

The background of the entire page is a blue-tinted photograph of a construction site. In the foreground, a man and a woman, both wearing white hard hats and safety gear, are looking down at a set of plans held by the man. The woman is wearing a hijab. In the background, another worker in a yellow safety vest is visible, and a piece of yellow construction machinery is partially seen on the right. The overall scene is a busy construction environment.

# ANNUAL REPORT — — — 2021



# CONTENT

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MALE' WATER & SEWERAGE CO. PVT. LTD. AT A GLANCE	4
SHAREHOLDERS	7
MESSAGE FROM THE CHAIRMAN	8
MESSAGE FROM THE MANAGING DIRECTOR	10
BOARD OF DIRECTORS	12
EXECUTIVE MANAGEMENT	16
DIRECTORS REPORT	19
OUTLOOK FOR 2022	25
INTERGRATED SUSTAINABILITY	27
CORPORATE SOCIAL RESPONSIBILITY	27
FINANCIAL HIGHLIGHTS	29
CORPORATE GOVERNANCE REPORT	41
BOARD COMPOSITON	42
MAJOR KEY DECISIONS TAKEN BY THE BOARD OF DIRECTORS DURING THE YEAR	46
DIRECTORS STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL	49
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 2021	51
AUDIT AND REMUNERATION COMMITTEE REPORT	54
AUDIT REPORT AND FINANCIAL STATEMENTS FOR THE YEAR 2021	59

# MALE' WATER & SEWERAGE CO. PVT. LTD AT A GLANCE

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## ABOUT THE COMPANY

Established in 1995, MWSC is the pioneer organization in the Maldives to administrate a water production and wastewater management system to counter the issue of water shortages and a lack of an appropriate sewer system in the capital island Male'. MWSC was established with the key objective to design, develop, operate and maintain the public water supply and wastewater disposal system in the Greater Male' Region. Today, our utility services have expanded to include electricity and waste management services under its umbrella. Presently, our operations are established in the Greater Male region, K. Maafushi, HDh. Kulhudhufushi and R. Dhuvaafaru and proudly serves to over 50% of Maldivians. Building around its strong foundation in the field of utility services, MWSC embarked on a diversification journey in 2002 by incorporating Island Beverage Maldives (IBM) as a subsidiary firm specialized in bottled water production and distribution. MWSC became the first pipe producer in Maldives by commencing PE and PVC pipe production in 2015. MWSC's diversification journey has continued till to date and is now a renowned multi-disciplined Engineering and Manufacturing Company. MWSC's four core business units are utility operations; manufacturing operations; engineering solutions; and trading.









### **Our Vision**

To provide safe water and sewerage services that is sustainable, affordable and environment friendly.

### **Our Mission**

To contribute to the continuous development of the Maldivian Society, and improve the quality of life of its people, through the provision of safe water and sewerage services.

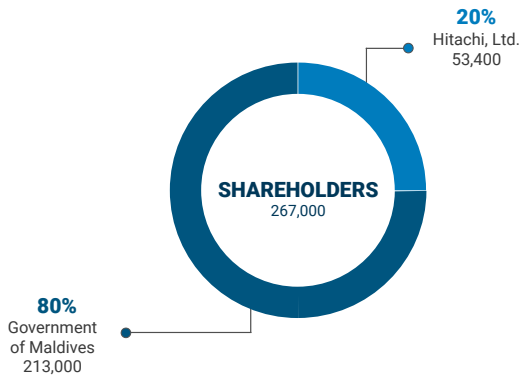
### **Core Purpose**

To help our communities lead a PURE life.

## SHAREHOLDERS

Hitachi Ltd holds 20% of MWSC's shares while 80% is owned by the Government of Maldives since 2010. Knowledge transfer and continued assistance from Hitachi Ltd are immensely valued and is considered a prominent strength of MWSC.

The issued share capital of the Company as of the balance sheet date was MVR267 million and no option, warrants or conversion right have been granted during the year in respect of the Company's share capital. There has been no change to the shareholding structure of the Company in 2021 and remain as follows as of 31<sup>st</sup> December 2021.



## SUBSIDIARIES

The only subsidiary of MWSC is the joint venture company established for the water bottling operations, Island Beverages Maldives Pvt Ltd. (IBM). Out of the 15,000 shares issued by IBM, MWSC holds 51 percent while Joint Venture Partner Champa Brothers Maldives Pvt. Ltd. holds 49 percent. MWSC offers management support to IBM which is currently led by its Managing Director, Mr. Ibrahim Anwar, who represents MWSC on IBM's Board of Directors.

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## MESSAGE FROM THE CHAIRMAN

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AHMED MAUSOOM

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### To Our Shareholders

I am pleased to report a year of good performance for the Company on successfully executing the strategies we built upon to respond to uncertainties arising from the Covid-19 pandemic on our results of operations. Our employees' sound execution of these strategies brings a consistent return to our shareholders. We prioritized the health and safety of our employees, customers, partners, and communities. Conceded our businesses with a collective sense of purpose by implementing cost-saving strategies that have contributed positively to our results of operations in 2021.

We had to undergo supply chain disruptions in 2021, resulting in the delay in completing Water and Sewerage projects awarded by the Government of the Maldives. The supply chain disruptions further caused to increase in the cost of raw materials, commodities and international transportation tariffs, which had an impact on our operating margins and results of operations in the year 2021. Looking forward from this year, the level of financial and economic uncertainties has reached an all-time high. Despite all our challenges in 2021, we provided uninterrupted services to our customers. We provided water and sewerage services to the newly developed areas of Hulhumale Phase II. We will introduce premium glass water bottles to the market in 2022 to comply with the Government's Strategic action plan on "single-use plastic" and to transform our bottled water business into a more environmentally concise one.

The current geopolitical conflicts are leading to an increase in energy costs worldwide, including in the Maldives. The rising fuel costs and supply chain disruptions will hurt our businesses' operating margins in 2022. However, we expect to grow by applying various marketing strategies, such as market penetration, market development, and product development strategies in 2022 for growth and expansion in existing and new markets. More focus will be on engaging with critical stakeholders continuously for resilience, employee training, providing uninterrupted services to our customers and a consistent return to our shareholders.

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As the Chairman of Male' Water & Sewerage Company Private Limited and on behalf of the board, I would like to thank our shareholders and employees for the continued trust and support extended to the Board and to me to carry out the business activities. And I wish you a successful year ahead too.



**MR. AHMED MAUSOOM**  
Chairman

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## MESSAGE FROM THE MANAGING DIRECTOR

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HASSAN SHAH

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### To Our Shareholders

The implications of the Covid-19 pandemic to our results of operations have continued throughout 2021, forcing us to be more resilient in this unprecedented time. We had and must continue our operations with an all-time high level of financial and economic uncertainties due to the Covid-19 pandemic. The supply chain disruptions increased pressure on US Dollar liquidity in the Maldives, and the increasing material costs and international transportation tariff had an adverse impact on our results of operations in 2021. Despite these challenges, the sound execution of the strategies we built up collectively has brought us consistent returns to our shareholders for the year 2021 with a net profit of MVR 293mn, which is a 19% increment compared to the previous year.

The most critical challenge for us in 2021 was the supply chain disruptions caused by scarcity, rising material costs, transportation costs, rising local labor costs, and construction services. We foresee that this trend will continue well into the end of 2022; hence the biggest challenge for us in 2022 will be to maintain standard operating margins despite the expected increase in revenue from the construction contracts awarded by the Government of the Maldives on pre-pandemic assumptions. Despite the challenges and uncertainties in 2021, we prioritized continuing all the services provided to our customers without interruption while protecting our employees and maintaining a consistent financial performance. This is again the sound execution of our employees who manage this 24hr operation.

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We continued the leniencies given to our customers to settle their water bills in 2021 by allowing customers to opt for part payment options along with a surcharge forgoing policy to encourage customers to pay for their water bills to improve our cash flow. The efforts in recent years to invest in digitalization and provide our customers with these alternatives have helped us immensely in adopting the new norms. To maintain a healthy cash flow, a crucial part of our strategy was to adopt a cash preservation approach of reducing discretionary spending and focusing on business-critical expenditure and continuation of the Projects awarded by the Government of the Maldives and only carrying out critical Investment projects and adopting a cost-saving strategy allowed us to ensure the continuity of our operations and generate profits in 2021.

Looking forward from 2021, the key challenge in 2022 will be to maintain the standard operating margins of our operation as the current economic condition are high inflationary, supply chain disruptions are expected to continue, and the geopolitical instability around the world is leading to an increase in energy costs. We will continue resilience to these factors with critical stakeholders, provide uninterrupted services to our customers and continue to bring consistent returns to our shareholders while we enhance the life of our employees and our communities.

I would like to thank our shareholders, Board of Directors, employees, partners, and all the stakeholders for their continued trust and the support always extended to me and I wish all the success to MWSC and its shareholders.



**MR. HASSAN SHAH**  
Managing Director

## BOARD OF DIRECTORS

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### MR. AHMED MAUSOOM

#### Chairman

Mr. Ahmed Mausoom was appointed as the Chairman of the Board of MWSC on 16th February 2019.

Mr. Mausoom is one of leading businessman in the Maldives and is the Managing Director of Aries Enterprises Pvt Ltd and Lintel Investments and Management Services Private Limited and Director at CGT Pvt Ltd. He has served as the Finance Secretary at The President's Office from 2008-2011 and as the Chief of Staff at The President's Office from 2011-2012.

Mr. Mausoom is a non-executive, independent director of the Board appointed by the Government of Maldives.





## MR. HASSAN SHAH

### Managing Director

Mr. Hassan Shah was appointed as the Managing Director and Executive Director of the Board of MWSC on 21st January 2020.

Prior to his appointment as Managing Director of MWSC, Mr. Shah held the position of Chief Executive Officer of Maldives Transport and Contracting Company Plc and Chairman of Maldives Post Limited. He has also served at the Ministry of Environment as the Minister of State, as a member of the Elections Commission of the Maldives and as a Director of Water Solutions Private Limited. Mr. Shah is a registered Environmental Impact Assessment (EIA) Consultant.

Mr. Shah holds a Bachelor's Degree in Environmental Science from Yuvaraja's college, University of Mysore, India.

Mr. Shah is an executive, non-independent director of the Board appointed by the Government of Maldives. Mr. Shah is the Chairman of Board Directors of Island Beverages Maldives Pvt. Ltd (IBM) to representing Male' Water & Sewerage Company Pvt. Ltd.



## MR. MOHAMED SHAREEF

### Deputy Managing Director

Mr. Mohamed Shareef was appointed as the Deputy Managing Director and Executive Director of the Board of MWSC on 28th February 2019.

Mr. Shareef served at different positions within the Government of Maldives and has served as the Branch in-charge Manager of Bank of Maldives Villingili Branch. Mr. Shareef also serves as an Executive Director of Alihavasaa Construction and Carpentry Pvt Ltd.

Mr. Shareef is an executive, non-independent director of the Board appointed by the Government of Maldives. Mr. Shareef also serves as a Board Director of Island Beverages Maldives Pvt. Ltd (IBM) to representing Male' Water & Sewerage Company Pvt. Ltd.



## MR.SHU KODAMA

### Director

Mr. Shu Kodama was appointed as a Director of the Board of MWSC on 18th October 2018.

Mr.Kodama serves as General Manager (Global Strategy / M&A), Corporate Strategy Division, Water & Environment Business Unit at Hitachi Limited as has served at different positions at Hitachi Ltd in Japan and USA.

Mr. Kodama holds a Master of Business Administration (MBA) from Columbia University, New York, USA and Bachelor of Science in Physics from University of Michigan, Ann Arbor, USA.

Mr.Kodama is a non-executive, independent director of the Board appointed by Hitachi Limited.



## MS.FATHMATH HANA YOOSUF

### Director

Ms.Fathmath Hana Yoosuf was appointed as a Director of the Board of MWSC on 06th March 2019.

Ms.Hana is highly experienced HR consultant at H-HR Consultancy providing consultancy in employment law and HR compliance. Mr.Hana held the position of Manager, Human Resources at MWSC from 2014-2015 and has served at several different positions within the Company during her long tenure.

Ms.Hana holds a Bachelor of Business Administration (Hons) Human Resource Management from Multimedia University, Melaka, Malaysia. Ms.Hana is a non-executive, independent director of the Board appointed by the Government of Maldives.



## MR.IBRAHIM ANWAR

### Director

Mr.Ibrahim Anwar was appointed as a Director of the Board of MWSC on 18th July 2019.

Mr.Anwar has rich academic background and in depth knowledge in accounting, auditing and taxation. Mr.Anwar served as Senior Manager (Accounts and Finance) at Far Horizon Pvt Ltd and Financial Controller at Islanders Group Pvt Ltd. Mr.Anwar is also a part-time lecturer at Islamic University of Maldives.

