Report No: FIN-2021-73(E)

22 September 2021

MALDIVES HAJJ CORPORATION LIMITED
FINANCIAL YEAR 2020

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES HAJJ CORPORATION LIMITED

Opinion

We have audited the financial statements of Maldives Hajj Corporation Limited (the "Corporation"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, in all material respect, give a true and fair view of the financial position of the Corporation as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2.3 in the financial statements, which indicates that the Corporation incurred a net loss of MVR 1,651,445/- during the year ended 31 December 2020 (2019: MVR 12,251,142/-) and, as of that date, the Corporation's negative operating cash flow is MVR 5,331,529/- (2019: MVR 16,396,611/-). As stated in Note 2.3, these events or conditions, along with other matters as set forth in Note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 management 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.

21 September 2021

H. Niyazy

Hussain Niyazy
Auditor General

AUDITOR GENERAL'S OFFICE

Maldives Hajj Corporation Limited
SATAMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2020

	Notes	2020 MVR	2019 MVR
Revenue	5	4,125	80,489,909
Cost of Sales		(125,409)	(90,410,012)
Gross Loss		**(121,284)**	**(9,920,103)**
Other Income	6	1,225	297,467
Finance income	7	6,068,451	4,942,211
Administrative expenses		(6,646,376)	(7,313,862)
Selling and marketing costs		(95,426)	(107,804)
Finance expense		(858,035)	(149,051)
Operating loss		**(1,651,445)**	**(12,251,142)**
Loss for the year		**(1,651,445)**	**(12,251,142)**

The accounting policies and notes on pages 7 to 22 form an integral part of the financial statements.

Maldives Hajj Corporation Limited
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 MVR	2019 MVR
Assets			
Non-current assets			
Property, plant and equipment	9	1,057,441	1,312,621
Right-of-use asset	18.1	10,286,228	11,461,795
Intangible assets	10	-	-
Financial assets recognised through P&L	11	82,245,761	97,499,955
		93,589,430	**110,274,371**
Current assets			
Inventory	12	660,776	735,784
Trade & other receivables	13	57,613,824	3,646,054
Cash & cash equivalents	14	18,714,999	25,131,645
		76,989,599	**29,513,483**
Total assets		**170,579,029**	**139,787,854**
Equity and liabilities			
Capital and reserves			
Share capital	15	38,005,250	35,500,000
Accumulated losses		(61,241,795)	(59,590,350)
		(23,236,545)	**(24,090,350)**
Non-current liabilities			
Lease liabilities	18.2	9,775,052	10,662,774
Advance received from customers	16	154,508,655	123,364,543
		164,283,707	**134,027,317**
Current liabilities			
Lease liabilities	18.2	887,722	821,965
Advance received from customers	16	27,986,000	27,986,000
Other payables	17	658,145	1,042,922
		29,531,867	**29,850,887**
Total equity and liabilities		**170,579,029**	**139,787,854**

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

Name of the Director	Signature
Dr.Mohamed Kinaanath	....
Mr.Ismail Hameed	....

The accounting policies and notes on pages 7 to 22 form an integral part of the financial statements.

12 September 2021
Male'

Maldives Hajj Corporation Limited
STATEMNT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Share Capital MVR	Accumulated Losses MVR	Total MVR
Balance as at 01 January 2019	**29,500,000**	**(47,339,208)**	**(17,839,208)**
Issued and paid up capital	6,000,000	-	6,000,000
Loss for the year	-	(12,251,142)	(12,251,142)
Balance as at 31 December 2019	**35,500,000**	**(59,590,350)**	**(24,090,350)**
Issued and paid up capital	2,505,250	-	2,505,250
Loss for the year	-	(1,651,445)	(1,651,445)
Balance as at 31 December 2020	**38,005,250**	**(61,241,795)**	**(23,236,545)**

The accounting policies and notes on pages 7 to 22 form an integral part of the financial statements.

