



Report No: FIN-2022-71(E)

6 October 2022

FENAKA CORPORATION LIMITED

FINANCIAL YEAR 2021



آڈیٹر جنرل عوامی سرکاری ادارے

AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF FENAKA CORPORATION LIMITED

Qualified Opinion

We have audited the financial statements of Fenaka Corporation Limited (the “Company”), which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in equity and statement of cash flows for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 4 to 38.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section in our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Qualified Opinion

1. On 7 January 2013, the Company had entered into Memorandum of Agreements (the “Agreements”) with six utility companies to transfer the custody, control and possession of assets of those six utility companies to the Company. According to the section 3(d) of the Agreements, “a valuation of all the assets in the revised asset register must be completed and submitted to the Ministry of Finance and Treasury within 3 months of the completion of the verification process”. The Company has carried out a valuation as at 30 June 2019, with the final report dated in December 2020. Total revaluation gain originated from the revaluation carried out as at 30 June 2019 has been recognized as an addition to the share capital instead of the revaluation gain that would have been originated from a revaluation performed between 7 January 2013 to 7 April 2013 as mentioned in the Agreements. Therefore, we were unable to verify the completeness, existence and accuracy of share capital, unrecognized revaluation gains/losses related to assets acquired from 7 January 2013 and its related deferred tax impact as at 31 December 2021 and 31 December 2020.
2. The Company has been using the assets developed by the Ministry of Environment and Energy relating to sewerage and water systems to provide related services to the communities based in the islands where the Company has established its power stations to generate and distribute electricity to the community. The income derived from the supply of water has been recognized as part of Company’s financial statements. However, the related assets and the depreciation expense have not been recorded in the Company’s books of accounts to date. Accordingly, due to lack of sufficient appropriate audit evidence, we were unable to determine the adjustments relating to the carrying value of property, plant and equipment, share capital and retained earnings in the financial statements as at 31 December 2021 and 31 December 2020.
3. As explained in Note 11 to the financial statement, the Company has recorded property plant and equipment at fair value. The fair value of such property was determined by an external independent

Basis for Qualified Opinion (Continued)

valuer using desktop valuation method for the purpose of assessing the fair value as at 30 June 2019. However, we noted below discrepancies in relation to the valuation exercise and the valuation report;

- Assets purchased during the period from August 2017 to 29 June 2019 with a total cost of MVR 162,628,672/- were not revalued but carrying at cost.
- Though the revaluation was performed as at 30 June 2019, assessments and related adjustments were made effective from 01 January 2019.
- The Company has used an assumption whereas for assets with no available data and/or insufficient data provided by the Company, values of such assets were considered as 1 MVR.
- For assets where the date of construction/ date of acquisition was not available and therefore assumed as 31 December 2012.

Accordingly, we were unable to determine whether any adjustment relating to the carrying value of property, plant and equipment, retained earnings and share capital was necessary in the financial statements as at 31 December 2021 and 31 December 2020.

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 Company in accordance with the *International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants* (including International Independence Standards) (“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 qualified opinion.

Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements

The Board of Directors (“the Board”) is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board 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, the Board is responsible for assessing the Company’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 the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors’ 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:



Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 Company 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 the Board 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..

06th October 2022



Hussain Niyazy
Auditor General



FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Note	2021 MVR	2020 MVR
Revenue	6	1,782,241,082	1,673,270,932
Cost of operations		(1,003,594,347)	(923,566,069)
Gross profit		<u>778,646,735</u>	<u>749,704,863</u>
Other income	7	38,170,191	33,581,770
Administration expenses		(770,489,650)	(683,235,173)
Sales and marketing expenses		(850,425)	(809,109)
Allowance for impairment loss on trade receivables	15.1	(24,515,387)	(34,538,544)
Profit from operations		<u>20,961,464</u>	<u>64,703,807</u>
Finance costs	8	(1,392,566)	(3,180,416)
Profit before tax	9	<u>19,568,898</u>	<u>61,523,391</u>
Tax (expense) / credit	10	(2,286,945)	4,092,320
Profit for the year		<u><u>17,281,953</u></u>	<u><u>65,615,711</u></u>
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit liability - net of tax	20	3,086,462	(481,798)
Total other comprehensive income		<u>3,086,462</u>	<u>(481,798)</u>
Total comprehensive income for the year		<u><u>20,368,415</u></u>	<u><u>65,133,913</u></u>

The figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 8 to 38. The Report of the Independent Auditors is given on pages 1 to 3.



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

AS AT 31 DECEMBER

	Note	2021 MVR	2020 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,952,983,426	2,557,212,554
Intangible asset	12	3,395,151	4,012,561
Right of use assets	13	22,158,790	26,250,146
Total non-current assets		2,978,537,367	2,587,475,261
Current assets			
Inventories	14	504,142,177	449,055,191
Trade and other receivables	15	249,030,325	318,431,951
Cash and cash equivalents	16	5,913,719	8,454,286
Total current assets		759,086,221	775,941,428
Total assets		3,737,623,588	3,363,416,689
EQUITY AND LIABILITIES			
Equity			
Share capital	17	2,507,592,102	2,507,592,102
Accumulated losses		(398,606,906)	(418,975,321)
Total equity		2,108,985,196	2,088,616,781
Non-current liabilities			
Loans and borrowings	18.2	3,939,293	22,697,584
Lease liabilities	19.2	15,040,456	20,819,780
Employee defined benefit liabilities	20	28,490,816	27,677,629
Deferred tax liabilities	10.4	8,459,284	5,627,669
Total non-current liabilities		55,929,849	76,822,662
Current liabilities			
Employee defined benefit liabilities	20	1,986,406	2,631,076
Loans and borrowings	18.3	122,031,262	110,644,403
Lease liabilities	19.1	8,514,151	7,873,830
Trade and other payables	21	1,440,176,724	1,076,827,937
Total current liabilities		1,572,708,543	1,197,977,246
Total liabilities		1,628,638,392	1,274,799,908
Total equity and liabilities		3,737,623,588	3,363,416,689

The figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 8 to 38. The Report of the Independent Auditors is given on pages 1 to 3.

