

ANNUAL REPORT 2020



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MALDIVES HAJJ CORPORATION LIMITED



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CHAIRMAN'S STATEMENT



DR. MOHAMED KINAANATH, PHD
CHAIRMAN

The Maldives Hajj Corporation Limited (MHCL), I have always valued the work and would like to thank all board members for their dedication to reach new heights this past year as they adapted to the challenges of a global pandemic to deliver service for citizens of the Maldives.

Throughout 2020, MHCL responded to the operational setbacks from Covid-19 for Hajj and Umrah services with strong governance and oversight. MHCL board approved difficult but necessary decisions to maintain operating cash flow, policies and maintain connectivity for our customers. MHCL has made continuous effort to improve the quality of services offered to the public. Over the last year, MHCL placed a great prominence in applying the good corporate governance practices including fairness and transparency in our work.

I want to thank my fellow MHCL Board members for contributing their business expertise and industry knowledge in finalising board decisions. I commend our MHCL management for so capably executing MHCL's business strategy in a turbulent year. I feel confident that MHCL is on a strong footing as we begin this new year.

Covid-19 clearly demonstrated the vulnerability, while the containment and isolation measures have painful consequences for the economy, operation of MHCL and for the everyday life of each of us, but they are sensible and necessary. Covid-19 not only claiming human lives but it is putting the entire psychological immune system of globalisation to the most severe stress test yet. As we look to 2021 and beyond, we continue to see great future for profit maximisation at MHCL.

I would like to take this opportunity to express my deepest appreciation to His Excellency The President of the Maldives, Hon. Ibrahim Mohamed Solih for his continuous support and guidance in improving our services at MHCL. I thank our management and employees for the hard work and commitment in contributing towards the growth of MHCL.

Once again, I would also like to thank my fellow directors for their guidance amidst this tumultuous period. To conclude my remarks, we have achieved quite a great deal in the previous year and In Sha Allah we will continue to do so in the coming year.



Dr. Mohamed Kinaanath
Chairman
Maldives Hajj Corporation Limited



MANAGING DIRECTOR'S STATEMENT



**MR. ISMAIL HAMEED, FCCA
MANAGING DIRECTOR**

This year marks the 8th year of operations of the Maldives Hajj Corporation Limited (MHCL) which was established with the main objective of providing fair and impartial opportunity for all Maldivians to perform their Hajj and Umrah at an affordable cost with superior service quality standards. The company also aims to establish and maintain a reliable system for enabling prospective citizens to save for Hajj and Umrah Pilgrimage and safeguarding the funds deposited by them with the company. Although MHCL has performed financially well during 2020, we are still far from becoming a self-sufficient entity. Every effort has been made to reach profitability in the future as per our strategic plan.

COVID-19 global pandemic has been disastrous for the Company. Due to the travel restrictions enacted globally, almost all business activities of the company has been put to hold. Hajj 1442 and Umrah trips

planned for 2020 had been cancelled. Since MHCL's core business is travel, most of the business development and diversification efforts had to be put on hold.

Our main focus during the year had been to restore public trust and confidence towards the organization, and to make the operations more efficient and pave way towards profitability. Several efforts have been made to improve Internal management system of the company. Significant improvements has been made in overall governance and accountability framework of the company.

MHCL has been making losses since its incorporation in 2013. In order to pave our way towards self-sustainability and ultimately profitability, we have finalized our 5 year Strategic Business Plan in November 2019. Management is fully committed to make every effort to achieve the key strategies laid down in the business plan and ultimately achieve profitability.

I would like to thank young, energetic, enthusiastic and dedicated team of MHCL for their tireless efforts in serving the Pilgrims and making MHCL a successful company.

I would like to highlight the importance of proper planning and coordination within the relevant authorities of the Government with regard to Hajj operations. Continued efforts by the Government, particularly the Ministry of Islamic Affairs are crucial to ensure efficient and flawless arrangements for Hajj are made.



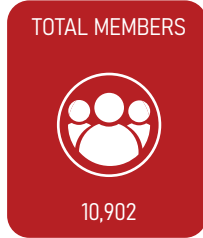
I would like to thank His Excellency President Ibrahim Mohamed Solih for his determined efforts to improve the quality of Hajj and Umra experiences. I assure you that the MHCL team will continue our vehement efforts to make Maldivian citizens' Hajj and Umra experiences are affordable, efficient, delivered with superior service quality.

Ismail Hameed
Managing Director
Maldives Hajj Corporation Limited

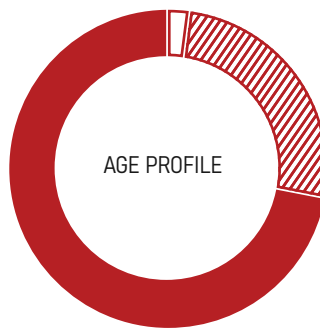
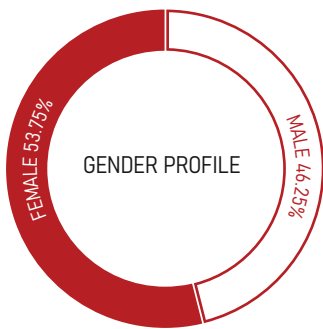


KEY HIGHLIGHTS

MEMBERS



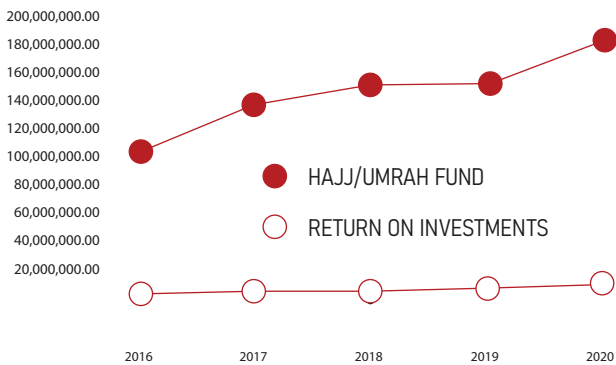
MEMBER DEMOGRAPHICS



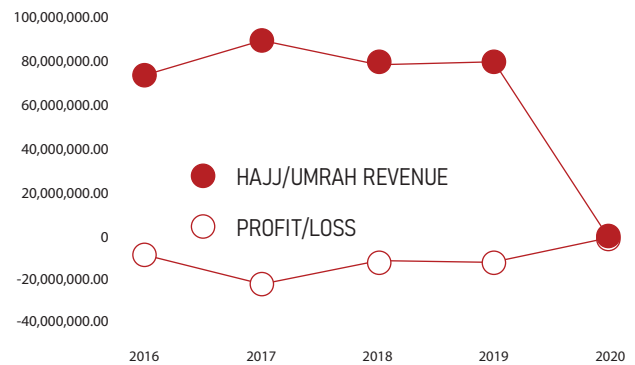
- BELOW 30: 2%
- BETWEEN 31-50: 26%
- ABOVE 51: 72%