Maldives Hajj Corporation Limited
STATEMENT OF CASH FLOWS
Year ended 31 December 2020

	Notes	2020 MVR	2019 MVR
Cash flows from operating activities			
Operating loss		(1,651,445)	(12,251,142)
Non-cash adjustment			
Depreciation		354,764	353,799
Depreciation of right of use asset		1,175,568	293,892
Finance income		(6,068,451)	(4,942,211)
Finance cost		858,035	149,051
		(5,331,529)	**(16,396,611)**
Working capital adjustment			
Increase in trade and other receivables		(53,967,770)	(183,342)
Decrease in inventory		75,008	317,122
Increase in advance received from customers		31,144,112	20,792
Decrease in other payables		(384,778)	(715,273)
		(28,464,957)	**(16,957,312)**
Finance income		6,068,451	4,942,211
Cash flows used in operating activities		**(22,396,506)**	**(12,015,101)**
Investing activities			
Investment in held-to-maturity assets		15,254,194	(35,380,344)
Acquisition of property, plant and equipment		(99,585)	(778,635)
Net cash flows from / (used in) investing activities		**15,154,610**	**(36,158,979)**
Financing activities			
Proceeds from issue of ordinary shares		2,505,250	6,000,000
Payment of lease liabilities		(1,680,000)	(420,000)
Net cash flows from financing activities		**825,250**	**5,580,000**
Net decrease in cash and cash equivalents		**(6,416,646)**	**(42,594,080)**
Cash and cash equivalents as at 1 January		25,131,645	67,725,725
Cash and cash equivalents as at 31 December		**18,714,999**	**25,131,645**

The accounting policies and notes on pages 7 to 22 form an integral part of the financial statements.

1. Corporate information

Maldives Hajj Corporation Limited ("the Corporation") is established under the Presidential Decree No:05/2013 on 07 November 2013. The registered office of the Corporation is situated at Ma. Ministry of Finance and Treasury, Ameenee Magu, K. Male',20379, Maldives.

Principal activities and nature of operations

The principle activities of the Corporation involve facilitating travel to Saudi Arabia for pilgrims to perform Hajj and Umrah services.

2. Basis of preparation

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements are prepared on a historical cost basis. No adjustment is made for inflationary factors affecting these financial statements. The financial statements are presented in Maldivian Rufiyaa and all the values are rounded to nearest integral, except when otherwise indicated.

2.1 Comparative information

The accounting policies have been consistently applied by the Corporation and are consistent with those used in the previous year.

2.2 Statement of compliance

The financial statements of Maldives Hajj Corporation Limited have been prepared in accordance with International Financial Reporting Standards.

2.3 Going concern

The Corporation's financial statements shows a negative equity amounting to MVR 61,241,795/ (2019: MVR 59,590,350/-) and negative operating cash flows of MVR 22,396,506/- (2019: MVR 12,015,101/-). This indicates that the Corporation's going concern will depend on the introduction of funds.

However, the shareholder of the Corporation has provided assurance that financial support will be provided to the Corporation, as it is necessary to maintain the Corporation as a going concern for the foreseeable future and to meet its debt and liabilities as and when they fall due. Hence, the financial statements have been prepared under going concern basis.

3. Summary of significant accounting policies

a. Conversion of foreign currencies

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

The decision has been taken by management of the Corporation to maintain the reporting currency as Maldivian Rufiyaa in the financial statements since most of the business transactions are dealt in Maldivian Rufiyaa.

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 recognised in the income statement.

AUDITOR GENERAL'S OFFICE

3. Summary of significant accounting policies (continued)

a. Conversion of foreign currencies (continued)

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.

b. Current versus non-current classification

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

- Expected to be realised or intended to sell or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- 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 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 Corporation classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific criteria described below must also be met before revenue is recognised.

Rendering of services

Revenue from rendering of services is recognised in the accounting year in which the services are rendered or performed.

Revenue on rendering of services principally includes revenue from Hajj and Umrah. The following specific criteria are used for the purpose of recognition of revenue.

- Hajj revenue is recognised when the travel to Hajj is completed.
- Umrah revenue is recognised when the travel to Umrah is completed.

d. Expenditure recognition

Expenses are recognised 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 recognised in income statement.

AUDITOR GENERAL'S OFFICE

3. Summary of significant accounting policies (continued)

e. Property, plant and equipment

Recognition and measurement

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

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

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised 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 derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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 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, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Office equipment	05 years
Kitchen equipment's & items	03 years
Computers & peripherals	05 years
Furniture and fixtures	10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

f. Intangible assets

Intangible assets with finite lives are amortised over the useful economic life 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 at 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.