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

Name of the Director

Ahmed Saeed Mohamed



Signature

(Handwritten signature)

(Handwritten signature)

(Circular stamp of FENAKA CORPORATION LIMITED)

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

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Accumulated losses	Total
	MVR	MVR	MVR
Restated balance as at 1 January 2020	2,507,592,102	(484,109,234)	2,023,482,868
<i>Total comprehensive income for the year</i>			
Profit for the year	-	65,615,711	65,615,711
Other comprehensive income for the year	-	(481,798)	(481,798)
Balance as at 31 December 2020	<u>2,507,592,102</u>	<u>(418,975,321)</u>	<u>2,088,616,781</u>
Balance as at 1 January 2021	2,507,592,102	(418,975,321)	2,088,616,781
<i>Total comprehensive income for the year</i>			
Profit for the year	-	17,281,953	17,281,953
Other comprehensive income for the year	-	3,086,462	3,086,462
Balance as at 31 December 2021	<u>2,507,592,102</u>	<u>(398,606,906)</u>	<u>2,108,985,196</u>

The figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 8 to 38. The Report of the Independent Auditors is given on pages 1 to 3.



FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	Note	2021 MVR	2020 MVR
Cash flows from operating activities			
Profit before tax		19,568,898	61,523,391
<i>Adjustments for:</i>			
Depreciation on property plant and equipment	11	202,888,967	178,986,821
Amortization of intangible assets	12	617,410	2,983,468
Depreciation on right of use assets	13	8,884,231	7,471,890
Interest on loans and borrowings	8	-	1,686,070
Interest expense on lease liabilities	8	1,339,966	1,511,374
Allowance for impairment loss of trade receivables	15.1	24,515,387	34,538,544
Write back of interest payable during the year	18	(704,766)	-
Bad debts written off during the year	15.1	-	1,883,102
Current service cost and interest expense of retirement benefit obligation	20	4,100,159	3,933,747
Operating profit before working capital changes		<u>261,210,252</u>	<u>294,518,407</u>
Changes in working capital:			
Inventories		(55,086,985)	(138,119,529)
Trade and other receivables		44,886,239	(141,894,410)
Trade and other payables		363,348,787	303,729,449
Net cash from operating activities		<u>614,358,293</u>	<u>318,233,917</u>
Interest paid		-	(1,905,423)
Retirement benefits paid	20	(300,510)	(435,167)
Net cash flows from operating activities		<u>614,057,783</u>	<u>315,893,327</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(312,394,908)	(190,341,332)
Acquisition of intangible assets	12	-	(649,493)
Cost incurred on construction of capital work-in-progress	11	(286,264,931)	(110,237,863)
Net cash used in investing activities		<u>(598,659,839)</u>	<u>(301,228,688)</u>
Cash flows from financing activities			
Repayment of loans	18	(6,666,667)	(3,333,334)
Lease payments	19	(11,271,844)	(8,510,248)
Net cash used in financing activities		<u>(17,938,511)</u>	<u>(11,843,582)</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(2,540,567)</u>	<u>2,821,057</u>
Cash and cash equivalents at beginning of the year		<u>8,454,286</u>	<u>5,633,229</u>
Cash and cash equivalents at end of the year	16	<u>5,913,719</u>	<u>8,454,286</u>

The figures in brackets indicate deductions.



These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 8 to 38. The Report of the Independent Auditors is given on pages 1 to 3.



**FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS**

1. REPORTING ENTITY

Fenaka Corporation Limited is a Company incorporated and domiciled in the Republic of Maldives, which is fully owned by the Government of Maldives as a limited liability company since 01 August 2012 under the Companies Act No.10 of 1996 with its registered office at Ministry of Finance and Treasury, Ameenah Magu, Male', Republic of Maldives.

Principal business activities of the Company include supply of electricity, water and sewerage services in the Maldives except in Greater Male' region.

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.

(c) Functional and presentation currency

The Company's financial statements are presented in Maldivian Rufiyaa, which is the Company's functional and presentation currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Company's financial statements is included in the respective notes.



FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company.

3.1 Transactions in foreign currencies

Transactions in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the profit or loss.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

3.2 Financial instruments

(i) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit and loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;



FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (Continued)

(i) Classification and subsequent measurement (Continued)

Financial assets - Business model assessment (Continued)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.



FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (Continued)

(i) Classification and subsequent measurement (Continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

(ii) De-recognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfer nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.



**FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (Continued)

(ii) De-recognition (Continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

3.3 Impairment

(i) Financial assets (Including receivables)

The Company recognize loss allowance for ECLs (Expected Credit Loss) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which measured at 12-month ECLs.

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

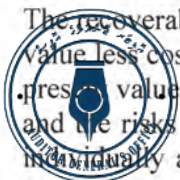
Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all the cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.



FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 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.

3.5 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 labor, 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 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 Company, 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 recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

Buildings	Over 20 years
Distribution equipment	Over 12 years
Generation equipment	Over 10 years
Fuel storage facilities	Over 14 years
Machinery and equipment	Over 10 years
Tools and equipment	Over 7 years
Motor vehicles and vessels	Over 7 years
Furniture and fittings and communication equipment	Over 7 years
Computers and office equipment	Over 5 years
Water and sewage systems	Over 10 years
Environmental survey	Over 7 years



FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the depreciation commences from the date in which the property, plant and equipment are ready for use.