Mr.Anwar holds Master of Accounting from Monash University, Caulfield, Australia and Bachelor of Accounting (Hons) from International Islamic University Malaysia, Malaysia.

Mr.Anwar is a non-executive, independent director of the Board appointed by the Government of Maldives. Mr. Anwar also serves as a Board Director of Island Beverages Maldives Pvt. Ltd (IBM) representing Male' Water & Sewerage Company Pvt. Ltd. in the Board of Directors of Island Beverages Maldives Pvt. Ltd. (IBM) and is appointed as the Managing Director of Island Beverages Maldives Pvt. Ltd (IBM).



## MR.AHMED EVAN ISMAIL

### Director

Mr.Ahmed Evan Ismail was appointed as a Director of the Board of MWSC on 24th November 2020.

Mr.Evan serves as a Director at Triento Maldives Pvt Ltd, a company assisting in organizational development. Mr. Evan holds a Bachelor of Science (Hons) in Business Information System from University of East London, UK.

Mr.Evan is a non-executive, independent director of the Board appointed by the Government of Maldives.



## EXECUTIVE MANAGEMENT

The Board of Directors have delegated the primary authority to implement its policies and achieve strategic objectives to the Executive Management Team (EMT) which is led by the Managing Director. During the year 2021, the Company continued to be successfully managed by the EMT, which consists entirely of local managers. The EMT managed the affairs of the Company within the policy framework and ensured that best practices are followed in dealing with employees, customers, suppliers and the community at large.



**Hassan Shah**  
Managing Director



**Mohamed Shareef**  
Deputy Managing Director



**Yoosuf Naleez**  
General Manager  
Human Resource &  
Administration



**Ali Shaheem**  
General Manager  
Manufacturing



**Rusthum Mohamed**  
General Manager  
Operation



**Mohamed Imran Adnan**  
General Manager  
Depty Recovery



**Ahmed Hunaif**  
General Manager  
ICT



**Bushra Hameed**  
General Manager  
Engineering



**Mohamed Sameer**  
General Manager  
Business Development

*In 2021, the EMT was led by Managing Director Mr. Hassan Shah since his appointment to the position on 21st January 2020. His appointment has been duly filed with the Registrar of Companies.*



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## COMPANY SECRETARY

In 2021 the position of Company Secretary was held by Ms. Fathimath Liusha who continued to hold the position since her appointment on 14th January 2021. Her appointment was also duly filed with the Registrar of Companies.





# DIRECTORS REPORT

The Board of Directors take pleasure in presenting their report together with the Audited Annual Financial Statements of Male’ Water & Sewerage Company Pvt. Ltd. (MWSC) and the Group for the year ended 31 December 2021.

## MAJOR ACHIEVEMENTS

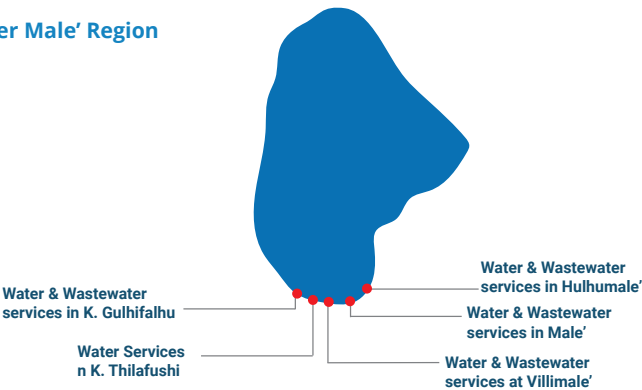
### UTILITY

Utility Sector has been the core business of the Company since inception. Despite challenges, Company has always given priority for successful and sustainable operation of water, waste-water, electricity and waste management services.

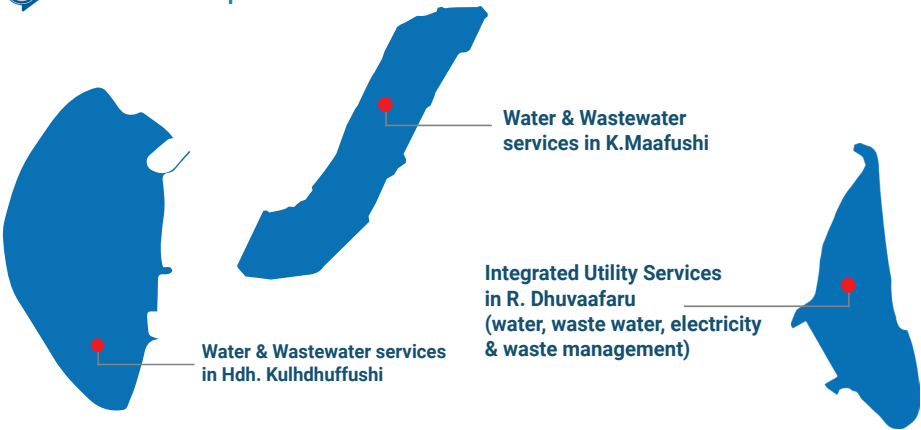
### Our Operations



#### Greater Male’ Region



#### Outer Island Operations



*Enhancements were continued in all operation centers and the most notable milestones include;*

# MAJOR HIGHLIGHTS

Installation of additional 35kWp PV installation at Dhuvaaafaru

Male' main CIP system installation completed

Hulhumale' phase1 water network connection to dedicated line to resolve pressure drop issue

Completion of Male' Energy Audit

Water and Sewer Network Upgrade in Male'

Fuel tank level calibration and level sensor installed and digitization completed (Male', Hulhumale', Villimale' and Thilafushi).





## MANUFACTURING

With the Company entering into diversified markets, it has been one of the key objectives over the years to acquire a larger percentage of the Company's revenues through manufacturing operations and contribute toward financial stability. In 2021 no new products were launched and focus was to sustain production and expand market reach of existing products within Maldives.



### **Our Businesses;**

- TaZa bottled water (300ml, 550 ml, 1500 ml)
- Production of Preform, Shrink Film and Stretch Film to supplement TaZa production
- Ice Manufacturing in R.Dhuvaafaru
- EN Standard and Thai Standard's PVC and PE pipe manufacturing

Manufacturing operation is expected to further diversify into new markets and expand the product portfolio in the coming years to strengthen MWSC's financial standing. Notable works carried out in 2021 include;

# MAJOR HIGHLIGHTS

Completion of backup  
compressed air system at  
Pipe Factory

Completion of major  
overhaul of bottling line 1

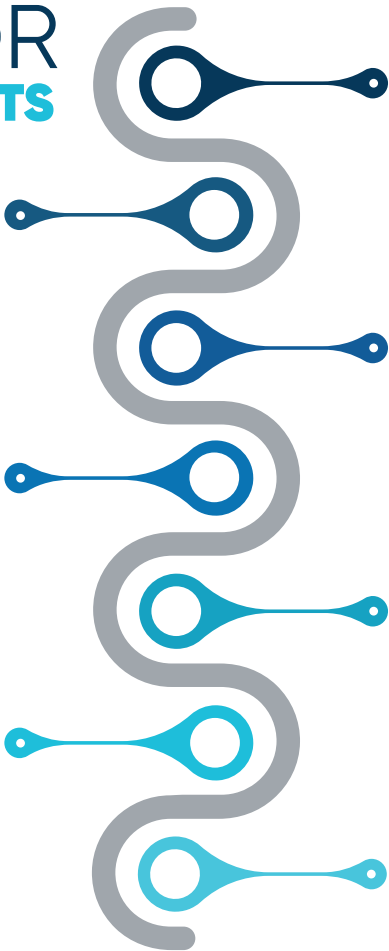
Factory acceptance  
Testing of Glass Bottling  
Line

Successful completion of  
external and internal process  
audits of factories

Completion of backup  
compressed air system at Pipe  
Factory

Operational enhancement of  
projects at factories

Initiation of manufacturing  
facility relocation project





## ENGINEERING SOLUTIONS

The Company has the assurance of carrying out its projects through a well-disciplined methodology with capable team of engineers. Engineering service has developed a good reputation in providing turnkey solutions for water and wastewater across several islands in Maldives. However, in 2021 MWSC exceeded the maximum limit of project values stipulated in Government's circular no. (IUL) 13-K/13/2020/62.

Other notable highlights include;

## MAJOR HIGHLIGHTS

Upgrading of Male' Storm Water Management System, Phase IV

Completion of Male' Road Upgrading Project - Construction of Additional Pump Wells.

Completion of Gdh.Thinadhoo Tank erection project

Completion of Male' Fire Hydrant project

Completion of construction of new sewerage network system for Western Side Facilities at VIA



## QUALITY ASSURANCE

MWSC takes pride in the uncompromising quality services offered that is reflected in international standards obtained such as ISO 9001:2015, ISO 22000: 2005, OHSAS 18001:2007 and HACCP.

MWSC's water testing facility is one of the largest and fully fledged facility in the country conforming with ISO/IEC 17025:2005 which specifies requirement for standardized water testing laboratory.

MWSC values quality assurance as a fundamental prerequisite and is in 24/7 watch to ensure 100% safety to customers.

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## OUTLOOK FOR 2022

MWSC's leadership team embarked on a journey to revise the Company's Strategic Plan 2017-2027 mid-period to incorporate the new business challenges and trends into perspectives. Year 2022's works are planned around the updated BHAG – a more optimistic version, i.e. to reach MVR2.5 billion in total revenue by 2027 of which 55% of income will come from non-utility related sectors & 45% from utility sectors.

Utility businesses are MWSC's core operations, and projects such as water production and storage expansion, water and wastewater network extension/ upgrading and long term water security are prioritized to ensure the Maldivians we serve are provided continued and reliable service.

Launching of TaZa glass bottled water, ARO premium water brand and conduit pipe in Quarter 3 are some of the notable non-utility expansions planned for the year. Moreover, MWSC's Engineering team is currently striving to complete 28 water and sewerage related projects in 27 islands by the end of this year to increase non-utility sector revenue and contribute to financial diversity.

MWSC's business model will always prioritize continuity and uninterrupted of the operations hence Company' first consolidated Crisis Management Plan and Disaster Recovery Plan was developed in Q2,2022 that prepares MWSC's team to quickly recover from critical incidents. MWSC is founded to serve the people of Maldives and have been the unchallenged leader serving water to the Maldivians for the past 27 years. MWSC's team is forever committed to fulfill the founding purpose of helping our communities live a PURE life.







# INTERGRATED SUSTAINABILITY

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## CORPORATE SOCIAL RESPONSIBILITY

We recognize our responsibility in creating a positive difference in the lives of local communities through contributing to public-private institutions, non-government organizations and island communities for the sustainable development of education, health, environment sectors and for fostering youth development.

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*"At MWSC, we believe in being a responsible corporate citizen in the community we operate."*

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## PRESERVING THE ENVIRONMENT

MWSC strives to build on its success with sustainable water and wastewater operations that are efficient and environmentally responsible. MWSC aims to protect the environment by facilitating responsible disposal of PET bottles and collection initiatives such as cleanup events in islands we operate whilst investing in continuous research of environmentally-friendly modifications to manufacturing sector.

As of 2020, over 500 KW of Solar Photo Voltaic plants were installed across different operation centers as part of reducing MWSC's carbon footprint. MWSC is also currently preparing to introduce segregation mechanism in the island of Dhuvaafaru, where MWSC manages solid waste.





## SUPPORTING THE COMMUNITY

Our commitment to support local communities has led to funding over MVR 5 million during 2021, for infrastructure development, and as charitable support for education, environment, health, and sports sectors.

Over the past year, we have continued to provide bottled water donations to various sectors across the country. Over 1630 cases of water cases were donated in the year 2021. Significant contribution of the water donations went to sports, education, and health sectors.

As pioneers in water and wastewater management in the Maldives, technical assistance is extended to the Government in survey, design, assessment of existing and new networks in rural islands. Safe drinking water and wastewater systems are crucial for public health and economic progress, and MWSC values every opportunity to contribute to the betterment of these systems in Maldivian islands.

Among other key highlights for 2021 include, development of Canopy for the Bus stand at IGMH, connection of MNDF water fire hydrant line with MWSC main water line, and provision of materials for developing driving track for driver's licensing tests at Hulhumale'.

Moreover, MWSC continues to uphold the culture of engaging staff in community events, through programs organized internally or externally.

## PROMOTING SOCIAL AWARENESS

Public awareness campaigns on water-use efficiency and conservation were intensively carried out to foster appreciation for the reclaimed water value. More campaigns were conducted to advocate safe application of home sewer systems to sustainably safeguard MWSC's wastewater networks.



