form an integral part of the financial statements.



**Male' Water and Sewerage Company Pvt Ltd**  
**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2021**

	Note	COMPANY						
		Share capital MVR	Share application money MVR	Share allotment gain MVR	Assets replacement reserve MVR	General reserve MVR	Retained earnings MVR	Total equity MVR
<b>Balance as at 01 January 2020</b>								
- As previously reported		267,000,000	-	3,042	107,681,776	785,991,604	328,679,128	1,489,355,550
Restatement	33	-	-	-	-	-	9,866,967	9,866,967
- As restated		267,000,000	-	3,042	107,681,776	785,991,604	338,546,095	1,499,222,517
Profit for the year		-	-	-	-	-	258,483,954	258,483,954
Other comprehensive income		-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	-	258,483,954	258,483,954
Transferred to reserves		-	-	-	15,439,514	108,076,601	(123,516,115)	-
Dividends for year 2019	8.3	-	-	-	-	-	(185,274,173)	(185,274,173)
<b>Balance as at 31 December 2020</b>		267,000,000	-	3,042	123,121,290	894,068,205	288,239,761	1,572,432,298
Profit for the year		-	-	-	-	-	287,604,135	287,604,135
Other comprehensive income		-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	-	287,604,135	287,604,135
Transferred to reserves		-	-	-	-	103,393,582	(103,393,582)	-
Asset replacement reserve transfer		-	-	-	(123,121,290)	123,121,290	-	-
Dividends for year 2020	8.3	-	-	-	-	-	(194,302,574)	(194,302,574)
<b>Balance as at 31 December 2021</b>		267,000,000	-	3,042	-	1,120,583,077	278,147,740	1,665,733,859

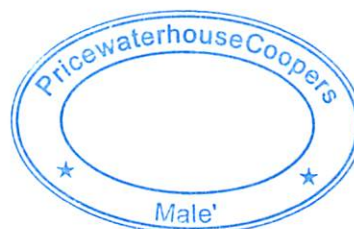
The accounting policies and notes on pages 11 through 56 form an integral part of the financial statements.



**Male' Water and Sewerage Company Pvt Ltd**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended 31 December 2021**

Note	GROUP		COMPANY	
	Year ended	Year ended	Year ended	Year ended
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
	MVR	MVR	MVR	MVR
<b>Operating activities</b>				
Profit before tax from continuing operation	341,136,614	298,421,651	334,437,232	312,436,747
<b>Adjustments to reconcile profit before tax to net cash flows</b>				
<b>Non-cash:</b>				
Depreciation of property plant and equipment	9.4	90,208,848	89,528,419	81,041,963
Amortisation of intangible assets	11	1,760,408	2,011,664	1,549,359
Depreciation of investment properties	13	1,392,678	1,290,113	1,392,678
Depreciation of right of use assets	23.3	7,411,373	7,264,984	4,307,510
Gratuity provision		14,286,493	11,570,727	14,286,493
Loss on disposal of property, plant		2,500,911	-	2,500,911
Impairment on assets held for sale		-	10,436,797	-
Finance income	6.1	(596,371)	(327,430)	(596,371)
Finance cost	6.2	17,672,176	18,759,535	17,826,048
Provision/(reversal) for impairment receivables	17.6	24,693,308	33,556,066	25,032,327
Reversal of lease liabilities		(244,488)	(344,983)	-
Provision for slow and non moving inventories	14	(801,681)	9,517,112	(801,681)
Inventory written off		231,138	-	231,138
Provision for CWIP	10	2,601,023	-	2,601,023
Release of government grant	24	(928,284)	(928,284)	(928,284)
		501,324,145	480,756,371	482,880,346
				469,029,073
<b>Working capital adjustments:</b>				
Decrease/(Increase) in inventories		(66,301,721)	(94,340,665)	(66,238,497)
Decrease/(increase) in contract assets		(205,048,822)	62,330,751	(205,048,822)
Increase in trade and other receivables		(73,387,557)	(1,070,149)	(133,138,143)
Increase in contract liabilities		26,758,540	(23,845,253)	26,758,540
Increase in trade and other payables		(23,423,641)	(63,243,208)	44,868,926
External project work in progress		79,549	(79,849)	79,549
<b>Cash flows from operating activities</b>		<b>160,000,493</b>	<b>360,507,998</b>	<b>150,161,900</b>
				<b>341,688,466</b>
Interest received	6.1	596,371	327,430	596,371
Interest paid		(9,102,858)	(9,479,489)	(8,984,358)
Gratuity payment	26	(1,148,803)	(339,875)	(1,148,803)
Income tax paid	7.2	(65,146,287)	(48,872,222)	(65,146,287)
<b>Net cash flows from operating activities</b>		<b>85,198,916</b>	<b>302,143,842</b>	<b>75,478,823</b>
				<b>283,953,085</b>
<b>Investing activities</b>				
Purchases and construction of property, plant and equipment		(56,862,580)	(19,201,491)	(52,165,833)
Purchases of intangible assets	11	(1,995,610)	(257,867)	(1,526,550)
Proceeds from sales of asset held for sale		4,000,370	-	-
Withdrawal of/(Invest in) other financial assets		-	6,123,187	-
Purchase of investment property		-	(339,213)	-
Cost incurred on construction of capital work-in-progress	10	(56,548,316)	(85,868,195)	(55,350,788)
<b>Net cash used in investing activities</b>		<b>(111,406,136)</b>	<b>(99,543,579)</b>	<b>(109,043,171)</b>
				<b>(92,542,105)</b>
<b>Financing activities</b>				
Proceeds from borrowings	22	55,512,000	3,113,889	55,512,000
Proceeds from lease		8,000,001	-	-
Repayment of borrowings	22	(42,787,606)	(37,343,977)	(42,787,606)
Payment of principal portion of lease liabilities	23.5	(24,050,328)	(21,132,650)	(9,907,009)
Dividends paid to equity holder of the parent		(105,049,952)	(75,390,653)	(105,049,952)
<b>Net cash used in financing activities</b>		<b>(108,375,885)</b>	<b>(130,753,391)</b>	<b>(102,232,567)</b>
				<b>(117,681,661)</b>
Net (decrease) / increase in cash and cash equivalents		(134,583,105)	71,846,872	(135,796,915)
Cash and cash equivalents at 1 January		297,412,092	225,565,220	295,187,729
<b>Cash and cash equivalents at 31 December</b>	18	<b>162,828,987</b>	<b>297,412,092</b>	<b>159,390,814</b>
				<b>295,187,729</b>

The accounting policies and notes on pages 11 through 56 form an integral part of the financial statements.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2021

**1. Corporate information**

Male' Water and Sewerage Company Pvt Ltd is a limited liability Company incorporated and domiciled in Republic of Maldives since 1 April 1995. The Company is engaged in the treatment and distribution of water, providing sewerage facilities and water related construction contracts in the Maldives including supplying electricity facility in Dhavaafaru Island. The registered office of the Company is located at 20-04, Ameenee Magu, Machchangolhi, Male', Republic of Maldives.

The Government of Maldives (GOM) has a controlling interest in the shares of the Company.

The Group consists of the Company's interest in a subsidiary undertaking, Island Beverage Maldives Private Limited, a limited liability Company incorporated and domiciled in the Republic of Maldives, which produces, supplies and sells bottled mineral water in the Republic of Maldives. The Company owns 51% of authorized and issued share capital of the subsidiary.

**2. Significant Accounting Policies**

**2.1 Basis of preparation**

The consolidated financial statements of the Male' Water and Sewerage Company Pvt Ltd and its subsidiary collectively, group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB). The Consolidated financial statements are prepared on a historical cost basis.

The preparation of consolidated financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant are set out. No adjustments are made for inflationary factors affecting these consolidated financial statements. The consolidated financial statements are presented in Maldivian Rufiyaa (MVR) and all the values are rounded to nearest integral, except when otherwise indicated.

The consolidated financial statements of Male' Water and Sewerage Company Pvt Ltd for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the board of directors.

**2.2 Going concern**

The Board of Directors is satisfied that the Group has adequate resources to continue its operations in the foreseeable future. The Directors have concluded that the going concern basis of accounting is appropriate for the year 2022 and they do not intend either to liquidate or cease trading.

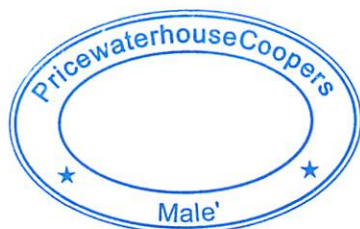
Furthermore, In the going concern assessment the management have taken into consideration the existing and anticipated effects of the Covid-19 outbreak on the entity's business activities. Since the Group has made profit for the past few years, the financial statements are prepared on the going concern basis.

Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

**2.3 Comparative information**

Comparative information including quantitative, narrative, and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

The presentation and classification of the financial statement of the previous year has been amended, where relevant for better presentation and to be comparable with these of the current year.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2021

**2. Significant accounting policies (continued)**

**2.4 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2021. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The group's voting rights and potential voting rights

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

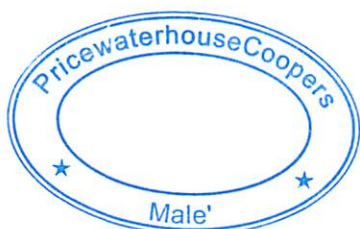
**Accounting under separate financial statement**

Investment in subsidiary is measured at cost less accumulated impairment in the separate financial statements.

**2.4.1 Subsidiaries**

Subsidiaries and their controlling percentage of the group, which have been consolidated are as follows,

Subsidiary	Effective Holding		Principle activity
	2021	2020	
Island Beverages Maldives Private Limited	51%	51%	Manufacturing, distributing, and selling of a bottled water called "TaZa" in the Republic of Maldives.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies**

**2.5.1 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without Significant cost, effort, or delay in the ability to continue producing output.

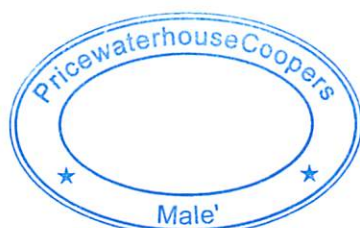
When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.2 Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting date

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability at least twelve months after the reporting date.

A liability is current when:

- It is expected to be settled in the 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 Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2.5.3 Conversion of foreign currencies**

The Group's financial statements are presented in Maldivian Rufiyaa (MVR) which is the Group's functional and presentation currency.

Transactions in foreign currencies are initially recorded by the Group 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 reporting date. All differences are taken to the statement of comprehensive income.

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.

**2.5.4 Fair value measurement**

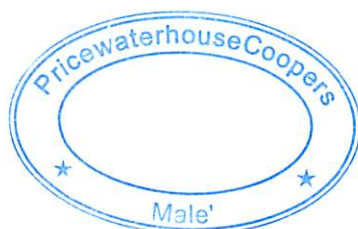
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.4 Fair value measurement (Continued)**

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

**2.5.5 Revenue from contracts with customers**

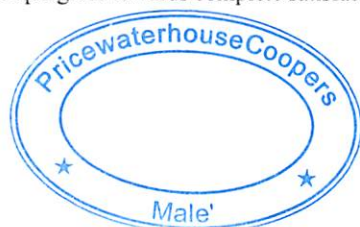
The Group is largely in the business of sale of water, electricity and, Contracting of water and sewerage projects on behalf of the government. Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

**a) Sale of water and Electricity**

Revenue from Sale of water and electricity are recognised over the time since they are supplied as series of homogenous products or services and measured based on output method of units supplied. The normal credit term is 30 days upon billing.

**b) Construction projects – Water and sewerage**

The Group carries out water & sewerage construction projects under long-term contracts with government. Such contracts are entered into before construction of such projects begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from water & sewerage construction projects are therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.





**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.5 Revenue from contracts with customers (Continued)**

Revenue from construction-related contracts is recognised upon satisfaction of a performance obligation agreed in the contract. At contract inception, the Group determines whether it satisfies the performance obligation over time or at a point in time. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract by reference to the stage of completion. Contract costs are recognized as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

On the statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.

In determining cost incurred up to year end, any costs relating to future activity on a contract are excluded and shown as contract work in progress. The aggregate of the cost incurred and the profit/loss recognized on each contract is compared against the progress billings up to the year end. Where the sum of the costs incurred and recognized profit or loss exceeds the progress billings, the balance is shown under receivables and prepayments as due from customers on contracts.

*Critical accounting estimates and judgements*

The Group uses the percentage-of-completion method in accounting for its fixed price contracts to deliver design services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Where the proportion of services performed to total services to be performed to differ by 1% from management's estimates, the amount of revenue recognised in the year would be increased by MVR 17,902,342 if the percentage-of-completion is increased by 1% and the amount of revenue recognised in the year would be decreased by MVR 16,741,814 if the percentage-of-completion is decreased by 1%.

*Financing components*

The duration of the construction projects at times goes beyond one year and in such case the Company realises the sales proceeds after raising milestone based billing during the project duration and significant advances are not received and the duration from the receipt of advances till the next billing date do not exceed one year.

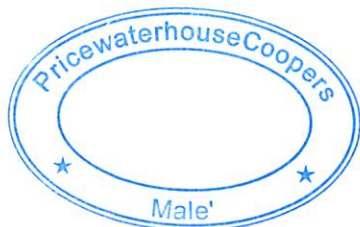
The Company does not have a practice of charging different price depending upon the payment term or there is no cash selling price as a business practice/nature of the business and therefore, there is no significant financing component included in the transaction price mentioned in the agreement.

Therefore, the transaction price in the revenue agreements do not have a significant financing component that need to be separated from/ added to contract price when recognizing the revenue.

**c) Sale of goods – Water bottles, pipes and other water related item**

The group sells water bottles, pipes and other water related items directly to customers.

For sale of water bottles, pipes and other water related items to customers, revenue is recognised by the group at a point in time when control of the goods has transferred to customer.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.6 Government grant**

Government grants are recognised when there is a 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 Group 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 useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

**2.5.7 Property, plant and equipment**

All property, plant and equipment, which are initially recorded at historical cost, is stated at 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 recognised 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. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

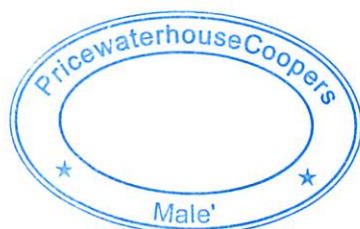
Depreciation is calculated using the straight-line method, over their estimated useful lives or, in the case buildings constructed on leasehold land and improvements made to the leasehold premises, the shorter of lease term as follows:

Public rainwater scheme and new water scheme	- 40 years
Sewerage system	- 20 years
Reverse Osmosis (RO) plant, generator, bore well and machinery	- 15 years
Motor vehicles	- 04 years
Office equipment	- 04 years
Other equipment	- 05 years
Furniture and fittings	- 08 years
Computer hardware	- 03 years
Desalination building and fuel farm	- 20 years
Buildings	- 20 years
Vessels	- 20 years

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

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



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.8 Intangible asset**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

**a) Brand name**

Brand name is shown at historical cost. Brand name has a finite useful life and are carried at cost less accumulated amortisation.

**b) Computer software**

Cost 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. Computer software development/ acquisition cost recognised as assets are amortized over their estimated useful lives, which does not exceed five years.