3.6 Capital work in progress

Assets under construction as at the reporting date represents the costs incurred or accrued for the projects which are not commissioned for commercial operation as at the reporting date.

3.7 Intangible Assets

Intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss when incurred.

Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of assets unless such lives are indefinite. The estimated useful lives are as follows:

Computer Software	Over 3 years
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3.8 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.

The value of each category of Inventory is determined on weighted average cost (WAC) basis.

3.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.



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



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Defined benefit plans

(iii) Short-term benefits

3.10 Cash and cash equivalents

Statement of cash flows is prepared in "indirect method". For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks as defined above, net of outstanding bank overdrafts, if any.

3.11 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

3.12 Dividends

The Company recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Maldives, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.



**FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Provisions

A provision is recognized if, as a result of a past event, the Company 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.

3.14 Revenue

Revenue recognition

The Company recognises the following revenues from contracts with customers:

- Revenue from sale of electricity;
- Revenue from sale of water;
- Revenue from electricity and water connections;
- Revenue from subcontracted projects; and
- Other income.

Revenue from sale of electricity

Revenue from sale of electricity is recognised in the accounting period in which the services are rendered. Revenue from sale of electricity is recognised when customers are invoiced for their electricity consumption measured in kilowatt / hours. Since electricity has no form or shape of its own, the transfer of control is evidenced when a particular bill is generated which forms the basis of consumption of the electricity for the month. There is no unfulfilled obligation that could affect the acceptance of the goods and services.

The performance obligation underlying the revenue stream is not a separate performance obligation and forms part of the bundle services in form of provision of electricity to customers. The payment for such service is due after transfer of the services. Therefore, revenue is recognised at a point in time once the services are transferred to the customer and bills are issued.

Revenue from sale of water

Revenue from sale of water is recognised in the accounting period in which the services are rendered. Revenue from sale of water is recognised when customers are invoiced for their water consumption measured in liters. Since water has no form or shape of its own, the transfer of control is evidenced when a particular bill is generated which forms the basis of consumption of the water for the month. There is no unfulfilled obligation that could affect the acceptance of the goods and services.

Revenue from electricity connections

Revenue from new electricity and water connections received from customers is recognised when significant risks and rewards of the ownership of electrical and water connection meters have been transferred to the customers.



**FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue (Continued)

Revenue from subcontracted projects

Revenue from subcontracted projects comprise of income from projects which are contracted to the Company by the Government of Maldives, and mainly relate to projects carried out in relation to provision of water, electricity and sewerage services. In addition to these projects, the Company is awarded various other projects by the Government to improve infrastructure and public welfare, and such projects are overseen by relevant Ministries of the Government.

Other income

Other income comprises fines on late payment of electricity and water bills, sale of scrap/unusable assets/inventories, etc. The revenue is recognized upon satisfaction of the related performance obligation.

3.15 Expenses

Expenses are recognized in the income statement on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

3.16 Leases

At inception of a contract, the Company 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 Company 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 Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company 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.



FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Leases (Continued)

(i) As a lessee (Continued)

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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company 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 Company 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 following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company 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.

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 Company presents right-of-use assets that do not meet the definition of investment property in "Right-of-Use Asset" and lease liability in "Lease Liability" in the statement of financial position.



**FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Leases (Continued)

(i) As a lessee (Continued)

Short-term leases and leases of low-value assets

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

3.17 Events occurring after the reporting date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

3.18 Finance income and finance costs

Finance income comprises foreign exchange gains.

Finance cost comprises interest expense on borrowings and lease liabilities. Borrowing 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.

3.19 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss.

• **Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

• **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 for tax assets and liabilities will be realized simultaneously.



FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Tax expense (Continued)

• **Deferred tax (Continued)**

A deferred tax asset is recognized for unused tax losses, tax credits deductible 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.

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 not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

• **Sales tax**

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables that are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4. DETERMINATION OF FAIR VALUES

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

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company 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.



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. DETERMINATION OF FAIR VALUES (CONTINUED)

- 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.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Other standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 REVENUE	2021 MVR	2020 MVR
Revenue from sale of electricity to;		
- Businesses	157,511,012	145,867,220
- Businesses under special rates	88,355,080	88,495,485
- Domestic customers	532,398,113	450,103,350
- The Government	290,991,654	253,652,331
	<u>1,069,255,859</u>	<u>938,118,386</u>
Compensation for tariff rate difference	589,096,281	549,995,174
COVID-19 subsidy	25,271,306	60,373,829
Total revenue from sale of electricity	<u>1,683,623,446</u>	<u>1,548,487,389</u>
Revenue from sale of water	26,792,413	27,655,003
Revenue from electricity and water connections	719,400	612,000
Revenue from subcontracted projects	71,105,823	96,516,540
	<u>1,782,241,082</u>	<u>1,673,270,932</u>
7 OTHER INCOME	2021 MVR	2020 MVR
Other sales	4,487,306	3,204,282
Fines on electricity and water sales	32,822,724	29,843,431
Gain on disposal of fixed assets	-	285,408
Write back of interest payable	704,766	-
Miscellaneous income	155,395	248,649
	<u>38,170,191</u>	<u>33,581,770</u>
8 FINANCE COSTS	2021 MVR	2020 MVR
Exchange loss / (gain)	52,600	(17,028)
Interest on loans and borrowings	-	1,686,070
Interest expense on lease liabilities	1,339,966	1,511,374
	<u>1,392,566</u>	<u>3,180,416</u>
9 PROFIT BEFORE TAX	2021 MVR	2020 MVR
<i>Is stated after charging all the expenses including the following:</i>		
Depreciation on property, plant and equipment	202,888,967	178,986,821
Amortization of intangible assets	617,410	2,983,468
Depreciation on right of use assets	8,884,231	7,471,890
Personnel costs (Note 9.1)	438,942,193	383,769,602