FINANCIAL HIGHLIGHT

HAJJ/UMRAH FUND & RETURN ON INVESTMENTS



PROFIT/LOSS FOR THE YEAR



HUMAN RESOURCES

EMPLOYEES



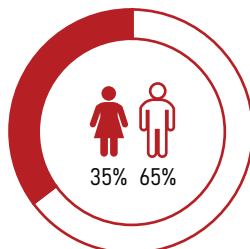
2019: 17
2020: 18

MALDIVIAN EMPLOYEE %

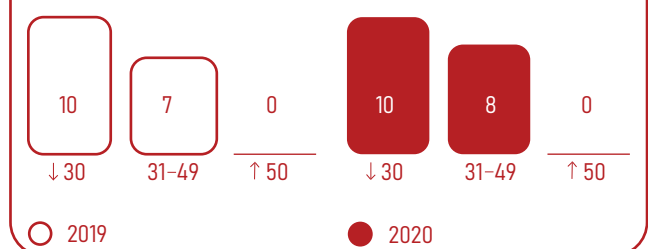


● MALDIVIAN 100%
○ EXPATRIATE 0%

GENDER PROFILE



AGE PROFILE





OPERATIONAL

- Travel restrictions imposed due to Covid-19 pandemic resulted in cancellation of Hajj and Umrah trips planned for the year.
- Internal policies and operating procedures were formulated to adhere with the corporate governance code and industry best practices.
- New hotel accommodations were arranged to increase capacity and enhance service quality.



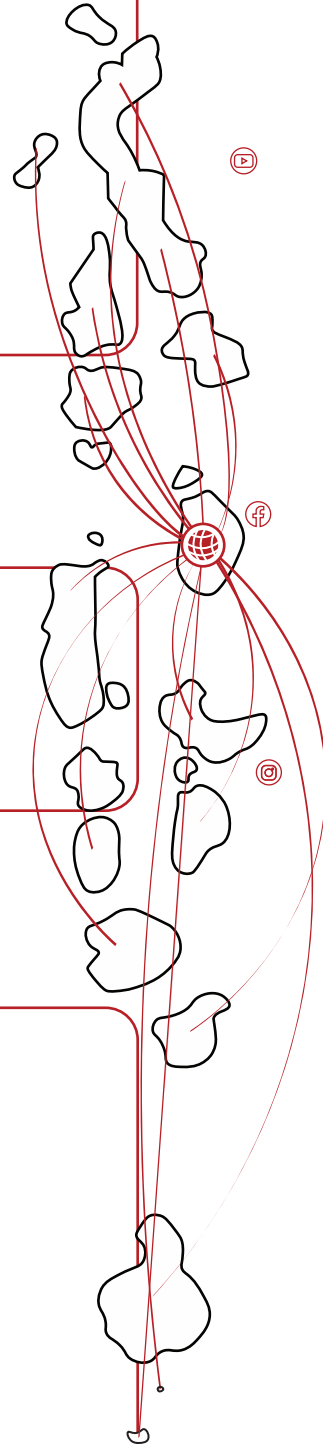
BUSINESS DEVELOPMENT

- The corporate membership scheme was officially launched in the year 2020 to cater the demands from corporates.



MARKETING

- At the beginning of 2020, a marketing trip was held at Addu City. Our products & services were promoted through direct marketing and have conducted public awareness sessions to encourage citizens to prepare for their Hajj and Umrah pilgrimages.
- Series of flyer distribution events were conducted in the greater Male' and managed to deliver more than 1500 flyers all over Male' and Hulhumale.
- Due to the restrictions imposed by the government to control the spread of Covid-19, most of the marketing events planned for the year 2020 had to be cancelled. Social Media was the key medium to continue our marketing activities and disseminate awareness.





OUR BUSINESS

Maldives Hajj Corporation Limited (MHCL) is a State-Owned Enterprise (SOE) incorporated in 2013, established to serve the citizens of Maldives in facilitating their right to perform Hajj and Umrah pilgrimage.

