AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS **Page**

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	**Note**	**2019 MVR**	**2018 MVR**
Income	**7**	3,639,754	-
Expenses		-	-
Net income		3,639,754	-
Other income	**8**	41,621,328	53,018,390
Expenses for administration	**9**	(50,359,266)	(53,018,390)
Finance Expenses	**9.3**	(620,526)	
Income over expense before tax		(5,718,711)	-
Income tax expenses	**10**	-	(336,042)
Income over expense before (Total comprehensive income)		(5,718,711)	(336,042)

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 31. The Report of the Independent Auditors is given in pages 1to 3.

AASANDHA COMPANY LTD C-0807/2011

AUDITOR GENERAL'S OFFICE

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	Note	31/12/2019 MVR	31/12/2018 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	11	6,053,621	8,542,415
Right to Use Assets	11	5,405,141	-
Intangible assets	12	473,563	1,136,680
Total non-current assets		11,932,324	9,679,095
Current assets			
Inventory	13	465,664	448,751
Amount due from related parties	14	3,435,750	294,723,263
Other receivables	15	821,132	959,605
Cash and cash equivalents	16	27,862,452	11,326,274
Total current assets		32,584,998	307,457,893
Total assets		44,517,322	317,136,988
EQUITY AND LIABILITIES			
Equity			
Share capital	17	5,000,000	5,000,000
Additional capital contribution		5,000,000	5,000,000
Accumulated surplus		(5,301,834)	416,879
Total equity		4,698,166	10,416,879
Non-current liabilities			
Deferred income	18	8,777,184	5,102,985
Long Term Lease Liability	20.3	4,048,781	-
Total non-current liabilities		12,825,965	5,102,985
Current liabilities			
Trade and other payables	19	24,757,408	296,410,775
Amount due to related parties	20	-	5,206,349
Short Term Lease Liability	20.2	2,235,783	-
Total current liabilities		26,993,191	301,617,124
Total liabilities		39,819,156	306,720,109
Total equity and liabilities		44,517,322	317,136,988

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 31. The Report of the Independent Auditors is given in pages 1to 3.

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

Name of the Director	Signature
Mariyam Shafeeq	…………………………
Niyaz Mohamed	…………………………

06th December 2020

AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

	Share Capital MVR	Additional Capital Contribution MVR	Accumulated surplus MVR	Total Equity MVR
Balance as at 1 January 2018	5,000,000	5,000,000	752,921	10,752,921
Expenditure over income after tax (Total comprehensive income)	-	-	(336,042)	(336,042)
Balance as at 31 December 2018	5,000,000	5,000,000	416,879	10,416,879
Balance as at 1 January 2019	5,000,000	5,000,000	416,878	10,416,878
Income over expenditure after tax (Total comprehensive income)	-	-	(5,718,711)	(5,718,711)
Balance as at 31 December 2019	5,000,000	5,000,000	(5,301,834)	4,698,166

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 31. The Report of the Independent Auditors is given in pages 1to 3.

AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	Note	2019 MVR	2018 MVR
Cash flows from operating activities			
Profit/(Loss) for the period		(5,718,711)	-
Adjustments for:			
Depreciation	**11**	6,654,299	5,317,372
Amortization	**12**	663,117	668,691
Finance Cost	**9.3**	620,526	-
Loss on disposal of intangible assets	**12**	19,950	-
Operating profit before working capital changes		2,239,181	5,986,063
Changes in:			
Inventories	**13**	(16,913)	155,341
Amount due from related parties	**14**	291,287,511	306,934,714
Other receivables	**15**	138,473	375,434
Deferred income	**18**	3,674,199	(29,127,358)
Lease Liability		6,284,564	-
Trade and other payables	**19**	(271,653,368)	(279,259,861)
Amount due to related parties	**20**	(5,206,349)	5,206,349
Net cash from operating activities		26,747,298	10,270,682
Cash flows from investing activities			
Acquisition of property plant and equipment	**11**	(9,592,494)	(2,875,013)
Acquisition of intangible assets	**12**	0	(50,880)
Finance Cost	**9.3**	(620,526)	-
Proceeds from Disposal of Assets		1,901	-
Net cash used in investing activities		(10,211,120)	(2,925,893)
Net increase / (decrease) in cash and cash equivalents		16,536,178	7,344,789
Cash and cash equivalents at beginning of year		11,326,274	3,981,485
Cash and cash equivalents at end of year	**16**	27,862,452	11,326,274

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 31. The Report of the Independent Auditors is given in pages 1to 3.