**2.5.9 Investment properties**

Investment properties are measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Cost of the investment property is amortised over the useful life of the property.

Buildings                                  20 years

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of changes in use.

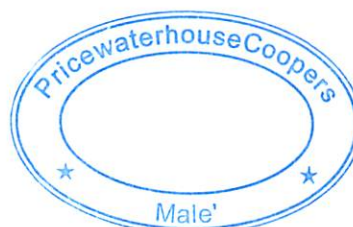
**2.5.10 Financial instruments – initial recognition and subsequent measurement**

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.

**a) Financial assets**

**I. 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.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
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Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.10 Financial instruments – initial recognition and subsequent measurement (Continued)**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group 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 Group 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.

**b) Financial assets**

The Group'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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**II. 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

**III. Financial assets at amortised cost (debt instruments)**

The Group 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

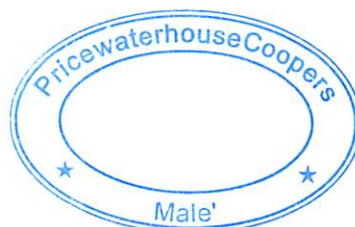
And

- 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 statement of profit or loss when the asset is derecognised, modified or impaired.

**IV. Financial assets at fair value through OCI (debt instruments)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
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Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.10 Financial instruments – initial recognition and subsequent measurement (Continued)**

**IV. Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**V. Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

**VI. Financial assets at fair value through profit or loss**

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are

designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

**VII. Derecognition**

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

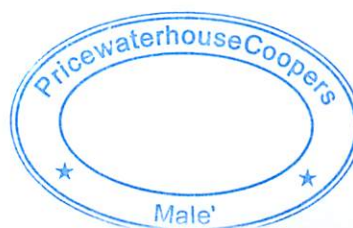
The rights to receive cash flows from the asset have expired

Or

When the group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
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Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.10 Financial instruments – initial recognition and subsequent measurement (Continued)**

**VIII. Impairment of financial assets**

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

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

**b) Financial liabilities**

**I. 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 Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

**II. Subsequent measurement**

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

**III. 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 profit or loss and 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.

**IV. De-recognition**

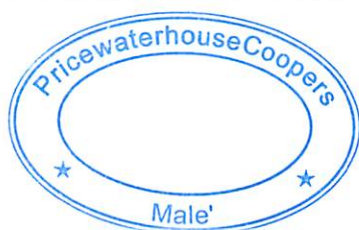
Financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such 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.

**2.5.11 Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group 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.

**2.5.12 Inventories**

Inventories are stated at the lower cost and net realized value. Cost is determined using the weighted average cost method. Cost of inventory includes purchases, transport and handling costs. Net realizable value is the estimated selling price in the ordinary courses 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.



**MALE WATER AND SEWERAGE COMPANY PVT LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.13 Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise of cash at banks and cash in hand.

Cash flow statement is prepared in “indirect method”.

**2.5.14 Other Liabilities and provisions**

All known liabilities have been accounted for in preparing the financial statements. The materiality of the events occurring after the reporting period have been considered and appropriate adjustments and provisions have been made in the financial statements where necessary.

Liabilities classified as current liabilities in the statement of financial position are those, which fall due for payment on demand or within one year from the end of the reporting period. Non-current liabilities are those balances, which fall due for payment after one year from the end of the reporting period.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

**2.5.15 Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group 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 Group performs under the contract.

**2.5.16 The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans**

**Retirement gratuity benefit**

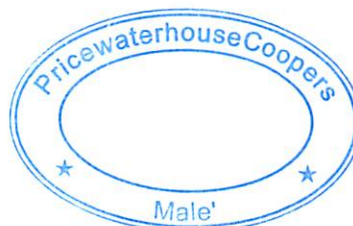
The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. However, in Maldives there is no deep market in such bonds and therefore market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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 statement of changes in equity and in the 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.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.16 The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans (Continued)**

**Defined contribution plan - pension contribution**

The Group is liable to enrol the employees in the Retirement Pension Scheme with effect from 1 May 2011 based on the Regulation on Maldives Retirement Pension Scheme published by Government of Maldives and shall make contributions at a rate of 7% from the employee's pensionable wages on behalf of the employees of age between 16 and 65 years to the pension office. The Group's contribution to retirement pension scheme is at the rate of 7% on pensionable wages.

Contributions to retirement pension scheme is recognized as an employee benefit expense in the statement of comprehensive income.

**2.5.17 Expenditure recognition**

Expenses are recognised in the consolidated statements of comprehensive income on the basis of a 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 charged to income in arriving at the profit for the year.

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

**2.5.18 Taxation**

**a) Current tax**

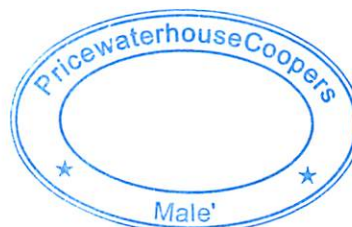
Provision for income tax is based on the elements of income and expenditure as reported in the consolidated financial statements and is computed in accordance with the provisions of the relevant tax statutes.

**b) Deferred tax**

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the consolidated financial statements. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the unused tax credits and tax losses carried forward can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date 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 each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised, or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.





**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.18 Taxation (Continued)**

**a) Sales tax**

Revenue, expenses assets are recognised net of the amount of sales tax. Receivable and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

**2.5.19 Leases**

**I. The Company's leasing activities and how these are accounted for:**

The Group has several contracts for the use of Land and building in its operations. The Group's obligations under its leases are secured by the lessors' title to the leased assets. Currently, there are 14 no of land lease agreements which were entered by the Company with following parties:

- The Government of Republic of Maldives (GoM)
- Housing Development Corporation (HDC)
- Thilafusi Corporation
- Secretarial of Dhuvaafaru Council
- Secretarial of Khuldhufushi Council
- Ministry of Housing and Infrastructure

The buildings and certain other fixed assets were erected on land leased to the Company from the Government of Maldives for 20 years in accordance with Clause 17 of the Joint Venture Agreement and the Assets Transfer Agreement dated 30 March 1995 and 9 September 1995 respectively. The leasehold rights to the land were derived from the said Joint Venture Agreement and Assets Transfer Agreement. The Company has received an extension of lease terms for a further 50 years from the Government of Maldives on 14th March 2010. During the year the balance has transferred to right of use assets.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

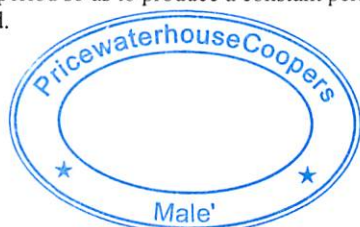
Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Where possible lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. As such, since the implicit rates were not available for the leases the Company has considered the incremental borrowing rate for secured loans at which the Company can borrow for a period similar to lease period for an amount equal to right-of-use of the respective leases.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



**MALE' WATER AND SEWERAGE COMPANY PVT LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2021

**2. Significant accounting policies (Continued)**

**2.5 Summary of Significant Accounting Policies (Continued)**

**2.5.19 Leases (Continued)**

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset' s useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

**2.6 Significant accounting judgements, estimates and assumptions**

The preparation of consolidated financial statements requires the application of certain critical judgements, estimates and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**a) Useful lifetime of the Property, Plant and Equipment**

The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Management estimates these values, rates, methods and hence they are subject to uncertainty.

**b) Tax**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the Group and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Maldives.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**c) Recognition of revenue relating to construction revenue stream**

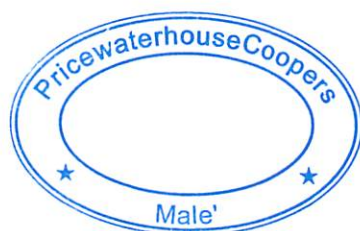
Significant accounting judgements, estimates and assumptions with respect to the recognition of revenue relating to construction revenue stream is explained in Note 2.5.5

**d) Estimation uncertainties and judgements made in relation to lease accounting**

Estimation uncertainties and judgements made in relation to lease accounting is explained in Note 2.5.19

**e) Estimation of defined benefit pension obligation**

Estimation uncertainties of defined benefit pension obligation is explained in Note 26.4



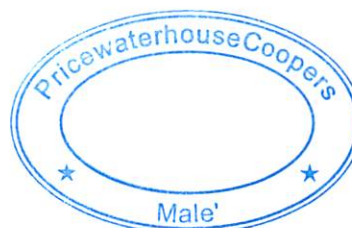
Male' Water and Sewerage Company Pvt Ltd  
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 Year ended 31 December 2021

3 Revenue from contract with customers  
 3.1 Disaggregated revenue information

Type of goods or services	Group				Total MVR
	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	
<b>For the year ended 31 December 2021</b>					
Supply of utilities	786,640,359	-	-	-	786,640,359
Construction revenue	-	321,848,124	-	-	321,848,124
Sale of bottled water & flake Ice	-	-	165,465,017	-	165,465,017
Sale of pipe and other water related items	-	-	-	8,038,979	8,038,979
<b>Total revenue from contracts with customers</b>	<b>786,640,359</b>	<b>321,848,124</b>	<b>165,465,017</b>	<b>8,038,979</b>	<b>1,281,992,479</b>
<b>Timing of revenue recognition</b>					
Over time	786,640,359	321,848,124	-	-	1,108,488,483
Point in time	-	-	165,465,017	8,038,979	173,503,996
<b>Total revenue from contracts with customers</b>	<b>786,640,359</b>	<b>321,848,124</b>	<b>165,465,017</b>	<b>8,038,979</b>	<b>1,281,992,479</b>

Type of goods or services	Group				Total MVR
	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	
<b>For the year ended 31 December 2020</b>					
Supply of utilities	750,969,196	-	-	-	750,969,196
Construction revenue	-	104,965,134	-	-	104,965,134
Sale of bottled water & flake Ice	-	-	155,664,202	-	155,664,202
Sale of pipe and other water related items	-	-	-	14,886,885	14,886,885
<b>Total revenue from contracts with customers</b>	<b>750,969,196</b>	<b>104,965,134</b>	<b>155,664,202</b>	<b>14,886,885</b>	<b>1,026,485,418</b>
- As previously reported	750,969,196	104,965,134	155,664,202	14,886,885	1,026,485,418
Restatement	-	(61,030,983)	-	-	(61,030,983)
<b>- As restated</b>	<b>750,969,196</b>	<b>43,934,151</b>	<b>155,664,202</b>	<b>14,886,885</b>	<b>965,454,435</b>
<b>Timing of revenue recognition</b>					
Over time	750,969,196	104,965,134	-	-	855,934,330
Point in time	-	-	155,664,202	14,886,885	170,551,087
<b>Total revenue from contracts with customers</b>	<b>750,969,196</b>	<b>104,965,134</b>	<b>155,664,202</b>	<b>14,886,885</b>	<b>1,026,485,418</b>
- As previously reported	750,969,196	104,965,134	155,664,202	14,886,885	1,026,485,418
Restatement	-	(61,030,983)	-	-	(61,030,983)
<b>- As restated</b>	<b>750,969,196</b>	<b>43,934,151</b>	<b>155,664,202</b>	<b>14,886,885</b>	<b>965,454,435</b>

\* See note 33 for details regarding the restatement as a result of an error.



Male' Water and Sewerage Company Pvt Ltd  
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3 Revenue from contract with customers (continued)

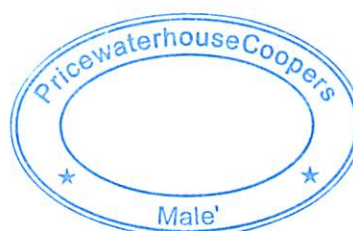
3.1 Disaggregated revenue information (continued)

Set out below is the disaggregation of the Group's revenue from contract with customers,

Type of goods or services	COMPANY				
	For the year ended 31 December 2021				
	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	Total MVR
Supply of utilities	786,640,359	-	-	-	786,640,359
Construction revenue	-	321,848,124	-	-	321,848,124
Sale of bottled water & flake Ice	-	-	115,851,117	-	115,851,117
Sale of pipe and other water related items	-	-	-	8,038,979	8,038,979
<b>Total revenue from contracts with customers</b>	<b>786,640,359</b>	<b>321,848,124</b>	<b>115,851,117</b>	<b>8,038,979</b>	<b>1,232,378,579</b>
<b>Timing of revenue recognition</b>					
Over time	786,640,359	321,848,124	-	-	1,108,488,483
Point in time	-	-	115,851,117	8,038,979	123,890,096
<b>Total revenue from contracts with customers</b>	<b>786,640,359</b>	<b>321,848,124</b>	<b>115,851,117</b>	<b>8,038,979</b>	<b>1,232,378,579</b>

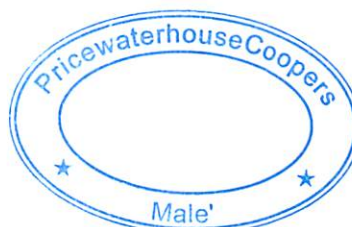
Type of goods or services	COMPANY				
	For the year ended 31 December 2020				
	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	Total MVR
Supply of utilities	754,320,464	-	-	-	754,320,464
Construction revenue	-	104,965,134	-	-	104,965,134
Sale of bottled water & flake Ice	-	-	112,457,512	-	112,457,512
Sale of pipe and other water related items	-	-	-	14,889,517	14,889,517
<b>Total revenue from contracts with customers</b>	<b>754,320,464</b>	<b>104,965,134</b>	<b>112,457,512</b>	<b>14,889,517</b>	<b>986,632,627</b>
- As previously reported	754,320,464	104,965,134	112,457,512	14,889,517	986,632,627
Restatement	-	(59,484,678)	-	-	(59,484,678)
<b>- As restated</b>	<b>754,320,464</b>	<b>45,480,456</b>	<b>112,457,512</b>	<b>14,889,517</b>	<b>927,147,949</b>
<b>Timing of revenue recognition</b>					
Over time	754,320,464	104,965,134	-	-	859,285,598
Point in time	-	-	112,457,512	14,889,517	127,347,029
<b>Total revenue from contracts with customers</b>	<b>754,320,464</b>	<b>104,965,134</b>	<b>112,457,512</b>	<b>14,889,517</b>	<b>986,632,627</b>
- As previously reported	754,320,464	104,965,134	112,457,512	14,889,517	986,632,627
Restatement	-	(59,484,678)	-	-	(59,484,678)
<b>- As restated</b>	<b>754,320,464</b>	<b>45,480,456</b>	<b>112,457,512</b>	<b>14,889,517</b>	<b>927,147,949</b>

\* See note 33 for details regarding the restatement as a result of an error.



