HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2023

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

CONTENTS

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Independent Auditor's Report
To the shareholders of Housing Development Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Housing Development Corporation Limited (the "Corporation"), which comprise the statement of financial position as at 31st December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of material accounting policies and other explanatory information set out in pages 6 to 80.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31st December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants' (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Maldives and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Recognition of Revenue

Refer Note 8 "Revenue" and significant accounting policies in Note 4.17 "Revenue" of the financial statements.

Risk Description	Our Response
The Corporation has recorded a revenue of MVR 6,530,529,191/- for the year ended 31st December 2023. The Corporation's revenue mainly consists of sale of properties and rent income. Revenue Recognition is one of the complex and judgmental area of accounting due to the different revenue schemes which require management to determine the time when the performance obligation is satisfied as per the terms and conditions in the revenue contracts and using management judgments. There is a potential risk that the revenue is subject to overstate. Therefore, the recognition of revenue has been identified as a key audit matter.	Our audit procedures included; - Evaluating the appropriateness of selection and application of accounting treatments based on the requirements of IFRSs, our business understanding and industry practice. - Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls over the revenue recognition. - On a sample basis, inspecting the revenue contracts with customers and identify key terms and conditions, including contract parties, contract price, performance obligation and evaluating whether the revenue recognition is in line with requirements of IFRSs. - Assessing the appropriateness of the Corporation's accounting policies set out in Note 4.17, and adequacy of the disclosures for compliance with the revenue recognition requirements of IFRSs.

2. Valuation of Investment properties

Refer Note 19 "Investment Properties" and significant accounting policies in Note 4.5 "Investment Properties" of the financial statements.

Risk Description	Our Response
The Corporation's Investment Properties are stated at fair value amounting to MVR 23,400,684,192/- as at 31st December 2023 and a fair value gain of MVR 950,924,371/- has been recognized during the year ended 31st December 2023. The fair value of investment properties is determined based on valuations performed by a qualified independent valuer in accordance with recognized industry standards.	Our audit procedures included; - Obtaining an understanding and testing the relevant controls over the investment property process. - Challenging the accuracy, completeness and consistency of the information provided to the external valuers by referring to the property registers. - Assessing the objectivity, independence, competency and capability of the external valuer engaged by the Corporation.

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The valuation is underpinned by a number of estimates and assumptions such as per square price, property yields, rental growth, occupancy and property management costs. A small change in these assumptions could have a significant impact on the fair value and there is an associate potential risk that the fair value can be overstated to meet the expectation of the management. Therefore, the valuation of investment properties has been identified as a key audit matter.	- Discussing with the external valuers to understand and evaluate the key assumptions applied and conclusion made by the external valuer in arriving the fair value of the properties. - Engaging our own internal specialist to assess the reasonability of the valuation technique, estimates and assumptions. - Assessing the adequacy of disclosures made in relation to the fair value of investment properties in the financial statements.

3. Recoverability of Loans and Receivables

Refer Note 23 "Loans and Other Receivables" and significant accounting policies in Note 4.2 and Note 13.1 "Impairment of financial assets" of the financial statements.

Risk Description	**Our Response**
The Corporation has recorded loans and receivables (interest bearing and non-interest bearing) amounting to MVR 9,010,853,681/- as at 31st December 2023 after netting off of provision for impairment amounting to MVR 2,003,139,385/-. Further, the Corporation has recognized impairment and modification loss on financials assets amounting to MVR 1,745,764,740/- for the year ended 31st December 2023. Impairment provision represents the management best estimate of the expected credit loss as at 31st December 2023. In assessing whether the trade receivable balances are recoverable and determining appropriate provision for expected credit loss require significant management judgement. Further, modification loss represents the resulted loss on recalculating the gross carrying amount of loans and receivables. Given the level of subjectivity and level of management judgment involve in determining the provision for impairment we have consider the recoverability of trade receivables as a key audit matter.	Our audit procedures included; - Understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in respect of the valuation of loan and receivables, which included credit control procedures. - Evaluating the appropriateness of the impairment methodology adopted by the Corporation in accordance with IFRS 9. - Challenging the key assumptions and evaluating the reasonableness of the key judgments and methodology used by the management. - Evaluating the completeness, accuracy and relevance of data used in computation of the impairment provision. - Evaluating the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards. - On sample basis recalculated the modification loss computed by the management. - Engaging our own internal specialist to assess the reasonability of the valuation technique, estimates and assumptions.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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 when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of the Boards' 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 auditors' 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.

Ali Muaaz
Audit License No: ICAM -IL-FQ1
For and on behalf of KPMG Maldives
29th May 2025
Male'

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HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER	Note	2023 MVR	2022 MVR
Revenue	8	6,530,529,191	2,268,545,895
Cost of sales	12.1	(2,709,620,676)	(284,378,394)
Gross profit		3,820,908,515	1,984,167,501
Change in fair value of investment property	9	950,924,371	123,487,622
Other income	10	571,598,864	175,876,703
Administrative expenses	12.2	(848,245,029)	(443,341,202)
Maintenance expenses	12.3	(183,735,370)	(132,626,357)
Selling and marketing expenses	12.4	(47,790,551)	(8,499,853)
Impairment and modification loss on financial assets	13.1	(1,745,764,740)	(1,012,014,197)
Provision for impairment of non-financial assets	13.2	(25,903,960)	(456,476,229)
Operating Profit		2,491,992,100	230,573,988
Finance income		691,980,286	539,220,386
Finance costs		(759,343,559)	(404,168,530)
Net finance (costs) / income	11	(67,363,273)	135,051,856
Profit before tax		2,424,628,827	365,625,844
Tax Expense	14	(384,358,554)	(29,882,072)
Profit for the year		2,040,270,273	335,743,772
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at FVOCI - Net change in fair value	21	815,000	1,962,500
Remeasurement of retirement benefit liability	31	(2,390,915)	(1,333,733)
Related tax	14.3	236,387	(195,190)
Total other comprehensive income, net of tax		(1,339,528)	433,577
Total comprehensive income for the year		2,038,930,745	336,177,349
Earnings per share	15	**25.16**	**4.14**

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 10 to 80. The Report of the Independent Auditors is given on pages 1 and 5.

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER

	Note	2023 MVR	2022 MVR
Assets			
Non-current assets			
Property, plant and equipment	17	482,492,210	175,812,062
Intangible assets	18	5,118,162	6,732,501
Investment property	19	23,400,684,192	23,034,953,473
Right-of-use assets	20	1,377,354	637,087
Equity securities - at FVOCI	21	5,250,000	4,435,000
Financial assets at amortised cost	22	-	500,000
Loan and receivables	23	8,216,025,006	7,945,233,977
Deferred tax asset	14.3	241,912,894	142,016,175
Total non-current assets		32,352,859,818	31,310,320,275
Current assets			
Loans and receivables	23	1,857,151,555	1,633,055,243
Amounts in escrow accounts	24	347,072,784	326,515,424
Inventories	25	4,185,904,885	4,580,516,814
Amounts due from related parties	26	3,365,910,668	411,335,291
Financial assets at amortised cost	22	500,000	-
Cash and cash equivalents	27	409,060,151	774,648,209
Total current assets		10,165,600,043	7,726,070,982
Total assets		42,518,459,861	39,036,391,257
Equity and liabilities			
Equity			
Share capital	28	810,849,140	810,849,140
Share premium	28.3	10,525,978,261	10,525,978,261
Advance for share capital	28.5	312,783,365	302,783,365
Fair value reserve		1,948,732	1,255,982
Retained earnings		16,777,868,011	14,882,692,127
Total equity		28,429,427,509	26,523,558,875
Non-current liabilities			
Loans and borrowings	29	8,259,736,031	8,808,535,594
Deferred income	30	79,573,392	85,791,423
Employee benefit obligation	31	11,362,974	7,678,165
Provisions	32.1	659,113,349	367,395,286
Trade and other payables	33.4	525,769,836	297,744,071
Lease liabilities	36.1	16,714,982	863,884
Total non-current liabilities		9,552,270,564	9,568,008,423
Current liabilities			
Bank Overdraft	27	208,466,185	-
Loans and borrowings	29	1,918,852,398	1,872,366,334
Provisions	32.1	6,618,536	-
Income tax liability	14.2	783,465,678	354,780,232
Trade and other payables	33.4	1,394,583,854	636,143,708
Amounts due to related parties	34	224,593,296	81,531,185
Amounts due to a director	35	-	2,500
Lease liabilities	36.1	181,841	-
Total current liabilities		4,536,761,788	2,944,823,959
Total liabilities		14,089,032,352	12,512,832,382
Total equity and liabilities		42,518,459,861	39,036,391,257

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 10 to 80. The Report of the Independent Auditors is given on pages 1 and 5.

These financial statements were approved by the Board of Directors and signed on its behalf by ;

Mr. Mohamed Mauroof Jameel
Managing Director

Mr. Muhammad Visham
Board Director

29th May 2025

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HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER

	Share Capital MVR	Share Premium MVR	Advance for Share Capital MVR	Fair Value Reserve MVR	Retained Earnings MVR	Total MVR
As at 1st January 2022	810,849,140	10,525,978,261	-	(311,268)	15,008,152,817	26,344,668,950
Total comprehensive income for the year						
Profit for the year	-	-	-	-	335,743,772	335,743,772
Other comprehensive income, net of tax	-	-	-	1,567,250	(1,133,673)	433,577
Total comprehensive income for the year	-	-	-	1,567,250	334,610,099	336,177,349
Transactions with equity holders directly recognized in equity						
Dividends declared **(Note 16)**					(460,070,789)	(460,070,789)
Capital contribution during the year **(Note 28.5)**	-	-	302,783,365	-	-	302,783,365
Total transactions with equity holders directly recognized in equity	-	-	302,783,365	-	(460,070,789)	(157,287,424)
Balance as at 31st December 2022	810,849,140	10,525,978,261	302,783,365	1,255,982	14,882,692,127	26,523,558,875
As at 1st January 2023	810,849,140	10,525,978,261	302,783,365	1,255,982	14,882,692,127	26,523,558,875
Total comprehensive income for the period						
Profit for the year	-	-	-	-	2,040,270,273	2,040,270,273
Other comprehensive income, net of tax	-	-	-	692,750	(2,032,278)	(1,339,528)
Total comprehensive income for the period	-	-	-	692,750	2,038,237,995	2,038,930,745
Transactions with equity holders directly recognized in equity						
Dividends declared **(Note 16)**					(143,062,111)	(143,062,111)
Capital contribution during the period **(Note 28.5)**	-	-	10,000,000	-	-	10,000,000
Total transactions with equity holders directly recognized in equity	-	-	10,000,000	-	(143,062,111)	(133,062,111)
Balance as at 31st December 2023	810,849,140	10,525,978,261	312,783,365	1,948,732	16,777,868,011	28,429,427,509

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 10 to 80. The Report of the Independent Auditors is given on pages 1 and 5.

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HOUSING DEVELOPMENT CORPORATION C 79/2008

HOUSING DEVELOPMENT CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2023 MVR	2022 MVR
Cash flows from operating activities			
Profit before tax		2,424,628,827	365,625,844
Adjustments for:			
Interest income	11	(691,980,286)	(539,220,386)
Interest on Loans and Borrowings	29.2	731,317,438	392,419,607
Facility fee amortisation	29.1	20,564,140	11,667,037
Interest on lease liabilities	36	1,551,729	81,886
Depreciation of property, plant and equipment	17	34,535,590	19,855,832
Amortisation of intangible asset	18	1,636,803	1,369,622
Depreciation of right-of-use assets	20	41,911	35,394
Profit on disposal of investment properties	10	(162,258,335)	-
Provision for defined benefit plan	12.5	1,870,150	1,217,632
Provision made for impairment loss on non interest bearing receivables	23.5	313,989,029	115,182,719
Provision made for impairment loss on interest bearing receivables	23.6	286,616,826	526,819,092
Provision made for impairment loss on other receivables	23.7	427,362,925	366,100,488
Gain on fair valuation of investment property	19.9	(950,924,371)	(123,487,622)
Provision for impairment of inventories	25.1	-	17,929,518
Deferred income transferred to income statement during the period	30	(6,218,031)	(5,785,506)
Provision for future development cost	32	298,336,599	(44,191,064)
		2,731,070,945	1,105,620,093
Changes in:			
Inventories		683,142,510	(783,792,730)
Loans and receivables		(1,680,452,190)	(388,506,021)
Escrow account		(20,557,361)	(61,475,766)
Amounts due from related parties		(2,954,575,377)	650,609,648
Amounts due to related parties		-	54,587,858
Trade and other payables		986,463,411	(195,344,368)
Cash (used in) / generated from Operating Activities		(254,908,062)	381,698,713
Interest paid	29	(514,352,170)	(300,306,308)
Employee benefit obligation paid	31	(576,256)	(702,905)
Income tax paid	14.2	(55,333,441)	(153,096,658)
Net cash (used in) / generated from operating activities		(825,169,929)	(72,407,158)
Cash flows from investing activities			
Purchase and construction of property, plant and equipment	17	(57,808,965)	(45,205,954)
Purchase of intangible assets	18	(22,464)	(1,930,428)
Additions to investment property	19	(205,953,713)	(327,175,671)
Interest received		691,959,576	539,178,786
Receipt from investment in Islamic bonds		20,710	41,600
Proceeds from disposal of investment properties		561,593,335	-
Investment made during the period	22	-	76,500,000
Net cash used in investing activities		989,788,479	241,408,333
Cash flows from financing activities			
Loans repayments during the period	29	(1,443,467,268)	(1,537,997,160)
Capital contribution received during the period	28.5	10,000,000	302,783,365
Borrowings during the period	29	700,156,676	1,130,793,290
Loan facility fees paid during the period	29.1	(5,362,201)	(12,315,910)
Net cash used in financing activities		(738,672,793)	(116,736,414)
Net (decrease) / increase in cash and cash equivalents		(574,054,244)	52,264,761
Cash and cash equivalents at the beginning of the year		774,648,210	722,383,448
Cash and cash equivalents at the end of the year	27	200,593,966	774,648,209

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 10 to 80. The Report of the Independent Auditors is given on pages 1 and 5.

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HOUSING DEVELOPMENT CORPORATION

1. REPORTING ENTITY

Housing Development Corporation Limited (the "Corporation") is a Corporation incorporated and domiciled in the Republic of Maldives since 23rd March 2005 as a limited liability Corporation under Presidential Decree No. 2005/37 with its registered office at 3rd Floor, HDC Building, Hulhumale', the Republic of Maldives.

The Government of Maldives holds 100% shares of the Corporation.

The main business activity of the Corporation is to reclaim land of Hulhule - Farukolhufushi Lagoon, Thilafushi and Gulhifalhu to establish infrastructure and to provide residential, commercial and industrial developments for sale or lease.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following: Investment properties - measured at fair value.

Financial assets at fair value through other comprehensive income - measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Maldivian Rufiyaa, which is the Corporation's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest rufiyaa, except for otherwise indicated.

(d) Business Combination

Business combinations between entities under common control are accounted for using pooling of interest method prospectively from the date of combination. Accordingly:

• The assets and liabilities of the combining entities are reflected at their carrying amounts and any adjustment resulting from realignment of accounting policies of the merged entities are recognized directly in equity at the date of merger.

• No new goodwill is recognized as a result of the combination.

Any difference between the consideration and the equity acquired is reflected within equity.

(e) Going Concern Basis of Accounting

The financial statements have been prepared on a going concern basis.

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HOUSING DEVELOPMENT CORPORATION
C-793/2008

2. BASIS OF PREPARATION (CONTINUED)

(f) Use of Estimates and Judgements

In preparing these separate financial statements, management has made judgements and estimates that affect the application of the Corporation's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

A. Judgements

Information about critical judgement in applying accounting policies that has the most significant effect on the amounts recognized in the separate financial statements is included in the respective notes.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31st December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the respective notes.

i. Measurement of fair values

A number of Corporation's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Corporation has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Corporation uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Corporation recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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HOUSING DEVELOPMENT CORPORATION
C-793/2008

3. CHANGES IN MATERIAL ACCOUNTING POLICIES

The Corporation adopted Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1st January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the separate financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the separate financial statements. However, this change had not impact to the Corporation's financial statements for the year ended 31st December 2023.

In addition, a number of new standards are effective from 1st January 2023, but they do not have a material effect on the Corporation's separate financial statements.

4. MATERIAL ACCOUNTING POLICIES

The Corporation has consistently applied the following accounting policies to all accounting periods presented in these separate financial statements, except disclosed in the Note 3.

4.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated to Maldivian Rufiyaa at the foreign exchange rate ruling as at that date. Foreign exchange differences arising on translations are recognized in the profit or loss. Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.

4.2 Financial instruments

Financial assets (non-derivative)

(i) Classification

The Corporation classifies its financial assets in the following measurement categories:

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

The classification depends on the Corporation's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Corporation has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Corporation reclassifies debt investments when and only when its business model for managing those assets changes.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Financial instruments

Financial assets (non-derivative) (Continued)

(ii) Recognition and derecognition

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

(iii) Measurement

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

a) Debt instruments

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

▪ **Amortised cost**:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

▪ **Fair Value through Other Comprehensive Income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Financial instruments (non-derivative) (Continued)

b) Equity instrument

The Corporation subsequently measures all equity investments at fair value. Where the Corporation's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognized in profit or loss as other income when the Corporation's right to receive payments is established.

(iv) Impairment

The Corporation assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Corporation applies the simplified and general approaches permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 4.1.3 for further details.

(b) Financial liabilities (non-derivative)

The Corporation initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Corporation has non-derivative financial liabilities such as trade and other payables, amount due to related parties and borrowings. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(c) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Property, Plant and Equipment

(i) Recognition and Measurement

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

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

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

(ii) Subsequent Costs

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

(iii) Depreciation

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

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

Freehold buildings & improvements	20 Years
Furniture and fittings and other equipment	7 Years
Computers and office equipment	4 Years
Vehicles and boats	4 Years
Plant and machinery	10 Years

Depreciation methods and useful lives are reviewed at each financial year end and adjusted if appropriate. The charge for the depreciation commences from the month in which the Property, Plant and equipment are available for use.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Property, Plant and Equipment

(iv) Transfer to Investment Properties

When transferring the Property, Plant and Equipment to Investment Property, immediately before the transfer, the Corporation remeasure the property to fair value and recognize the gain in OCI. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date.

v) Capital Work in Progress

Capital work in progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects. Capital work in progress is not depreciated until its completion of construction and the asset is available for use upon which the projects of completed construction works is transferred to appropriate category of property, plant and equipment.

