Report No: FIN-2026-69(E)

03 June 2026

PUBLIC SERVICE MEDIA
FINANCIAL YEAR 2024

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AUDITOR GENERAL'S OFFICE

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بسم الله الرحمن الرحيم

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDER AND BOARD OF DIRECTORS OF PUBLIC SERVICE MEDIA

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Public Service Media Limited ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a significant accounting policies.

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

Basis for Disclaimer of Opinion

1. The Company provided only the financial statements and accounting ledgers for the financial year ended 31 December 2024, and did not make available underlying documents such as invoices, contracts, bank confirmations, third-party confirmations, or other audit evidence required to substantiate the amounts and disclosures presented in the financial statements for the year ended 31 December 2024. As a result, we were unable to obtain sufficient appropriate audit evidence regarding the accuracy, completeness, existence, valuation, and presentation of the elements of the financial statements, including assets, liabilities, income, and expenses. Consequently, we were unable to determine whether any adjustments might have been necessary to the financial statements.

2. We have issued a special audit report identifying significant financial irregularities at the Company during the period from 2020 up to the end of April 2024, resulting in an estimated loss of MVR 9,034,083 due to misappropriation of funds. The matters identified in the special audit report also relates to the financial year 2024, these irregularities have a direct impact on the financial statements for the year ending 31 December 2024. Due to the deficiencies in internal controls and the lack of sufficient appropriate audit evidence, we were unable to verify the completeness and accuracy of transactions related to these matters. As a result, we were unable to determine the full extent of any potential misstatements in the financial statements.

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

Management is responsible for the preparation of the financial statements that gives a true and fair view in accordance with International Financial Reporting Standards (IFRS) Accounting Standards, as issued by the International Accounting Standards Board and 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, the management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

3rd June 2026

H. Niyazy

Hussain Niyazy
Auditor General

PUBLIC SERVICE MEDIA LIMITED

FINANCIAL STATEMENTS

31 December 2024

Public Service Media

Statement of financial position

As at 31 December 2024

Assets	Note	2024 MVR	2023 MVR
Non-current assets			
Property, plant and equipment	6	602,848,189	598,463,159
Intangible assets	7	4,449,289	4,449,289
		607,297,478	**602,912,448**
Current assets			
Trade and other receivables	8	19,874,981	9,768,388
Cash and cash equivalents	9	4,233,457	(13,604)
		24,108,438	**9,754,784**
Total assets		**631,405,916**	**612,667,232**
Equity and Reserve			
Share capital		516,919,411	516,919,411
Retained earning		(169,322,119)	(164,715,424)
Total equity		**347,597,292**	**352,203,987**
Non-Current Liabilities			
Loans and borrowing		87,710,000	87,710,000.00
Current liabilities			
Trade and other payables	10	196,098,624	172,753,245
Total liabilities		**283,808,624**	**260,463,245**
Total equity and liabilities		**631,405,916**	**612,667,232**

The Board of Directors are responsible for these financial statements signed for and on behalf of the Board by:

Ahmed Shakeeb
Managing Director

Andulla Yamin
Deputy Managing Director

The notes on pages 7 to 14 are an integral part of these financial statements.

Public Service Media

Statement of comprehensive income

Perioed ended 31 December 2024

	Note	2024 MVR	2023 MVR
Revenue	1	35,441,971	22,254,886
Direct costs	2	(82,532,837)	(70,090,913)
Gross surplus		**(47,090,866)**	**(47,836,027)**
Administrative expenses	3	(59,545,794)	(66,859,304)
Marketing expenses	4	(911,990)	-
Deficit from operation before government Budgetary Contribution for the year		**(107,548,650)**	**(114,695,331)**
Government Subsidies for the year	5	102,941,954	83,280,789
Profit for the Perioed		**(4,606,695)**	**(31,414,542)**
Other comprehensive income		-	-
Total comprehensive Profit for the perioed		**(4,606,695)**	**(31,414,542)**

The notes on pages 7 to 14 are an integral part of these financial statements.