3. Summary of significant accounting policies (continued)

f. Intangible assets (continued)

The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

g. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash in hand and balance with banks.

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.

h. Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the price at which inventories can be used in operations or sold in the ordinary course of business less the estimated processing cost to make them usable for operations. The value of each category of inventory is determined on weighted average cost basis.

i. 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.

I) 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 Corporation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation 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 Corporation has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

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 Corporation commits to purchase or sell the asset.

AUDITOR GENERAL'S OFFICE

3. Summary of significant accounting policies (continued)
i. Financial instruments - initial recognition and subsequent measurement (continued)

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 Corporation. The Corporation measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Corporation's financial assets at amortised cost includes trade and other receivables, inventory, financial investments under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

The Corporation measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

3. Summary of significant accounting policies (continued)

i. Financial instruments - initial recognition and subsequent measurement (continued)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

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

- The rights to receive cash flows from the asset have expired

Or

- The Corporation 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 Corporation has transferred substantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Corporation 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 Corporation continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Corporation 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 Corporation has retained.

3. Summary of significant accounting policies (continued)

i. Financial instruments - initial recognition and subsequent measurement (continued)

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 Corporation could be required to repay.

Impairment of financial assets

The Corporation applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, the Corporation does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Corporation 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.

II) 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 other payables and advances received from customers.

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 comprehensive income.

j. Provisions

Provisions are recognised when the Corporation 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 Corporation 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.

k. IFRS 16 Leases

The Corporation assesses at the inception of the contract whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Corporation reassess whether a contract is or contains a lease only if the terms of the terms and conditions of the contract changes.

3. Summary of significant accounting policies (continued)

k. IFRS 16 Leases (continued)

a) Corporation as a lessee

The Corporation applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. At the commencement date of the lease the company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

b) Right-of-use assets

The Corporation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	10 years

If ownership of the leased asset transfers to the Corporation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

l. Employee benefits

(i) Defined contribution plans - Maldives Retirement Pension Scheme

Employees are eligible for Maldives Retirement Pension Scheme in line with the respective statutes and regulations. The Company contributes 7% of basic salary of Maldivian employees to Maldives Retirement Pension Scheme

4. Summary of significant accounting judgments, estimates and assumptions

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Going concern

The Corporation's directors have made an assessment of the Corporation's ability to continue as a going concern and is satisfied that the Corporation has the resources to continue in business for the foreseeable future. When making that assessment, Directors have taken into consideration the existing and anticipated effects of the Covid-19 outbreak on the entity's business activities. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Corporation's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

AUDITOR GENERAL'S OFFICE

	2020	2019
5 Revenue	**MVR**	**MVR**
Hajj revenue	-	70,104,930
Umra revenue	-	8,230,908
Room sales	-	802,611
Ageega sales	-	1,269,078
Ihram sales	4,125	80,300
Excess baggage	-	2,082
	4,125	**80,489,909**

	2020	2019
6 Other Income		
Sponsorships	-	50,000
Ayadi Takaful Commision	-	14,723
Miscellaneous income	1,225	232,744
	1,225	**297,467**

	2020	2019
7 Finance income		
HDFC Wakala investment income	4,481,836	4,479,597
HDFC Mudaraba Sukuk	1,383,967	167,740
Return from GIA	202,648	294,874
	6,068,451	**4,942,211**

8 Income tax on profit

Income tax is required to be calculated at 15% on taxable profit in accordance with the Income Tax Act no. 25/2019. Accumulated tax losses have not been recognised as deferred tax assets since it is not probable that future taxable profits will be available against which the Company can utilise the benefits therefrom.