4.4 Intangible Assets

An intangible asset is an identifiable asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Details of intangible assets are given in Note 18 to the financial statements.

(i) Recognition and Measurement

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

(ii) Subsequent Expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

(iii) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected patterns of consumption of the future economic benefits embodied in the assets.

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

Computer software	Over 5 Years

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

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.5 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently measured at fair value or cost model. Changes in fair values are presented in profit and loss as part of other income.

Investment properties measured under the cost model are measured at cost less accumulated depreciation and impairment losses. Depreciation on investment properties is recognized on a straight-line basis over the following estimated useful lives.

Buildings - Over the lease period

Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the item and is recognized in profit or loss.

In respect of the investment property under construction, the Corporation measures the work in progress at cost until the earlier of the date on which the fair value of the property can be measured reliably or the date on which the construction is completed.

Transfer to Property, Plant and Equipment

When transferring the Investment Property to Property, Plant and Equipment, immediately before the transfer, the Corporation remeasure the property to fair value and recognize the gain in OCI. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date.

4.6 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In the case of construction work-in-progress cost includes all expenditure related directly to specific projects.

Transfer to Investment Properties

When transferring the inventory to Investment Property, because it is no longer for the purpose of selling the building and it is decided that the building would be leased to a third party, immediately before the transfer, the Corporation remeasure the property to fair value and recognize the gain in Profit or Loss. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.8 Loans and Other Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance.

4.9 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

4.10 Employee Benefits

(a) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which Corporation makes a fixed contribution. The Corporation pays 7% fixed contributions to employee pension fund and 3% fixed contribution to employee provident fund. Contributions are made for all Maldivian staff members on their last agreed basic salary.The obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss when they are due.

(b) Defined Benefit Plans

The liability or asset recognized in the balance sheet 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 actuary 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 Government treasury bonds, as there is no deep high-quality corporate bond market in Maldives. 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 recognized in the period in which they occur, directly in other comprehensive income.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Employee Benefits (Continued)

(b) Defined Benefit Plans (Continued)

They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

(c) Short-term benefits

Short-term employee benefit obligations of the Corporation are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.11 Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4.12 Deferred income

The deferred income is recognized for the future loan recovery cost in relation to properties sold under instalment basis and future maintenance chargers of properties sold. The deferred income is recognized to the profit or loss over the settlement period.

4.13 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalization commences when:

(1) the Corporation incurs expenditures for the asset.

(2) the Corporation incurs borrowing costs; and

(3) the Corporation undertakes activities that are necessary to prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs such as facility fees that an entity incurs in connection with the borrowing of funds. The interest capitalised is calculated using the Corporation's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Borrowing costs (Continued)

Interest is capitalised from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

4.14 Interest – bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

4.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Corporation prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

4.16 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

4.17 Revenue

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

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

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.17 Revenue (Continued)

(a) Sale of land and developed properties.

The sale of land and property constitutes a single performance obligation, and the Corporation has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

(b) Sale of development and sale rights

The performance obligation is satisfied when the control of the properties are transferred. Effectively the control gets transferred when;

- the risk and rewards of ownership of land gets transferred in favor of the developer;
- the Corporation has right to payment of the price of the land;
- the possession of land transferred from the Corporation to developer and
- Developer has accepted the land.

The Corporation has determined that it generally does not meet the criteria to recognise revenue over time. In these cases, revenue is recognized at a point in time when developer completes minimum 20% of the development as that indicates the collectability of the sales proceeds.

(c) Provision of services

Income from provision of services are recognized in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. In respect of the amounts collected for the future services, deferred income would be initially recognized and the revenue would be recognized over the period of service performed.

The nature and timing of the satisfaction of performance obligation were not significantly affected to the Corporation compared with previous accounting standards.

(d) Interest income

Interest income on interest bearing receivables, Islamic bonds and bank deposits are recognized on a time-proportion basis using the effective interest method.

(e) Rental Income

The Corporation earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.18 Operating expenses

All operating expenses incurred in the running of the Corporation and in maintaining the capital assets in a state of efficiency has been charged to the profits or loss for the year. Expenses incurred for the purpose of acquiring, expending 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 Corporation have been treated as capital expenses.

4.19 Finance income and Finance Costs

Finance income comprises interest income on funds invested and trade receivables. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance cost comprises interest expense on borrowings, LC Usance charges and exchange loss. Borrowings costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

4.20 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss. The Corporation has determined that interest and penalties, related to income taxes including uncertain tax treatments do not meet the definition of income taxes, and therefore accounted for them under IAS 37 provisions.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax assets are recognized for temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.21 Government grants

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.22 Leases

Government grants relating to costs are deferred and recognized at inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a Lessee

At commencement or on modification of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Corporation has elected not to separate non-lease components and account for the lease and non- lease components as a single lease component. The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Corporation by the end of the lease term or the cost of the right-of-use asset reflects that the Corporation will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. The Corporation determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in- substance fixed payments.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.22 Leases (Continued)

(i) As a Lessee (Continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Corporation presents the right-of-use assets and the lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Corporation has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Corporation recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) As a Lessor

At inception or on modification of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Corporation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not. Then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Corporation is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Corporation applies the exemption described above. Then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Corporation applies IFRS 15 to allocate the consideration in the contract. The Corporation applies the de-recognition and impairment requirements in IFRS 9 to the net investment in the lease. The Corporation further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Corporation recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as the 'revenue'. Generally, the accounting policies applicable to the Corporation as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

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5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1st January 2023 and earlier application is permitted; however, the Corporation has not early adopted the new or amended standards in preparing these separate financial statements. The following amended standards and interpretations are not expected to have a significant Impact on the Corporation's separate financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Supplier Finance Arrangements (Amendments to IAS 7and IFRS 7)
- Lease Liability in a Sale and Lease back (Amendments to IFRS 16)
- Lack of Exchangeability (Amendments to IAS 21)

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6 Financial Risk Management

6.1 Financial Risk Factors

6.1.1 Overview

The Corporation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital.

6.1.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework.

6.1.3 Credit risk - interest bearing receivables

Credit risk arises from cash and cash equivalents and contractual cash flows of deposits with banks and financial institutions, as well as credit exposures to ordinary customers, including outstanding receivables.

The estimation of credit exposure for risk management purpose is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of interest bearing receivables entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. Corporation measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

6.1.3.1 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on change in credit quality since initial recognition as summarised below:

• A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by Corporation.

• If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 6.1.3 (a) for a description of how Corporation determines when a significant increase in credit risk has occurred.

• If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 6.1.3 (b) description of how Corporation defines credit-impaired and default.

6 Financial Risk Management

6.1 Financial risk factors (Continued)

6.1.3 Credit risk - interest bearing receivables Continued)

6.1.3.1 Expected credit loss measurement (Continued)

• Financial instruments in stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 6.1.3 (c) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

• A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 6.1.3 (d) includes an explanation of how Corporation has incorporated this in its ECL models.

Further explanation is also provided of how Corporation determines appropriate grouping when ECL is measured on a collective basis (refer note 6.1.3 (e)).

The following diagram summarises the impairment requirements under IFRS 9:

Change in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
Initial recognition	Significant increase in credit risk since the initial recognition	credit impaired assets
12 months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by Corporation in addressing the requirements of the standard are discussed below:

(a) Significant increase in credit risk

Corporation considers loans and receivables have experienced significant increase in credit risk when the arrears are past due for more than 30 days.

(b) Definition of default and credit-impaired assets

Corporation defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired when the borrower is more than 90 days past due states on its contractual payments.

The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout Corporation's expected loss calculations.

90 days default presumption is not rebutted considering historical behaviour.

6 Financial Risk Management

6.1 Financial risk factors

6.1.3 Credit risk - interest bearing receivables (continued)

6.1.3.1 Expected credit loss measurement (Continued)

(c) Measuring the ECL - explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since the initial recognition on whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 MN PD), or over the remaining lifetime (Life time PD) of the obligation. PIT PD (Point-in-time Probability of Default) is calculated using net flow approach for each product portfolio.

EAD is based on the amounts Corporation expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

LGDs are determined based on the factors which impact the recoveries made post default. LGD is computed based on the projected collateral values, historical discounts to market/ book values to forced sales, time to repossession and recovery cost observed. When arriving the present value of cash flows after default, Corporation applies 30% haircut to the market value of the collateral to estimate force sale values for the facilities. Force sales values are then deducted from EAD to arrive LGD.

The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by the product type. For amortising loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. Refer note 4.2 for an explanation of forward-looking information and its inclusion in ECL calculations.

6 Financial Risk Management

6.1 Financial risk factors

6.1.3 Credit risk - interest bearing receivables (continued)

6.1.3.1 Expected credit loss measurement (Continued)

(d) Forward looking information incorporated in ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Corporation has identified the GDP rate of Maldives is to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in the GDP. Forecasted GDP growth rates obtained from the IMF.

Economic variable assumptions

Forecasted GDP growth rates

The forecasted real GDP growth considered to determine the weightages along with weightages for each stage are as follows :

	2024 MVR	2025 MVR
GDP (millions)	94,076	100,191

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Corporation considers these forecasts to represent its best estimate of the possible outcomes.

Other forward-looking considerations not otherwise incorporated, such as the impact of any regulatory or legislative, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on an annual basis.

Sensitivity analysis

Set out below are the changes to the ECL as at 31st December 2023 that would result from reasonably possible changes in the parameter from the actual assumption used in Corporation's economic variable assumption.

		GDP	
	-1% **MVR**	**No change** **MVR**	**+1%** **MVR**
Loss allowance as at 31st December 2023	1,243,619,719	1,243,366,405	1,242,586,190

(e) Grouping of instruments for losses measured on a collective basis

For expected credit losses provision modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within the group are homogeneous.

6 Financial Risk Management

6.1 Financial risk factors

6.1.3 Credit risk - interest bearing receivables (continued)

6.1.3.2 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

-Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;

-Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

-Impacts on the measurement of ECL due to changes made to models and assumptions;

-Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;

-Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following table explain the changes in the loss allowance between the beginning and end of the annual period due to these factors:

Interest bearing receivables	Stage 1 12-month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total
	MVR	MVR	MVR	MVR
Loss allowance as at 1st January	20,196,270	63,091,446	822,131,452	905,419,168
Transfers:				
Transfer from Stage 1 to Stage 2	(1,611,793)	49,584,189	-	47,972,396
Transfer from Stage 1 to Stage 3	(9,853,625)	-	296,856,128	287,002,503
Transfer from Stage 2 to Stage 1	6,625,897	(18,650,149)	-	(12,024,252)
Transfers from stage 2 to stage 3	-	(39,597,187)	103,210,812	63,613,625
Transfer from Stage 3 to Stage 1	16,319,432	-	(119,837,852)	(103,518,420)
Transfer from stage 3 to stage 2		26,439,941	(22,844,860)	3,595,081
Financial assets settled during the year	(2,672)		(2,582,559)	(2,585,230)
Movement within the stage	33,419,520	10,045,542	(81,559,529)	(38,141,121)
New financial assets originated	11,789,733	80,242,924		92,032,657
Loss allowance at 31st December 2023	76,882,761	171,156,705	995,373,593	1,243,366,405

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HOUSING DEVELOPMENT CORPORATION

6 Financial Risk Management

6.1 Financial risk factors

6.1.3 Credit risk - interest bearing receivables (Continued)

6.1.3.2 Loss allowance (Continued)

The unwind of interest on Stage 3 financial assets is reported within 'Interest income', so that interest income is recognised on the amortised cost (after deducting the ECL allowance).

Significant changes in gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

Although the interest bearing receivables settled during the period reduced, the gross carrying amount of the receivable booked has increased by 10%, there was an increase in loss allowance amounting to MVR 337,947,237/-

The following table further explains changes in the gross carrying amount of the mortgage portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Interest bearing receivables	Stage 1 12-month ECL MVR	Stage 2 Life time ECL MVR	Stage 3 Life time ECL MVR	Total MVR
Gross carrying amount as at 1 January 2023	3,889,917,725	944,325,942	3,752,197,605	8,586,441,272
Transfers:				
Transfer from Stage 1 to Stage 2	(351,443,160)	269,279,003	-	(82,164,158)
Transfer from Stage 1 to Stage 3	(607,622,761)	-	484,393,313	(123,229,448)
Transfer from Stage 2 to Stage 3	-	(608,995,120)	502,073,034	(106,922,087)
Transfer from Stage 2 to Stage 1	139,990,796	(137,117,674)	-	2,873,121
Transfer from Stage 3 to Stage 2	-	32,640,045	(38,169,573)	(5,529,528)
Transfer from Stage 3 to Stage 1	88,697,117	-	(151,560,412)	(62,863,295)
New financial assets originated	875,431,200	1,253,983,521	95,342,735	2,224,757,456
Movement within the stage	(641,117,871)	(26,984,072)	(360,207,848)	(1,028,309,790)
Gross carrying amount as at 31 December 2023	3,393,853,046	1,727,131,644	4,284,068,855	9,405,053,544

6.1.3.3 Write-off policy

Corporation writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Corporation's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

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6 Financial Risk Management

6.1 Financial risk factors

6.1.3 Credit risk - interest bearing receivables (Continued)

6.1.3.4 Modification of financial assets

Corporation sometimes modifies the terms of loans provided to customers due to commercial renegotiations with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. Corporation monitors the subsequent performance of modified assets. Corporation may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). There were no modifications during the year.

6.1.3.5 Risk limit control and mitigation policies

The Corporation manages, limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups. The Corporation structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one customer, or groups of customers. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Corporation employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for the receivables, which is a common practice. The Corporation implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral type for receivables is mortgage over housing unit that is financed by the Corporation.

The Corporation's policy is to sell the repossessed assets at the earliest possible opportunity and the Corporation's policies regarding obtaining collateral have not significantly changed during the reporting period. There has been no significant change in the overall quality of the collateral held by the Corporation since the prior period.

The Corporation closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Corporation will take possession of collateral to mitigate potential credit losses.

6 Financial Risk Management

6.1 Financial risk factors

6.1.3 Credit risk - interest bearing receivables (Continued)

Collateral information

As of 31st December 2023	Interest bearing receivables (MVR)
Receivables collaterised by:	
- house property	9,405,053,544
Total	9,405,053,544

As of 31st December 2022	
Receivables collaterised by:	
- house property	8,586,441,272
Total	8,586,441,272

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (over-collateralised assets) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The effect of collateral is as follows:

	Over-collateralised assets		**Under-collateralised assets**	
As of 31st December 2023	Carrying value of the assets (MVR)	Fair value of collateral (MVR)	Carrying value of the assets (MVR)	Fair value of collateral (MVR)
Customer loans	1,325,753,758	3,547,966,374	8,088,390,074	7,949,824,390
Total loans and advances	**1,325,753,758**	**3,547,966,374**	**8,088,390,074**	**7,949,824,390**

	Over-collateralised assets		**Under-collateralised assets**	
As of 31st December 2022	Carrying value of the assets (MVR)	Fair value of collateral (MVR)	Carrying value of the assets (MVR)	Fair value of collateral (MVR)
Customer loans	1,291,558,351	3,177,446,250	7,294,882,921	6,938,325,320
Total loans and advances	**1,291,558,351**	**3,177,446,250**	**7,294,882,921**	**6,938,325,320**

4.1.3.6 Interest bearing receivables

Interest bearing receivables are summarised as follows:

	2023 MVR	2022 MVR
Neither past due nor impaired (less than 30 days)	4,736,588,372	3,778,875,899
Past due but not impaired (30-60 days)	245,116,632	529,646,181
Past due but not impaired (60-90 days)	175,232,957	409,344,730
Impaired (more than 90 days)	4,248,115,583	3,868,574,462
Gross interest bearing receivables	9,405,053,544	8,586,441,272
Less: allowance for impairment	(1,243,366,406)	(905,419,169)
Net interest bearing receivables	**8,161,687,138**	**7,681,022,103**

Further information of the impairment allowance for loans and advances to customers are provided in Note 23.

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6 Financial Risk Management

6.1 Financial risk factors

6.1.3 Credit risk - interest bearing receivables (continued)

(a) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

(b) Loans and advances impaired

The impaired receivables from customers is MVR 1,243,413,060 (as compared to on 31 December 2022 when impaired receivables were MVR 905,419,168).

The Corporation applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for non-interest bearing trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 48 months before 1 January 2019, 36 months before 1 January 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation has identified the GDP and Inflation of Maldives to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

On that basis, the loss allowance as at 31 December 2023 was determined as follows for non-interest bearing receivables.

Lease, development sale right receivables together :

At 31 December 2023 -	PIT PD	LGD	Trade receivable - net of security deposit (MVR)	Loss allowance (MVR)
Current	34%	65%	73,481,254	8,892,199
More than 30 days past due	44%	65%	39,470,306	7,377,971
More than 60 days past due	57%	65%	31,612,258	9,100,253
More than 90 days past due	91%	65%	1,120,315,725	734,402,555
Total			1,264,879,543	759,772,978

At 31 December 2022 - Lease receivable	PD	LGD	Trade receivable - net of security deposit (MVR)	Loss allowance (MVR)
Current	44%	90%	21,348,860	8,385,448
More than 30 days past due	56%	90%	13,734,132	6,883,594
More than 60 days past due	64%	90%	13,213,859	7,568,879
More than 90 days past due	100%	90%	485,257,177	435,821,723
Total			533,554,028	458,659,644

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6 Financial Risk Management

6.1 Financial risk factors

6.1.3 Credit risk - Non Interest bearing receivables (continued)

The closing loss allowances for the non-interest bearing receivables as at 31 December 2023 reconciles to the opening loss allowances as follows:

	31/12/2023 MVR	31/12/2022 MVR
At 1 January 2023	458,659,644	364,526,767
Provision writeoff during the year	(12,875,703)	(21,049,833)
Increase in loss allowance recognised in profit or loss during the year	313,989,029	115,182,719
At 31 December 2023	759,772,970	458,659,653

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a member to engage in a repayment plan with the Corporation, and failure to make contractual payments for a period of greater than 730 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

6.1.4 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The following are the contractual maturities of financial liabilities as at the year end.