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9	PROFIT BEFORE TAX (CONTINUED)	2021	2020
		MVR	MVR
9.1	Personnel Costs		
	Salaries and wages	186,372,728	165,137,040
	Overtime	67,801,556	58,528,582
	Bonus	125,000	152,500
	Contribution to MRPS	13,128,215	11,489,150
	Staff training expenses	1,447,520	61,339
	Staff compensation	421,025	471,043
	Directors salary and allowances	747,907	670,388
	Service allowance	59,071,334	51,745,181
	Other expenses and allowances	109,826,908	95,079,212
		<u>438,942,193</u>	<u>383,334,435</u>

10	TAX EXPENSE	2021	2020
		MVR	MVR
	Current tax expense (Note 10.1)	-	-
	Net deferred tax assets reversed/ (liabilities recognized) during the year (Note 10.3/ 10.4)	2,286,945	(4,092,320)
		<u>2,286,945</u>	<u>(4,092,320)</u>

10.1 Reconciliation between accounting profit and taxable income;

Profit before tax	19,568,898	61,523,391
Add: Depreciation and amortization charge for the year	203,506,377	181,970,289
Other disallowable expenses	44,433,169	50,219,642
Less: Capital allowances	(211,100,779)	(184,585,471)
Other allowable expenses	(18,473,687)	(19,092,758)
Set-off against taxable loss	(37,933,978)	(90,035,093)
Total taxable income	<u>-</u>	<u>-</u>
Income tax @ 15%	<u>-</u>	<u>-</u>

In accordance with the provisions of the Income Tax Act No. 25 of 2019 and the Income Tax Regulation No: 2020/R-21 and amendments thereto, the Company is liable for income tax at the rate of 15% on its taxable profits. However, no provision for income tax has been made in this financial statements since the Company has not generated any taxable profit for the year.

10.2	Accumulated tax losses	31/12/2021	31/12/2020
		MVR	MVR
	Opening balance	151,279,919	241,315,012
	Set-off against taxable profit	(37,933,978)	(90,035,093)
	Written off during the year	(50,435,989)	-
	Closing balance	<u>62,909,952</u>	<u>151,279,919</u>



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 TAX EXPENSE (CONTINUED)

10.3 Deferred tax assets	31/12/2021 MVR	31/12/2020 MVR
Opening balance	40,689,729	48,686,867
<i>Items recognized in other comprehensive income</i>		
Charged during the year	-	85,023
<i>Items recognized in profit or loss</i>		
Reversed during the year	(9,552,910)	(8,082,161)
Closing balance	<u>31,136,819</u>	<u>40,689,729</u>

10.4 Deferred tax liabilities	31/12/2021 MVR	31/12/2020 MVR
Opening balance	46,317,398	58,491,879
<i>Items recognized in other comprehensive income</i>		
Charged during the year	544,670	-
<i>Items recognized in profit or loss</i>		
Reversed during the year	(7,265,965)	(12,174,481)
Closing balance	<u>39,596,103</u>	<u>46,317,398</u>
Net deferred tax liability	<u>(8,459,284)</u>	<u>(5,627,669)</u>

10.5 Recognized deferred tax assets	31/12/2021		31/12/2020	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Allowance for impairment loss on trade receivables	114,191,619	17,128,743	89,676,232	13,451,435
Employee defined benefit liabilities	30,477,222	4,571,583	30,308,705	4,546,306
Accumulated tax losses	62,909,952	9,436,493	151,279,919	22,691,988
	<u>207,578,793</u>	<u>31,136,819</u>	<u>271,264,856</u>	<u>40,689,729</u>

10.6 Recognized deferred tax liabilities	31/12/2021		31/12/2020	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Employee defined benefit liabilities	3,631,132	544,670	-	-
Property, plant and equipment and intangible assets	260,342,887	39,051,433	308,782,652	46,317,398
	<u>263,974,019</u>	<u>39,596,103</u>	<u>308,782,652</u>	<u>46,317,398</u>



11 PROPERTY PLANT AND EQUIPMENT

	Land	Buildings	Distribution equipment	Generation equipment	Fuel Storage facilities	Machinery and equipment	Tools and equipment	Motor Vehicles & Vessels	Furniture & fittings and communication equipment	Computer and office equipment	Water and sewerage systems	Environmental Survey	Total 31/12/2021	Total 31/12/2020
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost/ Revalued amount														
Opening balance	155,502,869	774,213,069	587,238,939	783,800,986	86,111,276	11,856,554	15,413,978	14,396,827	20,870,805	31,996,257	6,664,156	1,494,805	2,489,560,522	2,242,951,481
Additions during the year	-	-	179,092,846	97,823,148	-	3,804,309	1,904,160	1,711,528	4,172,199	11,723,854	11,524,844	638,021	312,394,908	190,341,332
Transferred from CWIP	-	92,962,879	-	-	1,373,821	-	-	-	-	-	-	-	94,336,700	56,267,709
Closing balance	155,502,869	867,175,948	766,331,785	881,624,134	87,485,097	15,660,863	17,318,138	16,108,355	25,043,004	43,720,111	18,189,000	2,132,826	2,896,292,130	2,489,560,522
Accumulated depreciation														
Opening balance	-	57,472,807	74,738,036	147,201,141	9,337,670	2,378,223	2,921,655	5,949,902	4,644,743	9,017,771	1,737,760	747,403	316,147,111	137,160,290
Charge for the year	-	40,980,561	53,172,434	84,247,716	6,060,196	1,327,763	2,499,389	2,202,572	3,400,321	7,067,679	1,610,412	319,924	202,888,967	178,986,821
Closing balance	-	98,453,368	127,910,470	231,448,857	15,397,866	3,705,986	5,421,044	8,152,474	8,045,064	16,085,450	3,348,172	1,067,327	519,036,078	316,147,111
As at 31 December 2021	155,502,869	768,722,580	638,421,315	650,175,277	72,087,231	11,954,877	11,897,094	7,955,881	16,997,940	27,634,661	14,840,828	1,065,499	2,377,256,052	
As at 31 December 2020	155,502,869	716,740,262	512,500,903	636,599,845	76,773,606	9,478,331	12,492,323	8,446,925	16,226,062	22,978,486	4,926,396	747,402		2,173,413,411
Capital work in progress (Note 11.1)													575,727,374	383,799,143
Net carrying value													<u>2,952,983,426</u>	<u>2,557,212,554</u>
11.1 Capital work in progress (CWIP)														
Opening balance													383,799,143	332,876,657
Additions during the year													286,264,931	110,237,863
Transferred to property, plant and equipment													(94,336,700)	(56,267,709)
Closing balance													<u>575,727,374</u>	<u>383,799,143</u>