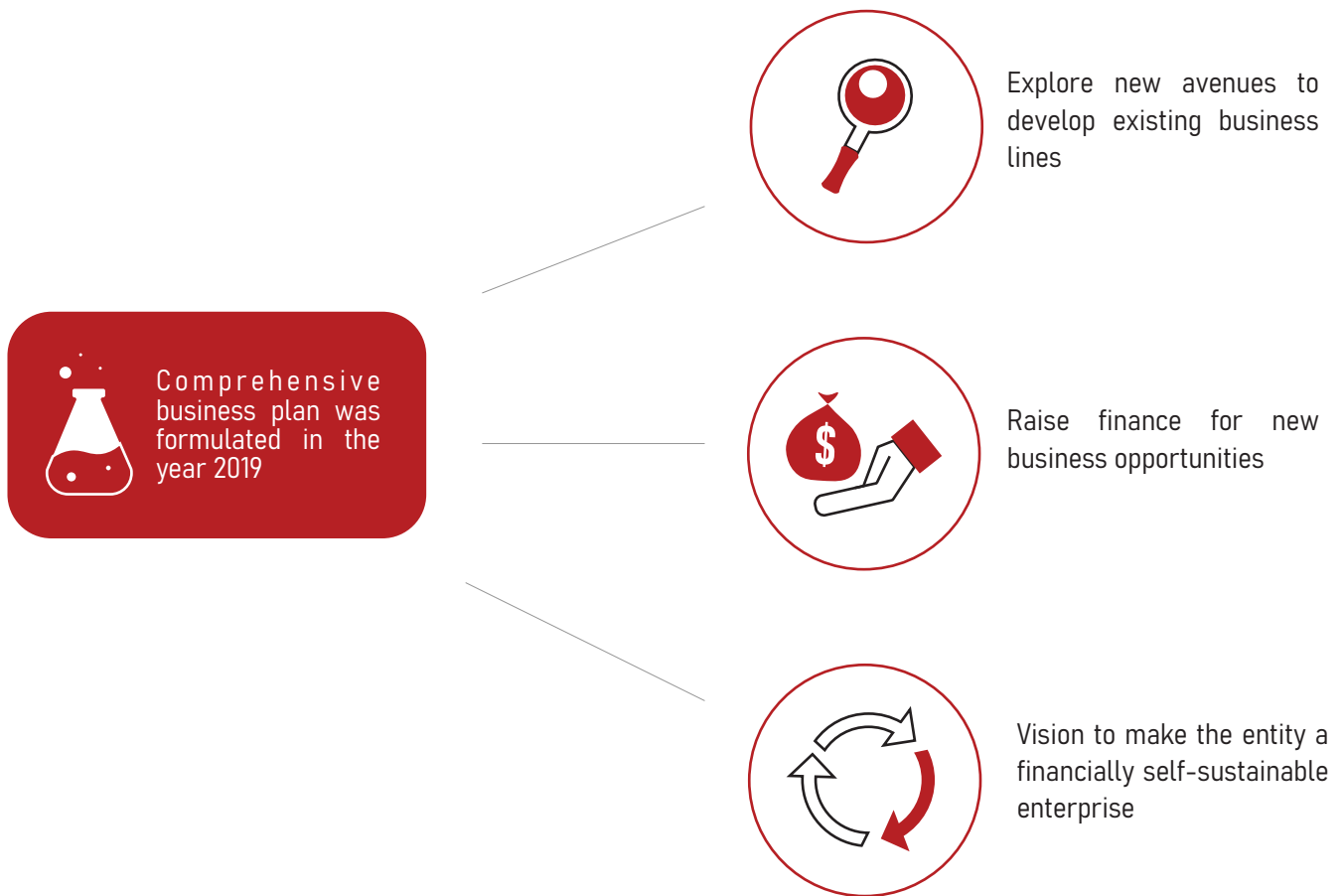
MHCL continues to thrive as the undisputed leader in the Maldives for Hajj and Umrah services, with the aim of offering an equal and unbiased opportunity for all citizens of the country to fulfill their obligations to perform Hajj and Umrah pilgrimages. In providing our Hajj and Umrah services, we intend to do so at an affordable cost to citizens with superior service quality standards and with the assurance of safeguarding the finances deposited by the customers registered as members of the Company.

Driven under the strategic guidance of a newly elected Board, the objective of the Company is to make the enterprise more financially self-sustainable by exploring new avenues in developing existing business lines and undertaking financially complementing business opportunities to diversify and minimise risk.

EXECUTING OUR STRATEGIC PLAN 2019

The Company's strategic Business plan was revisited and updated to address the unforeseen impacts of the Covid-19 pandemic.

The revised operational plan was developed to achieve the objectives of the business plan and the emphasis remains on achieving self-sustainability, expanding business lines, and pursuing growth opportunities.





MISSION

To establish a convenient mechanism to provide fair and impartial opportunity to perform Hajj and to safeguard the finances of the Maldivians who are planning on performing Hajj and Umrah.



VISION

Provide affordable means of performing Hajj and Umrah to improve the quality of services offered to the Maldivian pilgrims and promote a culture amongst Maldivians to plan ahead for Hajj.



POSITIONAL STATEMENT

MHCL is currently positioned as the leading Hajj and Umrah service provider in the Maldives with guaranteed security for its depositors' fund. MHCL provides much needed quality and trustworthy services to the Maldivians to ensure the successful completion of the holy journey.

AUTHORISED CAPITAL

MHCL is authorised to issue 100,000,000 (One Hundred Million) shares of MVR 10 each amounting to MVR 1,000,000,000 (One Billion).