31 December 2023	Carrying Amount MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial liabilities (non- derivative)					
Trade and other payables	1,920,353,690	1,394,583,854	125,854,841	236,252,302	163,662,693
Amounts due to related parties	224,593,296	143,062,111	66,078,489	15,452,696	-
Loans and borrowings	10,221,012,827	1,934,014,344	1,148,495,910	3,089,334,778	4,049,167,795
Total	**12,365,959,813**	**3,471,660,309**	**1,340,429,240**	**3,341,039,776**	**4,212,830,488**

31 December 2022	Carrying Amount MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial liabilities (non- derivative)					
Trade and other payables	933,887,779	636,143,708	173,269,481	18,310,248	106,164,342
Amounts due to related parties	81,531,185	81,531,185	-	-	-
Loans and borrowings	10,739,334,072	1,891,364,359	1,106,095,078	2,994,118,071	4,747,756,564
Total	**11,754,753,036**	**2,609,039,252**	**1,279,364,559**	**3,012,428,319**	**4,853,920,906**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

6 Financial Risk Management

6.1 Financial risk factors

6.1.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Interest rate risk

Profile

At the reporting date, the interest rate profile of the Corporation's interest - bearing financial instrument was:

	Carrying amount	
	2023	2022
Variable rate instruments	MVR	MVR
Financial liabilities - loans and borrowings	7,524,689,581	8,329,808,422
Financial assets - investment in Islamic bonds	500,000	500,000
Fixed rate instruments		
Financial liabilities - loans and borrowings	2,696,323,246	2,409,525,651
Financial assets - trade and other receivables	9,405,053,544	8,586,441,272
Financial assets - short term deposits	-	-
	9,405,053,544	8,586,441,272

Sensitivity analysis

A change of 100 basis point in interest rates at the reporting date would have increased / (decreased) profit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Increase/ (decrease) in basis points	Effect on profit or loss MVR
2023		
Variable rate instruments	+100	(78,314,368)
	-100	78,314,368
2022		
Variable rate instruments	+100	(83,603,559)
	-100	83,603,559

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6 Financial Risk Management

6.1 Financial risk factors

6.1.5 Market risk (Continued)

(b) Currency Risk

Exposure to currency risk

The Corporation's exposure to foreign currency risk is as follows based on the year end outstanding balance:

	2023 US$	2022 US$
Cash and cash equivalents	4,651,986	850,213
Trade and other receivables	47,103,018	40,313,367
Loan and borrowings	(495,551,566)	(546,522,868)
Trade and other payables	(25,453,982)	(25,212,557)
Gross statement of financial position exposure	**(469,250,544)**	**(530,571,845)**

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2023	**2022**	**2023**	**2022**
US$ 1: MVR	15.42	15.42	15.42	15.42

Sensitivity analysis

A strengthening / (weakening) of the MVR, as indicated below, against the foreign currencies as at the end of each period would have increased / (decreased) profit or loss by the amounts shown below.

	2023		2022	
	Strengthening MVR	**Weakening MVR**	**Strengthening MVR**	**Weakening MVR**
US$ (1% Movement)	72,358,434	(72,358,434)	(81,814,179)	81,814,179

6.2 Capital risk management

The Corporation's objectives, when managing capital, are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for members and to maintain an optimal capital structure to reduce the cost of capital.

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

The Corporation 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 borrowings and trade and other payables, as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the statement of financial position, plus net debt.

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6 Financial Risk Management

6.2 Capital risk management (Continued)

The gearing ratios at 31 December 2023 and 31 December 2022 were as follows:

	2023 MVR	2022 MVR
Total borrowings **(Note 26)**	10,221,012,827	10,739,334,072
Trade and other payables **(Note 30)**	1,920,353,690	933,887,779
Less: Cash and cash equivalents **(Note 24)**	(409,060,151)	(774,648,209)
Net debt	11,732,306,366	10,898,573,642
Total equity	28,429,427,509	26,523,558,875
Total capital	40,161,733,875	37,422,132,517
Gearing ratio	29.2%	29.1%

7 Determination of fair values

A number of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to

Measurement of fair values

The Corporation has an established control framework with respect to the measurement of fair values. When measuring the fair value of an asset or a liability, the Corporation uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Financial assets at fair value through other comprehensive income

The fair value of equity securities is determined by reference to their quoted closing bid price at the

(ii) Investment properties

The fair value of investment properties are determined by using significant unobservable inputs (level 3). Refer Note 19 for further disclosures.

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8 Revenue

8.1 Revenue by nature

	2023 MVR	2022 MVR
Revenue with contracts with customers		
Sales of land and developed properties	5,895,056,530	1,436,183,898
Sale of development and sale rights	57,188,355	337,988,653
	5,952,244,885	1,774,172,551
Rental income	578,284,306	494,373,344
	6,530,529,191	2,268,545,895

8.2 Timing of revenue recognition

Revenue recognised at a point in time	6,530,529,191	2,268,545,895
Revenue recognised over time	-	-
	6,530,529,191	2,268,545,895

9 Fair value gain

	2023 MVR	2022 MVR
Fair value gain on investment property **(Note 19)**	950,924,371	123,487,622
	950,924,371	123,487,622

10 Other income

	2023 MVR	2022 MVR
Maintenance income	81,751,791	63,728,785
Income from acquisition fees **(Note 10.1)**	217,705,546	23,685,927
Profit from sale of investment properties	162,258,335	-
Miscellaneous income	109,883,192	88,461,991
	571,598,864	175,876,703

10.1 Income from acqusition fees represent the fees related to sale and lease of sale & development right.

11 Net finance (costs) / income

	2023 MVR	2022 MVR
Finance income		
Interest income on loans and receivables	691,877,611	533,845,767
Interest income on fixed deposits	81,965	5,333,019
Interest income on investment in Islamic bonds	20,710	41,600
	691,980,286	539,220,386
Finance costs		
Loan facility fees **(Note 29.1)**	(20,564,140)	(11,667,037)
Finance cost on Islamic finance facilities **(Note 29.2)**	(4,018,610)	(550,003)
Interest expense on loans and Borrowings **(Note 29.2)**	(727,298,828)	(391,869,604)
Interest expense on bank overdraft	(5,910,252)	-
Interest expense on lease liabilities **(Note 36)**	(1,551,729)	(81,886)
	(759,343,559)	(404,168,530)
Net finance (costs) / income	(67,363,273)	135,051,856

12 Expenses by nature

12.1 Cost of sales

	2023 MVR	2022 MVR
Cost of sales - buildings	1,668,106,981	132,680,130
Cost of sales - lands	743,177,096	85,502,969
Provision for future development costs - Buildings **(Note 32)**	6,618,536	-
Provision for future development costs - Lands **(Note 32)**	291,718,063	66,195,295
	2,709,620,676	284,378,394

FOR THE YEAR ENDED 31ST DECEMBER 2023

12 Expenses by nature (continued)

12.2 Administrative expenses

	2023 MVR	2022 MVR
Personnel costs **(Note 12.5)**	455,921,662	323,917,011
Others general and administrative expenses	71,841,074	46,822,114
Fine charges **(Note 12.2.1)**	137,759,940	-
Penalty waiver for customers **(Note 12.2.2)**	76,295,614	-
Professional and consultancy expenses	24,030,827	16,210,429
Depreciation and amortization	36,214,305	21,260,848
Bank fees and charges	20,238,125	12,215,913
Board directors' remuneration and fees **(Note 41.1)**	2,659,229	3,199,657
Supplies, requisites, tools & consumables	9,913,465	2,932,101
Trainings	3,655,000	5,259,875
CSR expenses	4,713,780	10,430,956
Travelling expenses	3,150,842	1,092,298
Rent and hiring expenses	1,851,166	-
	848,245,029	443,341,202

12.2.1 The fine charges represent the claims made by contractor for changes made to the scope of the water supply, firefighting system, and prolongation cost claimed due to inclusion of commercial and parking area for the Vinares housing project scope.

12.2.2 During the year ended 31st December 2023, the board of directors of the Corporation decided to waive off all penalty charges accumulated up to 31st December 2023 on the overdue amounts of social housing customers.

12.3 Maintenance expenses

	2023 MVR	2022 MVR
Building maintenance expense	40,241,548	48,446,153
General maintenance expense	103,867,498	39,457,117
Public area maintenance expense	24,135,136	33,352,616
Vehicle and equipment running expenses	12,943,863	9,294,329
Landscaping expenses	2,547,325	2,076,142
	183,735,370	132,626,357

12.4 Selling and marketing expenses

	2023 MVR	2022 MVR
Advertisement expenses	9,621,751	7,143,924
Meeting and ceremonial expenses	2,386,672	1,112,375
Promotional expenses	35,782,128	193,554
Provision for Sealife customers	-	50,000
	47,790,551	8,499,853

12.5 Personnel costs

	2023 MVR	2022 MVR
Salaries and wages	137,611,273	96,861,361
Allowances and bonus	293,143,680	211,306,182
Contribution for pension fund	8,265,086	5,820,650
Medical expenses	3,058,288	2,809,358
Staff welfare and others	8,095,611	4,132,301
Travelling and visa	3,877,574	1,769,527
Interest and current service cost on employment benefit plan **(Note 31)**	1,870,150	1,217,632
	455,921,662	323,917,011

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13 Impairment

13.1 Impairment and Modification Loss on financial assets

	2023 MVR	2022 MVR
Loss arising from modification of financial assets **(Note 13.1.1)**	727,509,152	-
Impairment loss on interest bearing receivables **(Note 23.6)**	286,616,826	526,819,092
Impairment loss on non-interest bearing receivables **(Note 23.5)**	313,989,029	115,182,719
Net Impairment loss on other receivables **(Note 23.7)**	415,968,731	366,100,488
Impairment loss on amounts due from related parties **(Note 26.1)**	1,681,002	3,911,898
	1,745,764,740	1,012,014,197

13.1.1 As disclosed in Note 23, the interest bearing receivables comprise of loan receivable from Hiya flats customers. During the year ended 31st December 2023, the Government of Maldives has announced an extension of loan period for another 2 years resulting a deferment of MVR 2,200/- from the monthly installment of the customer starting from 1st May 2023. The Government of Maldives has taken another decision of granting a discount of MVR 200,000/- to the Hiya customers from the sale value with a revised payment plan, which will be compensated to HDC by the Government. The management has obtained the inhouse legal opinion and concluded that the tripartite agreement is not required for each customers for above MVR 200,000 discount given by the Government. As a result, the gross carrying amount of the loan balance as at 30th April 2023 was recalculated and resulting loss is recognised as a modification loss for the year ended 31st December 2023.

13.2 Impairment of non-financial assets

	2023 MVR	2022 MVR
Written off of investment property **(Note 19)**	-	419,155,086
Written off of inventories	25,903,960	19,391,625
Provision for impairment of inventories **(Note 25.1)**	-	17,929,518
	25,903,960	456,476,229

14 Tax Expense

	2023 MVR	2022 MVR
Amount recognized in profit or loss		
Tax charged for the year **(Note 14.1)**	484,018,887	167,858,042
Deferred tax asset recognized **(Note 14.3)**	(99,660,332)	(137,975,970)
	384,358,554	29,882,072

14.1 Reconciliation between accounting profit and taxable income:

	2023 MVR	2022 MVR
Profit before tax	2,424,628,827	365,625,844
Amount of disallowable expenses	2,986,301,225	1,989,843,668
Amount of allowable expenses	(2,183,637,475)	(1,235,915,900)
Tax free allowance	(500,000)	(500,000)
Total taxable income	3,226,792,577	1,119,053,612
Corporate Income tax @ 15%	484,018,887	167,858,042

In accordance with the provisions of the Income Tax Act 25/2019, and relevant regulation and subsequent amendments thereto, the Corporation is liable for Corporate Income Tax at the rate of 15% on its taxable income. The effective tax rate for the year ended 31st December 2023 is 20% . (2022: 46%)

14.2 Income tax liability

	2023 MVR	2022 MVR
As at 1st January	354,780,232	346,370,116
Over provision with respect of previous years	-	(6,351,268)
Provision for the year	484,018,887	167,858,042
Payments made during the year	(55,333,441)	(153,096,658)
As at 31st December	783,465,678	354,780,232

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14 Tax Expense (Continued)

14.3 Net deferred tax asset

	31/12/2023 MVR	31/12/2022 MVR
Balance as at 1st January	142,016,175	4,235,395
Origination / (Reversal) of deferred tax asset through OCI	236,387	(195,190)
Recognition of Deferred tax asset through profit or loss	99,660,332	137,975,970
Balance as at 31st December	241,912,894	142,016,175

Deferred tax asset/ (liability) is attributable to the following;

	31/12/2023		31/12/2022	
	Temporary difference MVR	Tax effect MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	34,253,165	5,137,975	32,840,779	4,926,117
Intangible assets	(1,567,494)	(235,124)	(623,556)	(93,533)
Investment property	(1,913,985,662)	(287,097,849)	(1,336,702,474)	(200,505,371)
Fair Value gain on Equity investment	(3,450,000)	(517,500)	(2,635,000)	(395,250)
Employee benefit obligation	11,362,974	1,704,446	7,678,165	1,151,725
Provision for impairment loss	2,930,794,116	439,619,117	1,878,821,296	281,823,194
Other provisions	555,345,526	83,301,829	367,395,286	55,109,293
	1,612,752,626	241,912,894	946,774,496	142,016,175

15 Earnings per share

The calculation of basic and diluted earnings per share is based on profit for the period attributable to ordinary shareholders and weighted average number of ordinary shares outstanding during the period and calculated as follows:

	2023 MVR	2022 MVR
Profit for the period	2,040,270,273	335,743,772
Weighted average number of shares	81,084,914	81,084,914
Earnings per share	**25.16**	**4.14**

16 Dividends

At the annual general meeting held on 4th June 2023, a dividend amounting to MVR 143,062,111 (2022 : MVR 460,070,789/-) was declared in respect of 2022 to the Government of Maldives, which has been accounted as appropriation of profit in the statement of changes in equity during the period.

The corporation has not paid dividends from the declared amount to the Government of the Maldives. As at 31st December 2023, the amount is recorded as a payable to the Government.

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17 Property, plant and equipment

31st December 2023	Freehold buildings and improvements	Computer and office equipment	Vehicles and boats	Furniture, fittings and other equipment	Plant and machinery	Network Assets	Capital work in progress	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
As at 1st January 2023	136,963,840	78,532,153	34,098,471	19,824,941	55,162,816	-	8,669,298	333,251,520
Additions during the year	-	13,635,988	25,949,768	4,887,942	3,754,557	-	9,580,710	57,808,965
Transfer from Investment Property **(Note 19.6)**	-	-	-	-	-	-	283,406,773	283,406,773
Capitalised during the year	-	-	-	-	-	97,526,240	(97,526,240)	-
As at 31st December 2023	136,963,840	92,168,141	60,048,239	24,712,883	58,917,373	97,526,240	204,130,541	674,467,258
Accumulated depreciation								
As at 1st January 2023	37,615,773	40,058,454	31,396,843	13,971,812	34,396,576	-	-	157,439,458
Charge for the year	7,232,506	13,725,422	4,249,190	2,104,504	4,268,627	2,955,341	-	34,535,590
As at 31st December 2023	44,848,279	53,783,876	35,646,033	16,076,316	38,665,203	2,955,341	-	191,975,048
Net carrying value								
As at 31st December 2023	92,115,561	38,384,265	24,402,206	8,636,567	20,252,170	94,570,899	204,130,541	482,492,210

17.1 Capital work in progress as at 31st December 2023 represents the cost incurred for the projects office in Hulhumle' phase II, CCTV Camera in Thilafushi, Office for projects and GPON network project.

17.2 The value of fully depreciated property, plant and equipment as at 31st December 2023 amounted to MVR 90,983,144/-

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17 Property, plant and equipment (Continued)

31st December 2022	Freehold buildings and improvements	Computer and office equipment	Vehicles and boats	Furniture, fittings and other equipment	Plant and machinery	Capital work in progress	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost							
As at 1st January 2022	106,825,862	41,097,666	31,587,017	17,592,320	51,576,151	32,000,755	280,679,771
Additions during the year	-	13,962,346	2,609,154	2,122,044	3,109,446	31,368,313	53,171,303
Capitalized during the year	22,725,041	23,513,489	13,500	110,577	477,219	(46,839,826)	-
Transferred from Investment Property **(Note 17.4)**	12,373,266	-	-	-	-	-	12,373,266
Transferred to Investment Property **(Note 17.4)**	(7,012,989)	-	-	-	-	-	(7,012,989)
Transferred from Inventory **(Note 17.4)**	2,052,660	-	-	-	-	-	2,052,660
Disposals during the year	-	(41,348)	(111,200)	-	-	-	(152,548)
Write-off during the year	-	-	-	-	-	(7,859,943)	(7,859,943)
As at 31st December 2022	136,963,840	78,532,153	34,098,471	19,824,941	55,162,816	8,669,298	333,251,520
Accumulated depreciation							
As at 1st January 2022	32,984,834	32,743,280	30,488,137	12,233,357	30,421,999	-	138,871,607
Transferred to Investment Property	(1,285,715)	-	-	-	-	-	(1,285,715)
Charge for the year	5,916,654	7,317,441	908,706	1,738,455	3,974,577	-	19,855,832
Disposals during the year	-	(2,267)	-	-	-	-	(2,267)
As at 31st December 2022	37,615,773	40,058,454	31,396,843	13,971,812	34,396,576	-	157,439,458
Net carrying values							
As at 31st December 2022	99,348,069	38,473,699	2,701,628	5,853,130	20,766,239	8,669,298	175,812,062

17.3 Capital work in progress as at 31st December 2022 represents the cost incurred for the projects office in Hulhumle' phase II, staff accommodation in Gulhifalhu and vehicle garage in Thilafushi.

17.4 During the year ended 31st December 2022, the Corporation has transferred MVR 12,373,266/- and MVR 2,052,660/- to freehold buildings and improvements from investment property and inventory respectively. In addition, MVR 7,012,989 was transferred from freehold buildings and improvements to investment property for the better presentation.