Public Service Media
Statement of changes in equity
Perioed ended 31 December 2024

	Equity MVR	Retain Earning fund MVR	Total equity MVR
Balance as at 1 January 2023	**516,919,411**	**(164,715,424)**	**352,203,987**
Deficit for the perioed			-
Balance as at 31 December 2023	**516,919,411**	**(164,715,424)**	**352,203,987**
Balance as at 1 January 2024	**516,919,411**	**(164,715,424)**	**352,203,987**
Deficit for the perioed	-	(4,606,695)	(4,606,695)
Balance as at 31 December 2024	**516,919,411**	**(169,322,119)**	**347,597,293**

The notes on pages 7 to 14 are an integral part of these financial statements.

Public Service Media

Statement of cash flows

Perioed ended 31 December 2024

	Note	2024 MVR	2023 MVR
Operating activities			
Deficit for the year		(4,606,695)	(31,414,542)
Operating surplus/(deficit) before working capital changes		**(4,606,695)**	**(31,414,542)**
Working capital changes			
Increase / Decrease in trade and other receivables	**8**	(10,106,593)	119,596
Increase / Decrease in trade and other payable	**10**	23,345,379	30,280,798
Net cash flows from operating activities		**8,632,091**	**(1,014,148)**
Investing activities			
Acquisition of property, plant and equipment	**6**	(4,385,030)	(2,615,538)
Acquisition of intangible assets	**7**	-	(359,843)
Investment on construction work in progress		-	-
Net cash used in investing activities		**(4,385,030)**	**(2,975,381)**
Net increase in cash and cash equivalents		**4,247,061**	**(3,989,529)**
Cash and cash equivalents as at 01 January		(8,373,719)	(4,384,190)
Cash and cash equivalents as at 31 December	**9**	**(4,126,658)**	**(8,373,719)**

The notes on pages 7 to 14 are an integral part of these financial statements.

Public Service Media

Detailed statement of expenditure

Perioed ended 31 December 2024

1	**Revenue**	**2024 MVR**	**2023 MVR**
	Advertising income	3,516,117.47	3,911,716
	Announcement income	908,100.00	826,057.20
	Income from sponsorships	15,799,911.02	8,310,801.69
	Rental income	4,801,942.65	3,248,527.55
	Airtime income	7,293,303.51	1,862,713.06
	Production Income	348,027.40	1,256,252.15
	Archive Materials	26,156.29	22,491.42
	Cable TV income	52,723.00	400,224.61
	Event Income	1,041,396.12	-
	SMS	**191,078.80**	338,603
	Vedio Link	**270,751.27**	148,920
	Training Income	**283,650.00**	69,080
	Other operational income	**908,813.00**	1,859,500
		35,441,970.53	**22,254,886**

2	**Cost of Sales**	**MVR**	**MVR**
	Production Payroll	61,145,505	55,419,371
	Cost for programs and events	21,387,332	14,841,692
		82,532,837	**70,261,063**
3	**Administrative expenses**		
	Administrative and payroll expenses	24,465,787	23,196,668
	General administrative expenses	10,617,850	6,575,470
	Electricity	17,861,505	29,316,657
	Telephone, fax, internet	4,072,271	3,763,908
	Water and sanitation service	454,923	678,067
	Training expenses	95,136	44,103
	Repairs and maintenance	1,131,529	2,484,086
	Event managing	-	795,688
	Financial Expenses	77,585	-
	Other expenses	769,208	-
		59,545,794	**66,854,647**
4	**Marketing expenses**		
	Marketing expenses	911,990	-
	Promotional expenses	-	-
		911,990	**-**
5	**GOVERNENT GRANT & AID**		
	Government Grants	102,937,875	80,993,521.00
	Government Aid	4,080	2,287,269.00
		102,941,954	**83,280,790**

The notes on pages 7 to 14 are an integral part of these financial statements.