## FINANCIAL HIGHLIGHTS

2021 has proved to be another tumultuous year for both the world and the country's economy. The Company's performance had rebounded after the significant Covid related declines. MWSC has delivered a strong set of results in 2021 against this challenging backdrop. MWSC's revenues for all major revenue generating segments have grown except for the trading segment. The Engineering segment where the Company provides Design and Build of Water & Sewerage facilities in the Maldives has shown substantial growth in line with the Company's commitment to enhancing its Non-Utility sectors.

MWSC has generated a revenue of MVR 1232.4 million for the year and year on year improvement has been seen.

While revenue growth is vital, profit improvement is also a critical component of value creation for MWSC. The operating profit for the year has improved by 7% compared to the prior year despite inflationary effects on our cost sectors. The overall cost of the Company has increased with the cost of sales being affected the most as the price of fuel needed for the Company's operations surged across the year. However, MWSC's profit for the year of MVR 282.8mn (FY2020; MVR 254.8mn) has increased by 11% compare to previous year despite increased costs owing to improved revenues offsetting the cost increase.

Free Cash Flow was at MVR 39mn, down year-on-year by MVR 209mn owing primarily to increased receivables and contract assets.

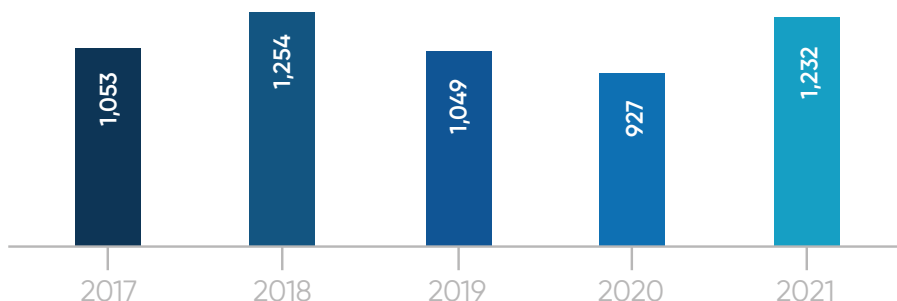
MVR Millions	2017	2018	2019	2020	2021
Revenue	1,053	1,254	1,049	927	1,232
EBITDA	405	578	506	416	440
Profit After Tax	265	411	319	255	283
Basic EPS (MVR)	992	1,541	1,157	968	1,077
Dividends per Share	595	925	694	728	-
Free Cash Flow	194	382	216	248	39
Net Assets	1,189	1,441	1,499	1,572	1,666
Total Assets	2,130	2,182	2,469	2,630	2,891
ROCE	26.47%	33.06%	24.07%	18.35%	18.48%

*\*EBITDA (Earnings before interest, taxes, depreciation, and amortization) is calculated Revenue plus Other Income less Cost of sales, Administrative costs, Sales and marketing costs and adding up Depreciation & amortization.*

*\*Free cash flow is calculated Profit Before Tax less increase in Working capital and Capital expenditure.*

## REVENUE

Revenue (MVR in millions)



MWSC's revenue mainly comprises of Water sale, Project income and income from sale of Bottled water and related products which collectively accounted for 99% of the total turnover of the Company for FY2021.

The total revenue for the year 2021 was MVR 1,232.4mn (FY2020; 927.1mn), which is a 33% growth compared to the previous year.

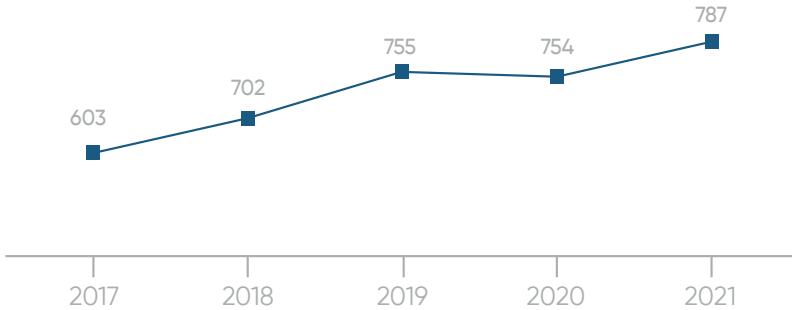
The utility segment remains the key contributor to the total revenue, followed by the projects and manufacturing and trading segments.

The Utility segment which was at MVR 786.6mn (FY2020; 754.3mn) had grown by 4% and the Manufacturing segments which was at MVR 115.9mn (FY2020; 112.5mn) had grown by 3%. The only decline in the revenue segment is seen in Trading (FY2021; 8.0mn, FY2020; 14.9mn) where the revenue had decreased by 46% compared to the prior year.

In the year 2021 Project Revenue has increased by 608% (FY2021: MVR 321.8mn, FY2020; 45.5mn) as a result of partly invoicing for water and sewerage projects which were won in previous years.

## UTILITY REVENUE

Utility Revenue (MVR in millions)

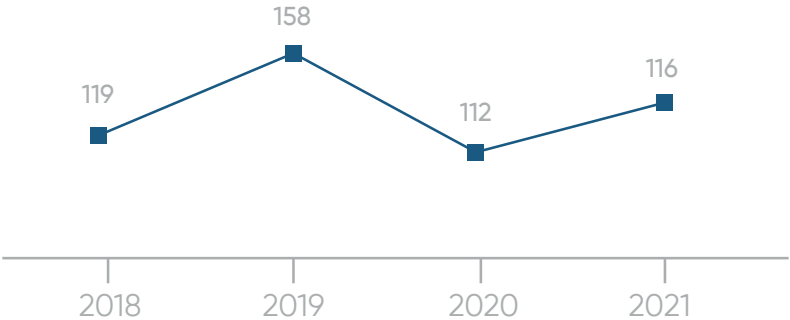


Revenue from Utility Segment which comprises of sale of water, electricity and managing waste water reached MVR 786.6mn (FY2020: MVR 754.4mn), and has grown by 4% in FY2021. The year 2021 shows improvements in the Utility sector as the economy stabilized and government offices, schools and businesses reopened after the closures due to the pandemic. The increase in Utility revenue is attributed mainly to the Water segment, predominantly in the Domestic category.



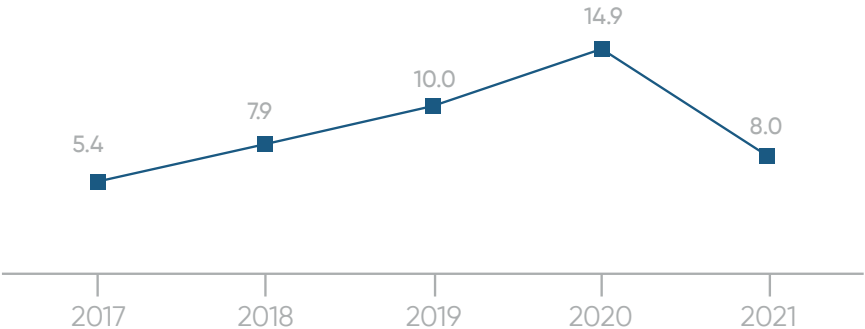
MANUFACTURING, TRADING AND PROJECTS REVENUE

Manufacturing Revenue (MVR in millions)



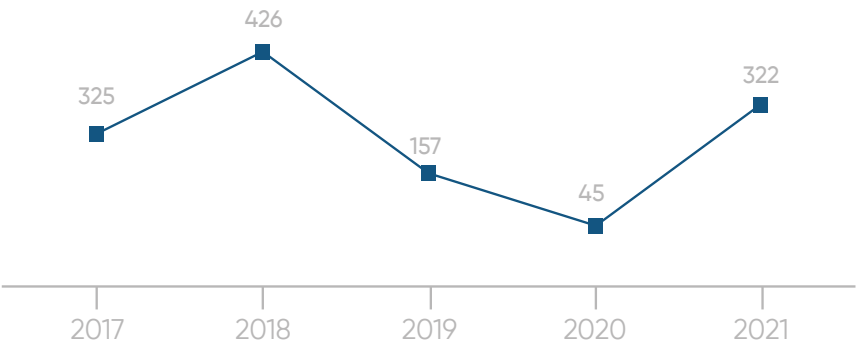
Income from Manufacturing segment includes revenue generated through Bottling operation, (Intercompany sales to IBM) and Pipe Manufacturing which recorded MVR 116mn (FY2020; MVR 112mn) resulting in a growth of 3% compared to the prior year.

Trading Revenue (MVR in millions)



Income from Trading operation was MVR 8.0mn (FY2020; MVR 14.8mn) which is a decline of 46% compared to the previous year. Income from Trading includes sale of equipment and parts related to Water & Sewerage facilities, Water Quality testing and asset rentals.

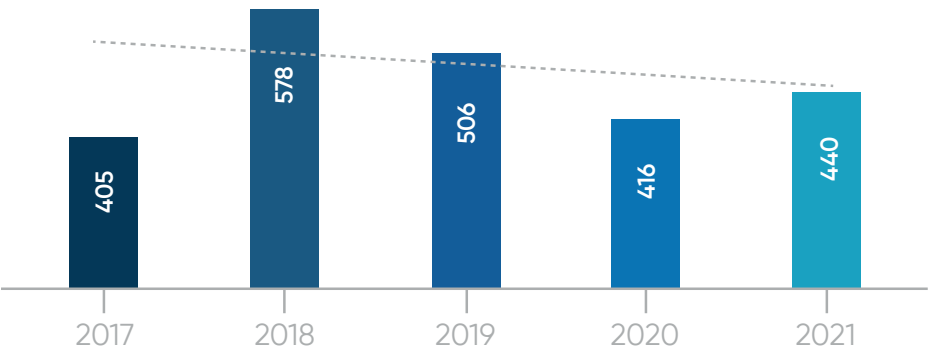
Projects Revenue (MVR in millions)



Income from Engineering Operations was MVR 322mn (FY2020; MVR 45mn) which is a growth of 608% compared to the previous year. This consists of, construction of Water & Sewerage Network projects, provided by the Government, carried out in various local Islands.

EBITDA

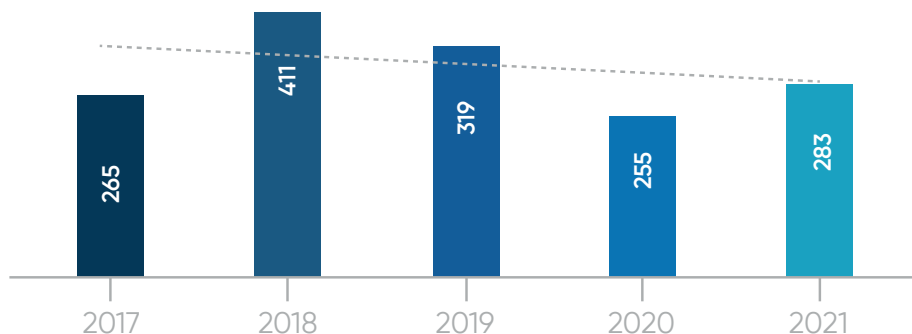
EBITDA (MVR in millions)



MVR 440 million was reported as EBITDA, which is a 6% (MVR 24mn) increase compared to the previous year performance. This increment is mainly from the increased revenues in FY2021.

## PROFIT AFTER TAX

Profit After Tax (MVR in millions)



The Profit after tax increased by 11% amounting to an increase of MVR 28mn during the year 2021 compared to the year 2020. This increase was driven by increased revenues in the main revenue generating sectors positively impacting profits, despite decreased other income and increased costs on the main cost segments.

Though the revenue and net profit had improved, the gross profit margin of the Company has fallen to 47% (FY 2020; 56%). This is driven by inflationary pressures and fuel price increases to the Company's operations, increasing the cost of sales. Despite fuel price increases, there has been no change in the sale price of utilities as a result of no change in tariff prices. No subsidy has been provided to the Company to cover the increasing fuel costs. If the sales price can be increased or the increasing fuel costs can be covered by subsidy, the revenue and the gross profit of the Company can be improved.

Administrative costs have increased by 10% in the year 2021, compared to the year 2020 due to the office related cost weighed against the work from home related costs which was applied in 2020 due to COVID-19.

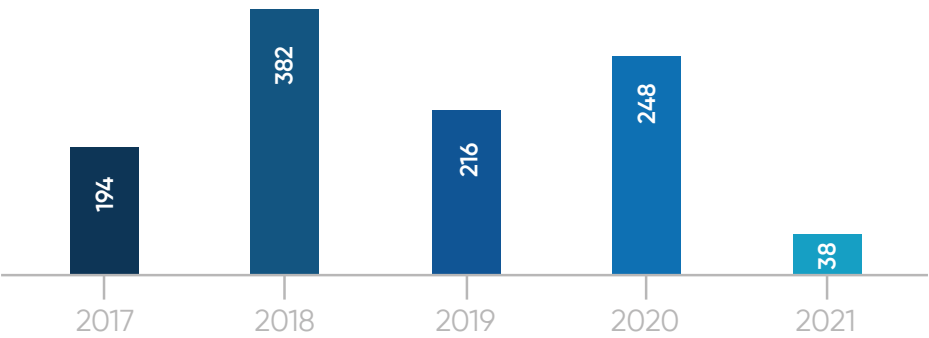
Selling and marketing expenses have increased significantly as the marketing and public relations expenses increased by MVR 7.4mn compared to FY 2020 for creating awareness campaigns among the customers.