17.5 The value of fully depreciated property, plant and equipment as at 31st December 2022 amounted to MVR 84,244,250/-.

18 Intangible assets

	Software 31/12/2023 MVR	Total 31/12/2023 MVR
Cost		
As at 1st January 2023	14,801,760	14,801,760
Additions during the year	22,464	22,464
As at 31st December 2023	14,824,224	14,824,224
Accumulated amortization		
As at 1st January 2023	8,069,259	8,069,259
Amortization during the year	1,636,803	1,636,803
As at 31st December 2023	9,706,062	9,706,062
Net book value		
As at 31st December 2023	5,118,162	5,118,162

	Software 31/12/2022 MVR	Total 31/12/2022 MVR
Cost		
As at 1st January 2022	12,871,332	12,871,332
Additions during the year	1,930,428	1,930,428
As at 31st December 2022	14,801,760	14,801,760
Accumulated amortization		
As at 1st January 2022	6,699,637	6,699,637
Amortization during the year	1,369,622	1,369,622
As at 31st December 2022	8,069,259	8,069,259
Net book value		
As at 31st December 2022	6,732,501	6,732,501

18.1 Amortization

The amortization of Software is included in 'Administrative expenses' and the intangible assets are amortized over 5 years.

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19 Investment property

31st December 2023	Land MVR	Buildings MVR	Land Right-Of-Use MVR	Buildings Right-Of-Use MVR	Capital work in progress MVR	Total MVR
At cost/fair value						
As at 1st January 2023	20,021,549,000	2,684,732,000		-	328,672,473	23,034,953,473
Disposals during the year	(359,760,000)	(39,575,000)	-	-	-	(399,335,000)
Additions during the year	28,704,845	3,243,352	15,100,663	-	174,939,604	221,988,465
Transferred from Inventory during the year **(Note 19.4)**	1,212,952	307,294,144	-	-	-	308,507,096
Transferred to Inventory during the year **(Note 19.5)**	(590,543,513)	-	-	-	-	(590,543,513)
Transferred to PPE during the year **(Note 19.6)**	-	-	-	-	(283,406,773)	(283,406,773)
Transferred from Receivables during the year **(Note 19.7)**		157,596,073				157,596,073
Transferred during the year	42,219,120	6,844,047	-	24,693,945	(73,757,112)	-
Change in fair value **(Note 19.9)**	197,096,596	689,925,383	62,209,337	1,693,055	-	950,924,371
As at 31st December 2023	19,340,479,001	3,810,059,999	77,310,000	26,387,000	146,448,191	23,400,684,192

19.1 Land area of approximately 8,924 square meters has been mortgaged with Bank of Ceylon - Phase II dredging loan obtained as disclosed in Note 29.11 to the financial statements.

19.2 Capital work in progress represents the cost incurred on Esjehige Relocation, FTTH Network in Phase I, Container Storage Facility, Thilafushi Chemical Warehouse, Co-Living Housing in Phase II and Warehouse shell 2.

19.3 Additions include borrowing cost capitalization of MVR 934,088/- for the year ended 31st December 2023 (2022: MVR 12,009,609/-). The amounts are capitalised at the rate of 11% (2022 : 7%)

19 Investment property (Continued)

31st December 2022	Land MVR	Buildings MVR	Capital work in progress MVR	Total MVR
At cost/fair value				
As at 1st January 2022	19,807,724,499	2,140,850,100	995,735,425	22,944,310,024
Additions during the year	173,589,165	57,748,818	140,628,596	371,966,579
Transferred from Inventory during the year **(Note 19.4)**	-	20,990,326	-	20,990,326
Transferred from PPE during the year **(Note 19.8)**	-	5,727,274	-	5,727,274
Transferred to PPE during the year **(Note 19.8)**	-	(12,373,266)	-	(12,373,266)
Transferred during the year	-	388,536,462	(388,536,462)	-
Written off during the year	-	-	(419,155,086)	(419,155,086)
Change in fair value **(Note 19.9)**	40,235,336	83,252,286	-	123,487,622
As at 31st December 2022	20,021,549,000	2,684,732,000	328,672,473	23,034,953,473

19.4 During the year ended 31st December 2023, the Corporation has transferred building inventory amounting to MVR 307,294,144/- to building investment property (2022: MVR 20,990,326/-) and Land inventory amounting to MVR 1,212,952/- to Land investment property (2022: Nil).

19.5 During the year ended 31st December 2023, the Corporation has transferred MVR 590,543,513/- from investment property - land to inventory (2022: Nil).

19.6 During the year ended 31st December 2023, the Corporation has transferred MVR 283,406,733/- from investment property - WIP to property plant and equipment - WIP (2022: Nil).

19.7 During the year ended 31st December 2023, the Corporation has transferred MVR 157,596,073/- (2022: nil) from receivable to investment property - buildings.

19.8 During the year ended 31st December 2022, the Corporation has transferred MVR 12,373,266/- from investment property to freehold buildings. Further, MVR 5,727,274/- was transferred from freehold buildings to investment property

19.9 The Phase I of the land reclaimed and developed under Hulhumale' development Master Plan was initially revalued by a professional valuer on 31st December 2006. The difference between the land development cost up to 31st December 2006 and the revalued amount was recognized through profit or loss in the Financial Statements. During the year ended 31st December 2013, the Corporation has changed its accounting policy to measure land classified as investment properties at cost less impairment provision and the carrying amount prior to the change of the policy has been recognized as a deemed cost. However, during the year ended 31st December 2017, the Corporation has changed its policy to recognize all of its Investment properties at fair value and correspondent gain or loss in profit or loss in each year. Accordingly the Corporation has recorded a gain on fair value amounting to MVR 950,923,371/- in profit or loss for the year ended 31st December 2023 (2022: MVR 123,487,622/-).

19.10 Amounts recognized in profit or loss in relation to investment property

	2023 MVR	2022 MVR
Rental income	578,284,306	494,373,344
Gain on fair value change	950,924,371	123,487,622
	1,529,208,677	617,860,966

19 Investment property (continued)

19.11 Significant estimate - fair value of investment property

Valuation techniques used to determine level 3 fair values

The fair value of investment property was determined by the professional independent valuer. The management carries out the exercise to determine the fair value of the Corporation's investment property on annual basis. Valuation exercise for the year ended 31st December 2023 was performed by SFA Pvt Ltd, an independent valuer with a recognized and relevant professional qualification and with recent experience in the locations and categories of the investment property being valued.

The fair value measurement for all of the investment properties have been categories as a Level 3 fair value based on the inputs to the valuation technique used.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:
- average prices in a sales transaction for properties of similar nature or average prices in a sales transaction of different properties, owned by the Corporation.
- discounted cash flow projections based on reliable estimates of future cash flows.
- capitalized income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

Valuation processes

The main inputs used by the SFA Pvt Ltd are derived and evaluated as follows:

Phase I - Land

Income approach
Discount rates, future rental income, and capitalization rates are estimated by SFA Pvt Ltd based on comparable transactions and industry data.

Market approach
Future market rates, adjustments for different zones, and adjustments for land plots are estimated by SFA Pvt Ltd based on comparable transactions and industry data.

Phase I - Developed properties

Income approach
Discount rates, future rental income, and capitalization rates are estimated by SFA Pvt Ltd based on comparable transactions and industry data.

Phase II - Land

Income approach
Discount rates, future rental income, and capitalization rates are estimated by SFA Pvt Ltd based on comparable transactions and industry data

Market approach
Future market rates, adjustments for different zones, and adjustments for land plots are estimated by SFA Pvt Ltd based on comparable transactions and industry data.

19 Investment property (continued)

19.12 Contractual obligations

Refer to Note 39 for disclosure of contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

19.13 Leasing arrangements

Some of the investment properties are leased to tenants under long-term operating leases with rentals receivable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease receipts under non-cancellable operating leases of investment properties have not been recognized in the financial statements as receivable as follows:

	31/12/2023 MVR	31/12/2022 MVR
Year 01	504,660,603	408,250,846
Year 02	527,225,993	393,333,860
Year 03	522,594,136	354,286,245
Year 04	444,537,366	317,984,787
Year 05	306,891,430	240,108,988
More than 5 years	906,263,676	1,935,214,965
	3,212,173,204	3,649,179,690

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19 Investment Property (Continued)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for recurring fair value measurements. The values are presented excluding Capital work in progress.

31st December 2023	Phase I - Land	Phase I & II - Developed properties	Phase II - Land	Gulhifalhu & Thilafushi - Land	Gulhifalhu & Thilafushi - Developed properties	Kudagiri - Land	Kudagiri - Developed properties	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
As at 1st January	8,211,185,004	2,485,834,000	7,059,194,993	4,751,169,002	198,898,000	-	-	22,706,281,000
Additions during the year	-	3,377,090	5,520,768	27,858,358	-	15,100,663	-	51,856,878
Transfer from capital work in progress	42,219,120	6,844,047	-	-	-	-	24,693,945	73,757,112
Reversals during the year	(4,674,280)	(133,738)	-	-	-	-	-	(4,808,017)
Transfer from/(to) Inventory	(589,330,560)	307,294,144	-	-	-	-	-	(282,036,416)
Disposals	-	(39,575,000)	-	(359,760,000)	-	-	-	(399,335,000)
Transfer from Receivables	-	157,596,073	-	-	-	-	-	157,596,073
Change in fair value	126,960,720	682,741,383	(90,908,767)	161,044,643	7,184,000	62,209,337	1,693,055	950,924,371
As at 31st December	**7,786,360,004**	**3,603,978,000**	**6,973,806,994**	**4,580,312,003**	**206,082,000**	**77,310,000**	**26,387,000**	**23,254,236,001**

31st December 2022	Phase I - Land	Phase I & II - Developed properties	Phase II - Land	Gulhifalhu & Thilafushi - Land	Gulhifalhu & Thilafushi - Developed properties	Kudagiri - Land	Kudagiri - Developed properties	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
As at 1st January	8,252,025,004	1,996,651,000	6,858,872,993	4,696,826,502	144,199,100	-	-	21,948,574,599
Additions during the year	53,279,508	57,748,818	113,410,349	6,899,307	-	-	-	231,337,983
Transfer from capital work in progress	-	388,536,462	-	-	-	-	-	388,536,462
Transfer from PPE	-	5,727,274	-	-	-	-	-	5,727,274
Transfer to PPE	-	(12,373,266)	-	-	-	-	-	(12,373,266)
Transfer from/to Inventory	-	20,990,326	-	-	-	-	-	20,990,326
Change in fair value	(94,119,508)	28,553,386	86,911,651	47,443,193	54,698,900	-	-	123,487,622
As at 31st December	**8,211,185,004**	**2,485,834,000**	**7,059,194,993**	**4,751,169,002**	**198,898,000**	-	-	**22,706,281,000**

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19 Investment property (continued)

Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Category	Valuation technique	Significant unobservable	Range of inputs		Relationship of unobservable inputs to fair value
			2023	2022	
Phase I - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 12.12 – MVR 25.25	MVR 12 – MVR 25	Higher the rental rate higher the fair value
	Market approach for undeveloped / unallocated land based on market rates	Future market rate per sq.ft.	MVR 400 – MVR 3,998	MVR 400 – MVR 3,690	Higher the market rate higher the fair value
		Years purchase rate	7% – 8%	7% – 8%	Higher the discount rate lower the fair value
		Adjustment for different zones to the base market rate	(-5%) – 2.50%	(-5%) – 2.50%	Higher the adjustment lower the fair value
		Adjustment for land plot size	(-20%) – 0%	(-20%) – 0%	Higher the adjustment higher the fair value
		Outgoings	–	–	Higher the outgoing rate lower the fair value
Phase I - Developed properties	Income approach based on market rentals	Future rental income per sq.ft.	MVR 25.25 – MVR 32.32	MVR 25 – MVR 32	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	MVR 25.25 – MVR 32.32	MVR 25 – MVR 32	Higher the market rate higher the fair value
		Years purchase rate	4.5% – 8%	4.5% – 8%	Higher the discount rate lower the fair value
		Outgoings	15%	15%	Higher the outgoing rate lower the fair value
Phase II - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 5.05 - MVR 20	MVR 5 - MVR 15	Higher the rental rate higher the fair value
	Market approach for undeveloped / unallocated land based on market rates	Future market rate per sq.ft.	MVR 425 – MVR 3,588	MVR 450 – MVR 2,096	Higher the market rate higher the fair value
		Years purchase rate	7.25% – 7.75%	7.25% – 7.75%	Higher the discount rate lower the fair value
		Adjustment for different zones to the base value per	(-5%) – 5%	(-5%) – 2.50%	Higher the adjustment higher the fair value
		Adjustment for land plot size	(-20%) – 0%	(-20%) – 0%	Higher the adjustment higher the fair value
		Outgoings	–	–	Higher the outgoing rate lower the fair value

19 Investment property (continued)

Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Category	Valuation technique	Significant unobservable	Range of inputs 2023	Range of inputs 2022	Relationship of unobservable inputs to fair value
Phase II - Developed properties	Income approach based on market rentals	Future rental income per sq.ft.	MVR 30.3 – MVR 35.35	MVR 18 – MVR 35	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	MVR 30.3 – MVR 35.35	MVR 18 – MVR 35	Higher the market rate higher the fair value
		Years purchase rate	7.25% – 7.75%	7.25% – 7.75%	Higher the discount rate lower the fair value
		Outgoings	15%	15%	Higher the outgoing rate lower the fair value
Gulhifalhu and Thilafushi -	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 7.07 – MVR 7.58	MVR 7 – MVR 7.5	Higher the rental rate higher the fair value
	Market approach for undeveloped / unallocated land based on market rates	Future market rate per sq.ft.	MVR 7.07 – MVR 7.58	MVR 7 – MVR 7.5	Higher the market rate higher the fair value
		Years purchase rate	8.5% – 10%	7% – 10%	Higher the discount rate lower the fair value
		Outgoings	–	–	
Gulhifalhu and Thilafushi - Developed	Income approach based on market rentals	Future rental income per sq.ft.	MVR 8.08 – MVR 20	MVR 15	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	MVR 8.08 – MVR 20	MVR 8 – MVR 17.5	Higher the market rate higher the fair value
		Years purchase rate	6.5% – 8%	6.5% – 8%	Higher the discount rate lower the fair value
		Outgoings	15%	15%	Higher the outgoing rate lower the fair value
Kudagiri - Land	Income approach based on market rentals for leased land	Future rental income per sq.ft.	MVR 20 – MVR 45	–	Higher the rental rate higher the fair value
	Market approach for undeveloped / unallocated land based on market rates	Future market rate per sq.ft.	MVR 20 – MVR 45	–	Higher the market rate higher the fair value
		Years purchase rate	7.5% – 8%	–	Higher the discount rate lower the fair value
		Outgoings	–	–	
Kudagiri - Developed properties	Income approach based on market rentals	Future rental income per sq.ft.	MVR 25 – MVR 37.75	–	Higher the rental rate higher the fair value
	Market approach based on market rates	Future market rate per sq.ft.	MVR 25 – MVR 37.75	–	Higher the market rate higher the fair value
		Years purchase rate	7.5% – 9.5%	–	Higher the discount rate lower the fair value
		Outgoings	15%	–	Higher the outgoing rate lower the fair value

19 Investment properties (continued)

Sensitivity of assumptions employed in investment property valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the investment property valuation.

										2023		2022	
		Increase / (decrease) Phase I - Land	Increase / (decrease) Phase I - Developed properties	Increase / (decrease) Phase II - Land	Increase / (decrease) Phase II - Developed properties	Increase / (decrease) Gulhifalhu and Thilafushi - Land	Increase / (decrease) Gulhifalhu and Thilafushi - Developed properties	Increase / (decrease) Kudagiri - Land	Increase / (decrease) Kudagiri - Developed properties	Sensitivity effect on income statement increase/ (decrease) in results for the year	Sensitivity effect on investment property increase/ (decrease) in the asset	Sensitivity effect on income statement increase/ (decrease) in results for the year	Sensitivity effect on investment property increase/ (decrease) in the asset
		MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Years purchase rate	1%	(651,958,000)	(273,889,000)	(125,624,000)	(153,853,000)	(133,834,000)	(24,901,000)	(7,130,000)	(1,410,000)	(1,372,599,000)	(1,372,599,000)	(1,427,434,000)	(1,427,434,000)
Years purchase rate	(1%)	860,047,000	361,220,000	163,671,000	199,295,000	157,706,000	32,466,000	8,430,000	1,668,000	1,784,503,000	1,784,503,000	1,843,030,000	1,843,030,000
Outgoings	1%	-	(26,550,000)	-	(15,395,000)	-	(2,557,000)	-	(321,000)	(44,823,000)	(44,823,000)	(30,494,000)	(30,494,000)
Outgoings	(1%)	-	23,949,000	-	15,393,000	-	2,521,000	-	309,000	42,172,000	42,172,000	30,495,000	30,495,000
Adjustment for different zones	1%	27,036,000	-	60,522,000	-	-	-	-	-	87,558,000	87,558,000	106,357,000	106,357,000
Adjustment for different zones	(1%)	(27,045,000)	-	(60,489,000)	-	-	-	-	-	(87,534,000)	(87,534,000)	(106,323,000)	(106,323,000)
Adjustment for land plot size	1%	30,660,000	-	68,145,000	-	-	-	-	-	98,805,000	98,805,000	121,703,000	121,703,000
Adjustment for land plot size	(1%)	(30,665,000)	-	(68,113,000)	-	-	-		-	(98,778,000)	(98,778,000)	(121,664,000)	(121,664,000)

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KPMG ★ CHARTERED ACCOUNTANTS ★

20 Right-of-use assets	12/31/2023 MVR	12/31/2022 MVR
Cost		
As at 1st January	707,875	707,875
Additions during the year	782,178	-
As at 31st December	1,490,053	707,875
Accumulated Amortization		
As at 1st January	70,788	35,394
Amortization for the year	41,911	35,394
As at 31st December	112,699	70,788
Net book Value		
As at 31st December	1,377,354	637,087

The Corporation has elected not to revalue its asset class recognized under right-of-use assets.

21 Equity securities - at FVOCI	Cost		Fair Value	
	12/31/2023 MVR	12/31/2022 MVR	12/31/2023 MVR	12/31/2022 MVR
State Trading Organization PLC (**Note 21.2**)	1,000,000	1,000,000	3,750,000	3,325,000
Dhivehi Raajjeyge Gulhun PLC (**Note 21.3**)	800,000	800,000	1,500,000	1,110,000
	1,800,000	1,800,000	5,250,000	4,435,000

21.1 Movement of the Investment in Equity Shares is as follows;	12/31/2023 MVR	12/31/2022 MVR
As at 1st January	4,435,000	2,472,500
Change in fair value during the year	815,000	1,962,500
As at 31st December	5,250,000	4,435,000

21.2 The Corporation has invested in 2,500 ordinary shares of State Trading Organization PLC at the rate of MVR 400/- each. As at the reporting date, the shares were valued at MVR 1,500/- (2022 : MVR 1,330/-) per share.