ISSUED SHARE CAPITAL

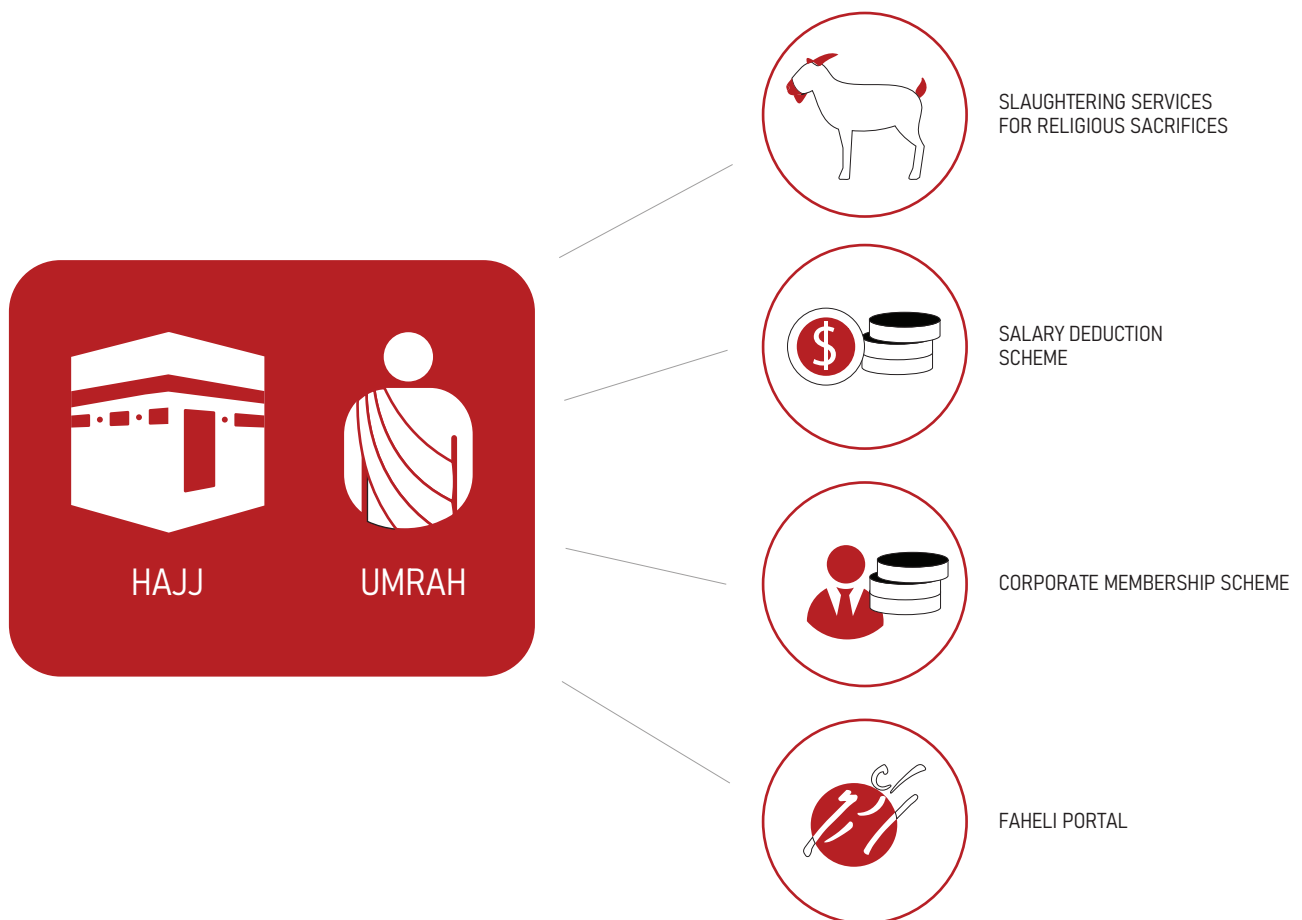
Issued share capital of Maldives Hajj Corporation Limited is 3,800,525 (Three Million Eight Hundred Thousand Five Hundred and Twenty Five) shares of MVR 10 each amounting to MVR 38,005,250 (Thirty Eight Million Five Thousand Two Hundred & Fifty).



OUR SERVICES

Maldives Hajj Corporation Limited is committed to facilitating its members a valuable experience of performing Hajj and Umrah pilgrimages. Arranging high-standard accommodation and providing authentic Maldivian meals gives us the satisfaction of providing exceptional service throughout the trip. In promoting our business, we introduced flexible payment schemes to encourage wider participation from society by launching Hajj Savings Scheme and Umrah Savings Scheme. The Company has appointed agents across the Maldives to facilitate convenient registration services for our customers.

We have further extended our product lines to include slaughtering services for religious sacrifices such as Ageega, Udhiyah, etc. Video and photos are provided to our customers as proof of service completion.





BOARD OF DIRECTORS



DR. MOHAMED KINAANATH, PHD
NON-EXECUTIVE DIRECTOR,
CHAIRMAN OF THE BOARD OF DIRECTORS

Dr. Mohamed Kinaanath was appointed as the Chairman of Maldives Hajj Corporation Ltd on the 06th of March 2019. Dr. Mohamed Kinaanath is an Information Technology pioneer with a Ph.D. from Victoria University of Wellington, New Zealand and has served to the technological sector of the Maldives and abroad for over 25 years.

Dr. Mohamed Kinaanath is currently serving as the Director of the Office of the Rector at Villa College and is involved in undertaking various academic supervision and research engagements with particular interest focus on e-Business, e-Commerce and e-Tourism.

Dr. Mohamed Kinaanath has over 15 years of experience in e-Business and e-Commerce consultancy and policy engagements. Contributions by Dr. Mohamed Kinaanath include working with The President's Office of the Maldives, UNICEF Maldives, The Maldives National University and Villa College. His international services include teaching at Victoria University of Wellington, consulting in New Zealand's IT sector, regional seminars, and training from Singapore and the United Kingdom.



BOARD OF DIRECTORS



MR. ISMAIL HAMEED, FCCA

EXECUTIVE DIRECTOR,
MANAGING DIRECTOR

Mr. Ismail Hameed was appointed as the Managing Director of Maldives Hajj Corporation Ltd on 25th December 2018. Mr. Ismail Hameed attained his Bachelors of Science in Accounting and Finance from the University of London, UK and had further attained his ACCA Qualification issued by the Association of Chartered Certified Accounts (ACCA) of UK. He is currently a Fellow Member of the Association. He also holds the Certified Internal Auditor (CIA) certification issued by The Institute of Internal Auditors, USA. Mr. Ismail Hameed is also a registered auditor holding the Audit Practicing Certificate issued by the Auditor General's Office.

Mr. Ismail Hameed currently serves the Centurion Plc. as a Non- Executive Director and chairs the Audit Committee. He has also served at the Board of Directors of Maldives Tourism Development Corporation (MTDC) as a non-Executive Director and Chaired the Audit Committee.

In addition, Mr. Ismail Hameed has over 14 years of professional experience in various fields including accounting and finance, internal and external audit, international fund management, financial reporting and business consultancy.



BOARD OF DIRECTORS



DR. MOHAMED SHAFEEQ, DBA
NON-EXECUTIVE DIRECTOR,
CHAIRMAN OF THE AUDIT COMMITTEE

Dr. Mohamed Shafeeq was appointed as a Non-Executive Director of Maldives Hajj Corporation Ltd on the 26th of September 2019 and chairs the Audit Committee. Dr. Mohamed Shafeeq holds a Doctorate of Business Administration from IIC University of Technology. Furthermore, Dr. Mohamed Shafeeq is a qualified member of the Association of Chartered Certified Accountants (ACCA) and is a registered auditor holding the Audit Practicing Certificate issued by the Auditor General's Office.