Male' Water and Sewerage Company Pvt Ltd  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year ended 31 December 2021

	GROUP		COMPANY	
	Year ended	Year ended	Year ended	Year ended
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
	MVR	MVR	MVR	MVR
<b>4 Other income</b>				
Fixed monthly charges	19,934,051	18,535,398	19,934,051	18,535,398
Operational income	19,296,013	19,165,942	19,296,013	18,820,959
Rental and management income	5,022,531	11,375,763	7,062,531	13,408,963
Penalties, surcharges and fines	12,640,319	21,110,708	12,640,319	21,110,708
Income from disconnection/ reconnection/relocation/termination	18,702,533	15,711,192	18,702,533	15,711,192
Government grant	928,284	928,284	928,284	928,284
Miscellaneous income	245,393	-	-	-
Dividend income	-	-	-	199,233
Reversal of provision for slow moving inventory	801,681	-	801,681	-
	<b>77,570,805</b>	<b>86,827,287</b>	<b>79,365,412</b>	<b>88,714,737</b>
<b>5 Profit from operating activities stated after charging,</b>				
Staff costs (Note 5.1)	156,676,345	143,405,093	144,537,618	129,486,491
Directors' fees	1,569,310	1,523,600	1,065,310	1,019,600
Depreciation on property plant and equipments	90,208,848	64,028,626	81,041,963	79,478,524
Bank service charges and commission	16,856,438	12,217,202	16,843,595	12,204,140
Import duty and freight charges	5,313,492	7,106,605	5,313,386	7,106,605
Repair and maintenance	20,786,632	15,795,399	20,417,422	15,547,887
Transport and travelling expenses	1,034,337	1,449,677	482,448	1,184,575
Land and office rentals	(20,880)	76,845	-	-
Insurance expense	5,851,604	6,756,225	5,307,607	6,098,010
Water expense	5,974,016	4,628,133	5,536,606	4,522,314
Electricity expense	6,341,720	4,675,010	6,028,455	4,673,332
Fuel expense	1,100,078	1,344,842	1,100,078	1,344,842
Telephone and postage expense	3,573,397	3,999,648	3,036,101	3,420,300
Printing and stationary expense	1,319,331	1,554,069	1,008,072	1,019,210
Board meeting expenses	50,953	51,547	50,953	51,547
Entertainment expense	2,284,610	2,770,746	950,035	1,292,957
Donations expense	1,997,385	1,296,012	1,997,385	1,296,012
Legal expenses	115,189	1,200	1,200	1,200
<b>5.1 Staff costs</b>				
Salaries and wages	64,598,937	60,688,225	59,112,714	55,610,522
Staff bonus	26,257	5,856,355	26,257	5,807,523
Allowances expense	55,856,663	44,208,633	55,856,663	44,208,633
Overtime expense	5,792,607	5,570,739	5,792,607	5,570,739
Overseas training expenses	4,125,011	1,111,822	4,125,011	1,111,822
Staff welfare expense	5,862,420	8,458,736	7,395	754,348
Local training expenses	630,184	1,192,559	630,184	1,067,282
Staff provident fund	4,609,035	4,262,402	4,099,244	3,784,895
Retirement gratuity benefit	14,286,493	11,570,727	14,286,493	11,570,727
Staff recruitment and work permit expenses	888,738	484,895	601,050	-
	<b>156,676,345</b>	<b>143,405,093</b>	<b>144,537,618</b>	<b>129,486,491</b>
<b>6 Net finance cost</b>				
<b>6.1 Finance income</b>				
- Interest income on short term deposits	596,371	327,430	596,371	327,430
<b>6.2 Finance expenses</b>				
- Interest expense on borrowings	8,480,790	8,463,982	8,480,790	8,456,891
- Net foreign exchange loss	622,068	1,015,507	503,568	1,015,507
- Interest expense on lease liabilities	10,247,507	9,280,046	8,841,690	7,662,338
	<b>19,350,365</b>	<b>18,759,535</b>	<b>17,826,048</b>	<b>17,134,736</b>
<b>Net finance cost</b>	<b>18,753,994</b>	<b>18,432,105</b>	<b>17,229,677</b>	<b>16,807,306</b>
<b>7 Income tax expenses</b>				
Income Tax (Note 7.1)	54,434,347	61,595,805	54,434,347	5,898,169
Deferred tax charge / (credit) (Note 7.4)	(2,180,012)	(12,927,807)	(2,803,098)	(7,653,817)
<b>Income tax expense reported in the income</b>	<b>52,254,335</b>	<b>48,667,998</b>	<b>51,631,249</b>	<b>(1,755,648)</b>



Male' Water and Sewerage Company Pvt Ltd  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2021

	GROUP		COMPANY	
	Year ended 31-12-2021 MVR	Year ended 31-12-2020 MVR	Year ended 31-12-2021 MVR	Year ended 31-12-2020 MVR
<b>7</b>				
Income tax expenses		Restated		Restated
Income Tax (Note 7.1)	54,434,347	61,715,170	54,434,347	61,715,170
Deferred tax charge / (credit) (Note 7.4)	(2,180,012)	(6,109,245)	(2,803,098)	(4,085,142)
<b>Income tax expense reported in the income statement</b>	<b>52,254,335</b>	<b>55,605,925</b>	<b>51,631,249</b>	<b>57,630,028</b>

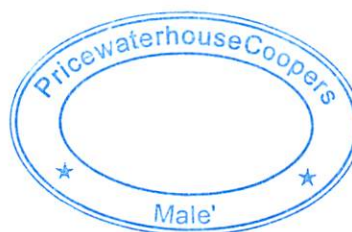
- 7.1 Income tax has been calculated at 15% on the taxable profit for the year ended in accordance with the Income Tax Act No. 25/2019. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December is as follows:

	GROUP		COMPANY	
	Year ended 31-12-2021 MVR	Year ended 31-12-2020 MVR	Year ended 31-12-2021 MVR	Year ended 31-12-2020 MVR
<b>Profit before tax from operating activities</b>	<b>341,136,614</b>	<b>298,421,651</b>	<b>334,437,232</b>	<b>312,436,747</b>
Loss of subsidiary Company	4,256,909	3,414,148	-	-
Add: Non-deductible expenses	83,983,600	105,803,864	83,983,600	82,615,434
Other disallowable expenses	78,022,644	117,672,756	65,781,353	130,260,237
Less: Capital allowances	(94,266,148)	(95,079,111)	(94,266,148)	(95,079,111)
Other allowable expenses	(49,987,973)	(18,548,839)	(26,790,391)	(18,548,839)
Taxable profit before adjustments	363,145,647	411,684,469	363,145,646	411,684,468
Less: Tax free allowance	(250,000)	(250,000)	(250,000)	(250,000)
Taxable profit	362,895,647	411,434,469	362,895,646	411,434,468
<b>Income tax on taxable profit at 15%</b>	<b>54,434,347</b>	<b>61,715,170</b>	<b>54,434,347</b>	<b>61,715,170</b>

<b>7.2</b>				
Income tax payable/ (refund)				
As at 1 January	31,786,754	18,943,806	33,242,677	19,778,045
Tax charge for the year	54,434,347	61,715,170	54,434,347	61,715,169
Paid during the year	(65,146,287)	(48,872,222)	(65,146,287)	(48,250,538)
<b>As at 31 December</b>	<b>21,074,814</b>	<b>31,786,754</b>	<b>22,530,737</b>	<b>33,242,677</b>

	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
<b>7.3</b>				
Deferred tax				
Temporary difference,		(Restated)		(Restated)
On property, plant and equipment	(185,314,883)	(169,928,275)	(179,040,357)	(171,725,535)
On carried forward tax losses	7,671,057	3,414,160	-	-
On debtors general provision	134,995,631	115,865,695	133,561,918	114,092,963
On staff bonus provision	-	5,802,820	-	5,802,820
On stock general provision	17,499,602	18,301,283	17,499,602	18,301,283
On employee retirement benefit provision	49,419,511	41,926,706	49,419,511	41,926,706
	<b>(25,148,593)</b>	<b>15,382,389</b>	<b>21,440,674</b>	<b>8,398,237</b>
Tax rate	15%	15%	15%	15%
<b>Deferred tax liability as at 31 December</b>	<b>(27,797,232)</b>	<b>(25,489,241)</b>	<b>(26,856,054)</b>	<b>(25,758,830)</b>
<b>Deferred tax Assets as at 31st December</b>	<b>31,437,870</b>	<b>27,796,600</b>	<b>30,072,155</b>	<b>27,018,566</b>
<b>Net Deferred tax asset</b>	<b>3,640,638</b>	<b>2,307,358</b>	<b>3,216,101</b>	<b>1,259,736</b>

Deferred tax liabilities are calculated on all temporary differences under the liability method using the effective tax rate of 15%. Deferred income tax liabilities/assets for the Group and the Company are arising from accelerated tax depreciation and the provision for bad debt. The net movement on the deferred income tax is as follows:



**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**7 Income tax expenses (continued)**

7.4 Movement in deferred tax (assets)/liabilities	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR (Restated)	As at 31-12-2021 MVR	As at 31-12-2020 MVR (Restated)
At 1 January	(2,307,358)	3,152,963	(1,259,736)	2,176,483
Amounts recognised in income statement	(2,180,012)	(6,109,245)	(2,803,098)	(4,085,142)
Amounts recognised in OCI				
- Effect on retirement benefit provision	846,733	648,924	846,733	648,924
<b>As at 31 December</b>	<b>(3,640,638)</b>	<b>(2,307,358)</b>	<b>(3,216,101)</b>	<b>(1,259,736)</b>

\* See note 33 for details regarding the restatement as a result of an error.

**8 Earnings per share**

8.1 Earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

8.2 The following reflects the income and share data used in the basic earnings per share computation.

	GROUP		COMPANY	
	Year ended 31-12-2021 MVR	Year ended 31-12-2020 MVR	Year ended 31-12-2021 MVR	Year ended 31-12-2020 MVR
Profit attributable to equity holders	290,699,519	251,945,809	287,604,135	258,483,954
Weighted average number of -				
- ordinary shares in issue	267,000	267,000	267,000	267,000
<b>Basic earnings per share</b>	<b>1,089</b>	<b>944</b>	<b>1,077</b>	<b>968</b>

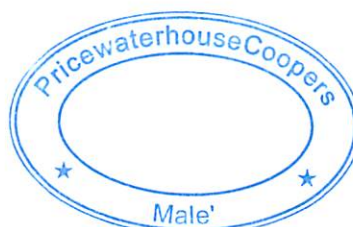
**8.3 Dividends per share**

At the 30th annual general meeting held on 13th September 2021, a final dividend in respect of the financial year 2021 of MVR 728/- per share (2020: MVR 694/- per share) amounting to a total of 2021: MVR 194,302,574 (2020: MVR 185,274,173) was declared. These financial statements reflects this dividend, which has been accounted under statement of changes in equity as an appropriation of retained earnings during the year.

**9 Property, plant and equipment**

**9.1 Gross carrying amounts**

	Group				Balance as at 31.12.2021 MVR
	Balance as at 01.01.2021 MVR Restated	Additions MVR	Transfers MVR	Disposal MVR	
Buildings, desalination plant and fuel farm	335,872,046	39,771,923	1,640,967	(13,319,936)	363,965,000
Public rain water and new water supply scheme	200,469,204	20,148,918	-	(1,593,246)	219,024,876
Sewerage system	134,320,879	32,578,495	-	(5,246,037)	161,653,337
Shrink film blowing machine and preform system	136,513,642	70,446,968	-	-	206,960,610
Reverse osmosis (RO) plants, generator, borewell and control pumps	600,724,848	68,172,668	1,027,141	(10,937,741)	658,986,916
Motor vehicles	99,350,237	27,085,978	(784,983)	-	125,651,232
Office and other equipment	77,988,081	8,452,670	(74,481)	(5,154,685)	81,211,585
Furniture and fittings	22,723,287	261,726	-	(3,430,600)	19,554,413
Computer hardware	47,965,929	4,774,299	-	(4,423,983)	48,316,245
Vessels	53,243,734	-	-	-	53,243,734
	<b>1,709,171,887</b>	<b>271,693,646</b>	<b>1,808,644</b>	<b>(44,106,229)</b>	<b>1,938,567,949</b>



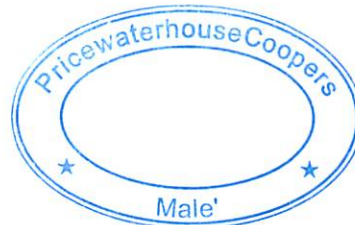
Male' Water and Sewerage Company Pvt Ltd  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2021

9 Property, plant and equipment (Continued)

9.2 Accumulated Depreciation	Balance as at 01.01.2021 MVR	Charge for the year MVR	Transfers MVR	Disposal MVR	Balance as at 31.12.2021 MVR
Buildings, desalination plant and fuel farm	115,357,229	13,366,560	(5,131,675)	(13,313,228)	110,278,886
Public rain water and new water supply scheme	89,402,795	5,077,062	-	(1,040,850)	93,439,007
Sewerage system	104,261,389	3,394,226	-	(3,870,625)	103,784,990
Shrink film blowing machine and preform system	55,627,391	14,215,510	-	-	69,842,901
Reverse osmosis (RO) plants, generator, borewell and control pumps	329,377,880	32,953,129	-	(10,829,774)	351,501,235
Motor vehicles	87,632,163	5,682,650	559,298	-	93,874,111
Office and other equipment	61,112,005	7,343,418	799,847	(5,119,823)	64,135,447
Furniture and fittings	17,629,217	1,184,816	-	(3,012,058)	15,801,975
Computer hardware	39,616,194	4,329,292	376,577	(4,418,957)	39,903,106
Vessels	7,914,560	2,662,187	-	-	10,576,747
	<b>907,930,823</b>	<b>90,208,848</b>	<b>(3,395,952)</b>	<b>(41,605,315)</b>	<b>953,138,405</b>
<b>Total carrying amount of property plant and equipment</b>	<b>801,241,064</b>				<b>985,429,544</b>

9.3 Gross carrying amounts

	COMPANY				
	Balance as at 01-01-2021 MVR	Additions MVR	Transfers MVR	Disposal MVR	Balance as at 31-12-2021 MVR
Buildings, desalination plant and fuel farm	260,173,237	39,078,806	1,640,967	(13,319,936)	287,573,074
Public rain water and new water supply scheme	200,469,204	20,148,918	-	(1,593,246)	219,024,876
Sewerage system	134,320,879	32,578,495	-	(5,246,037)	161,653,337
Shrink film blowing machine and preform system	136,513,642	68,834,595	-	-	205,348,237
Reverse osmosis (RO) plants, generator, borewell and control pumps	575,688,684	68,172,668	1,027,141	(10,937,741)	633,950,752
Motor vehicles	82,589,423	25,450,888	(784,983)	-	107,255,328
Office and other equipment	75,584,355	8,218,927	(74,481)	(5,154,685)	78,574,116
Furniture and fittings	16,724,179	204,315	-	(3,430,600)	13,497,894
Computer hardware	44,077,414	4,309,286	-	(4,423,983)	43,962,717
Vessels	53,243,734	-	-	-	53,243,734
	<b>1,579,384,751</b>	<b>266,996,899</b>	<b>1,808,644</b>	<b>(44,106,229)</b>	<b>1,804,084,065</b>





**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**9 Property, plant and equipment (Continued)**

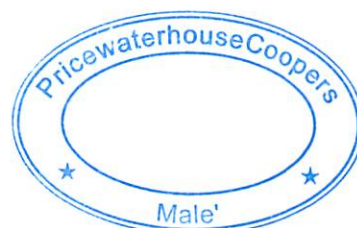
<b>9.4 Accumulated Depreciation</b>	<b>Balance as at 01-01-2021 MVR</b>	<b>Charge for the year MVR</b>	<b>Transfers MVR</b>	<b>Disposal MVR</b>	<b>Balance as at 31-12-2021 MVR</b>
Buildings, desalination plant and fuel farm	92,376,697	12,555,374	(5,131,675)	(13,313,228)	86,487,168
Public rain water and new water supply scheme	89,402,795	5,077,062	-	(1,040,850)	93,439,007
Sewerage system	104,261,389	3,394,226	-	(3,870,625)	103,784,990
Shrink film blowing machine and preform system	55,627,391	9,428,937	-	-	65,056,328
Reverse osmosis (RO) plants, generator, borewell and control pumps	313,620,482	32,953,129	-	(10,829,774)	335,743,837
Motor vehicles	77,838,973	3,665,634	559,298	-	82,063,905
Office and other equipment	59,719,211	6,947,572	799,847	(5,119,823)	62,346,807
Furniture and fittings	14,441,389	543,398	-	(3,012,058)	11,972,729
Computer hardware	35,772,259	3,814,445	376,577	(4,418,957)	35,544,324
Vessels	7,914,560	2,662,187	-	-	10,576,746
	<b>850,975,146</b>	<b>81,041,963</b>	<b>(3,395,952)</b>	<b>(41,605,315)</b>	<b>887,015,841</b>
<b>Total carrying amount of property plant and equipment</b>	<b>728,409,605</b>				<b>917,068,224</b>

9.5 The value of fully depreciated property, plant and equipment at the reporting date amounted to MVR 287,921,624/- (2020: MVR 270,028,125/-) of the Group and MVR 287,921,624/- (2020: MVR 243,751,189/-) of the Company.