21.3 The investment in Dhiraagu PLC comprised of 10,000 shares with nominal value of MVR 2.5/- which were purchased at MVR 80/- per share. As at the reporting date, the shares were valued at MVR 150/- (2022 : MVR 111/-) per share.

22 Financial assets at amortised cost	12/31/2023 MVR	12/31/2022 MVR
Housing Development Financing Corporation PLC (**Note 22.1**)	500,000	500,000
	500,000	500,000

22.1 The fair value is not significantly different to the carrying amount of islamic bond.

The Corporation has invested in 1000 listed Sukuks issued by HDFC at the rate of MVR 500/- each for which HDFC has allotted the Sukuks on 27th January 2014. The profit is payable in every six months from date of allotment, until maturity (10 years). The profit will be shared between Sukuk holder (Rabb al Mal) and HDFC (Mudarib) at a rate of 65% and 35% respectively.

23 Loans and receivables	12/31/2023 MVR	12/31/2022 MVR
Non-interest bearing receivables	1,608,939,522	1,609,574,440
Interest bearing loans and receivables **(Note 23.1)**	9,405,053,544	8,586,441,272
	11,013,993,066	10,196,015,712
Less : Provision for impairment loss on non-interest receivables **(Note 23.5)**	(759,772,979)	(458,659,653)
Less : Provision for impairment loss on interest bearing receivable **(Note 23.6)**	(1,243,366,406)	(905,419,169)
	9,010,853,681	8,831,936,890
Prepayments and advances **(Note 23.2)**	908,222,550	729,934,471
Other receivables **(Note 23.3)**	1,074,131,718	520,480,518
Less : provision for impairment loss on other receivables **(Note 23.7)**	(920,031,388)	(504,062,658)
	10,073,176,561	9,578,289,221

23.1 As at the 31st December 2023, the interest bearing receivable includes balance receivable from Government of Maldives amounting to MVR 1,254,494,969 /-. (2022 : Nil)

23.2 The Corporation's prepayments and advances include amount advance to contractors amounting to MVR 893,154,047 (2022: MVR 718,547,646/-) and advance made to suppliers amounting to MVR 8,568,234/- as at 31st December 2023 (2022: MVR 9,358,508).

23.3 The Corporation's other receivables include receivable from STELCO for the electricity project in phase II amounting to MVR 784,607,593/- receivable from Global Project Developers (GPD) amounting to MVR 85,123,445/- (2021: MVR 85,123,445/-), receivable from IOF Corporation amounting MVR 10,794,000/- (2022: MVR 10,794,000/-), education loans to staff amounting MVR 3,617,368/- (2022: MVR 4,376,072/-) and receivable from the sale of Rock Boulders MVR 8,375,280/- (2022: MVR 8,375,280/-).

23.4 Analysis	12/31/2023 MVR	12/31/2022 MVR
Non-current	8,216,025,006	7,945,233,977
Current	1,857,151,555	1,633,055,243
Total	10,073,176,561	9,578,289,221

23.5 Provision for impairment loss on non-interest bearing receivables	12/31/2023 MVR	12/31/2022 MVR
As at 1st January	458,659,653	364,526,767
Written off during the year	(12,875,703)	(21,049,833)
Provision made during the year	313,989,029	115,182,719
As at 31st December	759,772,979	458,659,653

23.6 Provision for impairment loss on interest bearing receivables	12/31/2023 MVR	12/31/2022 MVR
As at 1st January	905,419,169	331,226,644
Written off during the year	(15,890,310)	-
Provision made during the year	286,616,826	526,819,092
Interest Accrued on Impaired Loans and receivables	67,220,721	47,373,433
As at 31st December	1,243,366,406	905,419,169

23 Loans and receivables (Continued)

23.7 Provision for impairment loss on other receivables

	12/31/2023 MVR	12/31/2022 MVR
As at 1st January	504,062,658	137,962,170
Provision reversal during the year	(11,394,194)	-
Provision made during the year **(Note 23.8)**	427,362,925	366,100,488
As at 31st December	920,031,388	504,062,658

23.8 Provision made during the year includes an impairment loss recognized for the receivable from STELCO amounting to MVR 426,526,345 (2022: MVR 358,081,247).

24 Amounts in escrow accounts

	12/31/2023 MVR	12/31/2022 MVR
As at 1st January	326,515,424	265,039,658
Net movement during the year	20,557,361	61,475,766
As at 31st December	347,072,784	326,515,424

The amounts in escrow accounts include funds deposited at Bank of Maldives against loan obtained from China Development Bank for the 1530 housing project and the deposit does not carry any interest.

25 Inventories

	12/31/2023 MVR	12/31/2022 MVR
Land inventories	953,915,008	836,078,623
Building inventories	2,002,719,192	462,576,041
Inventory work-in-progress buildings **(Note 25.3)**	1,227,562,010	3,293,331,238
Raw materials inventories	19,638,193	6,460,430
	4,203,834,403	4,598,446,332
Provision for impairment **(Note 25.1)**	(17,929,518)	(17,929,518)
	4,185,904,885	4,580,516,814

25.1 Provision for impairment

	12/31/2023 MVR	12/31/2022 MVR
As at 1st January	17,929,518	-
Provision made during the year	-	17,929,518
As at 31st December	17,929,518	17,929,518

25.2 A bare housing land of 1844.33 square meter of land (lot no: 10618) has been mortgaged with Housing Development Finance Corporation PLC for the loan obtained as disclosed in Note 29.10 to the financial statements.

25.3 Inventory work-in progress represents the cost incurred on the construction of Hiyaa-vehi Housing project, development of Thilafushi Phase II and Thilafushi dredging project.

25.4 During the year ended 31st December 2023, the Corporation has transferred buildings worth MVR 307,294,144/- (2022: MVR 20,990,326/-) to investment property from inventory. In addition, MVR 1,212,952/- was transferred from Land Inventories to investment property - lands (2022: Nil).

25.5 During the year ended 31st December 2023, the Corporation has transferred land plots worth MVR 590,543,512/- (2022: Nil) to inventory from investment property.

25.6 During the year ended 31st December 2023, the Corporation capitalised borrowing cost amounting to MVR 6,494,165/- in relation to inventory. (2022: MVR 116,468,208). The amounts are capitalised at the rate of 11% (2022 : 7%)

26	Amounts due from related parties	12/31/2023 MVR	12/31/2022 MVR
	Ministry of Education	12,749,397	9,359,403
	Ministry of Islamic Affairs	3,807,675	3,807,675
	Ministry of Finance **(Note 26.2)**	3,229,326,245	351,327,241
	Ministry of National Planning, Housing and Infrastructure	92,373,460	18,586,612
	Maldives of Economic Development	6,059,366	6,059,366
	Maldives Industrial Fisheries Corporation	771,000	1,542,000
	Road Development Corporation	1,961,424	1,961,424
	Ministry of Health	31,798,402	29,946,869
		3,378,846,969	422,590,590
	Less: Provision for impairment loss **(Note 26.1)**	(12,936,301)	(11,255,299)
		3,365,910,668	411,335,291

26.1	Provision for impairment loss	12/31/2023 MVR	12/31/2022 MVR
	As at 1st January	11,255,299	7,343,401
	Provision made during the year	1,681,002	3,911,898
	As at 31st December	12,936,301	11,255,299

26.2 The Ministry of Finance balance comprise of MVR 3,023,368,280/- balance receivable from the Government of Maldives, in relation to the sale of Binveriya Land (2022:Nil).

27	Cash and cash equivalents	12/31/2023 MVR	12/31/2022 MVR
	Cash in hand	301,867	256,735
	Balances with banks	408,758,284	766,648,382
	Short term deposits **(Note 27.1)**	-	7,743,092
		409,060,151	774,648,209
	Bank overdraft **(Note 27.2)**	(208,466,185)	-
	Cash and Cash Equivalents for the Purpose of Cashflows	200,593,966	774,648,209

27.1 Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. The Interest rates of the deposits is 4% per annum.

27.2 Bank overdraft

The Corporation has obtained an overdraft facility with a limit of MVR 210,000,000/- from Bank of Maldives on 7th August 2023 for the purpose of meeting working capital requirement of the Corporation. The facility duration is 1 year with monthly interest of 1 %. The overdraft was secured by the mortgage over the Land lot no: 21763, and the Land lot no: 21764 owned by HDC. The facility limit used as of 31st December 2023 is MVR 208,466,185/-

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28 Share capital	**31/12/2023**		**31/12/2022**	
	No. of shares	**MVR**	**No. of shares**	**MVR**
Authorized share capital	100,000,000	1,000,000,000	100,000,000	1,000,000,000
Issued and fully paid share capital	81,084,914	810,849,140	81,084,914	810,849,140

28.1 Authorized share capital

Authorized share capital comprises of 100,000,000 ordinary shares of MVR 10/- each.

28.2 Issued and fully paid share capital

The Issued and fully paid share capital comprises of 81,084,914 ordinary shares of MVR 10/- each.

28.3 Share premium

This share premium represents the capital contribution by the shareholders in excess of the nominal value of the issued share capital.

28.4 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Corporation.

The Corporation has declared MVR 143,062,111/- as dividend during the year ended 31st December 2023 to the Government of Maldives.(2022 : MVR 460,070,789/-)

28.5 Advance for share capital

During the period ended 31st December 2023, the Corporation has received MVR 10,000,000/- (2022: MVR 302,783,365/-) as contribution for share capital from Government of Maldives.

29 Loans and borrowings	**12/31/2023 MVR**	**12/31/2022 MVR**
As at 1st January	10,739,334,072	10,947,333,999
Interest for the year **(Note 29.2)**	737,939,886	499,510,251
Interest paid during the year	(512,950,538)	(300,306,308)
Borrowing during the year	700,156,676	1,130,793,290
Repayments during the year	(1,443,467,268)	(1,537,997,160)
	10,221,012,827	10,739,334,072
Unamortized loan facility fees **(Note 29.1)**	(42,424,398)	(58,432,144)
As at 31st December	10,178,588,429	10,680,901,928
Maturity Analysis		
Non-current **(Note 29.4)**	8,259,736,031	8,808,535,594
Current **(Note 29.5)**	1,918,852,398	1,872,366,334
Total	10,178,588,429	10,680,901,928

Maturity analysis of undiscounted contractual cashflows (including accrued interest as at the year end are as follows:	**12/31/2023 MVR**	**12/31/2022 MVR**
Less than one Year	1,934,014,344	1,891,364,359
Between one and five Years	4,237,830,688	4,100,213,149
More than five Years	4,049,167,795	4,747,756,564
	10,221,012,827	10,739,334,072

29 Loans and borrowings (continued)

29.1 Unamortized loan facility fees

	12/31/2023 MVR	12/31/2022 MVR
As at 1st January	58,432,144	65,748,618
Payments during the year	5,362,201	12,315,910
Facility fee amortization recognized in profit or loss	(20,564,140)	(11,667,037)
Facility amortization capitalized	(805,806)	(7,965,347)
As at 31st December	42,424,398	58,432,144

Analysis of loan facility fees

Non-current	27,262,468	39,434,134
Current	15,161,930	18,998,010
Total	42,424,398	58,432,144

29.2 Finance costs

	2023 MVR	2022 MVR
Interest for the year	737,939,886	499,510,251
Interest capitalized as borrowing costs	(6,622,447)	(107,090,644)
Interest recognized in profit or loss	731,317,438	392,419,607
Finance cost on Islamic finance facilities	4,018,610	550,003
Interest expense on loans	727,298,828	391,869,604
	731,317,438	392,419,607

29.3 Sources of finance

	Note	12/31/2023 MVR	12/31/2022 MVR
Ministry of Finance and Treasury	29.7	213,100,798	203,612,512
Ministry of Finance and Treasury - Basic Flats down payment loan	29.8	679,525	891,325
Ministry of Finance and Treasury - 504 Housing project loan - II	29.9	104,928,645	101,998,145
Ministry of Finance and Treasury - 504 Housing project loan-I	29.9	69,413,359	66,425,436
Housing Development Finance Corporation PLC - Basic flats	29.10	662,066	1,209,332
Bank of Ceylon - Phase II Dredging Loan	29.11	85,024,173	196,120,378
Maldives Islamic Bank Private Limited - Murabaha Facility	29.12	-	3,451,941
Ministry of Finance - TATA housing units Refinance	29.13	36,243,576	36,243,576
Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015	29.14	277,354,189	327,413,546
Ministry of Finance - subsidiary loan agreement - Phase II Development	29.15	812,615,567	698,301,982
Bank of Maldives - Indoor Sports Arena	29.16	19,265,074	22,846,381
China Development Bank - 1530 Housing Units	29.17	1,666,844,264	1,871,322,631
Industrial and Commercial Bank of China - Airport Link Road	29.18	201,606,309	258,977,577
Seylan Bank - Phase II Electricity Network	29.19	-	57,588,618
Credit Suisse Bank - 7000 Housing units	29.20	-	172,500,829
Industrial and Commercial Bank of China - 7000 Housing units	29.21	4,401,911,088	4,861,536,195
Habib Bank of Maldives - Distribution Center	29.23	10,188,270	23,772,631
Ministry of Finance - 1530 Housing units	29.30	269,576,389	257,476,390

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29	Loans and borrowings (continued)		12/31/2023	12/31/2022
29.3	**Sources of finance (continued)**		MVR	MVR
	Bank of China - 2500 Housing Units	29.32	-	106,756,860
	Export-Import Bank of India - Phase II Remaining roads	29.33	254,807,560	235,899,084
	Ministry of Finance - Subsidiary Loan	29.34	174,200,000	165,200,000
	Browns-CMEC - Phase II Electricity Project	29.35	617,237,526	335,814,936
	Bank of Maldives - Working Capital	29.36	58,065,168	64,764,000
	Bank of Maldives - Reethigas Project	29.37	67,337,947	26,168,813
	Ministry of Finance - Refinance Loans Deferred	29.38	643,040,954	643,040,954
	Loan - MIB MVR 100m SLBF Loan	29.39	100,194,444	-
	Loan - MIB USD 6.4m SLBF Loan	29.40	100,357,151	-
	Loan - MIB Warehouse Shell 2	29.41	95,927	-
	Loan - Rotime Co-Living	29.42	36,262,858	-
			10,221,012,827	10,739,334,072

29.4	Non current	12/31/2023	
		MVR	MVR
	Secured loans:		
	Housing Development Finance Corporation Plc - Basic Flats	-	604,864
	Bank of Ceylon - Phase II Dredging Loan	-	84,809,244
	Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015	224,800,790	275,216,850
	Bank of Maldives - Indoor Sports Arena	15,275,603	17,437,908
	China Development Bank - 1530 Housing Units	1,416,974,640	1,620,811,620
	Industrial and Commercial Bank of China - Airport Link Road	143,624,198	201,073,878
	Industrial and Commercial Bank of China - 7000 Housing units	3,869,035,365	4,327,982,713
	Habib Bank of Maldives - Distribution Center	-	10,188,270
	Export-Import Bank of India - Phase II Remaining roads	226,242,224	208,191,335
	Bank of Maldives - 64 Million Working Capital Loan	49,148,516	58,754,498
	Bank of Maldives - Reethigas Loan	19,744,372	12,638,609
	Loan - MIB MVR 100m SLBF Loan	64,320,171	-
	Loan - MIB USD 6.4m SLBF Loan	64,424,620	-
	Loan - MIB Warehouse Shell 2	95,342	-
	Unsecured loans:		
	Ministry of Finance and Treasury	49,938,357	66,584,471
	Ministry of Finance and Treasury - Basic Flats down payment loan	467,725	679,525
	Ministry of Finance and Treasury - 504 Housing project loan-I	25,029,725	29,201,346
	Ministry of Finance and Treasury - 504 Housing project loan - II	42,236,363	49,275,756
	Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II Development	580,785,347	560,156,615
	Ministry of Finance - 1530 Housing units	220,000,000	220,000,000
	Ministry of Finance and Treasury - TATA housing units Refinance	36,243,576	35,625,832
	Ministry of Finance - Subsidiary Loan	150,000,000	150,000,000
	Browns-CMEC - Phase II Electricity Project	448,243,999	277,477,697
	Ministry of Finance - Refinance Loans deferred	640,367,565	641,258,694
		8,286,998,499	8,847,969,728
	Unamortized Loan facility fees	(27,262,468)	(39,434,134)
		8,259,736,031	8,808,535,594

29 Loans and borrowings (continued)

29.5 Current

	12/31/2023 MVR	1/0/1900 MVR
Ministry of Finance and Treasury	163,162,441	137,028,041
Ministry of Finance and Treasury - Basic Flats down payment loan	211,800	211,800
Ministry of Finance and Treasury - 504 Housing project loan-I	44,383,634	37,224,089
Ministry of Finance and Treasury - 504 Housing project loan - II	62,692,282	52,722,389
Housing Development Finance Corporation Plc - Basic flats	662,066	604,468
Bank of Ceylon - Phase II Dredging Loan	85,024,174	111,311,134
Maldives Islamic Bank Private Limited - Murabaha Facility	-	3,451,941
Export-Import Bank of India - Phase II Road Network Project - Stage 1-20	52,553,399	52,196,697
Ministry of Finance and Treasury - TATA housing units Refinance	-	617,741
Ministry of Finance and Treasury - Subsidiary Loan agreement - Phase II	231,830,220	138,145,367
Bank of Maldives - Indoor Sports Arena	3,989,470	5,408,474
China Development Bank - 1530 Housing Units	249,869,624	
Industrial and Commercial Bank of China - Airport Link Road	57,982,111	57,903,699
Seylan Bank - Phase II Electricity Network	-	57,588,618
Credit Suisse Bank - 7000 Housing units	-	172,500,829
Industrial and Commercial Bank of China - 7000 Housing units	532,875,723	533,553,483
Habib Bank of Maldives - Distribution Center	10,188,270	13,584,360
Ministry of Finance - 1530 Housing units	49,576,389	37,476,389
Export-Import Bank of India - Phase II Remaining roads	28,565,336	27,707,749
Ministry of Finance - Subsidiary Loan	24,200,000	15,200,000
Browns-CMEC - Phase II Electricity Project	168,993,527	58,337,239
Bank of China - 2500 Housing Units	-	106,756,860
Bank of Maldives - 64 Million Working Capital Loan	8,916,653	6,009,502
Bank of Maldives - Reethigas Loan	47,593,575	13,530,204
Ministry of Finance - Refinance Loans Deffered	2,673,389	1,782,260
Loan - MIB MVR 100m SLBF Loan	35,874,273	-
Loan - MIB USD 6.4m SLBF Loan	35,932,530	-
Loan - MIB Warehouse Shell 2	584	-
Loan - Rotime Co-Living	36,262,858	-
	1,934,014,328	1,640,853,333
Unamortized loan facility fees	(15,161,930)	(18,998,010)
	1,918,852,398	1,621,855,323

29.6 The fair value of the borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

29.7 Ministry of Finance

The Corporation has obtained an unsecured loan of MVR 332,922,295/- from Ministry of Finance and Treasury at an interest rate of 6% per annum on 26th October 2002. This loan is to be repaid in 40 semi - annual instalments of MVR 16,646,114/- commencing on the first available payment date falling 5 years after the first withdrawal of loan proceeds which is 24th March 2008.