## FREE CASH FLOWS

The Free cash flow\* for FY 2021 was MVR 39mn. This is a MVR 209mn decrease compared to 2020. This decrease is driven primarily by significant increases in receivables and contract assets. The majority of the increase in receivables are attributable to the Engineering segment which show a significant growth in Government project related billings made during the year. As the Country was still recovering from the economic effects of the pandemic in 2021, the Company was not able to recover the bulk of these receivables. Some of the capital expenditures halted during 2020 due to the pandemic were commenced during 2021 and in the year 2021 capital expenditures of MVR 16.5mn were made above the amount incurred in the year 2020.

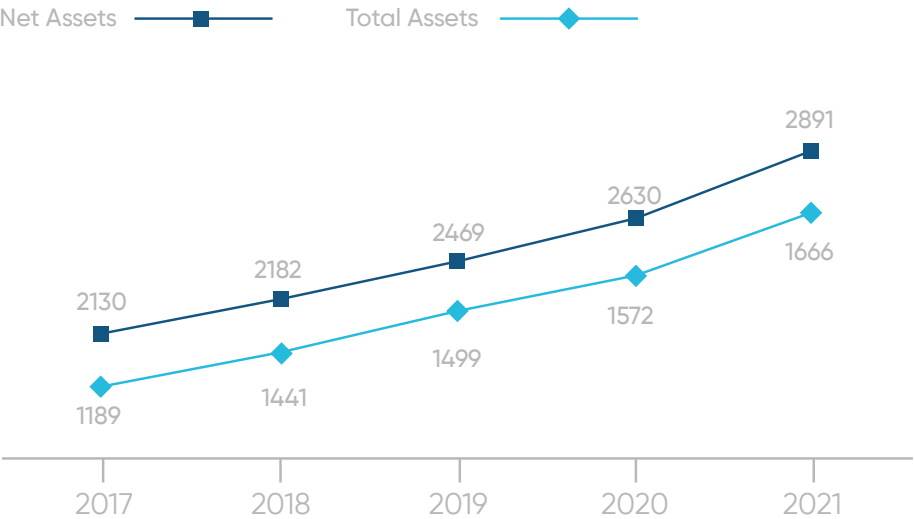
Free Cash flows (MVR in millions)



*\* Free cash flow is calculated as Cash flow from operating activities less tax shield on interest expense less Capital expenditure.*

ASSETS

Trading Revenue (MVR in millions)



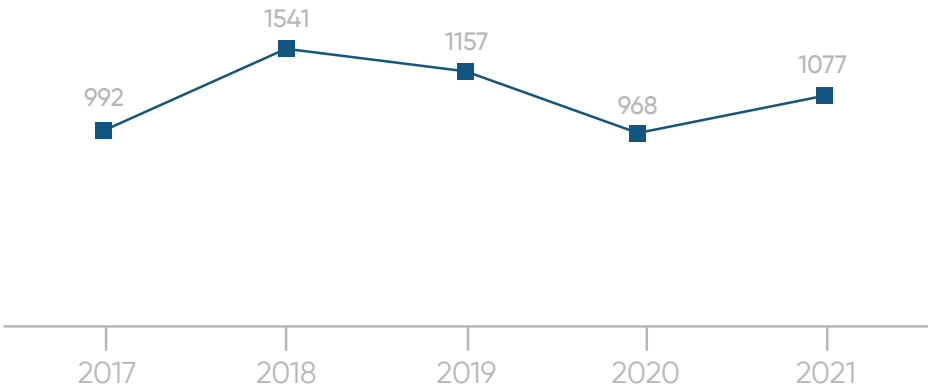
MWSC has recorded MVR 2.89bn worth of total assets (FY2020; MVR 2.63bn). These are assets largely comprised of Reverse Osmosis (RO) plants, generators, bore-well, control pumps, water network systems, sewerage network systems, buildings and right of use assets.

MWSC was able to increase its Return on Capital Employed (ROCE) to 18.5% in FY2021 compared to 18.3% in FY 2020. The tangible and intangible assets of the Company are secured by insurance.

## SHAREHOLDER’S VALUE

Shareholder's Value (MVR in millions)

Basic earning per share



The year 2021 financials shows, the basic earnings per share has increased to MVR 1077 / share (FY2020; MVR968 / share), due to overall increase in profit over the period.

## SUBSIDIARY PERFORMANCE

The subsidiary company established for the water bottling operations, Island Beverages Maldives Pvt Ltd. (IBM), recorded a net profit of MVR 6 million in 2021 compared to a net loss of MVR 11 million in 2020. Out of the 15,000 shares issued by IBM, MWSC has 51% shareholdings and Champa Brothers Maldives Pvt. Ltd. has 49% shareholdings.

IBM has shown significant recovery and increased sales in 2021 after sales being negatively impacted in 2020 due to the Covid-19 pandemic. However, the profit has not increased in line with the increased revenue due to increased costs of sales resulting from pandemic induced inflationary impact seen across the globe.

Despite the challenging backdrop of soaring prices, IBM focused on reducing the costs of raw materials as much as possible including obtaining discounts from MWSC.

*The table below shows the IBM's overall financial performance of the past 5 years:*

MVR Millions	2017	2018	2019	2020	2021
Revenue	166	170	182	151	175
EBITDA	20	19	16	4	23
Profit After Tax	9	10	1	(11)	6
Basic EPS (MVR)	606	642	65	(742)	406
Net Assets	47	53	50	39	45
Total Assets	108	131	145	135	124
ROCE	22%	17%	6%	-24%	15%

*\*EBITDA (Earnings before interest, taxes, depreciation, and amortization) is calculated Revenue plus Other Income less Cost of sales, Administrative costs, Sales and marketing costs and adding up Depreciation & amortization.*

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## NET PROFIT DISTRIBUTION

In accordance with the dividend policy of the Company, the Directors recommended to declare 60 percent of the net profit of the Company for the year 2021 as dividend to the shareholders, and the balance 40% will be retained in the Company.

## STAFF BONUS

Ever since the Company started making profit, it has been customary for the Board of Directors to declare a bonus to the staff which is based on a percentage of the net profit. The Bonus is distributed to all deserving staff that is determined through the annual staff appraisal system. The bonus is distributed pro-rata to the basic salary. With reference to a circular issued from the Ministry of Finance to SOE's, it has been decided that bonus should not exceed 3% of the dividend declared for the year. As such, the Board of Director's declared 3% percent of dividend as bonus to the staff.

## EVENTS AFTER THE BALANCE SHEET DATE

Since 31st December 2021 to the date of this report, no matter or circumstances have arisen that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, which would require any adjustments or disclosures to the Financial Statements.

## GOING STATE OF AFFAIRS

There were no other significant developments in the state of affairs of the Company during the year ended 31 December 2021 not otherwise disclosed in this report or the Audited Financial Statements of the Company.





# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE STATEMENT

For the Year Ended on 31st December 2021

The Board of Directors of Male' Water and Sewerage Company Pvt Ltd ("MWSC") considers good corporate governance to be the foundation of a well-managed institution. The Board is fully committed to integrity and fair dealing in all its activities and has adopted best practices of corporate governance in all areas of its business towards enhancing business prosperity and corporate accountability with the ultimate objective of safeguarding the interests of all stakeholders and enhancing shareholders' value.

MWSC's approach to corporate governance practices is founded on its own Corporate Governance Code and seeks to apply the principles and recommendations set out in Code of Corporate Governance for State Owned Institutions ("CG Code for SOE") developed by the Privatization and Corporatization Board of Ministry of Finance.

## BOARD OF DIRECTORS

Within a robust corporate governance framework, the Board of Directors of MWSC are collectively responsible for leading the company in enhancing shareholder value and fulfilling its social responsibilities by fostering a culture of compliance that values personal and corporate integrity, accountability and continuous improvement.

Assuming stewardship of the Company, the provides strategic direction, counsel and oversight to the management of the Company in the interest of and for the benefit of the Company and its shareholders.

**The Board's key responsibilities include, but are not limited to, the following:**

**Strategy and Management Oversight:** The Board engages in constructive dialogue with senior management of the Company on their short and long-term business and financial strategies, and reviews and evaluates management performance and progress in delivering on MWSC's strategic goals for long-term shareholder value creation. The Board recognizes that creating long-term value for the Company's shareholders require consideration of the concerns of other stakeholders including customers, employees and the communities in which MWSC operates.

**Establish Effective Internal Controls:** The Board has ultimate responsibility for implementing effective systems for internal controls and have oversight of MWSC's risk management activities. The Board's Audit and Remuneration Committee assists the Board in overseeing management's risk assessment and risk management activities within the areas delegated to it.

**Protecting Integrity of MWSC's Accounting and Financial Reporting Systems:** In ensuring the integrity of the essential reporting and monitoring systems the Board sets and enforces clear lines of responsibility and accountability throughout MWSC. The Board also ensures that there is appropriate oversight of senior management through the internal audit system that reports to the Board.

## BOARD COMPOSITION

MWSC's Board of Directors have vast knowledge, experience and insight into the financial, business, human resource, operational as well as commercial aspects and opportunities in various business models and are therefore able to exercise objective judgement on corporate affairs independently from management.

The Board presently consists of seven members of which six Directors are appointed Government of Maldives and one Director is appointed by Hitachi Ltd. Out of the seven Directors, four are Non-Executive & Independent Directors.

MWSC considers a strong element of independence on the Board vital for good corporate governance and it performs an annual review of the independence of the Directors. An Independent Director is defined as a Director who is independent of management and free from any business or other relationship, which could interfere with the exercise of independent judgement or the ability to act in the best interest of MWSC.

Independent Non-Executive Directors of MWSC exercise independent judgement and participate in the deliberations of the Board objectively with no individual or small group of individuals dominate the Board's decision-making process

*The current composition of the Board is shown below and there were no changes to the Board of Directors in 2021.*



**Mr. Ahmed Mausoom**  
Chairperson, Non-executive  
Appointment Date: 06 Feb 2019



**Mr. Hassan Shah**  
Managing Director, Executive  
Appointment Date: 21 Jan 2020



**Mr. Mohamed Shareef**  
Director, Executive  
Appointment Date: 28 Feb 2019



**Mr. Shu Kodama**  
Director, Non-Executive  
Appointment Date: 10 Oct 2018



**Ms. Fathimath Hana**  
Director, Non-Executive  
Appointment Date: 06 Mar 2019



**Mr. Ibrahim Anwar**  
Director, Non-Executive  
Appointment Date: 18 Jul 2019



**Mr. Ahmed Evan Ismail**  
Director, Non-Executive  
Appointment Date: 24 Nov 2020

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## **ROLE OF CHAIRPERSON AND MANAGING DIRECTORS**

The role of the Chairman and the CEO/Managing Director are distinct and separate; the Chairman, being non-executive, is not involved in the day-to-day operations of MWSC. He plays a crucial role in ensuring the smooth functioning of the Board and encourages healthy debates on strategic and critical issues. He chairs Board meetings and arranges separate sessions with the Non-Executive Directors to review Management's performance.

The Managing Director oversees the development and execution of MWSC's corporate and business strategy and is ultimately responsible for managing MWSC's day-to-day operations.

## **NON-EXECUTIVE DIRECTORS**

The number of Non-Executive Directors on the Board of MWSC exceeds the minimum ½ requirement laid down in CG Code for SOE Guidelines.

## BOARD MEETINGS

During the past year, in addition to the regular reviews of significant policies, business and other proposals which require the Board's approval, the board also held monthly meetings to review reports on MWSC's financial performance, internal and external projects and investments. Furthermore, ad-hoc Board meetings were sometimes called to deliberate and assess corporate proposals or business issues that require the Board's immediate consideration. When exigencies prevent a Board member from attending meeting in person, he can participate by telephone-conferencing or appointment of a proxy as permissible under MWSC's Articles of Association. Board's approval for urgent matters may be obtained through written resolutions approved by circulation.

All Directors are supplied with information on a timely manner. The agenda for each Board meeting, together with detailed reports and proposal papers to be tabled, are circulated to the Directors for their perusal in advance of the date of the Board meeting. When necessary, senior staff are invited to attend Board meetings to provide the Board with detailed explanations and clarifications on proposals tabled to enable the Board to make an informed decision.