9.6 Depreciation expenses of MVR 62,500,575/- and MVR 57,714,002/- (2020: MVR 64,028,626 and MVR 58,311,132/-) have been charged in cost of sales and MVR 27,708,273/- and MVR 23,327,961/- (2020: MVR 25,501,243 and MVR 21,167,392/-) in administrative expenses of the Group and Company respectively.

**9.7 Net Book Value**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>NBV as at 31-12-2021 MVR</b>	<b>NBV as at 31-12-2020 MVR</b>	<b>NBV as at 31-12-2021 MVR</b>	<b>NBV as at 31-12-2020 MVR</b>
Buildings, desalination plant and fuel farm	253,686,114	220,514,817	201,085,906	167,796,540
Public rain water and new water supply scheme	125,585,869	111,066,409	125,585,869	111,066,409
Sewerage system	57,868,347	30,059,490	57,868,347	30,059,490
Shrink film blowing machine and preform system	137,117,709	80,886,251	140,291,909	80,886,251
Reverse osmosis (RO) plants, generator, borewell and control pumps	307,485,681	271,346,968	298,206,915	262,068,202
Motor vehicles	31,777,121	11,718,074	25,191,423	4,750,450
Office and other equipment	17,076,138	16,876,076	16,227,309	15,865,144
Furniture and fittings	3,752,438	5,094,070	1,525,165	2,282,790
Computer hardware	8,413,139	8,349,735	8,418,393	8,305,155
Vessels	42,666,987	45,329,174	42,666,988	45,329,174
	<b>985,429,544</b>	<b>801,241,064</b>	<b>917,068,224</b>	<b>728,409,605</b>



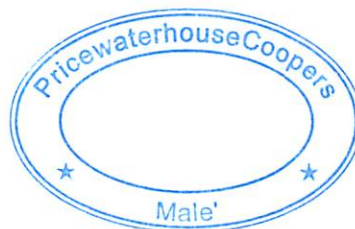
**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**9 Property, plant and equipment (Continued)**

**9.8 Assets pledged as security for loans and borrowings**

	<b>Bank / Lender</b>	<b>Currency</b>	<b>Facility Amount</b>	<b>NBV as at 31-12-2021 MVR</b>
Hulhumale' Manufacturing Buidling	HBL	MVR	14,680,000	23,984,068
Second Bottling Plant 12,000 BPH	HBL	MVR	30,927,003	38,390,156
3000m3/day RO Plant	Mitsubishi HC Capital	USD	1,277,913	21,957,459
1.8MW Generator Set	Mitsubishi HC Capital	USD	741,470	13,347,622
Sewerage Network and Pumpstation	Mitsubishi HC Capital	USD	3,988,107	2,434,883
Customer Service Buidling	HSBC	MVR	154,200,000	40,260,572
Fen Building	HSBC	MVR	154,200,000	4,629,980
<b>Total</b>				<b>145,004,742</b>

**9.9** Property, plant and equipment of the Group includes bottling plants leased from MFLC with a carrying amount of MVR 21,979,414 (2020: MVR 24,836,101) as at the reporting date. The cost and accumulated depreciation of these assets are MVR 42,850,305 (2020: MVR 42,850,305) and MVR 20,870,891 (2020: MVR 18,014,204) respectively as at the year end.

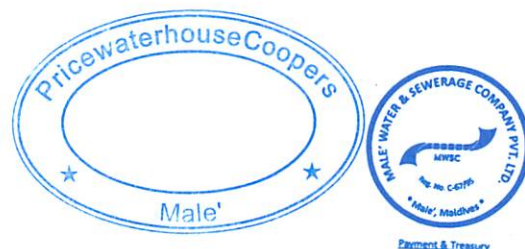


**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

10 Capital work-in-progress	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
At 1 January	677,416,213	642,009,407	651,854,004	618,470,129
Additions	56,548,316	85,868,196	55,350,788	83,845,265
Capitalised during the year to property, plant and equipment	(221,264,944)	(50,461,390)	(221,264,944)	(50,461,390)
Provision on Capital Work in Progress	(2,601,023)	-	(2,601,023)	-
<b>At 31 December</b>	<b>510,098,562</b>	<b>677,416,213</b>	<b>483,338,825</b>	<b>651,854,004</b>

10.1 In the course of construction				
Land Acquisition at Gulhifalhu	195,866,751	195,866,751	195,866,751	195,866,751
Construction of Pipe Manufacturing Stores	3,559,344	3,423,462	3,559,344	3,423,462
Gulhifalhu Fuel Storage Tank 50T	743,176	648,784	743,176	648,784
Gulhifalhu Rainwater system	136,248	1,570,393	136,248	1,570,393
Male Installation of 5000TPD RO Plant	422,454	378,454	422,454	378,454
Supply & Install Storage Tanks	7,324,900	6,424,050	7,324,900	6,424,050
Hmale - Water & Sewer Network Ph2	87,210,131	122,598,148	87,210,131	122,598,148
Operation control building - Male'	15,578,551	7,482,341	15,578,551	7,482,341
Construction of Pipeline via bridge	39,089,512	37,441,266	39,089,512	37,441,266
Gfalhu - Facility Building	8,355,617	5,547,658	8,355,617	5,547,658
Power Production Expansion Gulhifalhu	2,927,951	74,480	2,927,951	74,480
Water Production, Storage & Distribution	2,855,873	2,855,873	2,855,873	2,855,873
GF Manufacturing building storage deck	1,193,721	1,193,721	1,193,721	1,193,721
Gfalhu - Port Construction 2016	387,585	387,585	387,585	387,585
Premium Water Manufacturing - HML	9,877,565	8,929,395	9,877,565	8,929,395
Construction of Preform Building at Gulhifalhu	10,306,266	10,194,972	10,306,266	10,194,972
Construction of Warehouse - Gfalhu	16,804,365	12,690,562	16,804,365	12,690,562
Construction of Water & Sewer Network (Thilafushi)	123,982	123,982	123,982	123,982
Supply, install & Commission Bottling line	5,622,179	43,552,051	5,622,179	43,552,051
Hmale - Ventilation system Bottling	931,021	749,065	931,021	749,065
VAF Pre-filtration system	3,085,136	3,286,479	3,085,136	3,286,479
CIP cleaning system for 3000TPD	2,621,739	2,541,364	2,621,739	2,541,364
Flushing vehicle	53,416	53,416	53,416	53,416
Construction of Production Facility - phase2	544,636	544,636	544,636	544,636
Preform light weighteig project	13,940,520	13,909,680	13,940,520	13,909,680
Ventilation System	3,105,916	3,105,916	3,105,916	3,105,916
Hulhumale' Fuel Line	2,586,526	5,356	2,586,526	5,356
Installing Prepaid Water Meters	771,000	771,000	771,000	771,000
Extension of Water & Sewer Network - Tfushi	9,670	9,670	9,670	9,670
Extension of Water & Sewer Network - Kfushi	3,055,863	950,867	3,055,863	950,867
Chimney stack - HLM	2,174,220	1,706,578	2,174,220	1,706,578
2 new Boreholes - Male;	3,788,075	3,788,075	3,788,075	3,788,075
Construction of boreholes	1,623,914	89,000	1,623,914	89,000
BPH project	26,759,736	25,562,208		
Other Projects	39,262,027	158,958,976	39,262,026	158,958,975
Provision on Capital Work in Progress	(2,601,023)	-	(2,601,023)	-
	<b>510,098,562</b>	<b>677,416,213</b>	<b>483,338,825</b>	<b>651,854,004</b>

10.2 During the year, the Company has incurred borrowing cost amounting to MVR 7,029,589 (2020: MVR 7,443,923) on qualifying assets in capital work-in-progress.



Male' Water and Sewerage Company Pvt Ltd  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2021

10 Capital work-in-progress (continued)

10.3 Assets pledged as security for loans and borrowings

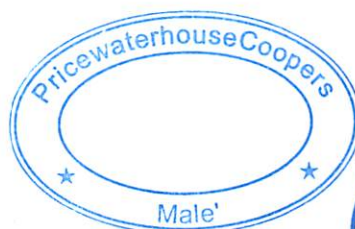
	Bank / Lender	Currency	Facility Amount	NBV as at 31-12-2021 MVR
Water & Sewerage network HM ph2	Mitsubishi HC Capital	USD	3,988,107	87,329,195
				<u>87,329,195</u>

11 Intangible assets

11.1 Gross carrying amount at cost	GROUP			Balance as at 31-12-2021 MVR
	Balance as at 01-01-2021 MVR	Additions MVR	Disposals MVR	
Computer software	27,974,648	1,995,610	(432,871)	29,537,387
Brand name	25,000	-	-	25,000
ISO and HACCP Certificate	265,320	-	-	265,320
	<u>28,264,968</u>	<u>1,995,610</u>	<u>(432,871)</u>	<u>29,827,707</u>
11.2 Accumulated amortisation and impairment	Balance as at 01-01-2021 MVR	Charge for the year MVR	Disposal / transfers MVR	Balance as at 31-12-2021 MVR
Computer software	24,522,949	1,741,470	(432,871)	25,831,548
Brand name	21,251	1,250	-	22,501
ISO and HACCP Certificate	57,563	17,688	-	75,251
	<u>24,601,763</u>	<u>1,760,407</u>	<u>(432,871)</u>	<u>25,929,300</u>
11.3 Net carrying amount	<u>3,663,205</u>			<u>3,898,407</u>

11.4 Gross carrying amount Cost	COMPANY			Balance as at 31-12-2021 MVR
	Balance as at 01-01-2021 MVR	Additions MVR	Disposals MVR	
Computer software	27,148,556	1,526,550	(432,871)	28,242,235
11.5 Accumulated amortisation and impairment at cost	Balance as at 01-01-2021 MVR	Charge for the year MVR	Disposal / transfers MVR	Balance as at 31-12-2021 MVR
Computer software	24,138,145	1,549,359	(432,871)	25,254,633
Net carrying amount	<u>3,010,411</u>			<u>2,987,602</u>

11.6 Amortisation charge of MVR 1,760,407 (2020: MVR 2,011,664) is included in administrative expenses of the Group and MVR 1,549,359 (2020: MVR 1,846,797) is included in administrative expenses of the Company.



**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

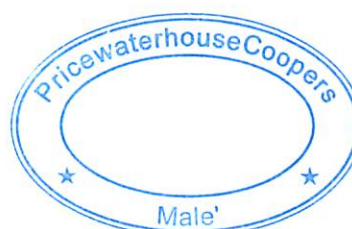
12	Investment in subsidiaries	COMPANY	
		As at	As at
		31-12-2021	31-12-2020
		MVR	MVR
	Island Beverages Maldives Private Limited	7,650,000	7,650,000

Investment in subsidiary comprises investment made by the Company in Island Beverages Maldives Private Limited, a company incorporated in the Republic of Maldives. The Company holds 51% of the issued shares.

13	13.1	Investment Property	GROUP/COMPANY			
			Balance as at	Additions	Transfer	Balance as at
			01-01-2021			From PPE
			MVR	MVR	MVR	MVR
		West coast rasfannu beach pavilion	9,681,536	-	-	9,681,536
		CS Building 3rd and 4th floor	9,341,754	-	-	9,341,754
		Fen Building 2nd Floor	2,130,356	-	-	2,130,356
		Fen Building 3rd Floor	2,917,532	-	-	2,917,532
		Fen Building 1st floor	-	-	5,346,793	5,346,793
		Fen Building 4th Floor MQA	-	-	1,087,085	1,087,085
			<b>24,071,178</b>	<b>-</b>	<b>6,433,878</b>	<b>30,505,056</b>
		Accumulated amortisation and impairment at cost	Balance as at	Charge for the	Transfer	Balance as at
			01-01-2021	year	From PPE	31-12-2021
			MVR	MVR	MVR	MVR
		West coast rasfannu beach pavilion	1,492,570	484,077	-	1,976,647
		CS Building 3rd and 4th floor	873,082	822,402	-	1,695,484
		Fen Building 2nd Floor	1,562,934	28,490	-	1,591,424
		Fen Building 3rd Floor	1,776,128	57,403	-	1,833,531
		Fen Building 1st floor	-	266	4,357,539	4,357,805
		Fen Building 4th Floor MQA	-	40	848,616	848,656
			<b>5,704,714</b>	<b>1,392,678</b>	<b>5,206,156</b>	<b>12,303,547</b>
		Net carrying amount	<b>18,366,464</b>			<b>18,201,509</b>

13.2 The Group has rented out one of its buildings at Rasfannu (West coast beach pavilion), CS Building 3rd and 4th floor and Fen Building 1st, 2nd, 3rd and a portion of 4th floors to third parties and its subsidiary with the intention of earning monthly rental income, and company has adopted cost model to measure the investment property.