Dr. Mohamed Shafeeq is currently serving as the Chief Financial Officer of Housing Development Finance Corporation Plc (HDFC) and is a financial industry expert, counting over 20 years of experience composed of ongoing services in the housing finance segment while simultaneously training people in the finance sector. Additionally, Dr. Mohamed Shafeeq is an OBU certified mentor and a professional trainer.



BOARD OF DIRECTORS



MS. FATHIMATH LEENA, ACCA
NON-EXECUTIVE DIRECTOR,
MEMBER OF THE AUDIT COMMITTEE

Ms. Fathimath Leena was appointed as a Non-Executive Director of Maldives Hajj Corporation Ltd on the 26th of September 2019 and serves as a member of the Audit Committee. Ms. Fathimath Leena holds a Master's degree in Accounting and Finance. Moreover, Ms. Fathimath Leena is a qualified member of the Association of Chartered Certified Accountants (ACCA) and is a registered auditor holding the Audit Practicing Certificate issued by the Auditor General's Office.

Ms. Fathimath Leena currently serves as a Manager, Financial consultant at Crowe Maldives Advisory Pvt Ltd. Ms. Fathimath Leena has over 15 years of experience in the field of accounting and finance. She also engages in teaching in the various educational institutes.



BOARD OF DIRECTORS



MR. AHMED ASIF
NON-EXECUTIVE DIRECTOR,
MEMBER OF THE AUDIT COMMITTEE

Mr. Ahmed Asif was appointed as a Non-Executive Director of Maldives Hajj Corporation Ltd on the 17th of February 2021 and serves as a member of the Audit Committee. Mr. Ahmed Asif holds a Master's degree in Business Administration (MBA) from open university Malaysia.

Mr. Ahmed Asif presently serves as Senior Human Resources Manager at Road Development Corporation. Mr. Ahmed Asif has over seven years of experience in the corporate sector. His experience includes service with MTCC, Maldives Gas, Waste Management Corporation Ltd. Mr. Ahmed Asif has also served in the Education Sector.



CORPORATE GOVERNANCE

As an SOE, MHCL is governed in accordance with the principles set forth in the Companies Act of the republic of Maldives (10/96), and the Corporate Governance Code for State Owned Enterprises, in addition to the Articles of Association of the Company.

The Board of MHCL is committed to high standards of corporate governance as the Company considers it to be critical to business integrity and to maintain stakeholder trust. As such the Company has continued to adopt and maintain compliance to all corporate governance principles, with the aim of increasing transparency and enhancing efficiency.

In compliance with the Corporate Governance Code for State Owned Enterprises:

- ① Audited financial statements were prepared in accordance with International Accounting Standards and were made available to shareholders and relevant stakeholders.
- ① Corporate Governance Code for State Owned Enterprises were adopted across corporate practices, to achieve adherence to outlined governance standards.
- ① Addressing room for conflicts of interest and where such instances occurred, all relevant board members recused themselves from the meeting discussion and related decisions of such issues at Board and subcommittee meetings.

BOARD CHARTER

The Company's Board Charter was approved and adopted by the Board of Directors in 2020. The Charter specifies the Board's authorities, the Board's general roles and responsibilities.



CHAIRMAN

The Chairman of MHCL is a Non-executive and an independent director to ensure accountability and appropriate balance of power. There are no business or family relations between the chairman and the Company. As the leader of the board, the Chairman:

- ① Ensures effectiveness of the Board, Board Committees and individual Directors.
- ① Leads the Board to ensure efficiency in all its aspects, to achieve and maintain a high standard of Corporate Governance.
- ① Approves the agenda for the Board meetings and ensures sufficient allocation of time and information for deliberations.
- ① Promotes an open environment for debates and ensures that the Non-Executive Directors can speak freely and contribute effectively.
- ① Provides oversight, guidance, advice and leadership to the Managing Director.
- ① Ensures constructive dialogue between shareholders, the Board and management.



MANAGING DIRECTOR

The Managing Director holds the highest level of Executive position within the organizational structure. The primary responsibility of leading the top management and employees in operating the business and achieving the annual business targets of the Company rests with the Managing Director. The Managing Director implements the strategies and policies of the business, while providing leadership and vision to achieve the financial goals and objectives to deliver shareholder value and growth for the Company.

The Managing Director is the highest-ranking executive officer of the Company. His responsibilities include;

- ① Develop and recommend to the board a long-term Vision and Strategy for the Company to achieve shareholder and stakeholder value.
- ① Develop and implement annual business plans and budgets that support the Company's long-term strategy while ensuring proper assessment of the risks and present to the board.
- ① Implementation of policies and strategies as approved by the Board.
- ① Ensures that day to day business affairs of the company are appropriately managed and monitored. Provide advice, guidance, oversight and leadership to Executive and Senior Management teams to achieve business goals.
- ① Lead in proposing developments to the business strategy, including identifying opportunities for the growth and associated risks.
- ① Engage in regularly reviewing the performance of existing business and promoting the achievement of business benchmarks.
- ① Serves as the chief spokesperson for the company on all operational and day to day activities.



CHAIRMAN & MANAGING DIRECTOR

Dr. Mohamed Kinaanath, was appointed to the Board as the Chairman on 6th March 2019. The Managing Director Mr. Ismail Hameed was appointed on 25th December 2018. To ensure the balance of power and authority at the top management of the Company, a clear division of responsibilities is set between the role of the Chairman and the Managing Director.

ROLE OF THE INDEPENDENT & NON-EXECUTIVE DIRECTORS

As a fundamental requirement to good corporate governance Board members engage in open and constructive debates to challenge Company's business directions and Management's performance, which the Board acknowledges as a requirement for Board effectiveness and robustness. Facilitating such engagement requires Board members in particular the Non-Executive Directors being well informed of the strategic undertakings and be knowledgeable about the developments made with regard to the progress of delivering such goals.

Similarly, in facilitating the performance of Non-Executive Directors, the Board has adopted procedures to ensure that Non-Executive Directors have sufficient time and resources to perform their functions effectively.