Name	Position	Attendance	Appointed Date	End of Tenure
Mr. Ahmed Mausoom	Chairperson, Non-Executive	12/12	06 - Feb - 2019	-
Mr. Hassan Shah	Managing Director, Executive	12/12	21 - Jan - 2020	-
Mr. Mohamed Shareef	Director, Executive	12/12	28 - Feb - 2019	-
Mr. Shu Kodama	Director, Non-Executive	12/12	10 - Oct - 2018	-
Ms. Fathimath Hana	Director, Non-Executive	11/12	06 - Mar - 2019	-
Mr. Ibrahim Anwar	Director, Non-Executive	12/12	18 - July - 2019	-
Mr. Ahmed Evan ismail	Director, Non-Executive	11/12	24 - Nov - 2020	-

## MAJOR KEY DECISIONS TAKEN BY THE BOARD OF DIRECTORS DURING THE YEAR

To enhance its effectiveness in discharging its fiduciary duties, the Board has established the Audit and Remuneration Committee of the Board which operates within specific delegated authority and functions to complement the Board in the execution of its responsibilities.

### Review and approval of financial reports

Approved the Audited Financial Accounts for the year 2020  
 Approved to declare dividend for the year 2021, to be proposed for shareholder approval at the Annual General Meeting 2020  
 Approved the business plan proposed for year 2022 and continued to review monthly and quarterly financial performance  
 Approved the financial statements and Directors' report of 2021, to be proposed for shareholder approval at the Annual General Meeting 2020  
 Approved the quarterly reports of 2021

### Strategic decisions

Reviewed the recommendations presented by Audit and Remuneration Committee based on internal audit reports and approved to implement the recommendations  
 Reviewed all business segments and projects undertaken by MWSC, offered guidance and recommendations to the management on improving business performance and profitability  
 Approved to introduction of project "Domestic water filtration system"  
 Approved amendments to MWSC Hiyaa Project for successful completion  
 Approved financial facilities for Hulhumale' Phase II, Water, Sewer & Fire Hydrant Network Systems  
 Approved financial facilities for 20 Island Project  
 Approved the project " Manufacturing of conduit pipes"

### Matters related to governance

Approved revision to debt recovery policy  
 Approved amendments to Procurement Policy and Procedure  
 Approved seal use policy and procedure  
 Approved write off and accounts receivable policy and procedure  
 Approved appointment to representing Director to Board of Directors of IBM  
 Approved revision to Document Management and Retention Policy



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## BOARD COMMITTEES

To enhance its effectiveness in discharging its fiduciary duties, the Board has established the Audit and Remuneration Committee of the Board which operates within specific delegated authority and functions to complement the Board in the execution of its responsibilities.

The Audit and Remuneration Committee has its Terms of Reference which set forth the responsibilities of the Committee. The Committee ensures that MWSC has an effective and independent internal audit function covering financial as well as management audits and recommends appropriate remedial action on a regular basis. The Committee meets frequently as and when required.

## BOARD PERFORMANCE

The Board has implemented an annual performance evaluation process, carried out by the Board Directors, to assess the effectiveness of the Board as a whole.

Each Director evaluates the performance of the Board by way of a Self-Assessment Questionnaire completed by Individual Board Members. The assessments are made against the pre-established criteria in the following areas: Board Composition/Structure, Board Process, Board Governance and Major Responsibilities of the Board.

Results are compiled for the Board's deliberation and the results of the performance evaluation are reviewed and discussed for improvements among Board Members. In the annual assessment of the Board performance for 2021, the Board was satisfied with its current size and composition as well as its mix of skills which is made up of individuals of high credibility and necessary skills and qualifications to enable the Board to discharge its responsibility effectively.

## CODE OF ETHICS

The current Code of Ethics adhered to by Company was adopted by its Board of Directors in 2009 and has served the Company well in ensuring its affairs are conducted with. As of 2021, the Board of Directors are in the process of reviewing and approving a more comprehensive, improved Code of Ethics, expected to be adopted by the board and implemented across the Company in 2022.

## RELATED PARTY TRANSACTIONS

While the Company currently does not have a separate policy governing related party transactions, its Code of Ethics currently regulates how such transactions might be dealt with and approved. In 2022, a more comprehensive Related Parties Policy will be introduced to regulate the review and approval of reportable transactions.

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## DIRECTOR'S INTERESTS

The Directors of the company have no direct or indirect interest in contracts or any other transaction of the company except as disclosed in the accounts. In accordance with the Corporate Governance Code of the Company, a register of Director's Interests is maintained and updated by the Company Secretary.

## KEY MANAGEMENT REMUNERATION

The Audit and Remuneration Committee of the Board reviews and recommends to the Board, the remuneration for Board Directors and Key Executives of the Company in accordance with the company's Remuneration Policy.

As the remuneration for board directors of SOE's including the CEO's are now fixed by the PCB, the Audit and Remuneration Committee is no longer able directly ensure that Directors remuneration is tied to performance and in the long-term interests of the Company. However, the Remuneration Policy of the Company envisions that the remuneration for key executives are determined based on scope of work, and measurable performance goals and other relevant factors. Total remuneration paid to Directors and key executives in 2021 are MVR 1,065,310 and MVR 5,820,381.00 respectively.

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## RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors remain committed to continuous improvement in shaping the Company's approach to managing risks and to ensure that a strong, integrated risk and compliance culture is sustained. The Board ensures that it has sufficient visibility of the principal risks and the opportunity to regularly review the adequacy and effectiveness of mitigating controls and strategies. The Company's risk management approach centers on continued assessment, monitoring and reporting of risks which may impact the progress of delivering our strategic priorities.

The overall responsibility for the system of internal control, designed to safeguard the assets of the Company and ensure the reliability of the financial information and compliance with reporting obligations, lies with the Board of Directors. The Board has approved policies, procedures and frameworks for effective internal control including procedures for the delegation of authorities for significant matters, to ensure approval is sought at the appropriate level. These procedures are subject to regular review and provide an ongoing process for identifying, evaluating and managing the significant risks faced by the company.

The Company's controlling processes are maintained so that management at all levels receives updates on projects and financial information in a timely manner. The actual performance against business plans, budgets and performance indicators, Financial risks are monitored and presented to the Board through regular and frequent reporting.

An independent Internal Audit Function that reports to the Board of Directors carries out annual audits, based on an Internal Audit Charter that is approved and reviewed closely by the Audit and Remuneration Committee of the Board. Risks, together with their controls and treatment are regularly reported to the Audit and Remuneration Committee which assists the Board in its oversight function. The Committee provides regular reports to the Board.

## GOVERNANCE POLICY FRAMEWORK

The Board has ultimate authority over, and oversight of the Company and regards corporate governance as a critical element in achieving its strategic objectives. The Board strives to ensure that the Company meets high standards of safety, performance and governance in recognition of its responsibilities towards its shareholders, customers, employees and suppliers as well as to the communities in which it operates.

The Company has a comprehensive governance framework established and strengthened over the years of by its Board, in close cooperation with the Company's executive management. Governance objectives are guided by the Company's Corporate Governance Code, Code of Ethics and adherence to the principles contained in the guidelines for Corporate Governance Code for State Owned Entities published by the Privatization and Corporatization Board of the Ministry of Finance and Treasury. The core elements that make up our governance framework include the Company's organizational structure, policies and standards developed by the Board which are evaluated and updated on a regular basis and the international standards that the company adheres to.

Policies introduced in 2021 to improve the governance of the company include revision to debt recovery policy, amendments to Procurement Policy and Procedure, seal use policy and procedure, write off and accounts receivable policy and procedure and revision to Document Management and Retention Policy.

## LEGAL AND REGULATORY COMPLIANCE

The Company's legal and regulatory compliance is continuously ensured by a dedicated team of inhouse lawyers along with its external counsel. The Company ensures that its operations are carried out in accordance with the Company's Act (Law No. 10/96) and operational license requirement and has established procedures that ensure continued compliance.

## AUDITORS

The external Auditor of the Company appointed by the Shareholders for the financial year ending 2021 was PricewaterhouseCoopers (PWC) and The Financial accounts for the year have been audited by PWC for an audit fee of MVR 471,967.00

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# DIRECTORS STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management & Internal Control is made pursuant PCB guidelines contained in the Corporate Governance Code for State Owned Companies which requires the Board of Directors to include in its Annual Report a statement about the state of its internal control.

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*Accordingly, the Board is pleased to provide the Statement on Risk Management & Internal Control that was prepared in accordance with the guidelines provided by PCB in the CG Code for SOE's. This statement outlines the processes adopted by Company in reviewing the adequacy and effectiveness of the risk management and internal control system of the Company.*

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## RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system as well as reviewing its adequacy and effectiveness. The Board is of the view that the risk management framework and internal control system are designed to manage the Company's risks within the acceptable risk appetite, rather than to eliminate the risk of failure to achieve the business goals and objectives. It can therefore only provide reasonable, rather than absolute assurance against material misstatement, fraud or loss.

The Board has established appropriate control structure and process for identifying, evaluating, monitoring, managing and responding to significant risks faced by the Company in its achievement of the business goals and objectives.

The control structure and processes are reviewed and updated from time to time in response to the changes in the business environment, and this on-going process has been in place for the whole financial year under review and up to the date of approval of the Statement on Risk Management & Internal Control for inclusion in the Annual Report.

**The role of Management includes:**

- Identifying and evaluating the risks faced, and the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks;
- Designing, implementing and monitoring the effective implementation of risk management framework and internal control system;
- Implementing the policies approved by the Board; and
- Reporting in a timely manner to the Board any changes to the risks and the corrective actions taken

**INTERNAL AUDIT FUNCTION**

The Internal Audit function undertakes regular reviews of the Company's operations and the systems of internal control to examine and evaluate the adequacy and efficiency of financial and operating controls. Significant risks and non-compliance impacting the Company are highlighted and where applicable, recommendations are provided to improve on the effectiveness of risk management, internal control system and governance processes. Reviews by Internal Audit are carried out on units that are identified using risk-based approach taking into consideration input from Management, the Audit and Remuneration Committee and the Board. Management follows through and reviews the status of actions on recommendations made by the internal auditors and takes appropriate action required to resolve issues covering all aspects of business and operations.

The Audit and Remuneration Committee meets on a scheduled basis to review issues identified in audit reports prepared by Internal Audit. Where required, representatives from the parties being audited are requested to attend the Audit and Remuneration Committee meeting to enable more detailed deliberation and speedy resolution of the matter at hand. The Committee also follows through on the actions required.

The Committee has active oversight on Internal Audit's independence, scope of work and resources and evaluates the effectiveness and adequacy of the internal control system. It reviews the Internal Audit function, the scope of the annual audit plan and frequency of the internal audit activities. The Audit and Remuneration Committee regularly reports to the Board and tables an annual report to Board. The details of the activities undertaken by the Audit and Remuneration Committee are highlighted in the Audit Committee Report.

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## ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

The Board is dedicated to operating a sound system of risk management and internal controls and recognizes that the system must continuously evolve to support the progressive business growth of the Company. The Board is of the view that the risk management and internal control system is sound and adequate to safeguard the Company's operations and assets at the existing level of operations.

No material weakness or reported shortfall in the risk management and internal control system has resulted and/or give rise to any material loss, contingency and/or uncertainty during the financial year under review.

The Board, with the assurance received from the Managing Director and Deputy Managing Director, concludes that the Company's risk management and internal control system are operating adequately and effectively, in all material aspects. This statement does not include the state of internal control in associate companies and is made in accordance with a resolution of the Board of Directors dated XXth August 2022.



**AHMED MAUSOOM**  
Chairperson



**IBRAHIM ANWAR**  
Audit and Remuneration Committee



## AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 2021

### MANAGEMENT STATEMENT ON FINANCIAL STATEMENTS

We, Hassan Shah - CEO & Managing Director and Ajith Lanka Garunayaka Hitihamilage, Chief Financial Officer of Male' Water and Sewerage Company Pvt Ltd, to the best of our knowledge and belief, certify that we have reviewed financial statements for the year ended December 31, 2021 and to the best of our knowledge, information and belief:

a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

b) These statements together present, in all material respects, a true and fair view of the Company's affairs, the financial condition and results of operations and are in compliance with IFRS accounting standards.



**HASSAN SHAH**  
Managing Director



**AJITH LANKA GARUNAYAKA  
HITIHAMILAGE**  
Chief Financial Officer

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## DIRECTORS DECLARATION

In the opinion of the Directors of the Male' Water and Sewerage Company Pvt Ltd ("the Company") the consolidated financial statements and notes are in accordance with the Law No Company's Act and give a true and fair view of the Company's financial position as at 31st December 2021 and of its performance, for the financial year ended on that date.