11.2 The capital work in progress represents the costs incurred for the construction and relocation of power houses, construction of office blocks, fuel tanks and construction and extension of store facilities in various islands.

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FOR THE YEAR ENDED 31 DECEMBER 2021

12 INTANGIBLE ASSETS	31/12/2021 MVR	31/12/2020 MVR
Cost		
Opening balance	9,520,701	8,871,208
Additions during the year	-	649,493
Closing balance	<u>9,520,701</u>	<u>9,520,701</u>
Accumulated amortization		
Opening balance	8,555,808	5,572,340
Amortization during the year	617,410	2,983,468
Closing balance	<u>9,173,218</u>	<u>8,555,808</u>
Capital work in progress	3,047,668	3,047,668
Net carrying value	<u><u>3,395,151</u></u>	<u><u>4,012,561</u></u>

Intangible assets of the Company include computer software which are amortized over a period of 3 years.

13 RIGHT-OF-USE ASSETS	31/12/2021 MVR	31/12/2020 MVR
Cost		
Opening balance	41,067,262	40,349,267
Additions during the year	4,792,875	717,995
Closing balance	<u>45,860,137</u>	<u>41,067,262</u>
Accumulated depreciation		
Opening balance	14,817,116	7,345,226
Charge for the year	8,884,231	7,471,890
Closing balance	<u>23,701,347</u>	<u>14,817,116</u>
Net carrying value	<u><u>22,158,790</u></u>	<u><u>26,250,146</u></u>

14 INVENTORIES	31/12/2021 MVR	31/12/2020 MVR
Fuel stock	28,579,798	25,337,829
Lube oil	9,816,138	10,534,301
Engineering, electrical and distribution spares	427,303,983	373,208,401
Tools and general items	38,442,258	39,974,660
	<u>504,142,177</u>	<u>449,055,191</u>



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15	TRADE AND OTHER RECEIVABLES	31/12/2021	31/12/2020
		MVR	MVR
	Trade receivables	313,657,855	339,994,587
	Less: Allowance for impairment of trade receivables (Note 15.1)	(114,191,619)	(89,676,232)
		<u>199,466,236</u>	<u>250,318,355</u>
	Advances to suppliers	49,075,095	68,102,552
	Other receivables	477,950	-
	Deposits	11,044	11,044
		<u>249,030,325</u>	<u>318,431,951</u>
15.1	Allowance for impairment of trade receivables	31/12/2021	31/12/2020
		MVR	MVR
	Opening balance	89,676,232	57,020,790
	Recognized during the year	24,515,387	34,538,544
	Written off during the year	-	(1,883,102)
	Closing balance	<u>114,191,619</u>	<u>89,676,232</u>
16	CASH AND CASH EQUIVALENTS	31/12/2021	31/12/2020
		MVR	MVR
	Cash in hand	3,139,240	2,099,696
	Cash at banks	2,774,479	6,354,590
	Cash and cash equivalent in the statement of cash flows	<u>5,913,719</u>	<u>8,454,286</u>
17	SHARE CAPITAL	31/12/2021	31/12/2020
		MVR	MVR
17.1	Authorized share capital		
	280,000,000 ordinary shares of MVR 10/- each	<u>2,800,000,000</u>	<u>2,800,000,000</u>
17.2	Issued and fully paid		
	250,759,210 ordinary shares of MVR 10/- each	<u>2,507,592,102</u>	<u>2,507,592,102</u>

17.3 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 Company.

No dividends have been declared by the Board of Directors of the Company for the year ended 31 December 2021 (2020: Nil).



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 SHARE CAPITAL (CONTINUED)

17.4 Revaluation surplus

Property, plant and equipment of the Company was revalued by Mr. Kunal K. Vikamsey, MRICS, B. E. (CIVIL), M. VAL (R.E. & P.M.) from Kanti Karamsey & Co. Advisors LLP, a professional valuer, subcontracted by FJS Associates. Except for land, the valuation was performed based on the "Cost Approach" as at 30 June 2019 and land has been valued using "Market Approach" as at 30 June 2019. The revaluation surplus of the Company amounting to MVR 1,968,743,168/- has been credited to the share capital during the year ended 31 December 2019.