TRAINING & DEVELOPMENT OF DIRECTORS

Board of Directors are provided with necessary induction related to their specific responsibilities. The Chairman ensures that all Board of Directors continually updates their skills and knowledge to comply with the outlined governance code.

Avenues for the professional development of Board Directors are facilitated. In this regard, all members had duly completed the Directors training provided by the Capital Market Development Authority (CMDA).



BOARD OF DIRECTORS

The Board of Directors represents the ultimate governing body of the Company and accordingly are responsible for providing guidance to the management of MHCL. This objective is delivered by setting corporate and business level strategies and policies to ensure smooth functioning of the business operations.

In fulfilling the responsibilities held with the Board of Directors, the following were undertaken:

- ① Determining Company's purpose, strategy and values.
- ① Monitoring the effectiveness of the governance practices under which the Company operates and propose changes where needed.
- ① Overseeing the process of disclosures and communications to shareholder and stakeholders.
Setting the Company's values and standards, ensuring that obligations to shareholder and stakeholders are understood and met.
- ① Adopting internal procedures and regulations for the conduct of Company's affairs.
Ensuring that appropriate systems of internal controls are in place.
- ① Overseeing compliance with relevant laws and regulations, Code of Corporate Governance for State Owned Enterprises and the Company's Policies.
- ① Setting performance objectives and evaluating the performance of the Company and management.
Establishing corporate and fiscal policies.
- ① Monitoring the implementation and overall development of the Company's business strategy and Company performance.
- ① Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit.
- ① Identifying, monitoring and reporting regularly on the non-financial aspects relevant to the business of the Company.
- ① Appointing a Company Secretary.
- ① Determining the management's powers and responsibilities and monitoring their performance.



BOARD COMPOSITION

In compliance with the Corporate Governance Code for state-owned entities, the Board of Directors represents a mix of Executive (non-independent) and Non-Executive (independent) Directors so that it is capable of providing impartial, competent, and effective guidance to the Management while upholding an environment of good governance. The Board of Directors encompasses a range of skills, qualifications, talents and expertise that are required to provide sound and prudent guidance with respect to the operations and interests of the Company and its shareholders.

The Articles of Association of Maldives Hajj Corporation Limited stipulates that the board should comprise of five directors. The below table shows the name, designation, date of appointment and date of resignation/removal of MHCL board of directors for the year 2020.

NAME	DESIGNATION	APPOINTED	RESIGNED/REMOVED
1. Dr. Mohamed Kinaanath	Chairman	6th Mar 2019	-
2. Mr. Ismail Hameed	Managing Director	25th Dec 2018	-
3. Dr. Mohamed Shafeeq	Director	26th Sep 2019	-
4. Ms. Fathimath Leena	Director	26th Sep 2019	-
5. Mr. Mohamed Nashid	Director	26th Sep 2019	22nd Jul 2020



BOARD MEETINGS

Procedures outlined in the Article of Association regarding board meetings are adopted, where Board of Directors are given due notice to include any agenda items to the meetings as required. The Chairman of the Board coordinates with the Company Secretary and finalises the agenda for Board meetings. Once finalise, the subsequent notice together with supplementary documents in advance of respective meetings are shared among the Directors.

In scheduling Board or Committee meetings, Senior Management is notified. Scheduled meetings are undertaken routinely and reports on business activities such as project status, work progress, budgets and financial statements are duly provided in such meetings.

BOARD ATTENDANCE

NAME	DESIGNATION	ATTENDANCE
1. Dr. Mohamed Kinaanath	Chairman	17/17
2. Mr. Ismail Hameed	Managing Director	17/17
3. Dr. Mohamed Shafeeq	Director	17/17
4. Ms. Fathimath Leena	Director	16/17
5. Mr. Mohamed Nashid	Director	06/06



CODE OF CONDUCT

To be compliant with the Code of Corporate Governance for State-Owned Enterprises, the Company has formulated a Code of Conduct and Ethical Code for the Board of Directors and Senior Management to which they shall affirm compliance and sign on a declaration on an annual basis.

Upon approval of the “Code of Conduct and Ethical Code of Board of Directors and Senior Management of MHCL,” an awareness training session was conducted for the Senior Management of the Company and declarations were signed.

CONFLICT OF INTEREST

To be compliant with the corporate governance practices, the Code of Conduct of the Company specifically addresses conflicts of interest particularly relating to the Board of Directors and Senior Management, to which they shall confirm compliance and sign a declaration on an annual basis.



DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors declares that to the best of our knowledge and belief, the information presented in this Annual Report is true and accurate and that there are no other facts, the omission of which would make any statements herein misleading or inaccurate.

The Board of Directors declares that Annual Report is prepared in accordance with the Articles of Association of MHCL, Company's Act of Republic of Maldives (10/96) and Code of Corporate Governance for State-Owned Enterprises.

In performing the duties and responsibilities, the Board of Directors has practiced transparency, fairness and diligence by giving utmost devotion to safeguarding the interest of the Shareholder and key Stakeholders.

On behalf of the Board of Directors:

MANAGING DIRECTOR

CHAIRMAN



COMPANY SECRETARY



Uz. ABDULLA NAHIDH
COMPANY SECRETARY

Company Secretary is accessible to all directors, where the services provided through the responsible person provides guidance to Board Members on their due responsibilities and aligning interests to be in the best interest of the Company. To fulfill this responsibility of the Company Secretary, regular engagements to remain updated on applicable laws and developments are achieved through training and development opportunities.

Uz. Ibrahim Hafiz worked as the company secretary from 5th February 2019 to 24th June 2020. Ms. Aishath Gahir worked as the interim company secretary from 25th June 2020 to 10th August 2020. The current Company Secretary Uz. Abdulla Nahidh was appointed on 10th August 2020.



COMMITTEES

The Below table shows the members of the Audit Committee & Sharia Advisory Committee as of the end of the year 2020.