06
AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPLUBIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Aasandha Private Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Maldives as a Private Limited Liability Company since 21 December 2011 under the Companies' Act No. 10 of 1996 with its registered office at Fen building, 3rd floor, Ameenee Magu, Male', Republic of Maldives. The Company commenced its operations with effect from 1 January 2012.

The main activity of the Company is to manage Universal Healthcare Insurance Scheme offered by the Government of Maldives. As per the management agreement entered in to with the Government of Maldives, the scheme is a non-profit scheme run from the state budget and the Company is entitled to reimburse the total amount equivalent to claims made and administration expenses incurred, from National Social Protection Agency.

The Company is fully owned by the Government of Maldives.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The Individual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This is the first set of the Company's annual financial statements in which IFRS 15, "Revenue from Contracts with Customers" and IFRS 9, "Financial Instruments" have been applied. Changes to significant accounting policies are described in Note 3.

(b) Basis of Preparation

The individual financial statements of the Company have been prepared based on the historical costs basis except for available for sale investments and those financial assets and that have been measured at fair value.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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 recognized 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.

2. BASIS OF PREPARATION (CONTINUED)

(e) Critical Accounting Estimates, Assumptions and Judgements

In the preparation of these financial statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Company. Results may differ significantly from those estimates under different assumptions and conditions. These particular policies require subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are uncertain. Information about and areas of estimation, uncertainty and critical estimates, assumptions and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in respective note.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

3.1 IFRS 16 Leases

The company applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated.

Policy applicable from 1 January 2019

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. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of lease in IFRS 16.

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 component and account for the lease and non-lease component as a single lease component.

(i) Recognition and initial measurement of right-to-use asset
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 payment made at or before the commencement date, plus any initial direct cost 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.

(ii) Subsequent measurement
The right-to-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 underlining asset to the Company by the end of 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-to-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those property and equipment. In addition, the right-to-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurement of the lease liability.

06
AASANDHA
COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

3.1 IFRS 16 Leases (Continued)

iii) Recognition and initial measurement of lease liability

The lease liability is initially measured at present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Short-term leases and leases of low-value assets

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

The following table shows the impact of the changes

Right of use Asset increased by	7,899,821
Lease Liabilities increased by	7,899,821
of which are:	
Current lease liabilities	2,235,783
Non-current lease liabilities	4,048,781

3.2 IAS 20 ACCOUNTING FOR GOVERNMENT GRANTS

The following changes will apply effective from 1.1.2019 to provide reliable and more relevant information about the effects of the transactions, other events or conditions on the entities financial position.

Grants related to operational expenses will be treated as income in the period it is receivable.

Grants related to Assets will be treated as Deferred Income in the Balance Sheet, and subsequently recognized in the Profit or Loss based on the useful life of the assets. Any funds unutilized at the end of the year that has been allocated for specific Assets will remain in the balance sheet as Deferred Income.

Since it is not practical to determine the cumulative effect of the opening balances in the Deffered Income account as at 1.1.2018 management has decided to make the adjustments via the current year's P & L **prospectively.**

The following table shows the net impact of the changes.

Grant Income Increased by	289,474
Deferred Income (BS) Increased by	3,653,199
Budget contribution from finance Decreased by	3,942,673

AASANDHA COMPANY LTD
C-0807/2011

4. SIGNIFICANT ACCOUNTING POLICIES

Except for the above mentioned changes in 3 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.

4.1 Translation in Foreign Currencies

(a) Functional and Presentation Currency

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

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies 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 foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

4.2 Financial Instruments

i. Recognition and initial measurement

a) Financial Assets (Non-derivative)

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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

The Company has the following financial assets (non-derivative):

- Loans and Receivables
- Cash and cash equivalent

Aasandha Scheme related Financial Assets and Liabilities have been offset against each other.

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COMPANY LTD
C-0807/2011

b) Loans and Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise of amount due from related party and other receivables.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in liabilities on the balance sheet.

d) Financial Liabilities (Non-derivative)

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

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

ii. Classification and subsequent measurement (Continued)
Financial assets – Policy applicable from 1 January 2018 (Continued)

The Company's non-derivative financial liabilities comprise insurance payables and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

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.

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.

AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

4.2 Financial Instruments (Continued)

On initial recognition of and equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses Policy applicable from 1 January 2018

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 amortized 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 derecognition 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 derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets - Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

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.
Held to maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method

(iii) Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

06
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C-0807/2011

AUDITOR GENERAL'S OFFICE

4.3 Property, Plant and Equipment

(i) Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct 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 an expense as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. 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 for the current and comparative period are as follows:

Building	25 years
Office Interiors	5 years
Office and Computer Equipment	3 years
Motor vehicles	5 years
Air conditioners	3 years
Furniture and Fittings	10 years
Sundry Assets	3 years

AASANDHA COMPANY LTD
C-0807/2011

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

4.4 Intangible Assets

(i) Recognition and Measurement

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

(ii) Subsequent Costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are recognized in profit or loss as incurred.

(iii) Amortization

Intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful life for the current and comparative periods is as follows:

Software	5 Years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.5 Inventories

Inventories have been valued at the lower of cost and net realizable value. The cost of inventories is based on the weighted average (WAC) 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.

4.6 Impairment

Financial Assets (Non Derivative)

Policy applicable from 1 January 2018

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

06
AASANDHA
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C-0807/2011

4.6 Impairment (Continued)

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

Policy applicable before 1 January 2018

Financial Assets (Non Derivative)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4.6 Tax Expenses

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.

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.

06
AASANDHA
COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax 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.

4.7 Provision

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.

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

4.8 Income

Operating Income

Operating income comprise the total amount receivable for reimbursement of operating expenses and administration expenses for the whole period under the contract with the government and is recognized on accrual basis.

No income is recognized if there are significant uncertainties regarding recovery of the consideration due.

Investment Income

Interest income is recognized in the income statement as it accrues using effective interest rate method.

4.9 Cash flow statement

Cash flow statement has been prepared using the "indirect method".

4.10 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.

5 DETERMINATION OF FAIR VALUES

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

i. Receivables

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

ii. Financial Liabilities (Non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

6. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

- IFRIC 23 - Uncertainty over income tax treatments.
- Annual improvements to IFRS standards 2015 – 2017 cycle – various standards.

06
AASANDHA
COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER

7 NET INCOME

	2019 MVR	2018 MVR
Gross Income	-	1,248,838,496
Registration fee	190,000	-
Pharmacy commission/Other Income	2,111,285	-
Grant Income **(Note 18.4)**	1,338,469	-
	3,639,754	1,248,838,496

The Aasandha Scheme Operating Income and Expenses have been removed from the Statement of Comprehensive Income as they do not fit the criteria for Revenue Recognition as per IFRS 15.

8 OTHER INCOME

	2019 MVR	2018 MVR
Budget contribution from Ministry of Finance	40,117,327	50,282,520
Other income	1,500,501	2,735,870
Sale of Bid Documents	3,500	-
	41,621,328	53,018,390

9 EXPENSES

	2019 MVR	2018 MVR
Is stated after charging all the expenses including the following;		
Depreciation	6,654,299	5,317,372
Amortization	663,117	668,691
Directors remuneration	493,100	567,929
Personnel costs **(Note 9.1)**	31,953,503	32,638,699
Other Expenses **(Note 9.2)**	10,595,247	13,825,701
	50,359,266	53,018,392

9.1 Personnel costs

	2019 MVR	2018 MVR
Salaries and wages	14,644,694	15,142,796
Allowances	15,870,385	15,989,115
Pension allowances	1,438,424	1,506,788
	31,953,503	32,638,699

AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER

		2019 MVR	2018 MVR
9.2	**Other Expenses**		
	Business Travel	1,047,005	2,680,799
	Internet Expenses	1,535,237	1,570,597
	Consultancy Services	290,430	133,200
	Audit Fee - External	567,117	2,114
	License & Registration Fees	2,996	6,833
	Stationary printing (Letter heads,vouchers, etc..)	422,595	674,665
	Sundry Expenses	161,575	253,926
	Bank Charges	30,383	51,324
	Staff entertainment	98,436	192,722
	Local staffs Visa Fee	1,754	9,988
	Foreign staff expenses	26,295	21,992
	Electricity Expenses	1,348,065	1,346,917
	Water Charges	68,442	136,922
	Telephone Expenses	255,376	309,386
	Doctor's fee - Medical	120,000	120,000
	School and Training	153,596	87,583
	Repairs & Maintenance	378,460	1,048,286
	Office Rent	2,448,000	4,563,783
	Office supplies	-	635
	Business Entertainment Expenses	17,575	28,471
	Staff subscription to their professional bodies	2,537	4,470
	Fines & Penalties	1,140	61
	Computer Software Expenses	1,495,388	617,909
	Office Cleaning	17,468	7,140
	Postage Expenses	5,244	520
	Foreign Exchange Gains / Losses	(0)	951
	Property Insurance	12,299	12,963
	PR-Expenses	57,335	5,292
	Loss on Disposal	19,950	(63,750)
		-	2
	Staff Welfare Expenses	10,547	-
		10,595,247	13,825,701