13.3	Investment Properties disclosed at Fair Value	Fair Value as at
		31-12-2021
		MVR
	West coast rasfannu beach pavilion	14,500,000
	CS Building 3rd and 4th floor	10,250,000
	Fen Building 2nd Floor	21,850,000
	Fen Building 3rd Floor	23,550,000
	Fen Building 1st floor	18,164,500
	Fen Building 4th Floor MQA	3,412,500
		<b>91,727,000</b>



**Male' Water and Sewerage Company Pvt Ltd**  
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**Year ended 31 December 2021**

**13 Investment Property (continued)**

**13.4 Assets pledged as security for loans and borrowings**

	Bank / Lender	Currency	Facility Amount	NBV as at 31-12-2021 MVR
Customer Service Building	HSBC	MVR	154,200,000	7,646,270
Fen Building	HSBC	MVR	154,200,000	2,850,350
<b>Total</b>				<b>10,496,620</b>

**13.5 Amounts recognised in profit or loss for investment properties**

	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
Rental income from operating leases	5,022,531	11,368,963	6,822,531	13,168,963

**14 Inventories**

	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
Raw materials	25,939,529	36,393,199	22,582,316	32,100,426
Consumable stock	297,769,639	249,990,232	293,467,730	246,906,561
Finished goods	10,845,431	12,775,450	10,043,828	12,332,356
Water inventory	1,996,847	1,861,545	1,996,847	1,861,545
	336,551,446	301,020,426	328,090,721	293,200,888
Less:				
Impairment for slow and non-moving items	(17,499,602)	(18,301,283)	(17,499,602)	(18,301,283)
	<b>319,051,844</b>	<b>282,719,143</b>	<b>310,591,119</b>	<b>274,899,605</b>
<b>Work-in-progress</b>				
Employee housing unit	133,710,402	102,591,315	133,710,402	102,591,315
	<b>452,762,246</b>	<b>385,310,458</b>	<b>444,301,521</b>	<b>377,490,920</b>

**15 External project work-in-progress**

External projects	<b>14,081</b>	<b>93,630</b>	<b>14,081</b>	<b>93,630</b>
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**16 Contract assets**

		(Restated)		(Restated)
Unbilled Revenue	230,082,336	14,844,922	230,082,336	14,844,922
Less: provision for impairments	(10,188,592)	-	(10,188,592)	-
	<b>219,893,744</b>	<b>14,844,922</b>	<b>219,893,744</b>	<b>14,844,922</b>

16.1 Amounts relating to contract assets are balances due from customers from water consumption and construction retentions.

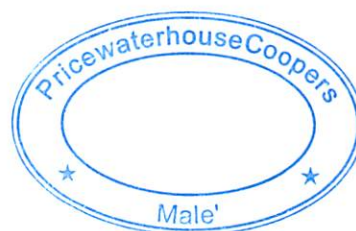
16.2 Unbilled water consumption includes water consumption as at the end of the reporting period amounting MVR 45,875,899 (2020: MVR 34,296,437) which are not opened for billing cycle.

16.3 Revenue recognised on percentage completion amounting MVR 184,206,437 (2020: Nil) but not invoiced until the agreed related milestones are achieved.

16.4 Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

16.5 Construction contract assets amounting MVR 184,157,093 is related to Ministry of National Planning, a Ministry of the major shareholder of the company.

\* See note 33 for details regarding the restatement as a result of an error.



Male' Water and Sewerage Company Pvt Ltd  
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Year ended 31 December 2021

17 Trade and other receivables

	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
		<b>Restated</b>		
Trade receivables	209,238,850	236,043,955	204,830,536	230,554,066
Amounts due from related parties (Note 33)	147,795,194	174,506,953	203,129,531	239,681,567
Less: provision for impairments of trade receivable (Note 17.6)	(124,807,040)	(115,865,695)	(123,373,326)	(114,092,963)
	<b>232,227,004</b>	<b>294,685,213</b>	<b>284,586,741</b>	<b>356,142,670</b>
Deposit and prepayments	172,172,900	32,961,375	171,580,597	30,729,386
Other receivables	76,233,437	36,082,250	74,372,381	35,561,847
	<b>248,406,337</b>	<b>69,043,625</b>	<b>245,952,978</b>	<b>66,291,233</b>
<b>Trade and other receivables</b>	<b>480,633,341</b>	<b>363,728,838</b>	<b>530,539,719</b>	<b>422,433,903</b>

17.1 There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

17.2 The amounts due from related parties are unsecured, interest free and have no fixed repayment terms. Accordingly, these amounts are shown as falling due within one year.

17.3 Other receivables of the Group include Letter of Credit MVR 12,539,377/- (2020: MVR 16,466,367/-), LC margin money MVR 27,918,140/- (2020: MVR 3,084,000/-), receivable from non-utility related income amounting MVR 20,096,860 (2020: MVR 14,144,346), bank guarantee margin amounting MVR 9,890,394 (2020: Nil), staff loans amounting to MVR 3,059,101/- (2020: MVR 1,714,901/-), rent receivable amounting MVR 667,560 (2020: MVR 17,560), staff advances amounting MVR 156,410 (2020: MVR 90,134), interest receivable amounting MVR 44,539 (2020: MVR 44,539), refundable deposits and other amounting MVR 1,861,056 (2020: MVR 520,403).

17.4 Prepayments of the Group include advance payments made to suppliers amounting to MVR 170,678,308/- (2020: MVR 31,687,106/-) and security deposit MVR 1,494,592/- (2020: MVR 1,274,269/-).

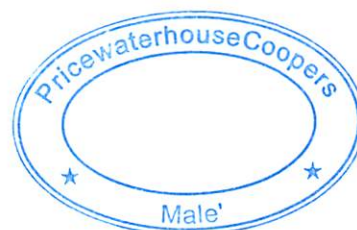
17.5 Provision for impairment of trade receivable

	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
Expected credit loss under simplified approach	124,807,040	115,865,695	123,373,326	114,092,963

17.6 Movement of provision for impairment is as follows:

Opening balance	115,865,695	82,309,629	114,092,963	80,758,496
Provision during the year	8,941,345	33,556,066	19,468,955	33,334,467
<b>Closing balance</b>	<b>124,807,040</b>	<b>115,865,695</b>	<b>133,561,918</b>	<b>114,092,963</b>

\* See note 33 for details regarding the restatement as a result of an error.



**Male' Water and Sewerage Company Pvt Ltd**  
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18 Cash and cash equivalents in cash flow statement	GROUP		COMPANY	
	As at	As at	As at	As at
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
	MVR	MVR	MVR	MVR
Cash in hand	5,257,767	2,375,316	5,257,767	2,206,570
Cash at banks	157,571,220	295,036,776	154,133,047	292,981,159
	<b>162,828,987</b>	<b>297,412,092</b>	<b>159,390,814</b>	<b>295,187,729</b>

19 Share capital	Ordinary shares	
	Number of shares	(MVR)
At 1 January 2021	267,000	267,000,000
<b>At 31 December 2021</b>	<b>267,000</b>	<b>267,000,000</b>

The total authorised number of ordinary shares is 267,000 shares (2020: 267,000 shares) with a par value of MVR 1,000 per share (2020: MVR 1,000 per share). The above, 267,000 shares are issued and fully paid.

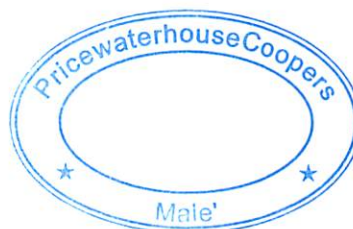
	As at	As at
	31-12-2021	31-12-2020
	MVR	MVR
Government of Maldives - 213,600 ordinary shares	213,600,000	213,600,000
Hitachi Limited - 53,400 ordinary shares	53,400,000	53,400,000
	<b>267,000,000</b>	<b>267,000,000</b>

20 Share allotment gain	Consideration paid for shares	Value of shares allotted	Gain
	MVR	MVR	MVR
Government of Maldives	213,603,042	213,600,000	3,042

The difference between the consideration received for shares and the par value of shares allotted by the company has been shown as share allotment gain.

21 Non-controlling interest	GROUP	
	As at	As at
	31-12-2021	31-12-2020
	MVR	MVR
At 1 January	18,916,630	24,560,898
Dividends declared	-	(191,420)
Share of net profit of subsidiary	2,980,912	(5,452,848)
<b>At 31 December</b>	<b>21,897,542</b>	<b>18,916,630</b>

22 Interest-bearing loans and borrowings	GROUP/COMPANY	
	As at	As at
	31-12-2021	31-12-2020
	MVR	MVR
<b>Non- Current:</b>		
HSBC term loan	29,251,288	-
Loan from a related party	66,794,165	88,086,152
Maldives Finance Leasing Company	20,889,018	-
Habib Bank Limited	-	11,532,334
	<b>116,934,471</b>	<b>99,618,486</b>
<b>Current :</b>		
HSBC term loan	1,588,712	-
Loan from a related party	21,302,387	22,843,895
Mauritius Commercial Bank	-	4,751,777
Maldives Finance Leasing Company	3,782,982	-
Habib Bank Limited	11,532,334	15,202,334
	<b>38,206,416</b>	<b>42,798,006</b>
<b>Total borrowings</b>	<b>155,140,886</b>	<b>142,416,492</b>





**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**22.1 Movement of interest bearing liabilities**

	GROUP/COMPANY			
	As at	Loans	Repayment	As at
	01.01.2021	obtained		31-12-2021
	MVR	MVR	MVR	MVR
HSBC term loan	-	30,840,000	-	30,840,000
Loan from a related party	110,931,080	-	(22,834,528)	88,096,552
Mauritius Commercial Bank	4,750,742	-	(4,750,742)	-
Habib Bank Limited	26,734,670	-	(15,202,336)	11,532,334
Maldives Finance Leasing Company	-	24,672,000	-	24,672,000
	<b>142,416,492</b>	<b>55,512,000</b>	<b>(42,787,606)</b>	<b>155,140,886</b>

The exposure of the Group's/Company's borrowings to interest rate changes and contractual repricing dates at the end of the reporting period are as follows:

	GROUP/COMPANY	
	As at	As at
	31-12-2021	31-12-2020
	MVR	MVR
6 months or less	19,537,322	12,711,443
6 - 12 months	18,669,094	30,090,965
1 - 5 years	116,934,470	99,614,084
	<b>155,140,885</b>	<b>142,416,492</b>

**22.2 The exposure of the Group/Company's borrowings is as follows:**

	As at	As at
	31-12-2021	31-12-2020
	MVR	MVR
- at fixed rates	155,140,885	142,416,492

The carrying amount and the fair value of the borrowings are as follows:

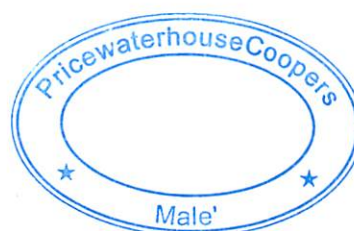
	Carrying Amount		Fair Value	
	As at	As at	As at	As at
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
	MVR	MVR	MVR	MVR
HSBC term loan	30,840,000	-	30,840,000	-
Loan from a related party	88,096,552	110,930,047	88,096,552	110,930,047
Mauritius Commercial Bank	-	4,751,777	-	4,751,777
Habib Bank Limited	11,532,334	26,734,668	11,532,334	26,734,668
Maldives Finance Leasing Company	24,672,000	-	24,672,000	-
	<b>155,140,886</b>	<b>142,416,492</b>	<b>155,140,886</b>	<b>142,416,492</b>

The fair values are based on cash flows discounted using following borrowing rates:

	2021	2020
HSBC term loan	10%	10%
Loan from a related party	8.35%	8.35%
Mauritius Commercial Bank	N/A	10.75%
Habib Bank Limited	9%	9%
Maldives Finance Leasing Company	11.75%	11.75%

The Group/Company has the following undrawn borrowing facilities as at:

	31-12-2021	31-12-2020
	MVR	MVR
	- Expiring within one year	-
- Expiring beyond one year	123,360,000	-
	<b>123,360,000</b>	<b>-</b>

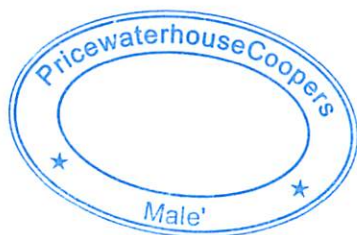


**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**22 Interest bearing loans and borrowings (Continued)**

**22.3 Details of interest bearing loans and borrowings**

<b>Lender</b>	<b>Total loan facility</b>	<b>Repayment Term</b>	<b>Interest rate</b>	<b>Securities/pledged assets</b>
Habib bank limited (Letter of credit)	MVR. 14,680,000/-	Facility has been obtained on 15 February 2018 subject to 9 months grace period and has to be repaid in 12 quarterly instalments.	Fixed rate at 9%	Mortgage over head lease rights of the land favouring MWSC and mortgage over building 3,696.37 sq. m located at Hulhumale Plot 10618, Hulhumale'.
Habib bank limited (Letter of credit)	MVR. 30,927,003/-	Facility has been obtained on 30 May 2019 subject to 12 months grace period and has to be repaid in 12 quarterly instalments.	Fixed rate at 9%	Mortgage over Hulhumale' Second Bottling Plant.
Hitachi - Contract No. MWSC/HM/2016/99/085	USD. 1,110,400/-	Facility has been obtained for acquiring 3000m3 RO plant on 19 July 2017 and has to be repaid in 20 quarterly instalments.	Fixed rate at 7%	-
Hitachi - Contract No. MWSC/P/M/2017/87/085	USD. 734,300/-	Facility has been obtained for acquiring 2000m3 RO plant on 12 November 2017 and has to be repaid in 20 quarterly instalments.	Fixed rate at 4.5%	-
Hitachi - Contract No. MWSC/P/M/2017/126/061	USD. 1,066,400/-	Facility has been obtained for acquiring 3000m3 RO plant on 16 April 2019 and has to be repaid in 20 quarterly instalments.	Fixed rate at 5.5%	-
HSBC Limited (20 Island Water & Sewerage System Project)	MVR. 154,200,000/-	Loan disbursement is to be made in 5 equal disbursement of MVR 30.84 million, out of which 1 disbursement has been made in 2021. Each disbursement is to be repaid in 48 monthly instalments after 12 months grace period.	Fixed rate at 10%	Mortgage of leasehold right of 'Customer Service Building Land Area and Mortgage of RO plants in MWSC Male' main compound.

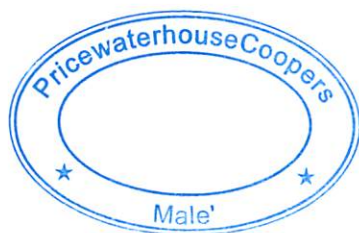


**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**22 Interest bearing loans and borrowings (Continued)**

**22.3 Details of interest bearing loans and borrowings (Continued)**

<b>Lender</b>	<b>Total loan facility</b>	<b>Repayment Term</b>	<b>Interest rate</b>	<b>Securities/pledged assets</b>
Mitsubishi HC Capital Asia Pacific	USD. 1,277,913/-	Facility has been obtained for financing the supply, installation and commissioning of a 3000M3/day RO plant in Hulhumale phase 2 project on 15 July 2019 and has to be repaid in 72 monthly instalments with 12 months grace period.	Fixed rate at 8.35%	Mortgage over 3000m3/day RO Plant for Hulhumale' Phase II project supplied under this facility.
Mitsubishi HC Capital Asia Pacific	USD. 741,470/-	Facility has been obtained for financing the supply, installation & commissioning of 1.8MW generator set in Hulhumale phase 2 project on 15 July 2019 and has to be repaid in 72 monthly instalments with 12 months grace period.	Fixed rate at 8.35%	Mortgage over 1.8MW Generator Set for Hulhumale' Phase II project supplied under this facility.
Mitsubishi HC Capital Asia Pacific	USD. 3,988,107/-	Facility has been obtained to finance the supply of water & sewerage system materials in Hulhumale phase 2 project on 15 July 2019 and has to be repaid in in 72 monthly instalments with 12 months grace period.	Fixed rate at 8.35%	Mortgage over water & sewerage system materials for Hulhumale' Phase II project supplied under this facility.
Maldives Finance Leasing Company (Glass Bottling Project)	USD 1,600,000	Facility has been obtained for financing the purchase, transport, installation, commissioning, and other investment costs of Glass Bottling Project and has to be paid in 48 monthly instalments after 6 months grace period.	Fixed rate at 11.75%	Mortgage over Glass Water Bottling Plant with other related assets / machineries.
Maldives Finance Leasing Company - Contract No. 16093029	MVR. 12,100,000/-	IBM has entered a lease agreement to acquire a landing craft and a crane on July 2017 and has to be repaid in 5.5 years.	Fixed rate at 11.5%	-
Maldives Finance Leasing Company - Contract No. 18031247	MVR. 20,000,000/-	IBM has entered a lease agreement to acquire a 5L bottling plant on May 2018 and has to be repaid in 4 years.	Fixed rate at 9%	-



Male' Water and Sewerage Company Pvt Ltd  
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**23 Leases**

**23.1** The Group has several contracts for the use of Land and building in its operations. The Group's obligations under its leases are secured by the lessors' title to the leased assets.