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6	Property, plant and equipment	Balance as at 01.01.2024 MVR	Additions during the year MVR	Balance as at 31.12.2024 MVR
	Gross carrying amounts -at cost			
	Land	414,436,100	-	414,436,100
	Buildings	55,480,550	-	55,480,550
	Machinery and equipment	117,986,281	3,979,817	121,966,098
	Computer equipment	4,278,433	220,313	4,498,746
	Communication equipment	755,246	20,000	775,246
	Furniture and fittings	5,404,392	285,217	5,689,609
	Transportation & Assets	1,840	-	1,840
		598,342,842	**4,505,346**	**602,848,188**

6.1	Depreciation	Balance as at 01.01.2016 MVR	Charge for the year MVR	Balance as at 31.12.2024 MVR
	Buildings	-	-	-
	Machinery and equipment	-	-	-
	Computer equipment	-	-	-
	Communication equipment	-	-	-
	Furniture and fittings	-	-	-
		-	-	-
	Net book value	**598,342,842**		**602,848,188**

The notes on pages 7 to 14 are an integral part of these financial statements.

7	Intangible assets Gross carrying amounts at cost	Balance as at 01.01.2024 MVR	Additions during the year MVR	Balance as at 31.12.2024 MVR
	Computer software	4,449,289	-	4,449,289

7.1	Amortisation	Balance as at 01.01.2024 MVR	Charge for the year MVR	Balance as at 31.12.2024 MVR
	Computer software	-	-	-
	Net book value	**4,449,289**		**4,449,289**

8	Trade and other receivables	2024 MVR	2023 MVR
	Trade receivables	19,874,981	9,709,812
	Other receivables	-	-
		19,874,981	**9,709,812**

9	Cash and cash equivalents		
	Cash and balances with banks	**4,233,457**	**(13,604)**

10	Trade and other payables		
	Trade payables	196,098,624	172,753,245
	Payable to the Ministry of Finance and Treasury	87,710,000	87,710,000
			-
		283,808,624	**260,463,245**

The notes on pages 7 to 14 are an integral part of these financial statements.

I Financial risk management objectives and policies

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

ii Foreign currency risk

The Corporation has transactional currency exposures. Such exposure arises from provide services, receive services, purchases and borrowings in currencies other than the Corporation's functional currency. The Corporation enters into transactions in Rufiyaa whenever possible. When a transaction is entered in a currency other than Rufiyaa, the Corporation uses fixed conversion rates, to avoid the adverse effects of currency fluctuations.

iii Liquidity risk

The Corporation's objective is to maintain a balance between continuity of funding and flexibility through the use of its funds. As part of its overall prudent liquidity management, the Corporation maintains sufficient level of cash and cash equivalents to meet its working capital requirement.

iv Credit risk

Credit risk is the possibility that counter-party will not fulfil its contractual obligation, resulting in a financial loss. The Corporation does businesses only with recognised and creditworthy third parties. Receivable balances are monitored on an on-going basis with the result that the Corporation exposure to bad debts is not significant. Since the Corporation trades only with recognised third parties, there is no requirement for collateral.

Notes to the financial statements

1 Corporate information

Public Service Media was established under the Public Service Media Act No 9 of 2015 on 28 April 2015. Subsequently, it was incorporated as a limited liability Company since 30 July 2017 under the Companies Act No. 10 of 1996. The Company's registered office is at Radio Building, Ameenee Magu, Male', Republic of Maldives.

1.1 Principal activities and nature of operations

Principal activities, nature of operations and the objectives of the Company are as follows.

- To air all the media content which is being produced via internet, all content via broadcast, print media and other news and information for awareness and entertainment using all available technology, and to create and establish a strong state media, which is funded from the government's
- While staying within the boundaries stated in the Public Service Media Act No 09 of 2015, without any outside influence and with editorial independence, to provide the state's media to all areas of the
- To continue as Public Service Media, and to assist in obtaining funds in order to improve and develop the state media with the latest resources and technology

2 Basis of preparation

2.1 Statement of Compliance

The Financial statements of the Company which comprise the Statement of financial position, Statement of profit or loss and other comprehensive income, Statement of changes in equity and cash flow statement together with accounting policies and notes have been prepared and presented in accordance with International Financial Reporting Standards (IFRS).