Signed in accordance with a resolution of the Directors:



**AHMED MAUSOOM**  
Chairperson



**HASSAN SHAH**  
Managing Director

07th September 2022  
Male', Maldives

## AUDIT AND REMUNERATION COMMITTEE REPORT

The Audit and Remuneration Committee through its Terms of Reference which set forth the responsibilities of the Committee ensures that MWSC has an effective and independent internal audit function covering financial as well as management audits and recommends appropriate remedial action on a regular basis.

During the year 2021, the composition of the Audit and Remuneration Committee made up of the following members, all of whom are non-executive and independent Directors with a combined knowledge and experience in the area of accounting and finance, and Human Resources. The constitution of the committee complies with guideline SOE Corporate Governance Code and MWSC's Corporate Governance Code.

*Audit and Remuneration Committee members as of 31 December 2021 are as follows;*

Name	Designation	Appointed Date
Mr. Ibrahim Anwar	Chairperson	25th November 2020
Mr. Shu Kodama	Member	10th October 2018
Ms. Fathimath Hana	Member	15th July 2019
Mr. Ahmed Evan ismail	Member	25th November 2020

*During the year ended 31 December 2021, a total of fourteen (14) Committee meetings were held. The details of attendance of each member are as follows;*

Member	Meetings Attended	Remark
Mr. Ibrahim Anwar	14	-
Mr. Shu Kodama	0	Director based in Japan however reviewed all audits and committees reports and send in comment and recommendation as and when required.
Ms. Fathimath Hana	14	-
Mr. Ahmed Evan ismail	14	-

“The Audit and Remuneration Committee is required to report to the Board in writing detailing the meetings that took place in the year and to contribute its report within the company's annual report for the benefit of all the shareholders.

During the year 2021, 14 meetings of the Audit & Remuneration Committee were held with the other members of the board and the committee invites the management to attend the meetings as and when required. These meetings were carried out with relevant head of departments to obtain information and at times to further clarify matters raised in the audit reports, departmental operations and challenges. This has facilitated deeper understanding of the work and risks encountered across different areas of the Company. The Audit Committee continues to benefit from holding its meetings as and when required.

## INTERNAL AUDIT

MWSC has its own Internal Audit Department which directly reports to Audit and Remuneration Committee. As per the guidelines from PCB, a qualified Chief Internal Auditor was recruited during the year to head the Internal Audit Function. During the year, the Audit and Remuneration committee reviewed a total of 08 audit reports undertaken by company's Internal Audit Department. The Committee Endorsed Internal Audit Plan for 2021, revised the functional structure and approved the Internal Audit Departments Framework.

The main focus of the Committees in the year was to review and provide opinions to the Board on the adequacy and effectiveness of Company's internal controls which includes, risk management, compliance controls and governance, financial, Management and quality assurance of data submitted to the stakeholders.

Identifying and investigating alleged cases of fraud and corruption within the organization was also prioritized and carried out through the Internal Audit Department. For the purpose, a comprehensive Whistleblower Policy was implemented with the approval from the Board. During the year a total of 8 whistleblower cases were received, where 3 were proceeded for investigation. The Committee reviewed the investigation reports and recommendations were given to the Board and management for further action.

Overall, the Audit & Remuneration Committee is satisfied with the aforementioned changes brought and the audit functions carried out by the Internal Audit Department during the year 2021. “

## EXTERNAL AUDIT- FINANCIAL STATEMENT FOR THE YEAR END 31, DECEMBER 2021

The Committee reviewed Audited Financial Statement for the year ended 31 December 2021, and is satisfied that appropriate measures were put in place by PWC and MWSC to ensure the independence and objective of the external auditors. The audit was conducted in accordance with International Standards on Accounting (ISAs) and in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).

External Auditor for the year 2021 was PricewaterhouseCoopers (PWC) and was appointed for a period of two years in year 2021.

A meeting of the Audit and Remuneration Committee was held with External Audit partner to provide independence assurance and to present their opinion on the financial statements.

## DIRECTOR REMUNERATION

Audit & Remuneration Committee is also responsible for determination of the remuneration of the Board of Directors, which must be approved by the General Meeting of the Board before a specific agreement on incentive pay is entered into.

The remuneration package of the Board of Directors is set as per the requirements implemented by the government on SOE's Directors allowances.



**IBRAHIM ANWAR**

Audit and Remuneration Committee

07th September 2022



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## **AUDIT REPORT AND FINANCIAL STATEMENTS FOR THE YEAR 2021**

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# **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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*PricewaterhouseCoopers, H. Thandiraimage, 3<sup>rd</sup> Floor, Roshanee Magu, Malé, Republic of Maldives*

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*Partners D.T.S.H. Mudalige FCA, C.S. Manoharan FCA, T.U. Jayasinghe FCA*

*Resident Partner Jatindra Bhatray FCA*

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity



Key audit matter	How our audit addressed the Key audit matter
<p><b>The Company:</b></p> <p><b>Construction contract revenue</b></p> <p>Refer to the significant accounting policy Note 2.5.5 (b) and Note 3.1 to the financial statements.</p> <p>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.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>- We understood the budgetary process for individual contracts, the inbuilt controls and checked the effectiveness of the relevant controls, over the process.</li> <li>- 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.</li> <li>- 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.</li> </ul>
<p><b>The Group:</b></p> <p><b>Revenue recognition of the subsidiary company</b></p> <p>Refer to the significant accounting policy Note 2.5.5 (c) and Note 3.1 to the financial statements.</p> <p>The subsidiary Company manufactures and sells bottled drinking water to its customers across Maldives, mainly through its own distribution network.</p> <p>That Company recognised revenue from sale of bottled drinking water amounting to MVR 173,748,028 during the year ended 31 December 2021.</p> <p>We considered revenue recognition as a key audit matter due to the following:</p> <ul style="list-style-type: none"> <li>- Revenue represents a significant line item in that Company's statement of comprehensive income.</li> <li>- 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.</li> </ul>	<p>Our audit approach included both control testing and substantive procedures performed as follows:</p> <ol style="list-style-type: none"> <li>i) Understood and evaluated the design, implementation and operating effectiveness of key controls over initiating, recording, processing and reporting of revenue transactions;</li> <li>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;</li> <li>iii) Assessed the adequacy of the disclosures made in the financial statements in relation to revenue.</li> </ol>

## Key audit matter

## How our audit addressed the Key audit matter

### 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

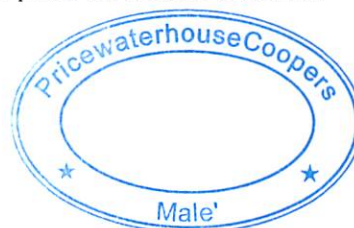
Jatindra Bhatray  
Partner



**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
			Restated		Restated
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

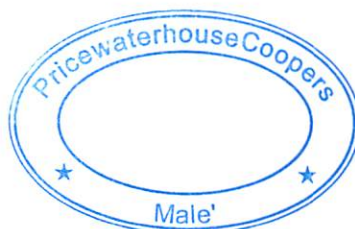
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The accounting policies and notes on pages 11 through 56 form an integral part of the financial statements.

7 September 2022

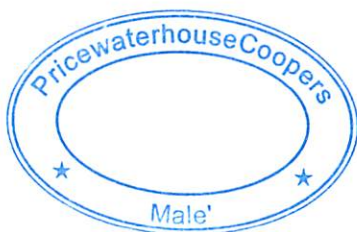
Male'



**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 resserve 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.

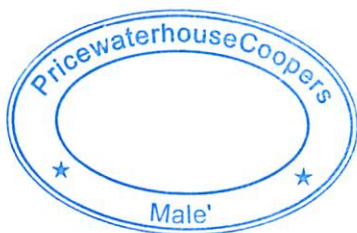




**Male' Water and Sewerage Company Pvt Ltd**  
**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2021**

		COMPANY						
	Note	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.

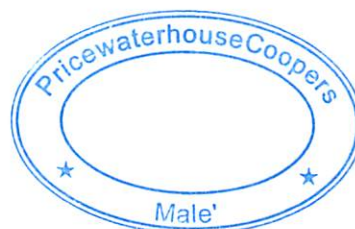




**Male' Water and Sewerage Company Pvt Ltd**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended 31 December 2021**

	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	79,478,527
Amortisation of intangible assets	11	1,760,408	2,011,664	1,549,359	1,846,797
Depreciation of investment properties	13	1,392,678	1,290,113	1,392,678	1,290,113
Depreciation of right of use assets	23.3	7,411,373	7,264,984	4,307,510	3,675,561
Gratuity provision		14,286,493	11,570,727	14,286,493	11,570,727
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)	(327,430)
Finance cost	6.2	17,672,176	18,759,535	17,826,048	17,134,736
Provision/(reversal) for impairment receivables	17.6	24,693,308	33,556,066	25,032,327	33,334,467
Reversal of lease liabilities		(244,488)	(344,983)	-	-
Provision for slow and non moving inventories	14	(801,681)	9,517,112	(801,681)	9,517,112
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)	(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)	(92,734,015)
Decrease/(increase) in contract assets		(205,048,822)	62,330,751	(205,048,822)	62,330,751
Increase in trade and other receivables		(73,387,557)	(1,070,149)	(133,138,143)	(68,170,863)
Increase in contract liabilities		26,758,540	(23,845,253)	26,758,540	(23,845,253)
Increase in trade and other payables		(23,423,641)	(63,243,208)	44,868,926	(4,841,378)
External project work in progress		79,549	(79,849)	79,549	(79,849)
<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	327,430
Interest paid		(9,102,858)	(9,479,489)	(8,984,358)	(9,472,398)
Gratuity payment	26	(1,148,803)	(339,875)	(1,148,803)	(339,875)
Income tax paid	7.2	(65,146,287)	(48,872,222)	(65,146,287)	(48,250,538)
<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)	(14,366,885)
Purchases of intangible assets	11	(1,995,610)	(257,867)	(1,526,550)	(113,929)
Proceeds from sales of asset held for sale		4,000,370	-	-	-
Withdrawal of/(Invest in) other financial assets		-	6,123,187	-	6,123,187
Purchase of investment property		-	(339,213)	-	(339,213)
Cost incurred on construction of capital work-in-progress	10	(56,548,316)	(85,868,195)	(55,350,788)	(83,845,265)
<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	3,113,889
Proceeds from lease		8,000,001	-	-	-
Repayment of borrowings	22	(42,787,606)	(37,343,977)	(42,787,606)	(37,343,977)
Payment of principal portion of lease liabilities	23.5	(24,050,328)	(21,132,650)	(9,907,009)	(8,451,573)
Dividends paid to equity holder of the parent		(105,049,952)	(75,390,653)	(105,049,952)	(75,000,000)
<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)	73,729,319
Cash and cash equivalents at 1 January		297,412,092	225,565,220	295,187,729	221,458,410
<b>Cash and cash equivalents at 31 December</b>	<b>18</b>	<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, Ameene 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.

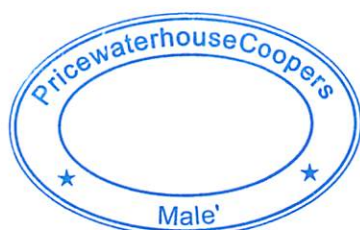
Furthermore, In the going concern assessment the management have taken into consideration the existing and anticipated effects of the Covid-19 outbreak on the entity's business activities. Since the Group has made profit for the past few years, the financial statements are prepared on the going concern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

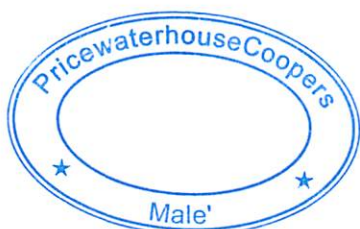
**Accounting under separate financial statement**

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.

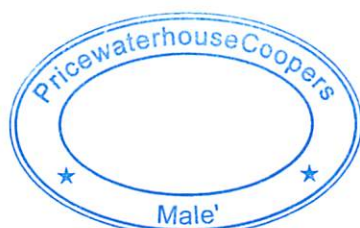
When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives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

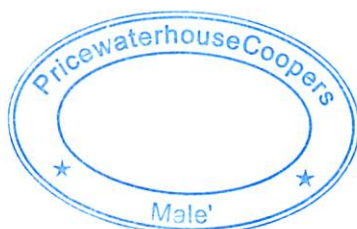
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes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

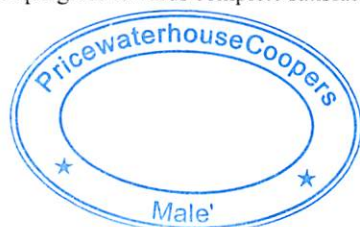
The Group is largely in the business of sale of water, electricity and, Contracting of water and sewerage projects on behalf of the government. Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the 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.