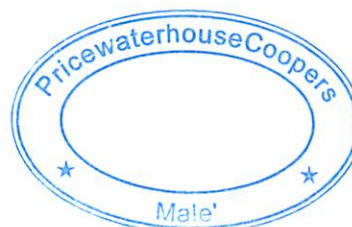
The buildings and certain other fixed assets were erected on land leased to the Company from the Government of Maldives for 20 years in accordance with Clause 17 of the Joint Venture Agreement and the Assets Transfer Agreement dated 30 March 1995 and 9 September 1995 respectively. The leasehold rights to the land were derived from the said Joint Venture Agreement and Assets Transfer Agreement. The Company has received an extension of lease terms for a further 50 years from the Government of Maldives on 14th March 2010. During the year the balance has transferred to right of use assets.

Set out below are the carrying amounts of right of use assets recognised and the movements during the period.

<b>23.2</b>	<b>Right of use assets</b>	<b>GROUP</b>			
		<b>Male' leasehold right MVR</b>	<b>Land MVR</b>	<b>Building MVR</b>	<b>Total MVR</b>
	<b>As at 1 January</b>	16,158,717	112,066,545	15,084,531	143,309,793
	Termination	-	-	-	-
	Additions/(disposal)	-	-	4,215,025	4,215,025
	<b>As at 31 December</b>	<b>16,158,717</b>	<b>112,066,545</b>	<b>19,299,556</b>	<b>147,524,818</b>
	<b>Depreciation</b>				
	<b>As at 1 January</b>	12,905,724	6,627,185	7,911,019	27,443,928
	Termination	-	-	2,584,729	2,584,729
	Charge for the year	81,325	4,229,044	3,101,004	7,411,373
	<b>As at 31 December</b>	<b>12,987,049</b>	<b>10,856,229</b>	<b>13,596,752</b>	<b>37,440,030</b>
	<b>Net book value</b>	<b>3,171,668</b>	<b>101,210,316</b>	<b>5,702,804</b>	<b>110,084,788</b>

<b>23.3</b>	<b>Right of use assets</b>	<b>COMPANY</b>			
		<b>Male' leasehold right MVR</b>	<b>Land MVR</b>	<b>Building MVR</b>	<b>Total MVR</b>
	<b>As at 1 January</b>	16,158,717	111,994,704	551,795	128,705,216
	Additions	-	-	-	-
	<b>As at 31 December</b>	<b>16,158,717</b>	<b>111,994,704</b>	<b>551,795</b>	<b>128,705,216</b>
	<b>Depreciation</b>				
	<b>As at 1 January</b>	12,905,724	6,579,291	42,176	19,527,191
	Charge for the year	81,325	4,205,097	21,088	4,307,510
	<b>As at 31 December</b>	<b>12,987,049</b>	<b>10,784,388</b>	<b>63,264</b>	<b>23,834,701</b>
	<b>Net book value</b>	<b>3,171,668</b>	<b>101,210,316</b>	<b>488,531</b>	<b>104,870,515</b>

<b>23.4</b>	<b>Assets pledged as security for loans and borrowings</b>				<b>NBV as at</b>
		<b>Bank / Lender</b>	<b>Currency</b>	<b>Facility Amount</b>	<b>31-12-2021 MVR</b>
	Male' Leasehold Land	HSBC	MVR	154,200,000	16,228,690
	Hulhumale Leased Land	HBL	MVR	14,680,000	14,279,336
	<b>Total</b>				<b>30,508,025</b>



Male' Water and Sewerage Company Pvt Ltd  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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23 Leases (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period.

23.5 Lease liabilities	Interest rate	Maturity	GROUP		COMPANY	
			As at	As at	As at	As at
			31-12-2021	31-12-2020	31-12-2021	31-12-2020
			MVR	MVR	MVR	MVR
Non-current	8%	2022-2060	122,615,294	116,760,536	109,195,854	110,332,023
Current	8%	2021	4,008,102	15,958,061	925,456	854,606
			<b>126,623,396</b>	<b>132,718,597</b>	<b>110,121,310</b>	<b>111,186,629</b>
<b>As at 1 January</b>			132,718,597	116,045,832	111,186,629	88,277,799
Additions			12,215,026	29,393,673	-	23,698,065
Accretion of interest			10,247,507	9,280,046	8,841,690	7,662,338
Termination of lease			(2,829,217)	(597,817)	-	-
Lease concession			-	(270,487)	-	-
Payments			(25,728,517)	(21,132,650)	(9,907,009)	(8,451,573)
<b>As at 31 December</b>			<b>126,623,396</b>	<b>132,718,597</b>	<b>110,121,310</b>	<b>111,186,629</b>

The following are the amounts relating to leases recognised in profit or loss:

	GROUP		COMPANY	
	Year ended	Year ended	Year ended	Year ended
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
Depreciations charge of Right-of-use-assets	MVR	MVR	MVR	MVR
Leasehold right	81,325	81,325	81,325	81,325
Land	4,229,044	3,586,564	4,205,097	3,573,148
Building	3,101,004	3,597,095	21,088	21,088
	<b>7,411,373</b>	<b>7,264,984</b>	<b>4,307,510</b>	<b>3,675,561</b>
Interest expense on lease liabilities				
Land	8,304,758	6,546,784	8,798,903	6,542,267
Building	1,138,019	1,139,141	42,787	43,909
Equipments	804,730	804,730	-	-
	<b>10,247,507</b>	<b>9,280,046</b>	<b>8,841,690</b>	<b>7,662,338</b>
<b>Total amount recognised in profit or loss</b>	<b>17,658,880</b>	<b>16,545,030</b>	<b>13,149,200</b>	<b>11,337,899</b>

24 Government grants

	GROUP		COMPANY	
	As at	As at	As at	As at
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
	MVR	MVR	MVR	MVR
<b>As at 1 January</b>	12,942,568	13,870,852	12,942,568	13,870,852
Released to other income	(928,284)	(928,284)	(928,284)	(928,284)
<b>As at 31 December</b>	<b>12,014,284</b>	<b>12,942,568</b>	<b>12,014,284</b>	<b>12,942,568</b>
Non-current	11,086,000	12,014,284	11,086,000	12,014,284
Current	928,284	928,284	928,284	928,284
	<b>12,014,284</b>	<b>12,942,568</b>	<b>12,014,284</b>	<b>12,942,568</b>

The amount received as share application money from the government in the month of January 2016, now has been considered as grant received from the government based on the approval received Ministry of Finance on 11th December 2019. The above amount treated as a grant and would be released to income statement over 15 years of period since then.

There are no unfulfilled conditions or contingencies attached to these grants.

25 Contract liabilities

	GROUP/COMPANY	
	As at	As at
	31-12-2021	31-12-2020
	MVR	MVR
Construction retention	16,378,527	12,786,459
Billed in advance	24,082,033	915,561
	<b>40,460,560</b>	<b>13,702,020</b>

**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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26 Trade and other payables	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
		<b>Restated</b>		<b>Restated</b>
Trade payables	64,295,456	24,546,459	61,804,041	22,648,035
Amounts due to related parties (Note 33)	21,308,105	3,512,800	21,666,897	3,587,168
Accrued expenses	3,801,581	1,704,691	2,994,940	1,121,019
Other payables	32,222,545	46,499,163	31,541,292	45,782,023
Dividend Payable	718,044,337	628,791,714	718,044,338	628,791,714
Retirement gratuity benefit	49,419,511	41,926,706	49,419,511	41,926,706
	<b>889,091,534</b>	<b>746,981,533</b>	<b>885,471,019</b>	<b>743,856,665</b>

- 26.1 The amount due to related parties are unsecured, interest free and has no fixed repayment period. Accordingly the entire amount's due have been presented as falling due within one year.
- 26.2 Accrued expenses of the Group consist with GST payable of MVR 2,570,890/- (2020: MVR 967,139/-), audit fee payable of MVR 583,836 (2020: MVR 309,769) and other accruals of MVR 646,855 (2020: MVR 427,783).
- 26.3 Other payables of the Company include O&M sales collection payable MVR 7,901,817 (2020: MVR 7,901,817/-), O&M spare fund payable MVR 1,314,034 (2020: MVR 1,314,034/-), advance received for Hiya employee housing project in Hulhumale MVR 19,751,532 (2020: MVR 20,324,552/-), Fenaka Corporation collection payable MVR 1,847,180 (2020: MVR 1,847,180/-) and other payables of MVR 1,407,982 (2020: MVR 15,111,580/-).

26.4 Retirement gratuity benefit	Group		Company	
	2021	2020	2021	2020
Opening balance	41,926,706	35,022,013	41,926,706	35,022,013
Current service cost	12,357,865	9,959,714	12,357,865	9,959,714
Interest cost	1,928,628	1,611,013	1,928,628	1,611,013
Actuarial gain	(5,644,885)	(4,326,159)	(5,644,885)	(4,326,159)
	50,568,314	42,266,581	50,568,314	42,266,581
Less: payments during the year	(1,148,803)	(339,875)	(1,148,803)	(339,875)
Closing balance	49,419,511	41,926,706	49,419,511	41,926,706

Following amounts are recognised in profit or loss and Other comprehensive income during the year in respect of retirement benefit obligation:

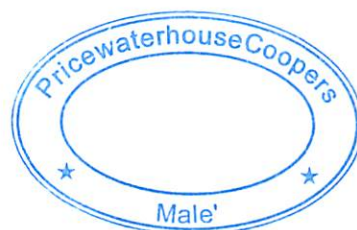
	Group		Company	
	2021	2020	2021	2020
<i>Amount recognised in profit or loss (Note )</i>				
Current service cost	12,357,865	9,959,714	12,357,865	9,959,714
Interest cost	1,928,628	1,611,013	1,928,628	1,611,013
	14,286,493	11,570,727	14,286,493	11,570,727

*Amount recognised in other comprehensive income*

Actuarial (loss) due to changes in	(2,471,448)	-	(2,471,448)	-
Actuarial gain due to changes in experience	8,116,333	4,326,159	8,116,333	4,326,159
Total Actuarial gain	5,644,885	4,326,159	5,644,885	4,326,159

Retirement gratuity benefit liability is actuarially valued by Mr. P. Gunasekara, AAIA, as at 31 December 2021 and the appropriate adjustments have been adjusted in the financial statements. Key assumptions used in the calculation are as follows:

Significant estimates: actuarial assumptions and sensitivity	Group		Company	
	2021	2020	2021	2020
Expected salary inflation	6.17%	6.17%	6.17%	6.17%
Discount rate	4.60%	4.60%	4.60%	4.60%
Mortality rate	A67/70 Ult	A67/70 Ult	A67/70 Ult	A67/70 Ult
Staff turnover rate	7% upto age 60	9% upto age 60	7% upto age 60	9% upto age 60
Disability/ illness rate	10% of A67/70 Ult	10% of A67/70 Ult	10% of A67/70 Ult	10% of A67/70 Ult



**Male' Water and Sewerage Company Pvt Ltd**  
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**Year ended 31 December 2021**

**26 Trade and other payables (continued)**

**Sensitivity of assumptions employed in actuarial valuation**

The following table demonstrates the sensitivity to a reasonably possible change in key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	Group / Company			
	2021 Liability	2021 Change	2020 Liability	2020 Change
<b>Base</b>	<b>49,419,511</b>		<b>41,926,706</b>	
1% increase in salary inflation rate	55,513,120	12.33%	46,498,751	10.90%
1% decrease in salary inflation rate	44,291,086	-10.38%	38,007,381	-9.35%
1% increase in discount rate	44,044,899	-10.88%	37,901,952	-9.60%
1% decrease in discount rate	55,927,465	13.17%	46,714,633	11.42%
1% increase in staff turnover rate	48,111,456	-2.65%	40,937,735	-2.36%
1% decrease in staff turnover rate	50,900,485	3.00%	43,033,111	2.64%

**Analysis of maturity profile**

The analysis was performed based on the future working life time of each individual employee. The expected future working life considers the probability of an exit due to withdrawal, death or disability prior to retirement date.

*Group / Company as at 31 December 2020*

Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	-	-	-
Between 1-2 years	2	1.31	163,222
Between 2-5 years	13	4.28	1,687,116
Between 5-10 years	265	8.75	24,370,985
Beyond 10 years	600	10.47	15,705,383
<b>Total</b>	<b>880</b>	<b>9.84</b>	<b>41,926,706</b>

*Group / Company as at 31 December 2021*

Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	2	0.33	184,231
Between 1-2 years	1	1.72	218,531
Between 2-5 years	17	4.11	2,315,464
Between 5-10 years	102	8.34	12,306,090
Beyond 10 years	782	12.38	34,395,196
<b>Total</b>	<b>904</b>	<b>11.73</b>	<b>49,419,512</b>

\* See note 33 for details regarding the restatement as a result of an error.

**27 Capital Commitments**

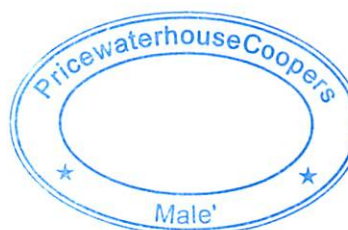
Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

COMPANY	
As at	
31-12-2021	
MVR	
Within one year	16,395,010

**28 Lease commitments for right of use assets**

The Company has an annual commitment for the use of go downs, office and kiosk stations. The lease periods are less than one year. The lessor reserves the right to revise the rentals. Details are as follows :

	GROUP		COMPANY	
	As at 31-12-2021	As at 31-12-2020	As at 31-12-2021	As at 31-12-2020
Within one year	MVR 4,008,102	MVR 15,958,061	MVR 925,456	MVR 854,606



**Male' Water and Sewerage Company Pvt Ltd**  
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**29 Legal claims and contingency**

**Legal claims**

Day to day Transport Service("D2D") filed a case against the Company at the Civil Court pursuant to a contract that was awarded to D2D, which was terminated prior to expiry of the contract. In 2019, D2D claimed for losses of an amount totalling MVR 2,814,509/- and Civil Court issued verdict in favor of by Day-to-Day on 11 February 2020, wherein the Company has to make a payment of MVR 1,856.176. The Company has appealed the decision of the Civil Court at the High Court of the Maldives and the case has been registered. The respondent has submitted the case for enforcement at the Civil Court. The company submitted a stay order on the enforcement at the High Court. The company has subsequently deposited MVR 2,814,509 as a security deposit at the Civil Court in April 2022. No provision in the financial statements was made as no payments are anticipated by the company at the reporting date.