AUDIT COMMITTEE

1. Dr. Mohamed Shafeeq
2. Ms. Fathimath Leena

SHARIA ADVISORY COMMITTEE

1. Sheikh Ali Zahir
2. Sheikh Ahmed Saleem
3. Uza. Mariyam Shabana



AUDIT COMMITTEE REPORT

The Audit committee was established in accordance with the Corporate Governance Code for state-owned entities issued by the Privatization and Corporatization Board. There were 3 members in the Committee up until 22nd July 2020. They included of Dr. Mohamed Shafeeq (Chairman), Ms. Fathimath Leena (Member) and Mr. Mohamed Nashid (Member). Mr. Mohamed Nashid was removed on 22nd July 2020.

The Audit Committee consists of Non-Executive Independent Directors who have relevant financial experience and have a professional qualification from one of the professional accountancy bodies.

NAME	DESIGNATION	ATTENDANCE
1. Dr. Mohamed Shafeeq	Chairman	5/5
2. Ms. Fathimath Leena	Member	5/5
3. Mr. Mohamed Nashid	Member	1/1

The primary duties and the responsibilities of the Committee are as follows:

1. Assessment of the integrity of the financial statements and the Company's financial reporting processes.
2. The engagement of the external auditors and the evaluation of the external auditors' qualifications, independence, objectivity, and performance.
3. Review the Management Letter and follow up on its recommendations.
4. Review the adequacy of the internal audit function, including reviewing the plan, scope, required resources, internal audit findings and recommend actions to be taken by the Management of deficiencies in controls, processes and procedures.
5. Review the effectiveness of the internal control system.
6. Compliance by the Company with legal and regulatory requirements.
7. Monitoring the effectiveness of the Company risk management function related to the identification, assessing, controlling and monitoring of risks.



COMMITTEE ACTIVITIES

- Internal audit function was established and an internal auditor was appointed
- Approved Internal Audit Charter
- Approved the Annual Internal Audit Plan for the year 2021
- Approved Company's whistleblowing policy
- Approved the Risk Management Policy

EXTERNAL AUDIT

The External Audit of the Company was conducted by the Auditor General's Office for the year

CONCLUSION

The Committee is satisfied with the activities carried out during the year.

On behalf of the Audit Committee

Dr. Mohamed Shafeeq
Chairperson
Audit Committee

INTERNAL AUDIT

An internal audit function was established and an internal auditor was appointed during the year. An internal audit charter and the Annual Internal Audit plan for the year 2021 was formulated.



SUSTAINABILITY REPORT

As an organization established to serve the citizens in performing their Hajj and Umrah pilgrimages, our objective is to provide exemplary service throughout our business operations. To achieve this we assure our customer's security of their savings and commitment on their trip plans.

In the pursuit of sustaining our services, we focus on the following aspects:



ETHICS

Provided that the primary purpose of the Company is to ensure a fair opportunity for all citizens to perform their pilgrimages at an affordable rate, we invest to ensure our systems address these aspects and provide information to our customers in a transparent and accountable manner. As an organization established to serve the citizens in performing their Hajj and Umrah pilgrimages, our objective is to provide exemplary service throughout our business operations. To achieve this we assure our customer's security of their savings and commitment on their trip plans. While undertaking training among staff, we strive to adhere to best practices and standards of corporate ethics and good governance through initiatives such as adopting the code of conduct and ethical code.



SOCIAL ISSUES

In serving the broader society, we continued to engage volunteers in our organized trips to increase our social contribution and actively look forward to opportunities that would develop our business lines, with the intention to deliver even more valuable services for customers that could in turn facilitate financial sustainability and eventually add value to shareholders.

MHCL supported the government and the general public by being among the first SOEs, who provided immense contributions to the National emergency operation center. Company's staff and other resources were provided to fight against the pandemic situation.

To cater to the shortage of facemasks, MHCL volunteered to provide reusable facemasks to hospitals and medical facilities. Additionally, 'ZamZam' water was donated to the Covid-19 patients.

Company's operations were digitalized and employees were working from home to ensure continued services to our customers during the countrywide lockdown.



HEALTH AND SAFETY

As a seasonal business, health and safety professionals accompany every organized trip with customers, ensuring adequate doctors and nurses are present to attend to medical complications.

Customers are given training that covers aspects of health and safety concerns when traveling. moreover, the company follows industry-wide best practices in occupational health and safety, as well as ergonomics.

To reduce the impact of the Covid-19 outbreak and to prevent the transmission, the Company adopted the health and safety standards set by the Health Protection Agency of the Maldives. In order to ensure the wellbeing of both clients and staff, the office premises is disinfected on a regular basis.

MHCL Medical Service:

- ◎ MHCL provides medical services at Hajj and Umrah.
- ◎ Before Hajj, pilgrims will get a medical checkup by IGMH.
- ◎ The medical team will travel with the pilgrims to Hajj & Umrah.
- ◎ The pilgrims vaccination costs is included in the price of Umrah.
- ◎ A clinic & dispensary is setup at the hotel to give medical consultation- and medicine conveniently.
- ◎ Covid safety measures were taken to prioritize the health & safety of the Company staff & customers.



ENVIRONMENT

We conduct programs to reduce the Company's carbon footprint and have implemented practices to ban single-use plastics in the business environment as part of our contribution to environmental protection



MANAGEMENT TEAM



MR. ISMAIL HAMEED, FCCA
MANAGING DIRECTOR



UZ. ABDULLA NAHIDH
COMPANY SECRETARY



MR. IBRAHIM SHAMEEM
FINANCIAL CONTROLLER,
FINANCE



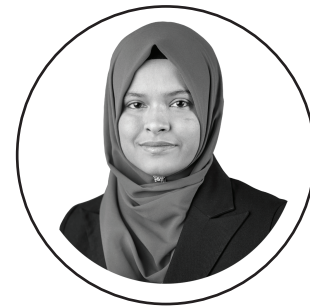
MS. AISHATH GAHIR
MANAGER,
CORPORATE AFFAIRS