The Aasandha Scheme Operating Income and Expenses have been removed from the Statement of Comprehensive Income as they do not fit the criteria for Revenue Recognition as per IFRS 15.

		2019 MVR	2018 MVR
9.3	**Finance Cost**		
			-
	Lease Interest	620,526	-
		620,526	-

This relates to lease interest entries required to be passed to the accounts due to the Right of Use Asset adjustments as per IFRS 16.

AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

10	TAX EXPENSES	2019 MVR	2018 MVR
	Current tax expense **(Note 10.1)**	-	336,042
	Deferred tax reversed / (recognized) during the year **(Note 10.2)**	-	-
		-	336,042

10.1	**Reconciliation between income over expenditure and taxable profit**		
	Income over expenditure before tax	(5,718,711)	-
	Aggregate disallowable items	12,720,363	8,060,778
	Aggregate allowable items	(7,923,831)	(5,320,498)
	Tax free allowance	(500,000)	(500,000)
	Total taxable profit	(922,179)	2,240,280
	Business profit tax @ 15%	-	336,042

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011 and subsequent amendments and, relevant regulations, the Company is liable for Business Profit Tax at the rate of 15% on its taxable profit.

AASANDHA
COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

FOR THE YEAR ENDED 31ST DECEMBER 2019

11 PROPERTY, PLANT AND EQUIPMENT

	Building	Office Interiors	Office and Computer Equipment	Motor Vehicles	Furniture and Fittings	Air Conditioners	Sundry Assets	Right to use Asssets	Total 31/12/2019	Total 31/12/2018
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost										
Opening balance (Audited 2018 figure)	615,432	4,142,536	14,763,088	560,141	1,294,368	71,343	92,701	-	21,539,609	16,036,664
Additions during the year	-	-	1,590,740	-	22,136	63,475	16,323	7,899,821	9,592,494	2,875,013
Transferred from CWIP			-						-	2,627,931
Disposal during the year	-	-	(46,942)	-	(41,622)	(16,414)	-	-	(104,978)	-
Closing balance	615,432	4,142,536	16,306,886	560,141	1,274,881	118,404	109,024	7,899,821	31,027,125	21,539,608
Accumulated depreciation / Amortization										
Opening balance (Audited 2018 figure)	59,286	2,944,677	9,067,805	389,111	392,490	67,381	76,441	-	12,997,192	7,679,821
Charge for the year	24,617	828,504	3,031,514	112,028	129,925	16,720	16,311	2,494,680	6,654,299	5,317,372
Disposal during the year			(46,933)		(19,782)	(16,412)		-	(83,127)	-
Closing balance	83,904	3,773,181	12,052,386	501,139	502,633	67,689	92,752	2,494,680	19,568,363	12,997,192
Net Carrying Value										
Balance as at 31st December 2019	531,528	369,355	4,254,500	59,002	772,248	50,715	16,272	5,405,141	11,458,762	8,542,416
Balance as at 31st December 2018	556,146	1,197,859	5,695,283	171,030	901,877	3,962	16,260	-		

11.1 Capital Work in Progress

	Total 31/12/2019	Total 31/12/2018
Opening balance	-	2,627,931
Additions during the year	-	-
Capitalized during year	-	(2,627,931)
Transferred during the year	-	-
Closing balance	-	-

The Capital working progress includes the expenses incurred for the Purchase and Installation of Uninterruptible Power Supply, High Available Cooling System and managed Racks, Environment Monitor.

AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER

12 INTANGIBLE ASSETS

	31/12/2019 MVR	31/12/2018 MVR
Cost		
Opening balance	3,315,631	3,264,751
Addition during the year	0	50,880
Disposal during the year	-	-
Closing balance	3,315,631	3,315,631
Accumulated Amortization		
Opening balance	2,178,951	1,510,260
Charged during the year	663,117	668,691
Disposal during the year	-	-
Closing balance	2,842,068	2,178,951
Net Carrying Value	473,563	1,136,680

13 INVENTORIES

	31/12/2019 MVR	31/12/2018 MVR
Printing and Stationery items	465,664	448,751

14 AMOUNT DUE FROM RELATED PARTIES

	31/12/2019 MVR	31/12/2018 MVR
National Social Protection Agency	3,435,750	294,692,591
Hulhumale Medical Hospital	-	30,672
	3,435,750	294,723,263

15 OTHER RECEIVABLES

	31/12/2019 MVR	31/12/2018 MVR
Other receivables	613,765	558,062
Staff loan receivables	34,982	269,248
Allied Insurance Company of the Maldives Private Limited	132,295	132,295
Advance receivables	40,088	-
Tax receivable	-	-
	821,132	959,605

16 CASH AND CASH EQUIVALENTS

	31/12/2019 MVR	31/12/2018 MVR
Cash in Hand	8,191	52,600
Balances with Banks	27,854,261	11,273,674
	27,862,452	11,326,274

AASANDHA COMPANY LTD C-0807/2011

AUDITOR GENERAL'S OFFICE

FOR THE YEAR ENDED 31 DECEMBER

17 SHARE CAPITAL

Authorized
The authorized share capital comprises of 100,000 (2019 : 100,000) ordinary shares of MVR 100/- each.

Issued and fully paid
The issued and fully paid share capital comprises of 50,000 (2019 : 50,000) ordinary shares of MVR 100/- each.

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.

18 DEFERRED INCOME

	31/12/2019 MVR	31/12/2018 MVR
Opening balance	5,102,985	34,230,343
Adjustment entries	4,554,262	
Unwinding of Grant Income based on use of assets	(4,822,736)	21,155,162
Received as Grant income for purchase of Assets	3,942,673	(50,282,520)
Closing balance	8,777,184	5,102,985

18.1 Analysis of Deferred Income

Unutilized grants **(Note 18.2)**	2,250,000	2,227,972
Grants related to assets **(Note 18.3)**	6,527,184	2,875,013
	8,777,184	5,102,985

18.2 The deferred income represents the amounts received from Finance Ministry for the future operating expenses. The deferred income is recognized when it is incurred during the year.

18.3 The deferred income represents the amounts funded by Ministry of Finance to purchase fixed assets,

intangible assets. The deferred income relating to capital assets are recognized over the useful life.

18.4 A prior year adjustment of MVR 3,484,267 was debited to the P &L which relates to differed income adjustments relating to the years 2015 to 2018. The figure shown in the P & L of 2019 as Grant Income is Differed Income for Capital Assets which is recognized during the year of MVR 4,822,736 less the prior year adjustment.

19 TRADE AND OTHER PAYABLES

	31/12/2019 MVR	31/12/2018 MVR
Outstanding claims payables	3,713,974	293,582,048
Amount Due to HMH	18,470,236	
Accrued expenses and other payables	2,363,706	2,619,237
Tax Payable	209,490	209,490
	24,757,407	296,410,775

06
AASANDHA
COMPANY LTD
C-0807/2011

20 AMOUNT DUE TO RELATED PARTIES

	2019 MVR	2018 MVR
Hulhumale Medical Hospital	-	5,206,349
	-	5,206,349

The amount due to HMH is recorded as Other payables (Note 19) as HMH is no longer a related party of Aasandha Company Ltd.

20.2 Short Term Lease Liability

	2019 MVR	2018 MVR
Thilafushi Land Plot	386,550	-
STO Trade Centre 3rd and 4th Floor	1,849,233	-
	2,235,783	-

20.3 Long Term Lease Liability

	2019 MVR	2018 MVR
Thilafushi Land Plot	2,292,334	-
STO Trade Centre 3rd and 4th Floor	1,756,447	-
	4,048,781	-

AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments;

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, and the Company's

objectives, policies and processes for measuring and managing risk, and the 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. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a party to the contract fails to meet its contractual obligations, and this principally arises from the Company's receivable from related party.