9 Property, plant and equipment

Gross carrying amount	**Balance as at 01.01.2020 MVR**	**Additions during the year MVR**	**Balance as at 31.12.2020 MVR**
Computers & peripherals	774,645	44,650	819,295
Furniture and fixtures	1,250,406	20,590	1,270,996
Office equipment	703,037	25,100	728,137
Kitchen equipments & items	207,492	9,244	216,736
	2,935,580	**99,585**	**3,035,165**

Depreciation	**Balance as at 01.01.2019 MVR**	**Charge for the year MVR**	**Balance as at 31.12.2019 MVR**
Computers & peripherals	555,092	74,946	630,038
Furniture and fixtures	416,939	125,860	542,799
Office equipment	532,472	82,080	614,552
Kitchen equipment & items	118,456	71,878	190,334
	1,622,959	**354,764**	**1,977,724**
Net book Value	**1,312,621**		**1,057,441**

9 Property, plant and equipment (continued)

During the year, the company acquired plant and equipment to the aggregate value of MVR 99,585/- (2019: MVR 778,635/-) .

10 Intangible assets

	2020 MVR	2019 MVR
At cost		
Balance 1 January	220,718	220,718
Acquired during the period	-	-
Balance as at 31 December	**220,718**	**220,718**
Amortisation		
Balance 1 January	220,718	193,597
Amortisation for the period	-	27,121
Balance as at 31 December	**220,718**	**220,718**
Net book value	-	-

11 Financial assets recognised through P&L

	2020	2019
HDFC Mudaraba Sukuk (Note 11.2)	21,000,000	21,000,000
HDFC Wakalah (Note 11.1)	60,000,000	60,000,000
BML General Investment (Note 11.3)	-	10,000,000
MIB General Investment (Note 11.4)	-	5,000,000
Profit receivable from investment	1,245,761	1,499,955
	82,245,761	**97,499,955**

11.1 The Corporation invested MVR 60,000,000 in HDFC 's Wakalah, a Shari'ah complaint investment avenue where the fund is lent to customers at the rate of 12% per annum. The investment is for a period of 5 years with a profit sharing ratio of 65:35 (65% of the Corporation and 35% for HDFC) that may yield and expected profit of 8% per annum.

11.2 The HDFC Mudharabah Sukuk represents 2,000 Sukuk bought at MVR 500 each and 20,000 Sukuk bought at MVR 1,000 each. The company receives 65% of the gross profit of the project of HDFC. Distribution of the profit commence every six months after the date of allotment until maturity. Investment will mature in ten years from the date of allotment.

11.3 The Corporation invested MVR 10,000,000 in BML Islamic 's General Investment Account the Islamic investment concept of Wakalah bil Isthismar (investment agency), where the fund is lent to the Bank at expected profit rate of 3.2% per annum. The investment is for a period of 1 year with the option to extend upon maturity.

11.4 The Corporation invested MVR 5,000,000 in MIB 's General Investment Accounts (GIA) based on the Islamic investment concept of Mudharaba,(surplus sharing) where the fund is lent to the Bank at expected profit rate of 3.53% per annum. The investment is for a period of 1 year with auto renewal upon maturity.

12 Inventory

	2020 MVR	2019 MVR
Books and other related documents	115,805	115,805
Ihuram and other clothes	51,854	58,607
Luggage and other bags	493,117	561,372
	660,776	**735,784**

AUDITOR GENERAL'S OFFICE

13 Trade and other receivables

	2020 MVR	2019 MVR
Trade receivables	216,063	2,201,235
Other receivables	400,566	555,468
Deposits & prepayments	21,997,195	889,351
Amounts due from related party	35,000,000	-
	57,613,824	**3,646,054**

13.1 Amounts due from related party

	2020 MVR	2019 MVR
Ministry of Finance	35,000,000	-
	35,000,000	**-**

14 Cash and cash equivalents

	2020 MVR	2019 MVR
Balances with banks	18,317,268	24,001,344
Cash in hand	397,731	1,130,301
	18,714,999	**25,131,645**

15 Share capital

	2020	2019
Authorised share capital		
100,000,000 Ordinary shares of MVR 10 each	**1,000,000,000**	**1,000,000,000**
Issued		
3,800,525 Ordinary shares of MVR 10 each	**38,005,250**	**35,500,000**

16 Advance received from customers

	2020	2019
Opening balance	151,350,543	151,329,752
Advance received	33,978,170	90,967,324
	185,328,713	**242,297,076**
Amount recognised as revenue	-	(76,188,929)
Amount refunded to customers	(2,834,058)	(14,757,604)
	182,494,655	**151,350,543**
Non current	154,508,655	123,364,543
Current	27,986,000	27,986,000
	182,494,655	**151,350,543**

Above balance represents advance payments made by saving account holders and lump sum customers for Hajj and Umrah. Once customer advance balance reaches 75% of the total Hajj fee, then the customer is eligible for upcoming Hajj visit subject to timely settlement of final payment.