18	LOANS AND BORROWINGS	31/12/2021 MVR	31/12/2020 MVR	
	Opening balance	133,341,987	136,894,674	
	Interest capitalized during the year	-	1,686,070	
	Repayments during the year	(6,666,667)	(3,333,334)	
	Interest paid during the year	-	(1,905,423)	
	Interest written off during the year	(704,765)	-	
	Closing balance	<u>125,970,555</u>	<u>133,341,987</u>	
18.1	Sources of finance	31/12/2021 MVR	31/12/2020 MVR	
	Unsecured loans			
	Ministry of Finance and Treasury (MoFT) (Note 18.5)	88,322,584	89,027,350	
	State Trading Organization (STO) (Note 18.6)	<u>37,647,971</u>	<u>44,314,637</u>	
	Total loans and borrowings	<u>125,970,555</u>	<u>133,341,987</u>	
18.2	Non-current liability			
	Ministry of Finance and Treasury (MoFT)	<u>3,939,293</u>	<u>22,697,584</u>	
		<u>3,939,293</u>	<u>22,697,584</u>	
18.3	Current liability			
	Ministry of Finance and Treasury (MoFT)	84,383,291	66,329,766	
	State Trading Organization (STO)	<u>37,647,971</u>	<u>44,314,637</u>	
		<u>122,031,262</u>	<u>110,644,403</u>	
18.4	Maturity analysis	0-12 Months MVR	1-2 Years MVR	Balance at 31/12/2021 MVR
	Ministry of Finance and Treasury (MoFT)	84,383,291	3,939,293	88,322,584
	State Trading Organization	<u>37,647,971</u>	<u>-</u>	<u>37,647,971</u>
		<u>122,031,262</u>	<u>3,939,293</u>	<u>125,970,555</u>



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 LOANS AND BORROWINGS (CONTINUED)

18.5 Ministry of Finance and Treasury (MoFT)

In accordance with Shariah concept, Maldives Islamic Bank Private Limited (MIB/Seller) and Fenaka Corporation Limited (Purchaser) entered in to a Murabahah Financial Arrangement on 21 September 2014 to purchase 77 generator sets, cables and distribution boxes for the purpose of electricity generation. As per the agreement, the above specified goods were sold for a Murabahah price of MVR 103,405,989/-, which includes a profit margin of MVR 5,784,202/- (Cost: MVR 97,621,787/-). During 2014 MoFT paid the full outstanding amount to MIB on behalf of the Company. Accordingly the Company recognises the outstanding loan payable balance to MoFT as at 31 December 2020. The loan carries fixed interest rate of 1.39% per annum and the loan has to be repaid after a grace period of 6 months over 96 monthly installments of MVR 1,562,500/- each starting from April 2015.

18.6 State Trading Organization (STO)

In accordance with Sharia concept, State Trading Organization PLC (STO) and Fenaka Corporation Limited entered in to a Mudharabah Financial Arrangement on 12 November 2017 to repay outstanding invoices owing to Fuel Supplies Maldives Private Limited, a subsidiary company of STO. As per the agreement, the amount taken to repay the outstanding invoices is MVR 120,000,000/-, and in addition a profit margin of MVR 9,600,000/-. The loan carries fixed interest rate of 4.7% per annum and the loan has to be repaid over 36 monthly installments of MVR 3,333,333/- each starting from December 2017.

19 LEASE LIABILITIES

	31/12/2021	31/12/2020
	MVR	MVR
Opening balance	28,693,610	34,974,489
Additions during the year	4,792,875	717,995
Interest expense for the year	1,339,966	1,511,374
Repayment during the year	(11,271,844)	(8,510,248)
Closing balance	<u>23,554,607</u>	<u>28,693,610</u>

19.1 Current liabilities

	Maturity	31/12/2021	31/12/2020
		MVR	MVR
Port Complex Building	2024	4,953,162	4,720,151
Danka House	2024	1,719,857	1,636,148
L.Gan Naasaree Building	2034	32,768	31,173
M. Alimasvaadhee	2024	1,115,898	307,463
All other leases	2022	692,466	307,463
		<u>8,514,151</u>	<u>7,873,830</u>



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 LEASE LIABILITIES (CONTINUED)

19.2 Non-current liabilities	Maturity	31/12/2021 MVR	31/12/2020 MVR
Port Complex Building	2024	10,138,673	15,301,247
Danka House	2024	3,224,177	4,944,034
L.Gan Naasaree Building	2034	531,752	564,520
M. Alimasvaadhee	2024	1,145,854	9,979
All other leases	2022	-	9,979
		<u>15,040,456</u>	<u>20,819,780</u>

20 DEFINED BENEFIT OBLIGATION	31/12/2021 MVR	31/12/2020 MVR
Opening balance	30,308,705	26,243,304
Current service cost	3,039,354	3,015,231
Interest cost	1,060,805	918,516
Actuarial (gain) / loss on obligation	(3,631,132)	566,821
Benefits paid during the year	(300,510)	(435,167)
Closing balance	<u>30,477,222</u>	<u>30,308,705</u>
Employee defined benefit liabilities - Current	1,986,406	2,631,076
Employee defined benefit liabilities - Non-current	<u>28,490,816</u>	<u>27,677,629</u>
	<u>30,477,222</u>	<u>30,308,705</u>

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

Amounts recognized in profit or loss

Current service cost	3,039,354	3,015,231
Interest cost	1,060,805	918,516
	<u>4,100,159</u>	<u>3,933,747</u>

Amount recognized in other comprehensive income

Actuarial (gain) / loss on obligation	(3,631,132)	566,821
Tax impact	544,670	(85,023)
Actuarial loss on obligation net of tax	<u>(3,086,462)</u>	<u>481,798</u>

The actuarial valuation for the year ended 31 December 2021 was carried out by a professionally qualified actuary, Charan Gupta Consultants Private Limited based on the following key assumptions.



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 DEFINED BENEFIT OBLIGATION (CONTINUED)

	2021	2020
Discounting rate	3.50%	3.50%
Future salary increase	5.00%	5.00%
Retirement age	65	65
Mortality rate inclusive of provision for disability	Global Health Observatory Data	Global Health Observatory Data

Sensitivity Analysis

Values appearing in the financial statements are very sensitive to the changes in financial and non financial assumptions used.