MR. MOHAMED NAZIM
INFORMATION ENGINEER,
ICT



SHEIKH HUSSAIN ANSAAR
MANAGER,
HAJJ OPERATION



MS. AMINATH SANA
MANAGER,
FINANCE



MR. MOHAMED SAAIDH
MANAGER,
MARKETING & BUSINESS DEVELOPMENT



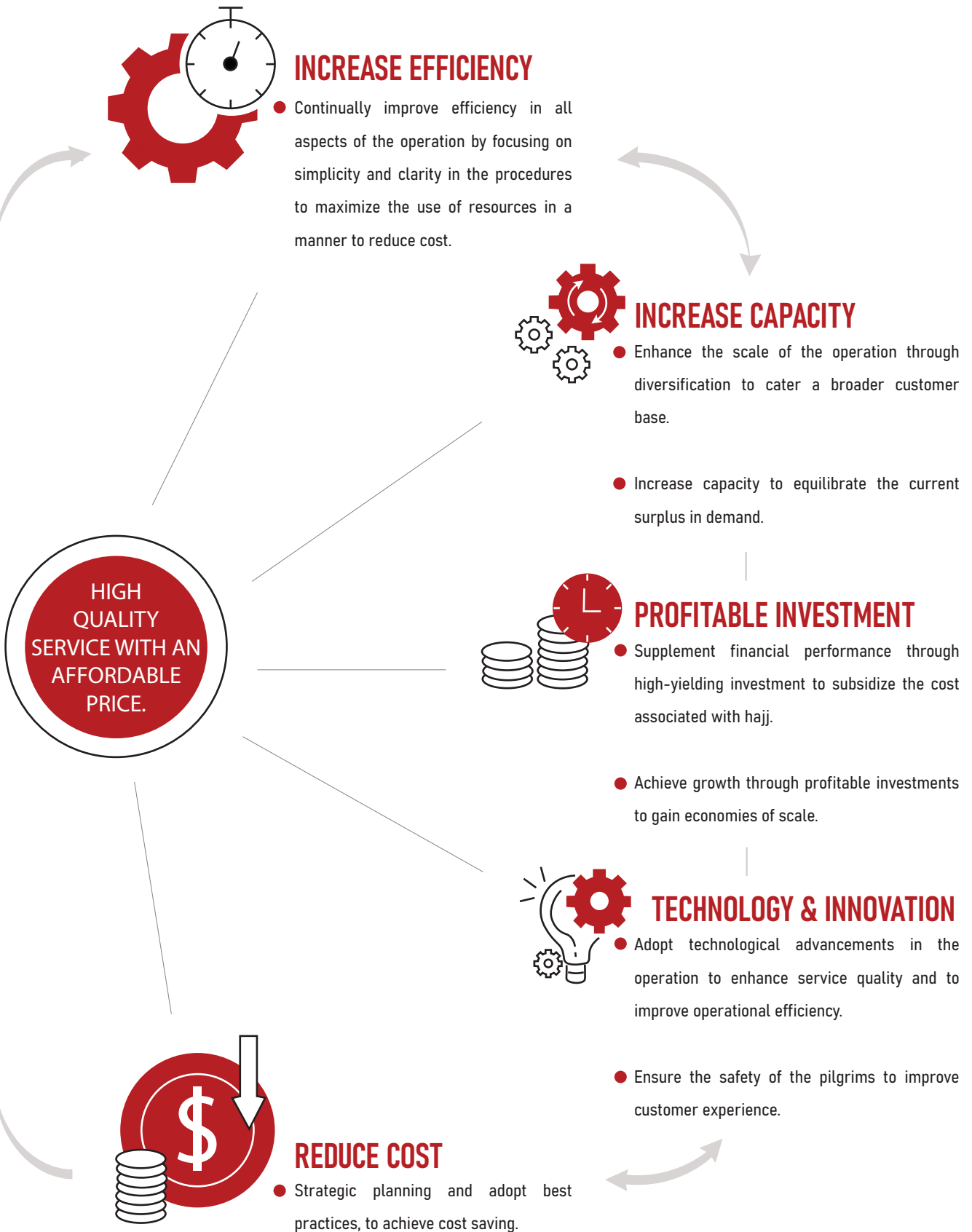
MR. MOHAMED HALEEM
INTERNAL AUDITOR



MR. AHMED HANEEF
ASSISTANT MANAGER,
INFORMATION TECHNOLOGY



FUTURE OUTLOOK





AUDIT REPORT & FINANCIAL STATEMENTS

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



Hussain Niyazy
Auditor General



Maldives Hajj Corporation Limited
STATEMENT 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

Dr.Mohamed Kinaanath

Signature



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
STATEMENT 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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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 is 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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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.

1) 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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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
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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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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

	Balance as at	Additions	Balance as at
	01.01.2020	during the year	31.12.2020
	MVR	MVR	MVR
Gross carrying amount			
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			
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



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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	2019
At cost	MVR	MVR
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

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



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

13 Trade and other receivables	2020	2019
	MVR	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
	2020	2019
	MVR	MVR
13.1 Amounts due from related party		
Ministry of Finance	35,000,000	-
	35,000,000	-
	2020	2019
	MVR	MVR
14 Cash and cash equivalents		
Balances with banks	18,317,268	24,001,344
Cash in hand	397,731	1,130,301
	18,714,999	25,131,645
	2020	2019
	MVR	MVR
15 Share capital		
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
	2020	2019
	MVR	MVR
16 Advance received from customers		
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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

17 Other payables	2020	2019
	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 liabilities and the movements during the year.

18.2 Lease liabilities	Building
	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



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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.

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

As at 31 December 2020	Carrying Amount			Total MVR	
	Financial assets under amortized cost MVR	Financial assets under P&L MVR	Other Financial Liabilities MVR		
	Financial liabilities not measured at fair value				
	Advance received from customers	-	-		182,494,655
Other payables	-	-	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



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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

	Carrying Amount			Total MVR
	Financial assets	Financial assets	Other	
	under	under	Financial	
	amortized cost	P&L	Liabilities	
	MVR	MVR	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	As at
	31-Dec-20	31-Dec-19
	MVR	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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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.



Maldives Hajj Corporation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

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





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MALDIVES HAJJ CORPORATION LIMITED