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		2020	2019
17	**Other payables**	**MVR**	**MVR**
	Other payables	658,145	1,037,672
	Amount due to related party	-	5,250
		658,145	**1,042,922**

18 Lease

The Company has contracts for the use of buildings in its operations. The Company's obligations under its leases are secured by the lessors' title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements

18.1	**Right-of-use assets**	**MVR**	**MVR**
	Cost		
	As at 1 January	11,755,688	11,755,688
	Additions	-	-
	As at 31 December	**11,755,688**	**11,755,688**
	Depreciation		
	As at 1 January	293,892	-
	Charge for the year	1,175,568	293,892
	As at 31 December	**1,469,460**	**293,892**
	Carrying amount as at 31 December	**10,286,228**	**11,461,796**

Set out below are the carrying amounts of rent labilities and the movements during the year.

		Building
18.2	**Lease liabilities**	**MVR**
	As at 1 January 2019	**11,755,688**
	Additions	-
	Accretion of interest	149,051
	Payments	(420,000)
	As at 1 January 2020	**11,484,739**
	Additions	-
	Accretion of interest	858,035
	Payments	(1,680,000)
	As at 31 December 2020	**10,662,774**

The following are the amounts recognised in profit or loss:	
Depreciations expense of Right-of-use assets	1,175,568
Interest expense on lease liabilities	858,035
Total amount recognised in profit or loss	**2,033,603**

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18.3 Lease liabilities classification

	Current MVR	Non - current MVR	Total MVR
Lease right - Building	887,722	9,775,052	10,662,774

19 Financial instruments - fair values and risk management

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying Amount			
As at 31 December 2020	Financial assets under amortized cost MVR	Financial assets under P&L MVR	Other Financial Liabilities MVR	Total MVR
Financial assets not measured at fair value				
Financial assets	-	82,245,761	-	82,245,761
Trade receivables (Gross)	216,063	-	-	216,063
Other receivables	22,397,761	-	-	22,397,761
Balances with banks	18,714,999	-	-	18,714,999
Total	**41,328,823**	**82,245,761**	**-**	**123,574,584**

	Carrying Amount			
As at 31 December 2020	Financial assets under amortized cost MVR	Financial assets under P&L MVR	Other Financial Liabilities MVR	Total MVR
Financial liabilities not measured at fair value				
Advance received from customers	-	-	182,494,655	182,494,655
Other payables	-	-	658,145	658,145
Amounts due to related parties	-	-	-	-
Total	**-**	**-**	**183,152,800**	**183,152,800**
As at 31 December 2019				
Financial assets not measured at fair value				
Financial assets recognized through P&L	-	97,499,955	-	97,499,955
Trade receivables (Gross)	2,201,235	-	-	2,201,235
Other receivables	1,444,818	-	-	1,444,818
Balances with banks	25,131,645	-	-	25,131,645
Total	**28,777,699**	**97,499,955**	**-**	**126,277,654**

19 Financial instruments - fair values and risk management (continued)

	Carrying Amount			
	Financial assets under amortized cost MVR	Financial assets under P&L MVR	Other Financial Liabilities MVR	Total MVR
Financial liabilities not measured at fair value				
Advance received from customers	-	-	151,350,543	151,350,543
Other payables	-	-	1,037,672	1,037,672
Amounts due to related parties	-	-	5,250	5,250
Total	**-**	**-**	**152,393,465**	**152,393,465**

MHCL has exposure to the following risks from its use of financial instruments;

a) Credit risk

b) Liquidity risk

c) Currency risk

This note presents information about the company's exposure to each of the above risks. Further, quantitative disclosures are included throughout the MHCL's financial statements.

(i) Risk Management Framework

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

(ii) 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.

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

	Carrying Amount	
	As at 31-Dec-20 MVR	As at 31-Dec-19 MVR
Trade Receivables (Gross)	216,063	2,201,235
Other Receivables	22,397,761	1,444,818
Balances with Banks	18,714,999	25,131,645
	41,328,822	**28,777,698**

The Corporation has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers upon advance payments received from them.