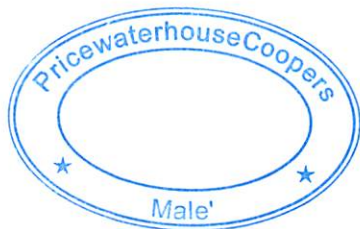
The Company does not have a practice of charging different price depending upon the payment term or there is no cash selling price as a business practice/nature of the business and therefore, there is no significant financing component included in the transaction price mentioned in the agreement.

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.

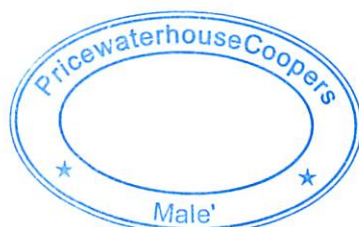
Depreciation is calculated using the straight-line method, over their estimated useful lives or, in the case buildings constructed on leasehold land and improvements made to the leasehold premises, the shorter of lease term as follows:

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)**

**2.5.10 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

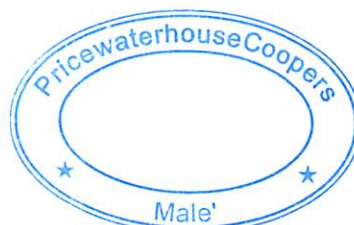
And

- 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2021

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

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

**2.5.10 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:

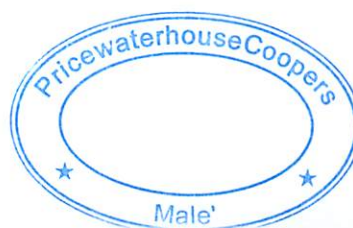
The rights to receive cash flows from the asset have expired

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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2021

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

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

**2.5.10 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**

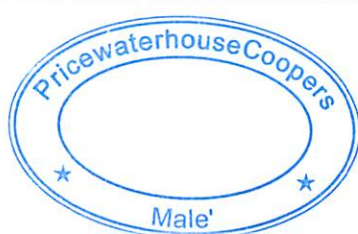
Financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such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

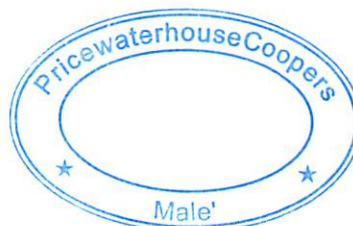
The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit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

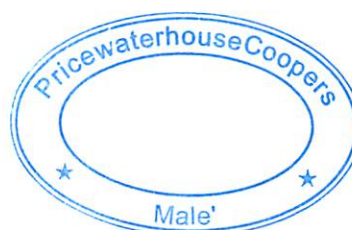
Provision for income tax is based on the elements of income and expenditure as reported in the consolidated financial statements and is computed in accordance with the provisions of the relevant tax statutes.

**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 Dhuvaaafaru 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.

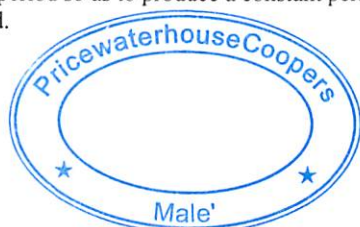
Assets and liabilities arising from a lease are initially measured on a present value basis.

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**

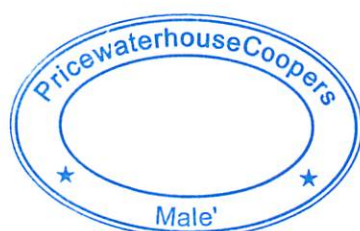
Significant accounting judgements, estimates and assumptions with respect to the recognition of revenue relating to construction revenue stream is explained in Note 2.5.5

**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  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended 31 December 2021

**3 Revenue from contract with customers**

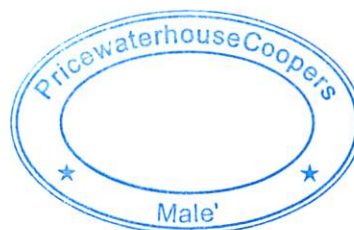
**3.1 Disaggregated revenue information**

Group					
For the year ended 31 December 2021					
Type of goods or services	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	-	-	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>

Group					
For the year ended 31 December 2020					
Type of goods or services	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	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)
- As restated	<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)
- As restated	<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  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year ended 31 December 2021

3 Revenue from contract with customers (continued)

3.1 Disaggregated revenue information (continued)

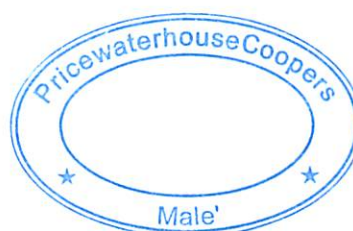
Set out below is the disaggregation of the Group's revenue from contract with customers,

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>

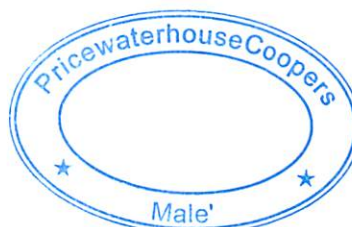
Type of goods or services	COMPANY				
	For the year ended 31 December 2020				
	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	Total MVR
Supply of utilities	754,320,464	-	-	-	754,320,464
Construction revenue	-	104,965,134	-	-	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**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>Year ended 31-12-2021</b>	<b>Year ended 31-12-2020</b>	<b>Year ended 31-12-2021</b>	<b>Year ended 31-12-2020</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
<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
7 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>

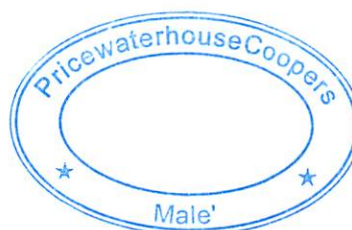
- 7.1 Income tax has been calculated at 15% on the taxable profit for the year ended in accordance with the Income Tax Act No. 25/2019. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December is as follows:

	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>

7.2 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
7.3 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**

	<b>GROUP</b>		<b>COMPANY</b>	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
		(Restated)		(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.

	<b>GROUP</b>		<b>COMPANY</b>	
	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>

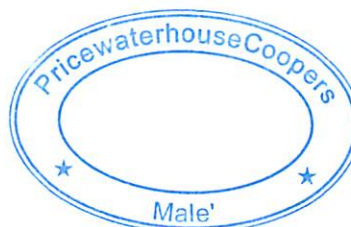
**8.3 Dividends per share**

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**

	<b>Group</b>			
	Balance as at 01.01.2021 MVR	Additions MVR	Transfers MVR	Balance as at 31.12.2021 MVR
	Restated			
Buildings, desalination plant and fuel farm	335,872,046	39,771,923	1,640,967	(13,319,936)
Public rain water and new water supply scheme	200,469,204	20,148,918	-	(1,593,246)
Sewerage system	134,320,879	32,578,495	-	(5,246,037)
Shrink film blowing machine and preform system	136,513,642	70,446,968	-	-
Reverse osmosis (RO) plants, generator, borewell and control pumps	600,724,848	68,172,668	1,027,141	(10,937,741)
Motor vehicles	99,350,237	27,085,978	(784,983)	-
Office and other equipment	77,988,081	8,452,670	(74,481)	(5,154,685)
Furniture and fittings	22,723,287	261,726	-	(3,430,600)
Computer hardware	47,965,929	4,774,299	-	(4,423,983)
Vessels	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>



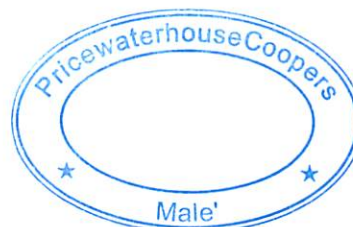
**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

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

<b>9.2 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	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**

	<b>COMPANY</b>				
	<b>Balance as at 01-01-2021 MVR</b>	<b>Additions 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	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)**

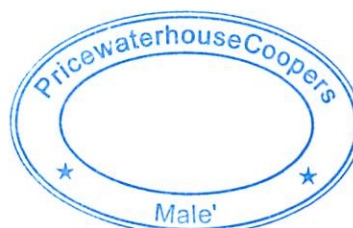
<b>9.4 Accumulated Depreciation</b>	<b>Balance as at 01-01-2021 MVR</b>	<b>Charge for the year MVR</b>	<b>Transfers MVR</b>	<b>Disposal MVR</b>	<b>Balance as at 31-12-2021 MVR</b>
Buildings, desalination plant and fuel farm	92,376,697	12,555,374	(5,131,675)	(13,313,228)	86,487,168
Public rain water and 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>



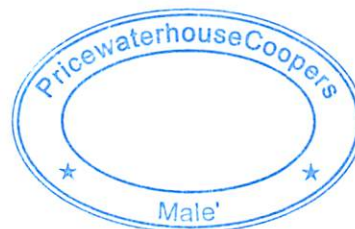
**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**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**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 31-12-2021</b>	<b>As at 31-12-2020</b>	<b>As at 31-12-2021</b>	<b>As at 31-12-2020</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
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
VAE 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

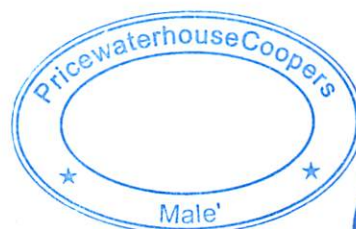
	Bank / Lender	Currency	Facility Amount	NBV as at 31-12-2021 MVR
Water & Sewerage network HM ph2	Mitsubishi HC Capital	USD	3,988,107	87,329,195
				<u>87,329,195</u>

11 Intangible assets

GROUP				
11.1 Gross carrying amount at cost	Balance as at 01-01-2021 MVR	Additions MVR	Disposals MVR	Balance as at 31-12-2021 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>

COMPANY				
11.4 Gross carrying amount Cost	Balance as at 01-01-2021 MVR	Additions MVR	Disposals MVR	Balance as at 31-12-2021 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**

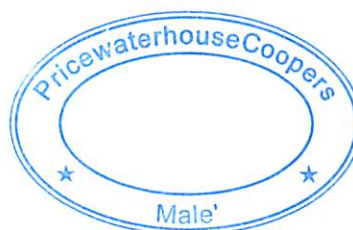
12	Investment in subsidiaries	COMPANY	
		As at	As at
		31-12-2021	31-12-2020
		MVR	MVR
	Island Beverages Maldives Private Limited	7,650,000	7,650,000

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	Investment Property	GROUP/COMPANY			
		Balance as at		Transfer	Balance as at
		01-01-2021	Additions	From PPE	31-12-2021
		MVR	MVR	MVR	MVR
13.1	Gross carrying amount at cost				
	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**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**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

	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>14 Inventories</b>				
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	14,081	93,630	14,081	93,630
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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.

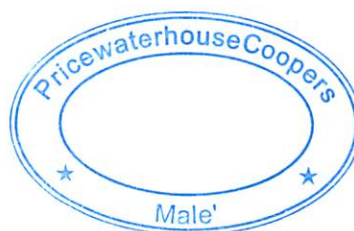
**16.2** Unbilled water consumption includes water consumption as at the end of the reporting period amounting MVR 45,875,899 (2020: MVR 34,296,437) which are not opened for billing cycle.

**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**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**17 Trade and other receivables**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 31-12-2021 MVR</b>	<b>As at 31-12-2020 MVR</b>	<b>As at 31-12-2021 MVR</b>	<b>As at 31-12-2020 MVR</b>
		<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/-).

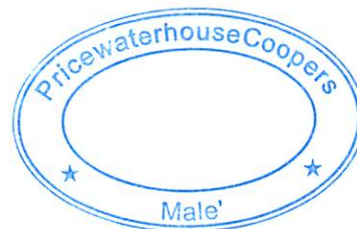
**17.5 Provision for impairment of trade receivable**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 31-12-2021 MVR</b>	<b>As at 31-12-2020 MVR</b>	<b>As at 31-12-2021 MVR</b>	<b>As at 31-12-2020 MVR</b>
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:**

<b>Opening balance</b>	<b>115,865,695</b>	<b>82,309,629</b>	<b>114,092,963</b>	<b>80,758,496</b>
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>

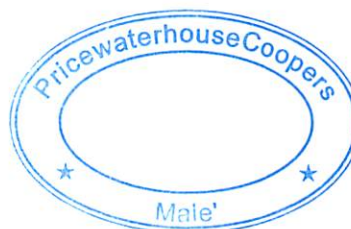
\* See note 33 for details regarding the restatement as a result of an error.