A Sensitivity was carried out as follows,

	2021	
	MVR +1%	MVR -1%
<i>Impact of the change in salary increase</i>		
- Impact to present value of obligation at the end of the year	1,387,915	(1,301,764)
<i>Impact of the change in discount rate</i>		
- Impact to present value of obligation at the end of the year	(1,289,834)	1,387,915

21 TRADE AND OTHER PAYABLES

	31/12/2021 MVR	31/12/2020 MVR
Trade payables	1,417,632,147	1,055,449,504
Accrued expenses	569,010	6,412,254
Refundable deposits	172,531	102,688
Construction retention	17,597,251	12,142,911
Other payables	4,205,785	2,720,580
	<u>1,440,176,724</u>	<u>1,076,827,937</u>

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Overview

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

Risk management framework

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

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	31/12/2021	31/12/2020
	MVR	MVR
Trade and other receivables	199,944,186	250,318,355
Balances with banks	2,774,479	6,354,590
	<u>202,718,665</u>	<u>256,683,989</u>

Expected credit loss assessment under IFRS 9

The Company uses an allowance matrix to measure the ECLs of trade receivables. Loss rate are based on actual credit loss experience over past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which historical data has been collected, current condition and company's view of economic condition of expected lives of the receivables.

Scalar factors are based on actual and forecast GDP growth rates and normalized average GDP used for ECL assessment.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

Probability of default (PD)
 Loss given default (LGD)
 Exposure at default (EAD)



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

Expected credit loss assessment under IFRS 9 (Continued)

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.

Impairment Losses	31/12/2021			31/12/2020		
	Weighted average loss rate	Gross carrying amount	Loss allowance	Weighted average loss rate	Gross carrying amount	Loss allowance
		MVR	MVR		MVR	MVR
0-30 days past due	4%	132,923,477	4,923,711	1%	135,689,029	1,207,050
31-60 days past due	26%	27,729,448	7,110,740	12%	45,984,190	5,672,579
61-90 days past due	41%	18,792,946	7,661,570	6%	15,654,015	1,014,661
91-120 days past due	57%	9,260,433	5,296,708	11%	12,718,257	1,384,652
121-150 days past due	77%	8,063,365	6,217,050	27%	11,195,361	3,011,530
151-180 days past due	49%	6,678,995	3,295,061	33%	7,727,677	2,545,424
181-365 days past due	56%	38,118,524	21,275,910	53%	45,301,745	23,879,208
Over 365 days	81%	72,090,667	58,410,869	78%	65,724,313	50,961,128
Total		<u>313,657,855</u>	<u>114,191,619</u>		<u>339,994,587</u>	<u>89,676,232</u>

The aging of trade receivables at the reporting date was:

The Company believes that the unimpaired amounts that are outstanding are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no additional provision is required.

Balances with banks

The Company held cash and equivalents (cash at bank) of MVR 3,568,335/- as at 31 December 2021 (2020: MVR 6,354,590/-). These balances are held with banks that Management believes are of high credit quality and accordingly, minimal credit risk exists.



22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The following are the contractual maturities of financial liabilities as at the reporting date.

31 December 2021	Carrying Amount MVR	Contractual Cashflows 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	1,421,837,932	1,421,837,932	523,205,994	795,217,844	103,414,094	-
Loans and borrowings	125,970,555	125,970,555	122,022,971	3,947,584	-	-
Lease liabilities	23,554,607	25,285,699	9,389,062	8,656,281	6,780,356	460,000
	<u>1,571,363,094</u>	<u>1,573,094,186</u>	<u>654,618,027</u>	<u>807,821,709</u>	<u>110,194,450</u>	<u>460,000</u>
31 December 2020	Carrying Amount MVR	Contractual Cashflows 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	1,058,170,084	1,058,170,084	420,708,596	577,877,859	59,583,629	-
Loans and borrowings	133,341,987	133,341,987	110,644,403	18,750,000	3,947,584	-
Lease liabilities	28,693,610	30,370,303	7,883,110	7,580,731	14,386,462	520,000
	<u>1,232,451,280</u>	<u>1,234,127,973</u>	<u>551,481,708</u>	<u>604,208,590</u>	<u>77,917,675</u>	<u>520,000</u>

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

FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company'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 Company's interest-bearing financial instruments was:

	Carrying Amount	
	31/12/2021	31/12/2020
	MVR	MVR
Fixed rate instruments		
Loans and borrowings	125,970,555	133,341,987
	<u>125,970,555</u>	<u>133,341,987</u>

(b) Currency risk

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	31/12/2021	31/12/2020
	USD	USD
Cash and cash equivalents	6,839	63,559
Trade and other payables	2,212,164	4,123,895
Gross Exposure	<u>2,219,003</u>	<u>4,187,454</u>

The following significant exchange rates were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2021	2020	31/12/2021	31/12/2020
1 US\$: MVR	15.42	15.42	15.42	15.42

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



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	31/12/2021	31/12/2020
	MVR	MVR
Total liabilities	1,628,638,392	1,274,799,908
Less: Cash and cash equivalents	(5,913,719)	(8,454,286)
Net debt	1,622,724,673	1,266,345,622
Total equity	2,108,985,196	2,088,616,781
Debt to capital ratio	0.77	0.61

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

23 EVENTS AFTER THE REPORTING DATE

On 22 September 2022, the Company has entered in to an agreement with Maldives Industrial Fisheries Company Limited ("MIFCO") to accept the transfer of ownership and takeover operations of 13 ice plants operated and managed by MIFCO in inhabited islands. As stated in the agreement, the net carrying value of these ice plants as at 31 December 2021 was MVR 39,367,086/- and as stated in the agreement, with respect to these ice plants MIFCO has recorded a net loss of MVR 9,114,631/- for the year ended 31 December 2021.

Other than above, no circumstances have arisen since reporting date which require adjustments to/ or disclosure in the financial statements.