19 Financial instruments - fair values and risk management (continued)

Balances With Banks

The Company held Bank balance of MVR 18,732,013/- at 31 December 2020 (2019: MVR 25,131,646/-). These balances are held with banks that Management believes are of high credit quality and accordingly, minimal credit risk exists.

(iii) 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. Management of the Corporation aims to maintain liquidity by maintaining cash balances to meet short-term requirements. Due to the Covid-19 outbreak the Company may experience liquidity constraints in the short term. The company is in the process of adjusting the ways to manage liquidity to respond to the current market turmoil by way of alternative funding through working capital, negotiating supplier payments, etc.The following are the contractual maturities of financial liabilities and assets as at reporting date.

As at 31 December 2020	Carrying amount MVR	Between 0-12 Months MVR	Over 1 Year MVR
Trade receivables (Gross)	216,063	-	216,063
Other receivables	22,397,761	400,566	21,997,195
Balances with banks	18,714,999	18,714,999	-
	41,328,823	**19,115,565**	**22,213,258**
Advance received from customers	182,494,655	27,986,000	154,508,655
Other payables	658,145	658,145	-
	183,152,800	**28,644,145**	**154,508,655**

As at 31 December 2019	Carrying amount MVR	Between 0-12 Months MVR	Over 1 Year MVR
Trade receivables (Gross)	2,201,235	2,201,235	-
Other receivables	1,444,818	555,468	889,351
Balances with banks	25,131,645	25,131,645	-
	28,777,699	**27,888,348**	**889,351**
Advance received from customers	151,350,543	123,364,543	27,986,000
Other payables	1,037,672	1,037,672	-
Amounts due to related parties	5,250	5,250	-
	152,393,465	**124,407,465**	**27,986,000**

19 Financial instruments - fair values and risk management (continued)

(iv) Market Risk

Market risk is the risk that change in market price, such as foreign exchange rates and interest rate

(v) Currency risk

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

	2020		
	MVR	USD	SAR
Cash and balances with Banks	17,785,730	335,735	93,204
Other Payables	311,113	70,797	-
Advance received from customers	151,350,543	-	-
	169,447,386	**406,532**	**93,204**

	2019		
	MVR	USD	SAR
Cash and balances with banks	3,963,363	1,366,454	97,555
Other payables	966,875	70,797	-
Advance received from customers	151,350,543	-	-
	156,280,781	**1,437,251**	**97,555**

20 Events after the reporting period

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

21 Capital commitments and contingent liabilities

The Company had no significant capital commitments or contingent liabilities as at December 31, 2020.

	2020 MVR	2019 MVR
i Cost of sales		
Slaughtering expense	-	2,156,338
Airline tickets and visas	10,871	25,479,353
Allowances to helpers & staff	13,909	373,718
Miscellaneous	-	400,276
Food expenses	24,192	2,479,804
Hotel & other accommodations	-	40,923,053
Luggage and clothes	25,044	1,359,475
Medical expenses	48,161	431,578
Transportation costs	3,232	16,806,417
Taxes	-	-
	125,409	**90,410,012**

ii Administrative expenses

	2020 MVR	2019 MVR
Bank charges	89,282	365,668
Licenses and permits	3,050	7,399
Telephone and internet expenses	102,763	87,381
Other expenses	14,551	62,171
Professional fees	55,650	190,937
Printing and stationary expenses	44,928	65,184
Utility expenses	131,210	166,630
Cleaning & other equipments	20,160	6,152
Depreciation	354,766	353,799
Depreciation of right-of-use asset	1,175,568	293,892
Rent expense	-	1,373,302
Repairs and maintenance costs	24,494	92,136
Tea & refreshment expenses	7,903	12,081
Travel expense	192,972	280,757
Pension expenses	134,710	120,893
Salaries and allowances	3,798,967	3,452,899
Directors remuneration	491,620	382,581
Software expenses	2,325	-
Events & ceremonies	1,457	-
	6,646,376	**7,313,862**

iii Selling and marketing costs

	2020 MVR	2019 MVR
Advertising and promotion	**95,426**	**107,804**

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