Mr.Moosa Naseem (former employee) has filed a case against the Company for his dismissal from his post of Manager-Audit and claimed for the damages and reinstatement. Tribunal issued the verdict in favour of the company on 2 February 2020 stating that Tribunal does not have the jurisdiction to hear the case. Mr. Moosa Naseem has appealed the decision of the Employment Tribunal at the High Court of the Maldives. A hearing regarding the case has been scheduled for 24th March 2021. On 31st March 2021, the High Court issued verdict determining that the Civil Court has jurisdiction to hear the matter and case has been referred back. No provision in the financial statements was made as no payments are anticipated by the company at the reporting date.

Mr.Moosa Naseem (former employee) has filed a case against the Company at the Information Commissioner's office requesting the documents (Audit and remuneration committee report ) under the right of Information Act. The commission issued its judgements on 7th July 2020 ordering the company to provide the documents. Company appealed the decision of Information Commissioner's office at the High Court of Maldives. The High Court issued verdict on 21st March 2021, determining that the High Court does not have the jurisdiction to hear the matter. The Company appeal the High Court decision at the Supreme Court. Supreme Court issued verdict determining that the High Court has jurisdiction to hear the case. A hearing at the High Court is yet to be scheduled. No provision in the financial statements was made as no payments are anticipated by the company at the reporting date.

**Contingencies**

The Group enjoyed letter of credit and bank guarantee facilities amounting to MVR 72,052,015 as at the reporting date from local banks.

	As at 31 December 2021	As at 31 December 2020
Letter of credit	49,277,818	8,337,964
Bank guarantee	12,845,253	22,106,546
	62,123,071	30,444,510

**30 Financial risk management objectives and policies**

The Group's principal financial liabilities comprise interest-bearing loans and borrowings, trade and other payables including payables to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group's principal financial assets include trade receivables, cash in hand and balances with the banks which arise directly from its operations.

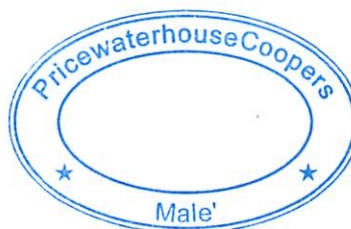
The Group is exposed to foreign currency risk, liquidity risk ,credit risk and interest risk. The Group's senior management oversees the management of these risks and the Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**30.1 Foreign currency risk**

*Exposure to currency risk*

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows.

Company	2021		2020	
	EUR	USD	EUR	USD
Trade payables	-	6,911,199	-	546,138
Cash and cash equivalents	(21,295)	(3,542,806)	(19,686)	(2,968,142)
Borrowings	-	7,313,136	-	546,138
Net Statement of financial position exposure	(21,295)	10,681,529	(19,686)	(1,875,865)





**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**30 Financial risk management objectives and policies (continued)**

**30.1 Foreign currency risk**

The following significant exchange rates have been applied.

	Average Rate		Spot Rate	
	2021	2020	2021	2020
USD 1 : MVR	15.4200	15.4200	15.4200	15.4200
EUR 1 : MVR	18.2802	18.3897	17.5307	18.3935

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the euro, US dollar against all the other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant ignores any impact of forecast sales and purchases.

Company	Change in USD rate	Effect on profit before tax	Effect on pre-tax on equity
2021	- 5 %	8,235,459	8,235,459
	+ 5 %	(8,235,459)	(8,235,459)
2020	- 5 %	3,679,138	3,679,138
	+ 5 %	(3,679,138)	(3,679,138)

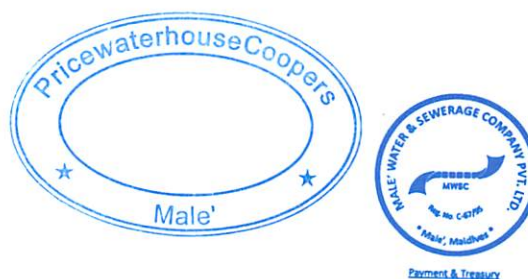
Company	Change in EUR rate	Effect on profit before tax	Effect on pre-tax on equity
2021	- 5 %	(18,666)	(18,666)
	+ 5 %	18,666	18,666
2020	- 5 %	(18,105)	(18,105)
	+ 5 %	18,105	18,105

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

**30.2 Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest bearing loans, bank overdrafts and related party borrowings. As a part of its overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirement. The company 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, debt restructuring etc.

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



Male' Water and Sewerage Company Pvt Ltd  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**30 Financial risk management objectives and policies (continued)**

**30.2 Liquidity risk (Continued)**

Financial risk factors

	<b>GROUP</b>			
	Carrying amount	Less than 12 months	Between 1 years and 5 years	Above 5 years
	MVR	MVR	MVR	MVR
<b>At 31 December 2021</b>				
Trade and other payable	889,091,534	889,091,534	-	-
Borrowings	155,140,885	38,206,415	116,934,470	-
Lease liabilities	126,623,396	15,974,120	64,111,662	196,311,139
	<u>1,170,855,815</u>	<u>943,272,069</u>	<u>181,046,132</u>	<u>196,311,139</u>
<b>At 31 December 2020</b>				
Trade and other payable	746,981,533	746,981,533	-	-
Borrowings	142,416,492	42,798,006	84,904,811	14,713,675
Lease liabilities	132,718,597	15,958,061	28,744,457	88,016,079
	<u>1,022,116,622</u>	<u>805,737,600</u>	<u>113,649,268</u>	<u>102,729,754</u>
	<b>COMPANY</b>			
	Less than 12 months	Between 2 years and 5	Between 2 years and 5 years	
	MVR	MVR	MVR	
<b>At 31 December 2021</b>				
Trade and other payable	885,471,019	885,471,019	-	-
Borrowings	155,140,885	38,206,415	116,934,470	-
Lease liabilities	110,121,310	10,061,189	51,200,360	194,488,366
	<u>1,150,733,214</u>	<u>933,738,623</u>	<u>168,134,830</u>	<u>194,488,366</u>
<b>At 31 December 2020</b>				
Trade and other payable	743,856,664	743,856,664	-	-
Borrowings	142,416,492	42,798,006	84,904,811	14,713,675
Lease liabilities	111,186,629	854,606	22,992,668	87,339,355
	<u>997,459,785</u>	<u>787,509,276</u>	<u>107,897,479</u>	<u>102,053,030</u>

**30.3 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all the customers who wish to trade on credit terms are subject to credit evaluation procedures. The Group has an established credit policy applied by which the credit status of each new customer is reviewed before credit is advanced. In addition, receivable balances are monitored on an ongoing basis so that to minimize the Group's exposure to bad debts.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

**Measuring the ECL - Explanation of inputs, assumptions and estimation techniques**

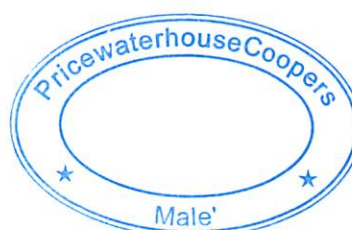
The Financial assets of MWSC mainly comprised of non-interest bearing trade receivables. Hence, simplified approach was followed for calculation of ECL. IFRS 9 allows an entity to use a simplified "provision matrix" for calculating expected losses as a practical expedient (e.g., for trade receivables), if consistent with the general principles for measuring expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

The Group calculates the Expected losses by grouping the receivables into categories of shared credit risk characteristics:

- Utility -Domestic Customers
- Utility- Commercial and Industrial Customers
- Utility - Government or Institutions
- Project – Government Customers
- Project – Other than Government Customers
- Services- Others

ECL has not been calculated for staff advances and cash and bank balance since the expected ECL is not material.

The expected credit losses are based on the historical loss experience of the past 3-4 years and the future expected loss rates are then estimated.



Male' Water and Sewerage Company Pvt Ltd  
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**30 Financial risk management objectives and policies (Continued)**

**30.3 Credit risk (Continued)**

The historical loss rates are determined by obtaining the ageing analysis of different groups of receivables and then analysing the collection of receivables from one ageing bracket to another and obtain a Probability of Default (PD) rate for each ageing bracket. MWSC considers the credit risk to have significantly increased for debts aged over 90 days and therefore over 90 days is taken as default. Loss Given Default (LGD) rate is obtained by considering receivables more than 90 days and a discount rate of 10% is used for the time value of delayed repayment.

These historical loss rates are adjusted for current and forward-looking information where it is identified to be significant. MWSC considers factors such as macroeconomic and national economic outlooks. Maldives forecasted GDP rate is considered for arriving at forward looking PD based on the report available in the IMF website "world economic outlook database. Judgemental model is adopted to arrive at the forward looking scalar, where the relationship between the loss rate and Maldives GDP is not logical or by applying the forward looking PD, the resultant ECL does not reflect the provisioning requirements based on current scenario. The PD is then adjusted on the forward looking scalar.

The Expected Credit loss is then calculated as Lifetime Expected Credit Loss = Carrying Value of Receivables x PD x LGD.

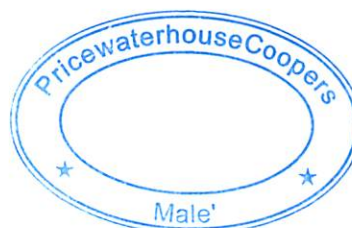
The following table provides information about the Company's exposure to credit risk and ECLs for non-interest bearing trade receivables and contract assets as at 31 December 2021.

	Company			
	Weighted average loss rate	Gross carrying amount MVR	Exposure at default (EAD) MVR	Loss Allowance MVR
<b>As at 31 December 2021</b>				
<b>Trade and related party receivable</b>				
1-30 days	4.11%	98,671,232	98,671,232	4,053,113
31-60 days	5.87%	27,121,508	27,121,508	1,592,799
61-90 days	8.44%	22,662,593	22,662,593	1,913,782
91-365 days	36.44%	184,405,720	184,405,720	67,204,028
More than 365 days	51.06%	95,195,873	95,195,873	48,609,604
		<b>428,056,927</b>	<b>428,056,927</b>	<b>123,373,326</b>
<b>Contract Assets</b>	5.30%	<b>230,082,336</b>	<b>192,273,743</b>	<b>10,188,592</b>
<b>Total</b>		<b>658,139,263</b>	<b>620,330,670</b>	<b>133,561,918</b>

The Company made a provision on gross carrying amount of trade and other receivables and, contract assets net of collateral securities amounting to MVR 133,561,918 (2020: MVR 114,092,963).

	Company			
	Weighted average loss rate	Gross carrying amount MVR	Exposure at default (EAD) MVR	Loss Allowance MVR
<b>As at 31 December 2020</b>				
<b>Trade and related party receivable</b>				
1-30 days	4.01%	63,967,699	63,967,699	2,567,137
31-60 days	5.89%	57,909,075	57,909,075	3,412,799
61-90 days	9.56%	29,686,919	29,686,919	2,836,693
More than 90 days	31.77%	332,816,285	332,816,285	105,276,333
		<b>484,379,979</b>	<b>484,379,979</b>	<b>114,092,963</b>

	Group			
	Weighted average loss rate	Gross carrying amount MVR	Exposure at default (EAD) MVR	Loss Allowance MVR
<b>As at 31 December 2021</b>				
<b>Trade and related party receivable</b>				
Current	3.90%	954,259	954,259	37,216
1-30 days	4.65%	87,692,893	87,692,893	4,079,998
31-60 days	9.07%	17,827,557	17,827,557	1,617,786
61-90 days	15.12%	12,746,582	12,746,582	1,927,677
91-365 days	42.64%	160,728,410	160,728,410	68,534,759
More than 365 days	50.02%	97,181,202	97,181,202	48,609,604
		<b>377,130,904</b>	<b>377,130,904</b>	<b>124,807,040</b>
<b>Contract Assets</b>	4.95%	<b>230,082,336</b>	<b>192,273,743</b>	<b>10,188,592</b>
<b>Total</b>		<b>607,213,240</b>	<b>569,404,647</b>	<b>134,995,632</b>



Male' Water and Sewerage Company Pvt Ltd  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year ended 31 December 2021

30 Financial risk management objectives and policies (Continued)

30.3 Credit risk (Continued)

	Group			
	Weighted average loss rate	Gross carrying amount MVR	Exposure at default (EAD) MVR	Loss Allowance MVR
<b>As at 31 December 2020</b>				
<b>Trade and related party receivable</b>				
Current	2.84%	958,969	958,969	27,198
1-30 days	4.02%	64,742,941	64,742,941	2,601,265
31-60 days	5.87%	58,380,239	58,380,239	3,427,922
61-90 days	9.55%	29,819,860	29,819,860	2,848,921
91-365 days	39.50%	270,793,245	270,793,245	106,960,389
		<b>424,695,254</b>	<b>424,695,254</b>	<b>115,865,695</b>

Sensitivity analysis

Set out below are the changes to the ECL on non-interest bearing contract assets, trade and related party receivables as at 31 December 2021 that would result from reasonably possible changes in the parameter from the actual assumption used in Company's economic variable assumption.

Company

Loss allowance as at 31 December 2021	133,242,968	133,561,918	133,880,865
Loss allowance as at 31 December 2020	113,676,830	114,092,963	114,509,096

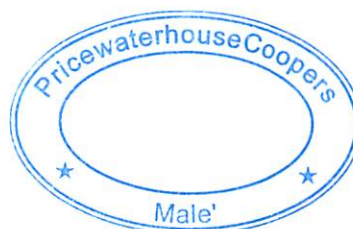
30.4 Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. The investment decisions are made by Directors giving due relevance to the Group's financial strategy and market interest rates.