29.8 Ministry of Finance - Basic Flats down payment loan

The Corporation has obtained unsecured loan of MVR 4,236,000/- from Ministry of Finance and Treasury at an interest rate of 6% per annum on 6th March 2007. Loan is to be repaid in 240 equal monthly instalments of MVR 17,650/- commencing from 6th March 2007.

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29 Loans and borrowings (continued)

29.9 Ministry of Finance - 504 housing project loan - I

The Corporation has obtained an unsecured loan of MVR 83,432,418/- from Ministry of Finance and Treasury at an interest of 6.5% per annum, for the 504 housing project. Interest will thereafter be reset at 182 day Treasury Bill rate prevailing on 1st October 2012, plus 1.5% for administrative charges. The loan is to be repaid in 40 equal semi - annual instalments commencing from 1st April 2011.

Ministry of Finance - 504 housing project loan- II

The Corporation has obtained an unsecured loan of MVR 140,787,876/- from Ministry of Finance and Treasury at an interest rate of six months LIBOR + 3% per annum for the 504 housing project. The loan is to be repaid in 40 equal semi annual instalments commencing from 1st April 2011.

29.10 Housing Development Finance Corporation PLC.

The Corporation has obtained a loan of MVR 6,141,987/- from Housing Development Finance Corporation PLC on 13th January 2005 at an interest rate of 7% up to 31st October 2006 and 9% from 1st November 2006 and 8.75% from 1st April 2015 onwards. Loan is to be repaid in 219 equal monthly instalments of MVR 57,202/- commencing after 21 months grace period. This loan is secured by bare housing land of 1844.33 square meter of land (lot no: 10618).

29.11 Bank of Ceylon - Phase II Dredging Loan

The Corporation has obtained a loan of US$ 30,000,000/- from Bank of Ceylon under LC Usance facility for which the Bank converted the facility into loan on 20th May 2016 which is considered to be the disbursement date for the loan which is the end of the LC usance facility period. The Loan is subject to a grace period of 2 years and will be repaid in 60 monthly instalments and the loan carries an annual interest of LIBOR+600 basis points subject to a floor rate of 8.5%.

This Loan is secured by;

(1) Income from the 1,000 units of 3 bedroom flats, spread among 64 blocks on a land area of approximately 60,678 square meters. The development value of the 1,000 units (excluding land value) is approximately US$ 77,000,000/- and the recurrent income from these units to HDC (the Borrower) is approximately US$ 400,000/- per month.

(2) Freehold land of approximately 49,845 square meters (City Center Park Land) at an estimated value of US$ 34,000,000/-.

(3) Freehold land of approximately 8,924 square meters (Waterfront land) at an estimated value of US$ 16,000,000/-

29.12 Maldives Islamic Bank Private Limited - Murabaha Facility

The Corporation has entered into a contract to acquire prefabricated structures for the construction of 36 units of warehousing and storage units in Hulhumale' through Murabaha general asset financing facility amounting to US$ 2,412,478/- from Maldives Islamic Bank Private Limited at a profit rate of 8% per annum. The transactions made pursuant to each Purchase requisition under this facility shall be subject to payment of 68 monthly instalments which includes a grace period of 8 months.

This Facility is secured by the mortgage over the Land plot no: 10635, measuring a total of 26,909.75 square feet owned by HDC, and the proposed warehouse units which will be built on this land. This Facility has been fully settled in 2023

29.13 Ministry of Finance - TATA housing units Refinance

The Corporation has obtained a loan from Ministry of Finance and Treasury amounting to MVR 146,680,082/- on 25th October 2017 for the purpose of refinancing Corporation's general cash flow for the payment of second instalment of Maldives Islamic Bank Private Limited - Diminishing Musharakah Facility. The loan which was fully disbursed on 15th November 2017 and is a short term facility. There is no security pledged under this facility. The loan carries interest at the annual rate of 8% on the principal amount outstanding.

29 Loans and borrowings (continued)

29.13 Ministry of Finance - TATA housing units Refinance (Continued)

Pursuant to an amendment brought to the loan agreement as at 07 June 2022, lender agrees to defer the principal remaining amount and interest thereon shall not accrue for a period from 30 April 2021 to 31 December 2029. Interest accrued upto 30 April 2021 shall be paid according to the schedule agreed between the parties. Upon the expiry of the grace period borrower agrees to repay the balance due, together with interest which will accrue at a maximum rate of 10.5% per annum. This principle amount of this facility has been settled in its entirety in 2022.

29.14 Export-Import Bank of India - Phase II Road Network Project - Stage 1-2015

The Corporation has obtained a loan of US$ 34,330,000/- from Export-Import Bank of India (EXIM) on 3rd October 2016 which is considered to be the disbursement date for the loan based on terminal disbursement Date. The Loan is subject to a grace period of 2 years and will be repaid in 12 years Semi-annual instalments and the loan carries an interest rate of LIBOR+150 margin.

This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance.

Pursuant to an amendment brought to the loan agreement as at 01 June 2023, interest rate has been switched to SOFR+150 margin + 42.826 credit adjustment spread starting from notice period 23 August 2023

29.15 Ministry of Finance - Subsidiary Loan agreement - Phase II Development

In relation to the loan agreement signed between Ministry of Finance & Treasury (MOFT) and Saudi Fund for Development (SFD) for the developments in Hulhumale' which are specifically the development of infrastructure projects such as construction of harbours, channels, bridges and coastal/shore protection, a Subsidiary Loan Agreement (SLA) was signed between MOFT and the Corporation amounting to a maximum fund limit of 300,000,000/- Saudi Riyals (equivalent to USD 80,000,000/-) on 23rd January 2017. Under the SLA, the repayments will be made over a period of 20 years (involving 40 semi-annual consecutive instalments) with a grace period of 5 years from the first drawdown date which is 29th September 2017. The loan carries an annual interest of 5% per annum on the amount withdrawn and outstanding from time to time. There is no security pledged under the financing arrangement.

29.16 Bank of Maldives - Indoor Sports Arena

The Corporation has entered into a MVR 31,500,000/- demand loan agreement with Bank of Maldives PLC on 26th April 2018 for the purpose of obtaining finance for 70% of the contract value of development of an Indoor Sports Complex in Hulhumalé. The first disbursement of the loan was made on 10th June 2018. The loan repayments will commence from the month 13 onwards from the first utilization date and will be followed with monthly repayment instalments. The loan was for a period of 10 years from the first utilization date (including the grace period of 12 months). The loan carries an annual interest of 11% p.a. (1.0% p.a. above BML base rate) payable monthly.

This Loan is secured by the mortgage over land in Hulhumalé Lot No. 10328, within 14,723 square feet and all buildings thereon including future developments.

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29 Loans and borrowings (continued)

29.17 China Development Bank - 1530 Housing Units

The Corporation has entered into a US$ 159,000,000/- term loan facility agreement with China Development Bank (China) on 14th July 2017 for the purpose of obtaining finance for 84.8% of the contract value of 1530 housing units in Hulhumalé Phase II. The first disbursement of the loan was made on 1st March 2018. The loan repayments will commence on the date falling 24 months after the first utilization date and will be followed with semi-annual repayment instalments as per the agreed repayment schedule. The loan was for a period of 14 years from the first utilization date (including the grace period of 24 months). The loan carries an annual interest of LIBOR+300 basis points. This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance. Pursuant to an amendment brought to the loan agreement as at 31 May 2023, interest rate has been switched to SOFR+300 margin + 42.826 credit adjustment spread starting from notice period 12 September 2023.

29.18 Industrial and Commercial Bank of China - Airport Link Road

The Corporation has entered into a 10 year term loan agreement with Industrial and Commercial Bank of China (China) on 7th December 2017 for the purpose of obtaining finance amounting to 85% of the contract value of Airport Link Road . The first disbursement of the loan was made on 05th March 2018 which will be followed with a grace period of 12 months. The loan repayments will commence upon the date falling on the first day after expiration of the grace period, and principal of (and interest on) the Loan will thereafter be payable over a period of 09 years in 18 bi-annual equal, consecutive instalments coinciding with each interest period (of 6 months). The loan carries an annual interest of LIBOR+300 basis points. This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance. Pursuant to an amendment brought to the loan agreement as at 17 November 2023, interest rate has been switched to SOFR+300 margin + 42.826 credit adjustment spread starting from notice period 19 June 2024.

29.19 Seylan Bank - Phase II Electricity Network

The Corporation has entered into a 5 year term loan agreement of US$ 16,800,000/- with Seylan Bank PLC (Sri Lanka) on 16th August 2018 for the purpose of obtaining finance for 20% of the contract value of Design and Construction of Electricity System and Open Access Network of Hulhumalé Phase II. The loan was fully disbursed on 18th and 25th September 2018 which will be followed with a grace period of 12 months starting from the first drawdown date. The loan repayments will commence upon the date falling on the first day after expiration of the grace period, and principal of the Loan and interest there on will be payable over a period of 4 years in 9 bi-annual equal, consecutive instalments coinciding with each interest period of 6 months. The loan carries an annual interest of LIBOR+350 basis points. This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance. This Facility has been fully settled in 2023.

29.20 Credit Suisse Bank - 7000 Housing units

The Corporation has entered into a US$ 65,100,000/- facility agreement with Credit Suisse AG, Singapore Branch (Credit Suisse) on 13th December 2017 for the purpose of obtaining finance for 15% of the contract value of 7000 housing unit project in Hulhumalé Phase II. The first disbursement of the loan was made on 29th January 2018. The loan repayments has commenced on the date falling 30 months from the utilization date and will be followed with semi-annual repayment instalments as per the agreed repayment schedule. The loan was for a period of 5 years from the utilization date (including a grace period of 30 months). The loan carries an annual interest of LIBOR+330 basis points. This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance. This Facility has been fully settled in 2023.

29 Loans and borrowings (continued)

29.21 Industrial and Commercial Bank of China - 7000 Housing units

The Corporation has entered into a US$ 368,900,000/- facility agreement with Industrial and Commercial Bank of China Limited (ICBC) on 24th April 2017 for the purpose of obtaining finance for 85% of the contract value of 7000 housing unit project in Hulhumalé Phase II. The first disbursement of the loan was made on 20th April 2018. The loan repayments has accordingly commenced from 6 months after the end of grace period of 24 months and will be followed with semi-annual repayment instalments as per the agreed repayment schedule. The loan was for a period of 15 years from the utilization date (including a grace period of 24 months). The loan carries an annual interest of LIBOR+330 basis points. This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance. Pursuant to an amendment brought to the loan agreement as at 7 November 2023, interest rate has been switched to SOFR+330 margin + 42.826 credit adjustment spread starting from notice period 20 March 2024

29.22 Ministry of Finance - ICBC Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 94,000,000/- on 18th October 2018 for the purpose of refinancing the interest payment obligation falling due in the month of October 2018 under the loan agreement of ICBC entered for the purpose of financing the 85% of 7000 housing unit project. The disbursement of the loan was made on 18th October 2018. The loan is obtained for a duration of 6 months, repayable over two equal instalments with first repayment starting after a grace period of 2 months from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 9% per annum. Pursuant to loan agreement entered with Ministry of Finance on 21 June 2022, both parties have agreed to convert and consolidate all the refinance loans including this loan into a single loan detailed in note 29.28 as 'Ministry of Finance - Refinance Loans Deffered'

29.23 Habib Bank of Maldives - Distribution Center

The Corporation has entered into a 5 year term loan agreement with Habib Bank Limited on 21st August 2019 amounting to MVR 61,400,000/- for the purpose of obtaining finance amounting to 15% of the contract value of Distribution center development in Hulhumale' Phase I . The first disbursement of the loan was made on August 2019. The loan carries an annual interest of 8% p.a. or 91 days T-Bill + 4% whichever is higher. This Loan is secured by the mortgage agreement for the mortgage of freehold land measuring 44,060.52 square feet of Hulhumalé.

29.24 Ministry of Finance - Credit Suisse Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 29,905,232/- on 29th January 2019 for the purpose of refinancing the interest payment obligation falling due in the month of January 2019 under the loan agreement of Credit Suisse entered for the purpose of financing the 15% of 7000 housing unit project. The disbursement of the loan was made on 29th January 2019. The loan is obtained for a duration of 6 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum. Pursuant to loan agreement entered with Ministry of Finance on 21 June 2022, both parties have agreed to convert and consolidate all the refinance loans including this loan into a single loan detailed in note 29.28 as 'Ministry of Finance - Refinance Loans Deffered'

29.25 Ministry of Finance - ICBC Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 106,496,611/- on 22nd April 2019 for the purpose of refinancing the interest payment obligation falling due in the month of April 2019 under the loan agreement of ICBC entered for the purpose of financing the 85% of 7000 housing unit project. The disbursement of the loan was made on 22nd April 2019. The loan is obtained for a duration of 24 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum. Pursuant to loan agreement entered with Ministry of Finance on 21 June 2022, both parties have agreed to convert and consolidate all the refinance loans including this loan into a single loan detailed in note 29.28 as 'Ministry of Finance - Refinance Loans Deffered'

29 Loans and borrowings (continued)

29.26 Ministry of Finance - ICBC and Seylan Bank Interest & Principal Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 84,764,552/- on 20th June 2019 for the purpose of refinancing the interest payment obligation falling due in the month of June 2019 under the loan agreement of ICBC and Seylan Bank entered for the purpose of financing the 7.6% of 1530 housing unit project and 85% Airport Link road development project. The disbursement of the loan was made on 20th June 2019. The loan is obtained for a duration of 24 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum. Pursuant to loan agreement entered with Ministry of Finance on 21 June 2022, both parties have agreed to convert and consolidate all the refinance loans including this loan into a single loan detailed in note 29.28 as 'Ministry of Finance - Refinance Loans Deffered'

29.27 Ministry of Finance - Credit suisse and Bank of China Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 37,464,962.45/- on 18th July 2019 for the purpose of refinancing the interest payment obligation falling due in the month of July 2019 under the loan agreement of Credit Suisse entered for the purpose of financing the 15% of 7000 housing unit project and 15% of 2500 housing project. The disbursement of the loan was made on 18th July 2019. The loan is obtained for a duration of 12 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum. Pursuant to loan agreement entered with Ministry of Finance on 21 June 2022, both parties have agreed to convert and consolidate all the refinance loans including this loan into a single loan detailed below as 'Ministry of Finance - Refinance Loans Deffered'.

29.28 Ministry of Finance - Exim Bank of India Interest & Principal Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 30,602,637.32/- on 22nd August 2019 for the purpose of refinancing the interest payment obligation falling due in the month of August 2019 under the loan agreement of Exim India entered for the purpose of financing the 85% of Phase II road development project. The disbursement of the loan was made on 22nd August 2019. The loan is obtained for a duration of 12 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum. Pursuant to loan agreement entered with Ministry of Finance on 21 June 2022, both parties have agreed to convert and consolidate all the refinance loans including this loan into a single loan detailed below as 'Ministry of Finance - Refinance Loans Deffered'

29.29 Ministry of Finance - CDB Interest Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 27,979,480/- on 18th September 2019 for the purpose of refinancing the interest payment obligation falling due in the month of September 2019 under the loan agreement of CDB entered for the purpose of financing the 85% of 1530 housing unit project. The disbursement of the loan was made on 18th September 2019. The loan is obtained for a duration of 12 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum. Pursuant to loan agreement entered with Ministry of Finance on 21 June 2022, both parties have agreed to convert and consolidate all the refinance loans including this loan into a single loan detailed below as 'Ministry of Finance - Refinance Loans Deffered'

29.30 Ministry of Finance - 1530 Housing units

The Corporation has entered into a 7 year term loan agreement with Ministry of Finance for MVR 220,000,000/- on 25th November 2019 for the purpose of obtaining finance amounting to 7.6% of the contract value of 1530 housing units in Hulhumale' Phase II . The loan was fully disbursed on 25th November 2019 which would be followed with a grace period of 12 months. The loan repayments would commence upon the date falling on the first day after expiration of the grace period, and principal of (and interest on) the Loan will thereafter be payable over a period of 5 years in 10 bi-annual equal, consecutive instalments coinciding with each interest period (of 6 months). The loan carries an annual interest of 5.5%.

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29 Loans and borrowings (continued)

29.31 Ministry of Finance - ICBC and Seylan Bank Interest & Principal Refinance Loan

The Corporation has entered into a short term loan agreement with Ministry of Finance amounting to MVR 112,137,231/- on 26th December 2019 for the purpose of refinancing the interest payment obligation falling due in the month of December 2019 under the loan agreement of ICBC and Seylan Bank entered for the purpose of financing the 7.6% of 1530 housing unit project and 85% Airport Link road development project. The disbursement of the loan was made on 26th December 2019. The loan is obtained for a duration of 24 months, repayable in monthly instalments from the date of disbursement. Interest is charged and payable on a monthly basis at the rate of 10% per annum. Pursuant to loan agreement entered with Ministry of Finance on 21 June 2022, both parties have agreed to convert and consolidate all the refinance loans including this loan into a single loan detailed below as 'Ministry of Finance - Refinance Loans Deffered'

29.32 Bank of China - 2500 Housing units

The Corporation has entered into a 5 year term loan agreement with Bank of China on 17th July 2018 for the purpose of obtaining finance amounting to 15% of the contract value of 2500 housing units in Hulhumale' Phase II . The loan was fully disbursed on 15th March 2019 which would be followed with a grace period of 24 months. The loan repayments would commence upon the date falling on the first day after expiration of the grace period, and principal of (and interest on) the Loan will thereafter be payable over a period of 3 years in 6 bi-annual equal, consecutive instalments coinciding with each interest period (of 6 months). The loan carries an annual interest of LIBOR+330 basis points. This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance. This Facility has been settled in its entirety in 2023.