2.2 Basis of measurement

The Financial statements of the Company for the period ended 31 December 2021 have been prepared on the historical cost basis.

2.3 Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The financial Statements are presented in Maldivian Rufiyaa (MVR), which is the functional currency of the Company. All financial information presented in MVR has been rounded to the nearest amount unless stated otherwise.

2.4 Materiality and Aggregation

In compliance with IAS I Presentation of Financial Statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions are presented separately, unless they are immaterial.

2.5 Offsetting

Assets and liabilities, and income and expenses, are not offset unless required or permitted by

2.6 Going concern

The Company incurred a net loss of MVR 23,214,173/- during the year ended 31 December 2021. As of the reporting date, the Company's reported accumulated losses amounting to MVR 178,459,719/- and the current liabilities of the Company exceeded its current assets by MVR 182,622,631/-. These events or conditions indicate that an uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Despite of the above facts, Directors have concluded that the going concern basis of accounting is appropriate for the year 2021 and they do not intend either to liquidate or cease the Company. Directors have made such assessment of the Company's ability to continue as a going concern in the foreseeable future with the financial and operational support of Ministry of Finance.

2.7 Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

2.8 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Revenue from rendering of services is recognised in the accounting year in which the services are rendered or performed.

The Company's gross turnover comprises proceeds from following,

- Sponsorships sales revenue is recognised when the program is broadcast.
- Advertisement sales revenue is recognised when the advertisement is broadcast.
- Announcements sales revenue is recognised when the announcement is broadcast.
- Airtime recording/airtime live recording is recognised when the program is recorded/broadcast.

2.9 Government Grants

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

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

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2.10 Expenditure recognition

Expenses are recognised in the statement of profit or loss and other comprehensive income 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 the statement of other comprehensive income in arriving at the profit for the period.

2.11 Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are

The cost of the self-constructed assets includes the cost of materials, direct labour cost and appropriate proportion of production overheads. The cost of property, plant and equipment acquired by the Company includes cost of acquisition together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

When a major inspection of plant and machinery is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are met.

Depreciation on property, plant and equipment of the Company is charged on a straight-line basis to write off the cost over the estimated useful life of the assets. Estimated useful life of the major asset classes are as follows:

Buildings	25 years	4%
Machinery and equipment	10 years	10%
Computer equipment	5 years	20%
Communication equipment	10 years	10%
Furniture and fittings	10 years	10%
Software	3 years	33%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised. Depreciation is charged when the asset is available for use for operating activities.

2.12 Intangible assets

Intangible assets with finite lives are amortised over the useful economic life (03 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

2.13 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflects current market assessments of the time value of money and the risks specific to the assets.

If there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the assets in prior years.

2.14 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of balances with banks and cash in hand. Statement of cash flows is prepared in 'indirect method' and for the purpose of statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

2.15 Liabilities and provisions

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

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

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

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2.16 Financial instruments - initial recognition and subsequent measurement

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

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

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

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
• Financial assets at amortised cost (debt instruments)
• Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
• Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:
•The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
And
•The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Derecognition

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

The rights to receive cash flows from the asset have expired

Or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of financial assets

The Company applies a simplified approach in calculating ECLS for trade receivables and contract assets. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLS at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

2.17 Trade and other receivables

Trade receivables, which generally have 30-90 days terms, are recognised and carried at original invoice amount less impairment losses on any uncollectible amounts.

Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Other receivables and dues from related parties are recognised and carried at cost less impairment losses on any uncollectible amounts.

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2.18 Financial liabilities

a) Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables.

b) De-recognition

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

3 Summary of significant accounting judgments and estimates

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

Useful life of the property, plant and equipment

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the

4 Standards issued but not yet effective

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

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

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

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

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

Property, plant and equipment: Proceeds before intended use - Amendments to IAS 16

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

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

The amendments are not expected to have a material impact on the Company. deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing

Onerous contracts - Costs of fulfilling a contract - Amendments to IAS 37

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

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

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

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

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

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