30.5 Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group As at 31 December 2021	Note	Carrying Amount		Total
		Financial assets at amortized cost	Financial liabilities at amortized cost	
<b>Financial assets not measured at fair value</b>				
Contract assets	16	219,893,744	-	219,893,744
Trade and other receivables	17	311,726,394	-	311,726,394
Cash and cash equivalents	18	162,828,987	-	162,828,987
		<b>694,449,125</b>	<b>-</b>	<b>694,449,125</b>
<b>Financial liabilities not measured at fair value</b>				
Borrowings	22	-	155,140,886	155,140,886
Contract liabilities	25	-	40,460,560	40,460,560
Trade and other payables	26	-	865,574,012	865,574,012
		<b>-</b>	<b>1,061,175,458</b>	<b>1,061,175,458</b>
<b>Group As at 31 December 2020</b>				
	Note	Financial assets at amortized cost	Carrying Amount Financial liabilities at amortized cost	Total
<b>Financial assets not measured at fair value</b>				
Contract assets	16	14,844,922	-	14,844,922
Trade and other receivables	17	378,909,359	-	378,909,359
Cash and cash equivalents	18	297,412,092	-	297,412,092
		<b>691,166,373</b>	<b>-</b>	<b>691,166,373</b>



Male' Water and Sewerage Company Pvt Ltd  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year ended 31 December 2021

30 Financial risk management objectives and policies (Continued)

30.5 Accounting classification and fair values (Continued)

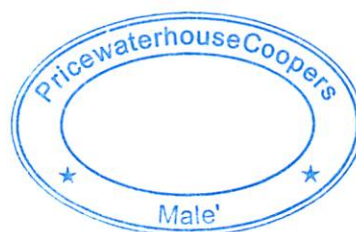
Group		Carrying Amount		Total
As at 31 December 2020		Financial assets at amortized cost	Financial liabilities at	
<b>Financial liabilities not measured at fair value</b>				
Borrowings	22	-	155,140,886	155,140,886
Contract liabilities	25	-	40,460,560	40,460,560
Trade and other payables	26	-	724,810,620	724,810,620
		-	920,412,066	920,412,066
<b>Company</b>				
As at 31 December 2021		Financial assets at amortized cost	Carrying Amount Financial liabilities at amortized cost	Total
<b>Financial assets not measured at fair value</b>				
Contract assets	16	219,893,744	-	219,893,744
Trade and other receivables	17	305,395,700	-	305,395,700
Cash and cash equivalents	18	159,390,814	-	159,390,814
		684,680,258	-	684,680,258
<b>Financial liabilities not measured at fair value</b>				
Borrowings	22	-	155,140,886	155,140,886
Contract liabilities	25	-	40,460,560	40,460,560
Trade and other payables	26	-	861,808,751	861,808,751
		-	1,057,410,197	1,057,410,197
<b>Company</b>				
As at 31 December 2020		Financial assets at amortized cost	Carrying Amount Financial liabilities at amortized cost	Total
<b>Financial assets not measured at fair value</b>				
Contract assets	16	14,844,922	-	14,844,922
Trade and other receivables	17	370,349,115	-	370,349,115
Cash and cash equivalents	18	295,187,729	-	295,187,729
		680,381,766	-	680,381,766
<b>Financial liabilities not measured at fair value</b>				
Borrowings	22	-	142,416,492	142,416,492
Contract liabilities	25	-	13,702,020	13,702,020
Trade and other payables	26	-	721,682,704	721,682,704
		-	877,801,216	877,801,216

31 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 in light of changes in the Group's operations.

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 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, plus net debt.



**Male' Water and Sewerage Company Pvt Ltd**  
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**Year ended 31 December 2021**

**31 Capital risk management**

The gearing ratios as at 31 December was as follows:

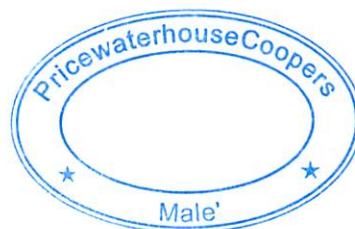
	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
Total Borrowings (Note 22)	155,140,886	142,416,492	155,140,886	142,416,492
Less: Cash and Cash Equivalents (Note 18)	(162,828,987)	(297,412,092)	(159,390,814)	(295,187,729)
Net debt	(7,688,101)	(154,995,600)	(4,249,928)	(152,771,237)
Total equity	1,681,182,830	1,584,785,885	1,665,733,859	1,572,432,298
<b>Total capital</b>	<b>1,673,494,729</b>	<b>1,429,790,285</b>	<b>1,661,483,931</b>	<b>1,419,661,061</b>
Gearing ratio	-	-	-	-

**32 Related party transactions**

The Group is controlled by the Government of Maldives which owns 80% of the Company's shares. Hitachi Ltd owns 20% of the Company's shares. The Company holds 51% of the shares of Island Beverages Maldives Pvt Ltd. Champa Brothers Maldives Pvt Ltd holds 49% of the shares of Island Beverages Maldives Pvt Ltd.

The following transactions were carried out with related parties:

	GROUP		COMPANY	
	Year ended 31-12-2021 MVR	Year ended 31-12-2020 MVR	Year ended 31-12-2021 MVR	Year ended 31-12-2020 MVR
<b>i) Sales of goods and services</b>				
Conrad Maldives Rangali Island	119,303	426,216	23,666	-
Hurawalhi Island Resort	11,047	-	10,496	-
Kuredu Island Resort	11,766	393,833	1,590	-
Meeru Island Resort	44,307	270,395	6,083	-
Trans Maldivian Airways Pvt Ltd	289,086	1,870,266	16,979	-
Vakarufalhi Island Resort	278,246	520,339	-	-
Veligandu Island Resort	9,975	20,813	1,651	-
Vilamendhoo Island Resort	4,325	72,981	-	-
Mirihi Island Resort	27,607	138,659	3,694	-
State Trading Organization PLC	226,065	1,178,731	-	-
Maldives Industrial Fisheries Co Ltd	108,756	869,654	-	-
Maldives Custom Services	-	3,127	-	-
Island Aviation Services Limited	173,957	332,808	-	-
Maldives Police Service	-	151,220	-	-
Tree top health pvt Ltd	46,424	-	-	-
Other Government related entities	238,189,608	182,845,516	233,786,550	181,918,837
Island Beverages Maldives Pvt Ltd	-	-	125,815,087	115,786,024
	<b>239,540,472</b>	<b>189,094,558</b>	<b>359,665,796</b>	<b>297,704,861</b>
<b>ii) Purchases of goods and services</b>				
Island Beverages Maldives Pvt Ltd	-	-	213,590	2,069,109
Hitachi Aquatech Engineering Pvt Ltd	23,933,336	-	23,933,336	-
Hitachi Ltd	37,793,593	-	37,793,593	-
Other Government related entities	204,144,873	204,005,902	204,144,873	204,005,902
	<b>265,871,802</b>	<b>204,005,902</b>	<b>266,085,392</b>	<b>206,075,011</b>



Male' Water and Sewerage Company Pvt Ltd  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year ended 31 December 2021

32 Related party transactions

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

	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
<b>Receivables from related parties</b>				
Conrad Maldives Rangali Island	95,638	10,996	-	-
Hurawalhi Island Resort	551	551	-	-
Kuredu Island Resort	10,176	38,414	-	-
Meeru Island Resort	38,224	56,254	-	-
Trans Maldivian Airways Pvt Ltd	272,107	328,010	-	-
Vakarufalhi Island Resort	278,246	278,246	-	-
Veligandu Island Resort	8,324	5,406	-	-
Vilamendhoo Island Resort	4,325	5,676	-	-
Mirihi Island Resort	23,912	23,912	-	-
Innahura Maldives Resort	-	11,024	-	-
Tree Top Health Private Ltd	46,424	17,575	-	-
State Trading Organization PLC	226,065	-	-	-
Maldives Industrial Fisheries Co Ltd	108,756	-	-	-
Island Aviation Services Limited	173,957	-	-	-
Other Government Related Entities	146,508,488	173,730,887	146,234,405	171,450,386
Island Beverages Maldives Pvt Ltd	-	-	56,895,126	68,231,181
	<b>147,795,193</b>	<b>174,506,953</b>	<b>203,129,531</b>	<b>239,681,567</b>

	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
<b>Payables to related parties</b>				
State Electric Company Limited	1,112,681	984,382	1,112,681	984,382
Dhiraagu PLC	2,654	1,936,276	2,654	1,936,276
Public Service Media	9,683	-	9,683	-
Fenaka Corporation Limited	95,603	92,883	95,603	92,883
State Trading Organisation PLC	-	94,472	-	94,472
Maldives Transport and Contracting Company PLC	-	107,903	-	107,903
Island Aviation Services Limited	12,280	13,030	12,282	13,030
Fuel Supplies Maldives Pvt Ltd	2,487,719	-	2,487,719	-
Allied Insurance Company	55,794	-	55,794	-
Island Beverages Maldives Pvt Ltd	-	-	358,791	74,368
Maldives Finance Leasing Company	-	97,286	-	97,286
Hitachi Ltd	23,000	-	23,000	-
Hitachi Aqua-Tech Engineering Pte Ltd	135,490	186,568	135,490	186,568
Maldives post Limited	17,373,200	-	17,373,200	-
	<b>21,308,105</b>	<b>3,512,800</b>	<b>21,666,897</b>	<b>3,587,168</b>

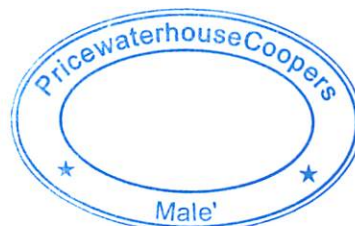
iv) Directors' remuneration

In 2021, a total remuneration of MVR 1,569,310/- (2020: MVR 1,019,600/-) was paid to company's directors.

33 Prior year adjustments

(i) Revenue for construction contract during the year 2019 was understated by MVR 65,980,161 in the absence of revision to the budgeted costs of two projects which were very high initially effecting in significantly lower percentage of completion for those two projects. The said revenue amounting MVR 65,980,161 was recognised during the year ended 31 December 2020, which resulted in overstatement of 2020 revenue. The correction of these errors amounting MVR 65,980,161 has been accounted under prior year adjustment by restating prior year figures of Contract Assets and adjusting the closing balance of retained earnings of 2019.

Further the revenue for 2020 was understated by MVR 6,495,483 due to lower percentage completion calculated for one project based on a higher planned cost for the project. The correction of this error amounting MVR 6,495,483 has been accounted under prior year adjustment by restating prior year figures of Contract Assets and adjusting the closing balance of retained earnings of 2020.



**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**33 Prior year adjustments (Continued)**

(ii) Revenue for utility during the year 2019 was overstated by MVR 26,344,483 due to recognition of revenue in the month of January 2019 based on the utility bills raised during that month without reversing the revenue amounting MVR 26,344,483 pertaining to December 2018. The correction of these errors amounting MVR 26,344,483 has been accounted under prior year adjustment by restating prior year figures of Contract Assets and adjusting the closing balance of retained earnings of 2019.

(iii) The company has a staff redundancy policy, which is similar to staff gratuity scheme, however the company has not provided for the gratuity obligation in its financial statements. The correction of this error amounting MVR 35,022,013 has been accounted under prior year adjustment by restating the retirement gratuity obligation as of 31 December 2019, deferred tax asset amounting MVR 5,253,302 and adjusted the closing balance of retained earnings of 2019 by MVR 29,768,711.

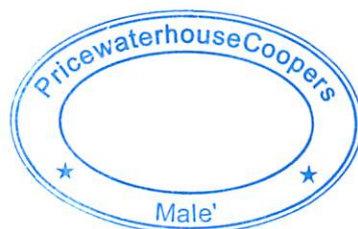
(iv) Similarly correction of error amounting MVR 6,904,693 has been accounted as at 31 December 2020 as a prior year adjustment by restating FY 2020 figures of retirement gratuity obligation, deferred tax asset amounting MVR 1,035,704 and adjusted the closing balance of retained earnings of 2020 by MVR 4,257,976.

(v) The consolidated related party receivables and retained earnings were erroneously understated by MVR 2,548,808 in FY 2020. Further revenue was overstated by MVR 1,546,305 in FY 2020 and those were accounted under prior year adjustments.

(vi) The income tax expense in group was understated by MVR 119,368 and this was accounted under prior year adjustments in FY 2020 by restating income tax expense and retained earnings by MVR 119,368.

The total effects are as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
<b>Revenue:</b>	1,026,485,418	1,057,423,167	986,632,627	1,009,756,365
(i) - increase (arising out of construction revenue error)	6,495,483	-	6,495,483	-
(i) - (decrease)/increase (arising out of construction revenue error)	(65,980,161)	65,980,161	(65,980,161)	65,980,161
(v) - (decrease) (arising out of intercompany transaction error)	(1,546,305)	-	-	-
(ii) - (decrease) (arising out of utility revenue error)	-	(26,344,483)	-	(26,344,483)
Revenue (Restated)	965,454,435	1,097,058,845	927,147,949	1,049,392,043
<b>Administrative expenses:</b>	269,280,677	275,877,758	231,593,775	253,075,944
(iii) - increase (arising out of gratuity error)	11,230,852	35,022,013	11,230,852	35,022,013
Administrative expenses (Restated)	280,511,529	310,899,771	242,824,627	288,097,957
<b>Contract asset:</b>	34,693,922	37,539,995	34,693,922	37,539,995
(i) - increase (arising out of construction revenue error)	6,495,483	-	6,495,483	-
(i) - increase (arising out of construction revenue error)	-	65,980,161	-	65,980,161
(ii) - decrease (arising out of utility revenue error)	(26,344,483)	(26,344,483)	(26,344,483)	(26,344,483)
Contract asset (Restated)	14,844,922	77,175,673	14,844,922	77,175,673
<b>Gratuity provision:</b>	-	-	-	-
(iv) - increase (arising out of gratuity error)	6,904,693	-	6,904,693	-
(iii) - increase (arising out of gratuity error)	35,022,013	35,022,013	35,022,013	35,022,013
Gratuity provision (Restated)	41,926,706	35,022,013	41,926,706	35,022,013
<b>Deferred tax liability:</b>	(3,981,646)	(8,406,265)	(5,029,268)	(7,429,785)
(iv) - decrease (arising out of gratuity error)	1,035,704	-	1,035,704	-
(iii) - decrease (arising out of gratuity error)	5,253,302	5,253,302	5,253,302	5,253,302
Deferred tax (liability)/asset (Restated)	2,307,360	(3,152,963)	1,259,738	(2,176,483)
<b>Trade and other receivables:</b>	361,180,030	327,492,530	422,433,903	387,597,507
(v) - increase (arising out of intercompany transaction error)	2,548,808	-	-	-
Trade and other receivables (Restated)	363,728,838	327,492,530	422,433,903	387,597,507
<b>Trade and other payables:</b>	705,054,827	602,296,536	701,929,958	596,497,163
(iii) & (iv) - increase (arising out of gratuity error)	41,926,706	35,022,013	41,926,706	35,022,013
Trade and other payables (Restated)	41,926,706	35,022,013	41,926,706	35,022,013
	746,981,533	637,318,549	743,856,664	631,519,176





Male' Water and Sewerage Company Pvt Ltd  
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33 Prior year adjustments (Continued)

	GROUP		COMPANY	
	2020	2019	2020	2019
<b>Income tax:</b>	57,171,183	53,488,241	59,314,653	52,643,043
(vi) - increase (arising out of group income tax error)	119,368	-	-	-
(iii) - decrease (arising out of gratuity error)	(1,684,628)	-	(1,684,628)	-
Income tax (Restated)	55,605,923	53,488,241	57,630,025	52,643,043
<b>(vii) Retained earnings (including transfer from other comprehensive income):</b>	353,650,607	344,278,684	343,726,464	328,679,128
- decrease in FY 2020 (i+iii+iv+v)	(53,057,259)	-	(55,486,703)	-
- increase in FY2019 (i+iii+iv)	-	9,866,967	-	9,866,967
Retained earnings (Restated)	300,593,348	354,145,651	288,239,761	338,546,095

Basic earnings per share for the prior years have also been restated. The amount of the correction for basic earnings per share resulted a decrease of MVR 269 per share for the Group and MVR 224 per share for the Company in FY 2020. Further, basic earnings per share resulted an increase of MVR 19 per share for the Group and MVR 17 per share for the Company in FY 2019.

The treatment relating to the correction of these errors have been accounted as prior year adjustments to give a fairer presentation of the result for the year and assets and liabilities at the balance sheet date.

34 Events after the reporting date

The Board of Directors have recommended a dividend of MVR 502.56 per share amounting to a total of MVR 134,185,227 for the financial year ended 31 December 2021.

No other circumstances have arisen since the reporting date which would require adjustments to, or disclosure in, the financial statements.