24 DIRECTORS' RESPONSIBILITY

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

25 CONTINGENT LIABILITIES

There were no contingent liabilities which require disclosure in the financial statements as at the reporting date other than above.

26 CAPITAL COMMITMENTS

There were no capital commitments, which required adjustments to / or disclosure in the financial statements at end of the reporting period.



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

27 RELATED PARTY TRANSACTIONS

The Government of Maldives holds 100% (2020: 100%) of the voting rights of the Company as at 31 December 2021 and has significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Maldives as a related party according to International Accounting Standards 24 Related Party Disclosures.

During the year ended 31 December 2021, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

(i) Transactions	2021	2020
	MVR	MVR
<i>Services Provided</i>		
State Trading Organization PLC	9,814,511	3,336,828
Maldives Transport & Contracting Company PLC	3,680,142	591,571
Road Development Company	485,695	38,245
Maldives Industrial Fisheries Company	-	127,530
Maldives Gas Private Limited	-	5,361
Waste Management Corporation Limited	287,063	319,059
Maldives Ports Limited	208,708	300,241
Island Aviation Services Limited	-	213,880
Male' Water & Sewerage Company	212,101	106,356
	<u>14,688,220</u>	<u>5,039,071</u>

	2021	2020
	MVR	MVR
<i>Purchases</i>		
Maldives Transport & Contracting Company PLC	5,372,356	15,243,920
Male' Water & Sewerage Company	11,035,281	15,966,507
Fuel Supplies Maldives Pte Limited	841,799,757	800,041,610
Maldives Customs Service	2,752,570	400,117
Island Aviation Services Limited	1,727,482	535,842
State Electric Company Limited	2,511,561	20,479,560
	<u>865,199,008</u>	<u>852,667,556</u>

(ii) Loans and borrowings	2021		2020	
	Loan	Interest	Loan	Interest
	MVR	MVR	MVR	MVR
Ministry of Finance and Treasury (MoFT)	88,322,584	-	89,027,350	704,766
State Trading Organization (STO)	37,647,971	-	44,314,637	981,304
	<u>125,970,555</u>	<u>-</u>	<u>133,341,987</u>	<u>1,686,070</u>

(Refer Note 18 for the movement in the current year)



FENAKA CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

27 RELATED PARTY TRANSACTIONS (CONTINUED)

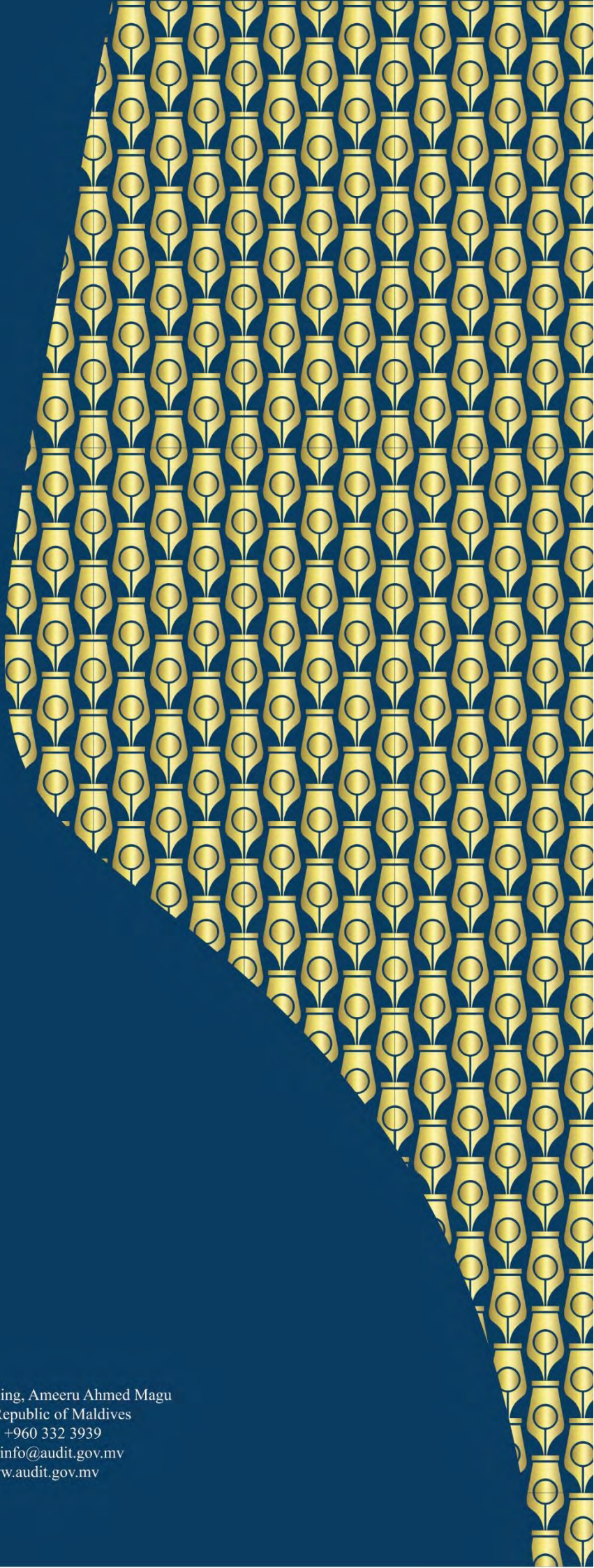
(iii) Collectively, but not individually significant transactions

The Company has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Company has transactions with other government related entities including but not limited to rendering of services, purchases, loans and use of public utilities.

(iv) Transactions with the key management personnel

The Board of Directors and Managing Director of the Company are the members of key management personnel. The Company has paid MVR 747,907/- as emoluments to key management personnel during the year ended 31 December 2021 (2020: MVR 670,388).





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