29.33 Export-Import Bank of India - Phase II Remaining roads

The Corporation has entered into a US$ 19,250,000/- facility agreement with Export-Import Bank of India (EXIM) on 27th August 2020 for the purpose of obtaining finance for development of Hulhumale Phase 1 remaining roads and Phase 2 Stage 2 roads. The first disbursement of the loan was made on 20th April 2021 which would be followed with a grace period of 18 months. The loan repayments would commence upon the date falling on the first day after expiration of the grace period, and principal of (and interest on) the Loan will thereafter be payable over a period of 12 years in 22 bi-annual largely equal, consecutive instalments coinciding with each interest period (of 6 months). The loan carries an annual interest of LIBOR+150 basis points. This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance. Pursuant to an amendment brought to the loan agreement as at 01 June 2023, interest rate has been switched to SOFR+150 margin + 42.826 credit adjustment spread starting from notice period 01 December 2023.

29.34 Ministry of Finance - Subsidiary Loan

The Corporation has entered into a MVR 150,000,000/- 5 year term loan agreement with Ministry of Finance on 22nd April 2021 for the purpose of 7000 Housing Supporting Development Projects. The loan was fully disbursed on 10th June 2021. Interest on the Loan will thereafter be payable over a period of 5 years in 10 bi-annual equal, consecutive instalments starting on 25th July 2021 coinciding with each interest period (of 6 months) and the principal will be payable as a lump sum with the last interest instalment. The loan carries an annual interest of 6%.

29.35 Brown-CMEC - Phase II Electricity Network

The design and construction of Electricity Network in Hulhumalé Phase II was awarded to the contractor, BROWNS-CMEC to undertake the 80% of project value on their own finance. The contract agreement with contractor reflects the financing and repayment terms of the contract under which 80% of the project value, US$ 67,313,002.67 repaid in instalments bi-annually, over a period of 10 (Ten) years excluding the grace period. The construction period as well as the repayment period carries an annual interest of LIBOR+330 basis points. This Loan is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance.

29 Loans and borrowings (continued)

29.36 Bank of Maldives - MVR 64 Million Working Capital Loan

The Corporation has entered into a MVR 64,764,000/- demand loan agreement with Bank of Maldives PLC on 06th January 2022 to finance the working capital requirements. The first disbursement of the loan was made on 24th March 2022. The loan repayments will commence from the month 13 onwards from the first utilization date and will be followed with monthly repayment instalments. The loan was for a period of 84 months from the first utilization date (including the grace period of 12 months). The loan carries an annual interest of 11% p.a. (1.0% p.a. above BML base rate) payable monthly. This Loan is secured by the mortgage over land in Hulhumalé Lot No. 20519, within 72,156.71 square feet and all buildings thereon including future developments.

29.37 Bank of Maldives - Reethigas Loan

The Corporation has entered into a MVR 335,236,000/- demand loan agreement with Bank of Maldives PLC on 24th May 2022 to finance the project 'Hiyaavehi' (Reethigas Residence). The first disbursement of the loan was made on 24th August 2022. The loan repayments will commence from the month 13 onwards from the first utilization date and will be followed with monthly repayment instalments. The loan was for a period of 84 months from the first utilization date (including the grace period of 12 months). The loan carries an annual interest of 11% p.a. (1.0% p.a. above BML base rate) payable monthly.

This Loan is secured by the mortgaging the following land plots (including all the future buildings thereon); Hulhumalé Lot No. 20529 - 17,442.68 sq.ft, Hulhumalé Lot No. 20530 - 17,470.46 sq.ft, Hulhumalé Lot No. 20531 - 23,409.44 sq.ft, Hulhumalé Lot No. 20532 - 23,420.74 sq.ft, Hulhumalé Lot No. 20533 - 17,281.98 sq.ft, Hulhumalé Lot No. 20534 - 17,269.82 sq.ft, Hulhumalé Lot No. 20535 - 36,742.14 sq.ft, Hulhumalé Lot No. 20536 - 32,022.6 sq.ft, Hulhumalé Lot No. 20537 - 31,000.03 sq.ft, Hulhumalé Lot No. 20538 - 29,349.07 sq.ft, Hulhumalé Lot No. 20539 - 24,311.78 sq.ft, Hulhumalé Lot No. 20540 - 23,686.82 sq.ft, Hulhumalé Lot No. 20541 - 44,663.08 sq.ft,

29.38 Ministry of Finance - Refinance Loans Deferred

Pursuant to loan agreement entered with Ministry of Finance on 21 June 2022, both parties have agreed to convert and consolidate the below mentioned refinance loans into a single loan, and to defer the principal amount and interest thereon shall not accrue for a period from 30 April 2021 to 31 December 2029. Interest accrued upto 30 April 2021 shall be paid according to the schedule agreed between the parties. Upon the expiry of the grace period borrower agrees to repay the balance due, together with interest which will accrue at a maximum rate of 10.5% per annum.

The consolidated refinance loans include; 'Ministry of Finance - ICBC Interest Refinance Loan (18 October 2018)', 'Ministry of Finance - Credit Suisse Interest Refinance Loan (29 January 2019)', 'Ministry of Finance - ICBC Interest Refinance Loan (22 April 2019)', 'Ministry of Finance - ICBC and Seylan Bank Interest & Principal Refinance Loan (20 June 2019)', 'Ministry of Finance - Credit suisse and Bank of China Interest Refinance Loan (18 July 2019)', 'Ministry of Finance - Exim Bank of India Interest & Principal Refinance Loan (22 August 2019)', 'Ministry of Finance - CDB Interest Refinance Loan (18 September 2019)', 'Ministry of Finance - ICBC and Seylan Bank Interest & Principal Refinance Loan (26 December 2019)'.

29.39 Maldives Islamic Bank Private Limited - MVR 100 Mn Diminshing Musharakah Facility

The Corporation has entered into a contract to acquire funds for working capital management under a dimishing musharakah facility amounting to MVR 100,000,000/- from Maldives Islamic Bank Private Limited at a rental rate of 7% per annum. The repayment terms for this facility is 30 months (including 6 months grace period) from the payment date of Bank's Musharakah share. This Facility is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance.

29.40 Maldives Islamic Bank Private Limited - USD 6.5 Mn Diminshing Musharakah Facility

The Corporation has entered into a contract to acquire funds for working capital management under a dimishing musharakah facility amounting to USD $6,495,615.46/- from Maldives Islamic Bank Private Limited at a rental rate of 7% per annum. The repayment terms for this facility is 30 months (including 6 months grace period) from the payment date of Bank's Musharakah share. This Facility is secured by the sovereign guarantee from the Government of Maldives, as represented by the Ministry of Finance.

29 Loans and borrowings (continued)

29.41 Maldives Islamic Bank Private Limited - MVR 80 Mn Diminishing Musharakah Facility

The Corporation has entered into a contract to acquire funds for the construction of Warehouse Shell 2 at LOT 10633 under a dimishing musharakah facility amounting to MVR 80,000,000/- from Maldives Islamic Bank Private Limited at a rental rate of 10% per annum. The repayment terms for this facility is 144 months (including 24 months construction period) from the payment date of Bank's Musharakah share. This Facility is secured by the mortgage over the Land plot no: 10633, measuring a total of 26,909.75 square feet owned by HDC, and the proposed warehouse units which will be built on this land.

29.42 Rotime Engineering and Technology Co. Ltd - Development of Co-Living Housing in Phase II

The design and construction of Co-Living Housing in Phase II was awarded to the contractor, Rotime Engineering Technology Co. Ltd to undertake the 85% of project value on their own finance. The contract agreement with contractor reflects the financing and repayment terms of the contract under which 85% of the project value, US$ 12,786,165.09 will accordingly be repaid to contractor semi-annually over a period of 48 months starting from the end of the grace period (18 months from the project commencement date, or period from the project commencement date to the date cumulative percentage of the physical work certified reaches 15%, whichever period is longer). The grace period as well as the repayment period carries an annual interest of 9% p.a. payable semi-annually.

30 Deferred income

	12/31/2023 MVR	12/31/2022 MVR
As at 1st January	85,791,423	91,576,929
Amortized during the year	(6,218,031)	(5,785,506)
As at 31st December	79,573,392	85,791,423

30.1 Analysis of deferred income

Outstanding collection costs **(Note 30.2)**	15,612,682	16,960,286
Future maintenance fee **(Note 30.3)**	63,960,710	68,831,137
	79,573,392	85,791,423

30.2 Outstanding collection costs

This represents the amounts charged from customers for the future loan recovery cost in relation to properties sold under instalment basis. The deferred income is recognized over the settlement period.

30.3 Future maintenance fee

This represents the amounts charged from the customers for the future Maintenance of Properties sold. The deferred income is recognized over the period of 20 to 25 years.

31 Employee benefit obligation

	12/31/2023 MVR	12/31/2022 MVR
As at 1st January	7,678,165	5,829,705
Interest Cost for the year	353,196	268,166
Current service cost for the year	1,516,954	949,466
Payments during the year	(576,256)	(702,905)
Actuarial loss on obligation	2,390,915	1,333,733
As at 31st December	11,362,974	7,678,165

31 Employee benefit obligation (Continued)

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

	2023 MVR	2022 MVR
Current service cost recognized in profit or loss	1,516,954	949,466
Interest cost for the year	353,196	268,166
	1,870,150	1,217,632

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

	2023 MVR	2022 MVR
Discount rate	4.60%	4.60%
Salary growth rate	2.50%	2.50%

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

	12/31/2023 MVR		12/31/2022 MVR	
	Increase/ (decrease) in basis points	Effect on Profit or loss MVR	Increase/ (decrease) in basis points	Effect on Profit or loss MVR
Change in discount rate	+0.5%	(544,503)	+0.5%	(323,519)
	-0.5%	1,018,048	-0.5%	620,599
Change in salary increase	+0.5%	820,798	+0.5%	494,886
	-0.5%	(738,740)	-0.5%	(448,042)

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

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

31.1 Maturity Profile of Employee Benefit Obligation

The below analysis was performed based on the expected future working lifetime of each individual employee.

Future Expected Working life	2023	2022
0 to 1 year	5,092,901	4,167,959
1 to 2 year	1,037,836	807,282
2 to 3 year	971,038	531,660
3 to 4 year	561,020	591,905
4 to 5 year	444,762	305,632
5 to 6 year	349,661	229,257
6 year onwards	2,905,756	1,044,470
	11,362,974	7,678,165

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32 Provisions	12/31/2023 MVR	12/31/2022 MVR
As at 1st January	367,395,286	411,586,350
Recognized during the year - Land	291,718,063	66,195,295
Recognized during the year - Building	6,618,536	-
Actual cost incurred on land developments	-	(62,225,524)
Reversal of provision for construction defects	-	(10,405,359)
Reversal of provision for land development costs	-	(37,755,476)
As at 31st December	665,731,885	367,395,286
Maturity Analysis		
Non-current Liabilities	659,113,349	367,395,286
Current Liabilities	6,618,536	-
Total Liabilities	665,731,885	367,395,286

32.1 Land development cost representd the provision made for cost to be incurred in future for development of Hulhumale' Island in respect of the land plots sold by the Corporation as at 31st December 2023.

Building development cost represents the provision made for cost to be incurred in future for development of Vinares apartment buildings in respect of the apartments sold by the Corporation as at 31st December 2023.

33 Trade and other payables	12/31/2023 MVR	12/31/2022 MVR
Municipal tax payable	54,730,508	54,730,508
Payable to contractors **(Note 33.2)**	930,617,871	281,605,761
Retention from contractors	30,458,161	176,268,651
Lease deposits	144,347,971	116,667,604
Sealife payable **(Note 33.3)**	750,021	750,021
GST and tax payable	253,680,322	152,056,943
1000 Flat A Category customers payable	10,594,801	10,934,121
Accruals, deposits and other payables	495,174,035	140,874,170
	1,920,353,690	933,887,779

33.1 The carrying amount payables are considered to be the same as the fair value as of the reporting date.

33.2 The payable to contractors mainly comprise of the contractor payments accrued for the ongoing projets in Phase II utilities network, dredging reclamation & shore protection of Thilafushi Phase II, dredging reclamation & shore protection of Hulhumalé Phase 3 and fine charges payable to contractor for scope modification of Vinares apartment project.

33.3 During the year 2019, Government decided to pay back the booking fees and down payments paid by the customers to Sealife Global. Obligation was created as a result of outside court settlement agreed between Government, HDC and customers. With the decision, the Corporation has recognised a provision for the total amount of MVR 48,946,610/- to be paid for customers of sealife global. From the total provision recognized, no payment have been made to any of customers of Sealife Global during the year 2023. (2022: MVR 543,977).

33.4 Analysis of trade and other payables	12/31/2023 MVR	12/31/2022 MVR
Non-current Liabilities	525,769,836	297,744,071
Current Liabilities	1,394,583,854	636,143,708
Total Liabilities	1,920,353,690	933,887,779

34 Amounts due to related parties

	12/31/2023 MVR	12/31/2022 MVR
Ministry of Islamic Affairs	168,321	168,321
Ministry of Finance	212,078,125	69,016,014
Ministry of National Planning, Housing and Infrastructure	12,346,850	12,346,850
	224,593,296	81,531,185

35 Amount due to a director

	12/31/2023 MVR	12/31/2022 MVR
Amount transferred from GMIZL	-	2,500
	-	2,500

36 Lease liabilities

	12/31/2023 MVR	12/31/2022 MVR
Leases as a lessee		
As at 1st January	863,884	781,998
Additions during the year	15,882,842	-
Interest for the year	1,551,729	81,886
Lease payments during the year	(1,401,632)	-
As at 31st December	16,896,823	863,884

36.1 Maturity Analysis

	12/31/2023 MVR	12/31/2022 MVR
Current Liabilities	181,841	-
Non - Current Liabilities	16,714,982	863,884
	16,896,823	863,884

36.2 Maturity Analysis of Undiscounted Contractual Cash flows are as follows;

	12/31/2023 MVR	12/31/2022 MVR
Less than one year	1,451,632	-
Between one and five years	6,183,730	244,800
More than five years	50,876,305	2,203,200
	58,511,667	2,448,000

36.3 Amounts recognized in profit or loss in relating to leases;

	12/31/2023 MVR	12/31/2022 MVR
Interest on lease liabilities	1,551,729	81,886
Amortization on right of use asset	41,911	35,394
	1,593,640	117,280

36.4 Amounts recognized in statement of cash flows;

	12/31/2023 MVR	12/31/2022 MVR
Payments of lease rentals during the year	1,401,632	-

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37 Subsequent Events

Termination of workers' accomodation project

Subsequent to the year end, on 24th April 2024, the corporation had signed a settlement agreement with the contractor to terminate the project for the development of Temporary Worker's Accommodation, Hulhumale', Both parties to the contract agreed to pay the contractor for the works completed amounting MVR 47,458,648/-.This event has been adjusted in these financials.This amount is currently being settled as per the schedule agreed between both parties

Government of Maldives Discount to Hulhumale' Phase I Social Housing customers

During January 2024, a decision was taken by the government of Maldives to give 20% discount from the loan balance of Hulhumale' Phase I 'Social Housing' customers, starting from February 2024. This event has not been adjsuted in these financials. The discount is being applied to the customers' EMI every month starting from February 2024.

Government of Maldives Discount to Vinares fully Paid customers

During January 2024, the Government of Maldives has decided to compensate 50% of the down payment for customers who have made the full payment, either through financial institutions or their own finances.This event has not been adjsuted in these financials. The discount has been apllied to all relevant customers as of January 2024.

No other circumstances have arisen since the reporting date which require adjustment to/ or disclosure in the financial statements for the year ended and as at 31st December 2023

38 Directors' responsibility

The Board of Directors of the Corporation is responsible for the preparation and presentation of these financial statements.

39 Capital commitments and contingencies

39.1 Capital Commitments

The Corporation is committed to a total capital commitment value of MVR 10.6/- Bn as at 31st December 2023 (2022 : MVR 7.4/- Bn) which mainly includes MVR 6.4/- Bn (2022: MVR 3.7/- Bn) for Dredging & Reclamation of Thilafushi, Dhiyaneru and Hulhumalé Phase 3, MVR 900/- Mn for Hulhumale Phase 3 Infrastructure , MVR 666/- Mn for Dredging & Reclamation of Fushidhiggaru Falhu Stage 1, MVR 415/- Mn (2022 : MVR 687/- Mn) for housing projects, MVR 605/- Mn (2022 : MVR 1/- Bn) for phase II electricity network, MVR 565/- Mn (2022: MVR 564/- Mn) for Auto Center Development, MVR 86/- Mn for Warehouse Shell 2, MVR 98/- Mn for Thilafushi Road, MVR 113/- Mn Fire Hydrants Phase 2, MVR 180/- Mn for Co-Living and MVR 607/- Mn (2022: MVR 650/- Mn) for other relevant projects.

39.2 Contingencies

The Corporation vs Parkaven Investment Private Limited

Parkaven Investment (Pvt) Ltd ("PIPL") filed a case in Civil Court against GMIZL, (Civil Court Case No. 4412/Cv-C/2019) on 20th November 2019. The case was decided against GMIZL and court ordered GMIZL to pay USD 597,800 on 21st October 2020. GMIZL has filed an appeal of the Civil Court Verdict in case no. 4412/Cv-C/2019 in High Court on 9th November 2020. The Appeal has been registered and enforcement of the Civil Court Verdict will be stayed pending a final decision of the High Court. No hearing has been scheduled to date.