Comparative information under IAS 39

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

	Carrying Amount	
	31/12/2019 MVR	31/12/2018 MVR
Amount due from related parties	3,435,750	294,723,263
Other receivables	781,043	959,605
Cash at Bank	27,854,261	11,273,674
	32,071,054	306,956,542

The Company's exposure to credit risk is influenced mainly by the credit worthiness the Government of Maldives as represented by National Social Protection Agency .

AASANDHA
COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Impairment Losses

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The aging of amount due from related party at the reporting date was as follows;

	31/12/2019		31/12/2018	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
Past due 0-30 days	3,316,530	-	289,930,289	-
Past due 31-365 days	119,220	-	4,264,538	-
More than one year	-	-	528,436	-
	3,435,750	-	294,723,263	-

The Company believes that the unimpaired amounts are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no provision for impairment is necessary in respect of trade and other receivables.

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 rate are multiplied by scalar factors to reflect difference between economic condition 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 and normalized average GDP use for ECL assessment.

Trade Receivable

Following table provides information about exposure to credit risk and ECLs for trade receivable and contract assets as at 31 December 2019.

	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR	Credit Impaired
Past Due 0-30 days	0%	3,316,530	-	No
Past Due 31-60 days	0%	119,220	-	No
		3,435,750	-	

As the receivables are from the government, there is no risk of loss and therefore the weighted average loss rate is 0%

AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Credit loss assessment under IFRS 9 (Continued)

Trade Receivable (Continued)

Gross carrying amount and loss allowance comprise the trade receivables and amount due to from related companies.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. Allowance of impairment over these receivable were not recognized to the profit and loss for the year ended 31 December 2019, since the impact is not material to the financial statement.

Cash and cash equivalent

The Company held cash at bank of MVR 27,862,452/- as at 31 December 2019 (2018 - MVR 11,273,674/-). On the initial application of IFRS 9, the Company has no significant impact on cash and cash equivalent balances as at 1 January 2019.

(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 2018	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	293,582,048	293,582,048	-
Amount due to related parties	5,206,349	5,206,349	-
	298,788,397	298,788,397	-

31 December 2019	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	3,713,974	3,712,265	1,710
Amount due to related parties	-	-	-
	3,713,974	3,712,265	1,710

06
AASANDHA
COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

FOR THE YEAR ENDED 31 DECEMBER

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (Continued)

31 December 2019	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	3,713,974	3,712,265	1,710
	3,713,974	3,712,265	1,710

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

(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) Currency risk

Exposure to currency risk

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

	31-12-19 US$	31-12-18 US$
Trade and Payables	111	34,518
Cash and cash equivalent	37,377	20,965
Gross statement of financial position exposure	37,377	20,965

The following significant exchange rate applied during the year

	Average rate		Reporting date spot rate	
	2019	2018	31/12/2019	31/12/2018
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 a limited currency risk exposure on such balances since the Maldivian Rufiyaa is pledged to the US Dollar within a band to fluctuate within ± 20% of the mid-point of exchange rate.

06
AASANDHA
COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market Risk (Continued)

(b) Interest rate risk

The company does not have any interest exposure as at 31 December 2019.

22 CAPITAL COMMITMENTS

There were no material capital commitments approved or contracted as at the reporting date.

23 EVENTS AFTER THE REPORTING DATE

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

24 DIRECTOR'S RESPONSIBILITY

The board of directors of the Company is responsible for the preparation and presentation of these financial statements.

25 COMPARATIVE FIGURES

The comparative figures of the financial statements have been reclassified to conform with current year's classifications.

06
AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE

FOR THE YEAR ENDED 31 DECEMBER

26 RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transactions	Amount 2019 MVR	Amount 2018 MVR	Balance as at 31/12/2019 MVR	Balance as at 31/12/2018 MVR
National Social Protection Agency	Government Institute	Operating Income	2,156,153	-		
		Settlement	(208,606)	-	1,947,547	-

26.1 Transactions with the Key Management Personnel

The Board of Directors of the Company are the members of key management personnel. The Company has made a payment of MVR. 492,350.32 /- to the key management personnel during the year ended 31st December 2019. (2018: MVR. 567,929.16/-)

26.2 Collectively, but not individually, significant transactions.

Government of Maldives is the major shareholder of the Company. 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 sales, purchases, rendering of services, lease of assets and use of public utilities.

AASANDHA COMPANY LTD
C-0807/2011

AUDITOR GENERAL'S OFFICE