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

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
		162,828,987	297,412,092	159,390,814	295,187,729
19	Share capital	Ordinary shares			
		Number of shares		(MVR)	
	At 1 January 2021	267,000		267,000,000	
	At 31 December 2021	267,000		267,000,000	
	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		
		267,000,000	267,000,000		
20	Share allotment gain				
	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.				
		Consideration paid for shares	Value of shares allotted	Gain	
		MVR	MVR	MVR	
	Government of Maldives	213,603,042	213,600,000	3,042	
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)		
	At 31 December	21,897,542	18,916,630		
22	Interest-bearing loans and borrowings	GROUP/COMPANY			
		As at	As at		
		31-12-2021	31-12-2020		
		MVR	MVR		
	Non- Current:				
	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		
		116,934,471	99,618,486		
	Current :				
	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		
		38,206,416	42,798,006		
	Total borrowings	155,140,886	142,416,492		



**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 01.01.2021 MVR	Loans obtained MVR	Repayment MVR	As at 31-12-2021 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 31-12-2021 MVR	As at 31-12-2020 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 31-12-2021 MVR	As at 31-12-2020 MVR
- at fixed rates	155,140,885	142,416,492

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

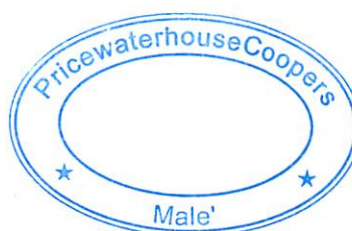
	Carrying Amount		Fair Value	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
HSBC term loan	30,840,000	-	30,840,000	-
Loan from a related party	88,096,552	110,930,047	88,096,552	110,930,047
Mauritius Commercial Bank	-	4,751,777	-	4,751,777
Habib Bank Limited	11,532,334	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 MVR	31-12-2020 MVR
- Expiring within one year	-	-
- Expiring beyond one year	123,360,000	-
	<b>123,360,000</b>	<b>-</b>

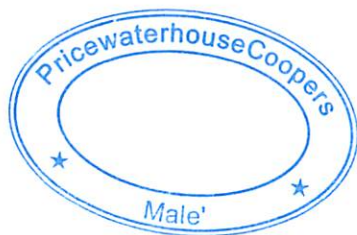


**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**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.

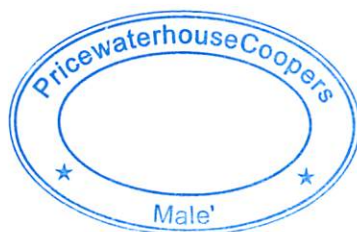


**Male' Water and Sewerage Company Pvt Ltd**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**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 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**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**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.

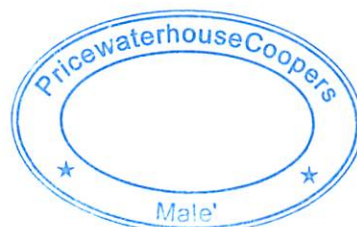
The buildings and certain other fixed assets were erected on land leased to the Company from the Government of Maldives for 20 years in accordance with Clause 17 of the Joint Venture Agreement and the Assets Transfer Agreement dated 30 March 1995 and 9 September 1995 respectively. The leasehold rights 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 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>	16,158,717	112,066,545	19,299,556	147,524,818
<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>	12,987,049	10,856,229	13,596,752	37,440,030
<b>Net book value</b>	3,171,668	101,210,316	5,702,804	110,084,788

<b>23.3 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>	16,158,717	111,994,704	551,795	128,705,216
<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>	12,987,049	10,784,388	63,264	23,834,701
<b>Net book value</b>	3,171,668	101,210,316	488,531	104,870,515

<b>23.4 Assets pledged as security for loans and borrowings</b>				<b>NBV as at 31-12-2021 MVR</b>
	<b>Bank / Lender</b>	<b>Currency</b>	<b>Facility Amount</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**  
**Year ended 31 December 2021**

**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
	MVR	MVR	MVR	MVR
Depreciations charge of Right-of-use-assets				
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**

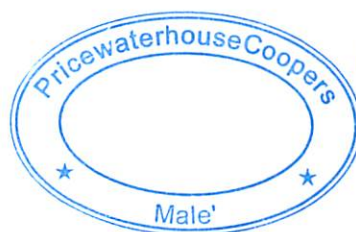
	GROUP		COMPANY	
	As at	As at	As at	As at
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
	MVR	MVR	MVR	MVR
<b>As at 1 January</b>	12,942,568	13,870,852	12,942,568	13,870,852
Released to other income	(928,284)	(928,284)	(928,284)	(928,284)
<b>As at 31 December</b>	<b>12,014,284</b>	<b>12,942,568</b>	<b>12,014,284</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**  
**Year ended 31 December 2021**

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
		Restated		Restated
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:

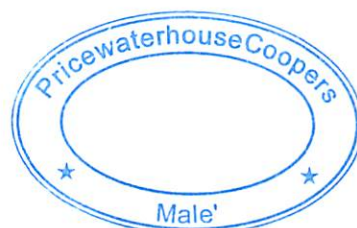
	Group		Company	
	2021	2020	2021	2020
<b>Amount recognised in profit or loss (Note )</b>				
Current service cost	12,357,865	9,959,714	12,357,865	9,959,714
Interest cost	1,928,628	1,611,013	1,928,628	1,611,013
	14,286,493	11,570,727	14,286,493	11,570,727

**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, AAI, 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**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**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:

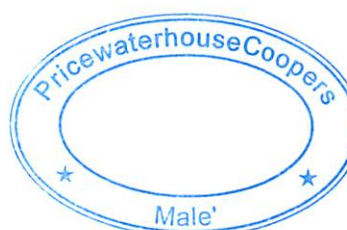
COMPANY
As at
31-12-2021
MVR
16,395,010

Within one year

**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
	MVR	MVR	MVR	MVR
Within one year	4,008,102	15,958,061	925,456	854,606





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

**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
	<u>62,123,071</u>	<u>30,444,510</u>

**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.

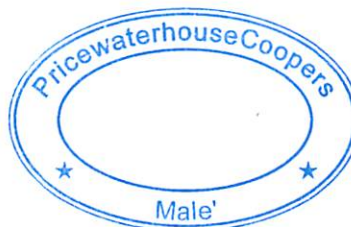
The Group is exposed to foreign currency risk, liquidity risk ,credit risk and interest risk. The Group's senior management oversees the management of these risks and the Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**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)

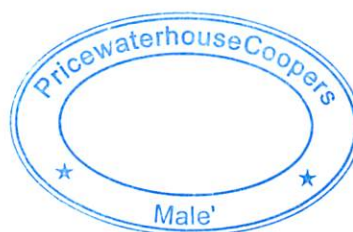
Company	Change in EUR rate	Effect on profit before tax	Effect on pre-tax on equity
2021	- 5 %	(18,666)	(18,666)
	+ 5 %	18,666	18,666
2020	- 5 %	(18,105)	(18,105)
	+ 5 %	18,105	18,105

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**  
**Year ended 31 December 2021**

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

**30.2 Liquidity risk (Continued)**

**Financial risk factors**

	<b>GROUP</b>			
	<b>Carrying amount</b>	<b>Less than 12 months</b>	<b>Between 1 years and 5 years</b>	<b>Above 5 years</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
<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>			
		<b>Less than 12 months</b>	<b>Between 2 years and 5 years</b>	<b>Between 2 years and 5 years</b>
		<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
<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**

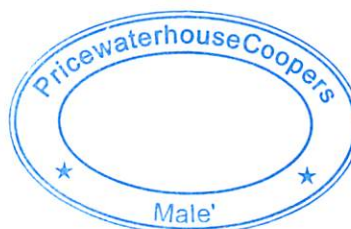
The Financial assets of MWSC mainly comprised of non-interest bearing trade receivables. Hence, simplified approach was followed for calculation of ECL. IFRS 9 allows an entity to use a simplified "provision matrix" for calculating expected losses as a practical expedient (e.g., for trade receivables), 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**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**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.

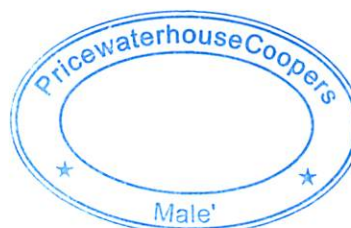
The following table provides information about the Company's exposure to credit risk and ECLs for non-interest bearing trade receivables and contract assets as at 31 December 2021.

	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)**

	Weighted average loss rate	Group	
		Gross carrying amount	Exposure at default (EAD)
		MVR	MVR
<b>As at 31 December 2020</b>			
<b>Trade and related party receivable</b>			
Current	2.84%	958,969	958,969
1-30 days	4.02%	64,742,941	64,742,941
31-60 days	5.87%	58,380,239	58,380,239
61-90 days	9.55%	29,819,860	29,819,860
91-365 days	39.50%	270,793,245	270,793,245
		<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

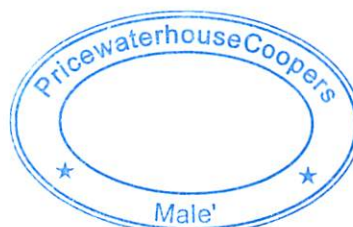
**30.4 Interest rate risk**

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		Carrying Amount		Total
As at 31 December 2021		Financial assets at amortized cost	Financial liabilities at amortized cost	
Note				
<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</b>				
As at 31 December 2020		Carrying Amount		Total
		Financial assets at amortized cost	Financial liabilities at amortized cost	
Note				
<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)**

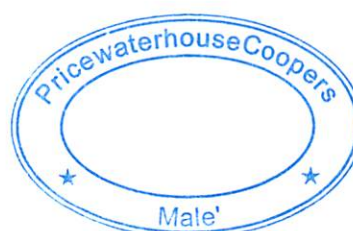
<b>Group</b>		<b>Carrying Amount</b>		
<b>As at 31 December 2020</b>		<b>Financial assets at</b>	<b>Financial</b>	<b>Total</b>
		<b>amortized cost</b>	<b>liabilities at</b>	
<b>Financial liabilities not measured at fair value</b>				
Borrowings	22	-	155,140,886	155,140,886
Contract liabilities	25	-	40,460,560	40,460,560
Trade and other payables	26	-	724,810,620	724,810,620
		-	920,412,066	920,412,066
<b>Company</b>				
<b>As at 31 December 2021</b>		<b>Carrying Amount</b>		
	<b>Note</b>	<b>Financial assets at</b>	<b>Financial</b>	<b>Total</b>
		<b>amortized cost</b>	<b>liabilities at</b>	
			<b>amortized cost</b>	
<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>				
<b>As at 31 December 2020</b>		<b>Carrying Amount</b>		
	<b>Note</b>	<b>Financial assets at</b>	<b>Financial</b>	<b>Total</b>
		<b>amortized cost</b>	<b>liabilities at</b>	
			<b>amortized cost</b>	
<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**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**31 Capital risk management**

The gearing ratios as at 31 December was as follows:

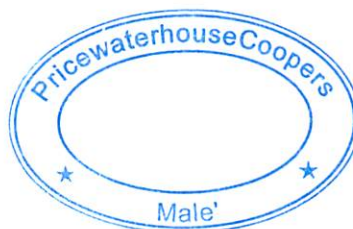
	GROUP		COMPANY	
	As at 31-12-2021 MVR	As at 31-12-2020 MVR	As at 31-12-2021 MVR	As at 31-12-2020 MVR
Total Borrowings (Note 22)	155,140,886	142,416,492	155,140,886	142,416,492
Less: Cash and Cash Equivalents (Note 18)	(162,828,987)	(297,412,092)	(159,390,814)	(295,187,729)
Net debt	(7,688,101)	(154,995,600)	(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	As at 31-12-2020	As at 31-12-2021	As at 31-12-2020
	MVR	MVR	MVR	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	As at 31-12-2020	As at 31-12-2021	As at 31-12-2020
	MVR	MVR	MVR	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>

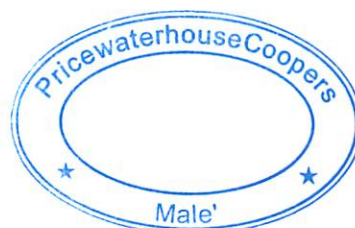
iv) Directors' remuneration

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.

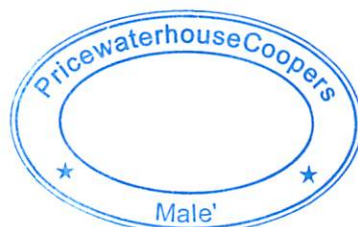
(iv) Similarly correction of error amounting MVR 6,904,693 has been accounted as at 31 December 2020 as a prior year adjustment by restating FY 2020 figures of retirement gratuity obligation, deferred tax asset amounting MVR 1,035,704 and adjusted the closing balance of retained earnings of 2020 by MVR 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**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**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.