39 Capital commitments and contingencies (continued)

39.2 Contingencies

The Corporation vs Parkaven Investment Private Limited

Parkaven Investment (Pvt) Ltd ("PIPL") has filed a case in Civil Court against GMIZL (Civil Court Case No. 1915/Cv-C/2020) on 16th September 2020. GMIZL engaged Parkaven Investment (Pvt)Ltd. to salvage a vessel (Sea Home Sapphire) on the basis that Parkaven will have the right to deal with the vessel in any manner they decide on completion of the salvage and removal of the vessel from Gulhifalhu/Thilafushi area. No fees are payable by GMIZL to Parkaven for the salvage. Subsequently, Maldives Police Service instructed Parkaven to stop dealing with the vessel. The PIPL claims USD 1,008,000 against GMIZL as land rent for the plot where the vessel is currently kept. The PIPL has also applied for an Interim Injunction to cease the liquidation process of GMIZL pending the final outcome. One hearing has been held to date regarding the Interim Injunction, no hearing has been scheduled for the substantive dispute.

The Corporation vs Blue Whale Impex Private Limited

Blue Whale Impex (Pvt) Ltd ("BWIPL") has filed a case in Civil Court against GMIZL, (Civil Court Case No. 4412/Cv-C/2019) on 6 th January 2020. This claim relates to the termination of land lease of two plots of land in Gulhifalhu (Plot A, 265,282.84 SQFT, and Plot I, 93,566.69 SQFT) by GMIZL. The grounds for termination of the lease is that the lessee (BWIPL) has failed to pay the lease rent as per the lease agreement. The BWIPL contends that the leased land was never handed over to the lessee, and the charging of land rent and the subsequent termination was wrongful. The BWIPL has made a claim of MVR 118,817,742.00 as damages and compensation. The BWIPL has not sought the remedy to reinstate the lease. The BWIPL has also applied for an Interim Injunction to cease the liquidation process of GMIZL pending the final outcome. One hearing has been held to date regarding the Interim Injunction, no hearing has been scheduled for the substantive dispute and witnesses are to be presented to the Civil Court on 6th September 2021. No hearing has been scheduled to date.

The Corporation vs Global Projects Development Corporation Private Limited

The Corporation has entered in to a concession agreement with Global Projects Development Corporation Private Limited ("GPD") in relation to the reclamation and development of Gulhifalhu Island ("GIL") which is owned by the Corporation. The development project had four phases and GPD should settle concession fees for each phase separately. However, GPD was not able to settle concession fees as agreed upon. Accordingly, the Corporation has terminated the agreement on 4th November 2015 with GPD by considering the agreement was material and repudiatory breached. As a result of termination of the agreement, GPD commenced the Arbitration process at "Singapore International Arbitration Centre" against the Corporation on 19th October 2019 Further, GPD is seeking to claim USD 120,747,431/- (MVR equivalent to 1,861,925,391/-) for loss of its investment into the project to date and no claims have been estimated for loss of profits and loss of opportunity to extend the period of the agreement as at the date of financial statements are authorized to issue.

Further, the Corporation denies the breach and has demanded a counter claim in respect of outstanding concession fees for Phase 1,11 and III amounting to MVR 22,961,896/-, MVR 31,645,866 and MVR 30,515,656/- respectively from

Subsequent to the commencement of the Arbitration process, both parties have mutually agreed to temporarily hold the Arbitration process and resolve this dispute by mediation. The mediation is conducted by "Singapore International Mediation Centre with mediation number M2428SA21. The mediation has been held on 2nd and 3rd August 2021 and the Corporation is currently considering the claims demanded by GPD.

As the agreement is governed by Singapore Law and the Arbitration is processing in Singapore, the Corporation has obtained a legal advise from contracted international lawyers for the above dispute. Pursuant to the legal advise, amount of the claim or possibility to successfully defend the Corporation's position will be dependent upon the Tribunal determination on whether the agreement is validly terminated or not.

Management is of view that the Corporation will be able to successfully defend the above cases filled against the merged entity and accordingly, no additional provision is required to be recognized in these financial statements.
Other than disclosed above, there were no other contingent liabilities as at the reporting date which require disclosure in the financial statements.

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40 Classification of financial assets and liabilities

Accounting classifications 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.

31st December 2023	Carrying amount				Fair value			
	Financial assets measured at		Other Financial					
	Amortised cost	FVOCI	Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets measured at fair value	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Equity securities - at FVOCI	-	5,250,000	-	5,250,000	5,250,000	-	-	5,250,000
	-	5,250,000	-	5,250,000	5,250,000	-	-	5,250,000
Financial Assets not measured at fair value								
Balances with Banks	408,758,284	-	-	408,758,284	-	-	-	-
Financial assets at amortised cost	500,000	-	-	500,000	-	-	-	-
Loan and receivables	10,073,176,561	-	-	10,073,176,561	-	-	-	-
Amounts in escrow accounts	347,072,784	-	-	347,072,784	-	-	-	-
Amounts due from related parties	3,365,910,668	-	-	3,365,910,668	-	-	-	-
	14,195,418,297	-	-	14,195,418,297	-	-	-	-
Financial Liabilities not measured at fair value								
Trade and other payables	-	-	1,920,353,690	1,920,353,690	-	-	-	-
Loan and Borrowings	-	-	10,178,588,429	10,178,588,429	-	-	-	-
Employee benefit obligation	-	-	11,362,974	11,362,974	-	-	-	-
Bank Overdraft	-	-	208,466,185	208,466,185	-	-	-	-
Amounts due to related parties	-	-	224,593,296	224,593,296	-	-	-	-
Lease liabilities	-	-	181,841	181,841	-	-	-	-
	-	-	12,543,546,415	12,543,546,415	-	-	-	-

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40 Classification of financial assets and liabilities

Accounting classifications 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.

31st December 2022	Carrying amount				Fair value			
	Financial assets measured at		Other Financial					
	Amortised cost	FVOCI	Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets measured at fair value	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Equity securities - at FVOCI	-	4,435,000	-	4,435,000	4,435,000	-	-	4,435,000
	-	4,435,000	-	4,435,000	4,435,000	-	-	4,435,000
Financial Assets not measured at fair value								
Balances with Banks	766,648,382	-	-	766,648,382	-	-	-	-
Short term Deposits	7,743,092	-	-	7,743,092	-	-	-	-
Financial assets at amortised cost	500,000	-	-	500,000	-	-	-	-
Loan and receivables	9,578,289,220	-	-	9,578,289,220	-	-	-	-
Amounts in escrow accounts	326,515,424	-	-	326,515,424	-	-	-	-
Amounts due from related parties	411,335,291	-	-	411,335,291	-	-	-	-
	11,091,031,410	-	-	11,091,031,410	-	-	-	-
Financial Liabilities not measured at fair value								
Trade and other payables	-	-	933,887,779	933,887,779	-	-	-	-
Loan and Borrowings	-	-	10,680,901,928	10,680,901,928	-	-	-	-
Employee benefit obligation	-	-	7,678,165	7,678,165	-	-	-	-
Amounts due to related parties	-	-	81,531,185	81,531,185	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-
	-	-	11,703,999,057	11,703,999,057	-	-	-	-

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FOR THE YEAR ENDED 31ST DECEMBER 2023

41 **Related party transactions**

Name of the related party	Relationship	Nature of the transactions	Amount 2023	Amount 2022	Amount due from/ (to) 31/12/2023		Amount due from/ (to) 31/12/2022	
					Trade receivable	Other receivable	Trade receivable	Other receivable
			MVR	MVR	MVR	MVR	MVR	MVR
Ministry of Education	Government affiliates	Lease rentals	3,014,130	2,951,528	-	-	-	-
		Receipts	(438,544)	(455,062)	41,338,005	-	38,762,419	-
		Payments made on behalf	12,748,548	-	-	12,749,398	-	850
Ministry of Health	Government affiliates	Lease rentals	643,513	2,233,792	-	-	-	-
		Receipts	(588,900)	(679,500)	26,460,874	-	26,406,260	-
		Sale of goods & services	-	-		-		
		Payments made on behalf	1,851,532	-	-	31,798,402	-	29,946,870
Aasandha Corporation Limited	Government affiliates	Lease Rentals	11,513,870	37,555,300	-	-	-	-
		Receipts	(1,252,867)	(1,528,537)	56,987,014	-	46,726,010	-
Ministry of Islamic Affairs	Government affiliates	Payments made on behalf	-	-	-	3,807,675	-	3,807,675
		Receipts	-	-	-	-	-	-
		Advance received	-	-	-	(168,321)	-	(168,321)
		Lease rentals	24,600	24,600	-	-	-	-
		Receipts	(24,600)	(24,600)	-	-	-	-
Maldives Industrial Fisheries Corporation	Government affiliates	Lease rentals	2,326,807	178,186	-	-	-	-
		Receipts	(1,533,804)	(178,186)	754,640	-	(38,363)	-
		Purchase of goods	(771,000)	(3,855,000)	-	771,000	-	1,542,000
Department of Judicial Administration	Government affiliates	Lease rentals	171,614	151,200	-	-	-	-
		Receipts	(174,800)	(259,200)	414	-	3,600	-
Maldives Transport and Contracting Corporation Plc	Government affiliates	Lease rentals	7,392,626	12,329,094	-	-	-	-
		Receipts	(20,873,720)	(11,055,168)	(78,393)	-	13,402,701	-
Dhivehi Raajjeyge Gulhun Plc	Government affiliates	Lease rentals	7,542,933	2,612,472	-	-	-	-
		Receipts	(7,036,318)	(2,648,962)	560,280	-	53,665	-
Maldives Ports Limited	Government affiliates	Lease rentals	44,577,987	17,273,885	-	-	-	-
		Receipts	(26,022,178)	(17,106,968)	71,532,336	-	52,976,527	-
Maldives Police Service	Government affiliates	Lease rentals	287,700	300,204	-	-	-	-
		Receipts	(156,789)	(169,950)	1,073,665	-	942,754	-
Ministry of defence & National Security	Government affiliates	Sale of fixed asset	-	-	-	-	-	-
		Finance income	-	-	-	-	-	-
		Lease rentals	172,800	172,800	-	-	-	-
		Receipts	(158,400)	(187,200)	14,400	-	-	-

KPMG ★ CHARTERED ACCOUNTANTS ★

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41 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2023	Amount 2022	Amount due from/ (to) '31/12/2023		Amount due from/ (to) 31/12/2022	
					Trade receivable	Other receivable	Trade receivable	Other receivable
			MVR	MVR	MVR	MVR	MVR	MVR
Male' City Council	Government affiliates	Payments made on behalf	-	-	-	-	-	-
		Lease rentals	-	-	153,459	-	153,459	-
		Receipts	-	-	-	-	-	-
State Trading Organization Plc	Government affiliates	Lease rentals	44,884,643	21,999,203	-	-	-	-
		Receipts	(20,559,146)	(10,897,392)	49,458,772	-	25,133,275	-
Ministry of Finance	Government affiliates	Payments made on behalf	-		-	5,486,200	-	5,486,200
(Loan balances are disclosed in Note 23)		Payments	211,800	77,193,940	-	(2,323,798,812)	-	(2,173,190,318)
		Disbursements	(82,308,732)	(121,337,517)	-	-	-	-
		Interest on loans	(68,511,561)	(64,160,170)	-	-	-	-
		Sale of goods & services	3,095,936,021	277,393,568	-	-	-	-
		Settlements	(217,937,019)	(924,853,402)	3,223,840,045	-	345,841,042	-
		Purchase of goods & services	(212,078,125)		(212,078,125)			
Maldives Water & Sewerage Corporation	Government affiliates	Lease rentals	29,198,896	46,451,440	-	-	-	-
		Receipts	(30,007,738)	(51,220,648)	27,251,191	-	28,060,033	-
Limited					-	-	-	-
State Electric Company Limited	Government affiliates	Lease rentals	19,228,228	12,056,306	-	-	-	-
Limited		Receipts	(25,614,167)	(58,978,378)	5,470,902	-	11,856,841	-
Ministry of National Planning, Housing and	Government affiliates	Payments made on behalf	73,786,848	14,490,669	-	92,373,460	-	18,586,612
Infrastructure		Purchase of goods	-	-	-	(12,346,850)	-	(12,346,850)
		Lease rentals	113,692,861	3,138,184	124,959,733	-	11,266,872	-
		Receipts	-	-				
Ministry of Economic	Government affiliates	Payments made on behalf	(25,410,171)	-	-	6,059,366	-	31,469,537
Development		Lease rentals	300,493	223,832	(36,402)	-	(61,902)	-
		Receipts	(274,993)	(644,300)	-	-	-	-
Bank of Maldives	Government affiliates	Lease rentals	4,335,447	9,330,668	(48,444)	-	(45,147)	-
		Receipts	(4,338,745)	(9,323,631)	-	-	-	-
Indhira Gandhi Memorial Hospital	Government affiliates	Lease rentals	4,698,301	4,526,522	44,090,267	-	47,662,277	-
		Receipts	(8,270,311)	(4,202,406)	-	-	-	-
		Sale of goods & services	-	-	-	-	-	-

FOR THE YEAR ENDED 31ST DECEMBER 2023

41 **Related party transactions**

41 **Related party transactions (continued)**

Name of the related party	Relationship	Nature of the transactions	Amount 2023	Amount 2022	Amount due from/ (to) 31/12/2023		Amount due from/ (to) 31/12/2022	
					Trade receivable	Other receivable	Trade receivable	Other receivable
			MVR	MVR	MVR	MVR	MVR	MVR
Maldives Post Limited	Government affiliates	Lease rentals	934,313	590,934	-	-	-	-
		Receipts	(1,065,365)	(450,921)	8,961	-	140,013	-
Maldives Inland Revenue	Government affiliates	Lease rentals	371,971	90,054	-	-	-	-
Authority		Receipts	(85,029)	(43,020)	311,906	-	24,964	-
Maldives Gas Pvt Ltd	Government affiliates	Lease rentals	4,007,679	3,969,893	-	-	-	-
		Receipts	(4,022,258)		(14,580)	-	-	-
Maldives Airports Company Limited	Government affiliates	Sale of goods & services	2,144,500	2,269,908	2,244,395	-	4,404,409	-
		Receipts	(4,304,514)	(24,699,877)	-	-	-	-
Department of Public Health	Government affiliates	Payments made	-	-	-	-	-	-
		on behalf	-	-	-	-	-	-
		Lease rentals	97,000	97,000	335,800	-	238,800	-
		Receipts	-	-	-	-	-	-
Ministry of Fisheries Marine	Government affiliates	Lease rentals	188,472	187,629	3,926	-	2,617	-
Resources and Agriculture		Receipts	(187,163)	(187,053)	-	-	-	-
Waste Management	Government affiliates	Lease rentals	2,396,383	2,000,726	933,970	-	206,866	-
Corporation		Receipts	(1,669,280)	(2,684,995)	-	-	-	-
Maldives Islamic Bank	Government affiliates	Lease rentals	(7,697,465)	1,162,089	(9,742,419)	-	9,573	-
		Receipts	(2,054,526)	(1,159,511)	-	-	-	-
Maldives Monetary Authority	Government affiliates	Lease rentals	600,700	521,091	210,937,628	-	-	-
		Receipts	(211,522,492)	(521,091)	-	-	-	-
		Sale of goods & services	421,859,421					
Ministry of Environment, Climate Change and	Government affiliates	Payments made on behalf	-	-	-	-	-	-
Technology		Lease rentals	3,570	43,614	1,576		(1,994)	
		Receipts	-	(63,800)	-	-	-	-
Sabah Maldives Cooperative Society	Government affiliates	Lease rentals	60,897	127,260	217,521	-	188,160	-
		Receipts	(31,535)	(126,000)				
Ministry of Economics Development	Government affiliates	Payments made on behalf	-	-	-	-	-	-
		Receipts	-	-	-	-	-	-
		Lease rentals	300,493	-	(36,402)	-	(61,902)	-
		Receipts	(274,993)	-	-	-	-	-

FOR THE YEAR ENDED 31ST DECEMBER 2023

41 Related party transactions

41 Related party transactions (continued)

Name of the related party	Relationship	Nature of the transactions	Amount 2023	Amount 2022	Amount due from/ (to) 31/12/2023		Amount due from/ (to) 31/12/2022	
					Trade receivable	Other receivable	Trade receivable	Other receivable
			MVR	MVR	MVR	MVR	MVR	MVR
Maldives Tourism Development Corporation	Government affiliates	Receipts		22,981,261	-	-	-	-
		Payments made on behalf		(11,490,631)				
Fuel Supplies Maldives Pvt Ltd	Government affiliates	Payments made on behalf						
		Lease rentals	1,877,484	1,928,608	(886)	-	9,635	-
		Receipts	(1,888,005)	(1,960,725)	-	-	-	-
Health Protection Agency	Government affiliates	Payments made on behalf						
		Lease rentals	64,452	70,296	(67,247)	-	(126,384)	-
		Receipts	(5,315)	(349,800)				
Ministry of Gender, Family & Social Services	Government affiliates	Payments made on behalf						
		Lease rentals	(168,686)	4,792	-	-	168,686	-
Ministry of Tourism	Government affiliates	Payments made on behalf						
		Lease rentals	576,095	458,664	8,769	-	(109,805)	-
		Receipts	(457,521)	(686,281)	-	-	-	-
Business Center Corporation Ltd	Government affiliates	Lease rentals	1,118,967		952,964	-	-	-
		Receipts	(166,003)		-	-	-	-
National Center For Cultural Heritage, Ministry of A	Government affiliates	Lease rentals	64,155		32,655	-	-	-
		Receipts	(31,500)		-	-	-	-
Human Rights Commission of the Maldives	Government affiliates	Lease rentals	3,690		3,690	-	-	-
Civil Service Commission	Government affiliates	Lease rentals	3,000		3,000	-	-	-
Hulhumale' Hospital	Government affiliates	Lease rentals	418,889		38,709	-	-	-
		Receipts	(380,180)		-	-	-	-
Road Development Corporation	Government affiliates	Payments made on behalf			-	1,961,424	-	1,961,424
		Lease rentals	1,856,345	1,179,386	7,737,965	-	6,183,059	-
		Receipts	(301,439)					

41.1 Transactions with key management personnel

During the year, the Corporation has paid MVR 15,397,188/- (2022: 9,787,586/-) as remuneration to the members of the senior management and MVR 2,659,229/- (2022 : MVR 3,199,657/-) as remuneration and fees to the Board of Directors.

HOUSING DEVELOPMENT CORPORATION

KPMG CHARTERED ACCOUNTANTS