



MALDIVES HAJJ CORPORATION LIMITED

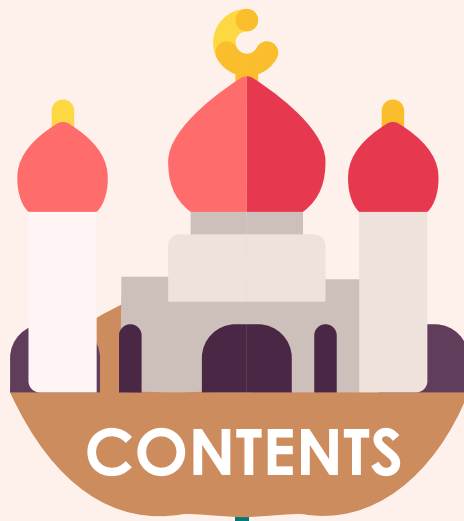
ANNUAL  
REPORT | 2019





# MALDIVES HAJJ CORPORATION LIMITED





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CHAIRMAN'S STATEMENT

01



DR. MOHAMED KINAANATH, PhD  
CHAIRMAN

On behalf of the Board of Directors at Maldives Hajj Corporation Limited (MHCL), it gives me a great honour to present you the 2019 Annual Report. MHCL is currently the leading Hajj and Umrah service provider in the Maldives. 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. With the challenging world, due to Covid-19 pandemic, we need a broader vision for leadership and transform the existing models to recoup the financial predicaments we are facing now.

It is evident that Covid-19 started to create a potential impact for the current business operation. Nevertheless, our first action has been the implementation of measures to protect the health and safety of both our employees and customers.

As we look to 2021 and beyond, we continue to see multiple avenues for profitable growth and margin expansion. I would like to take this golden 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 impressive amount of work they have done over the last year to further evolve and grow our institution. It is also my pleasure to thank the management team and beloved staff at MHCL for the hard work and commitment in contributing towards the growth of MHCL.

Once again, I thank my fellow board members in helping to position MHCL to progress in this difficult time and carrying forth the MHCL's outstanding legacy and enduring commitment in serving the public. 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

02



This year marks the 7th 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 2019, 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.

Following my appointment as the Managing Director on 25th December 2018, my first priority has been given to

restore public trust and confidence towards the organization, to make the operations more efficient and pave way towards profitability.

Several efforts have been made to improve Internal management system of the company. We have introduced a Marketing and Business Development department to focus on planned developments as per the Strategic Business Plan of the company. Significant improvements has been made in overall governance and accountability framework of the company.

We have made significant improvements to pilgrims' experience in Hajj 1440 and the three Umrah trips we conducted during the year 2019. Focus has been put in communication, customer satisfaction and overall efficiency of the operations. As a result, we have reduced the per head cost incurred for Hajj rituals. More efforts are underway towards better pilgrims' experience, stakeholder and public confidence, efficiency and self-sustainability.

## MANAGING DIRECTORS STATEMENT

02

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.

The effect of COVID-19 has been disastrous for the company. Hajj 1441 and three Umrah trips planned for 2020 has been cancelled as a result of the pandemic. Since MHCL's core business is travel, most of the business development and diversification efforts had to be put on hold since the global travel market is halted. I would like to thank young, energetic, enthusiastic and dedicated team of MHCL for their tireless efforts in serving the Pilgrims and 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 Umrah experiences. I assure you that the MHCL team will continue our vehement efforts to make Maldivian citizens' Hajj and Umrah experiences are affordable, efficient, and delivered with superior service quality.



**Ismail Hameed**  
**Managing Director**  
**Maldives Hajj Corporation Limited**



## MALDIVES HAJJ CORPORATION LIMITED

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 remains privileged to be the undisputed leader for providing Hajj and Umrah services in the Maldives and aims at providing a fair and impartial opportunity for all the citizen of the nation to facilitate their commitments to go for Hajj and Umrah pilgrimages. In providing our Hajj and Umrah services, we aim 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 potential Haajis registered as members of the corporation.

Driven under the strategic guidance of a newly elected Board, the objective of the firm 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 to align the entity in the long term to achieve financial sustainability.

### EXECUTING OUR STRATEGIC PLAN 2019

Pursuing our growth prospects, a comprehensive business plan was formulated with consultation of an independent firm, to explore new avenues to develop existing business lines and raise finance for new business opportunities with the broader vision to make the entity a financially self-sustainable enterprise.



INTRODUCTION

03



**MISSION STATEMENT**

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 STATEMENT**

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 is 3,550,000 (Three Million Five Hundred and Fifty Thousand) shares of MVR 10 each amounting to MVR 35,500,000 (Thirty Five Million Five Hundred Thousand).

OUR SERVICES

04

## OUR SERVICES

Maldives Hajj Corporations Ltd 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 Corporation 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.

### HAJJ



### UMRAH



March Umrah  
15 Days

Ramadan Umrah  
20 Days

December Umrah  
15 Days

OUR SERVICES: HAJJ & UMRAH

04



TRAINING



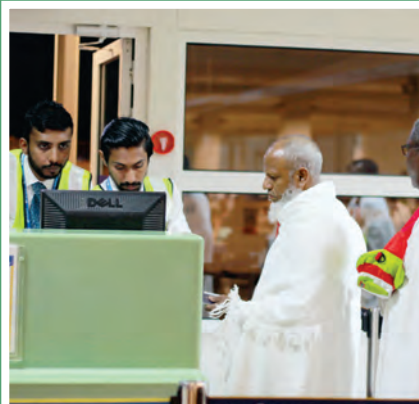


OUR SERVICES: HAJJ & UMRAH

04



FLIGHT



OUR SERVICES: HAJJ & UMRAH

04



BUS TRIP





OUR SERVICES: HAJJ & UMRAH

04



ACCOMMODATION





OUR SERVICES: HAJJ & UMRAH

04



FOOD & BEVERAGES





OUR SERVICES: HAJJ & UMRAH

04



RELIGIOUS SERMON



OUR SERVICES: HAJJ & UMRAH

04



MEDICAL CLINIC





OUR SERVICES: HAJJ & UMRAH

04



MINA





OUR SERVICES: HAJJ & UMRAH

04



ARAFAT





OUR SERVICES: HAJJ & UMRAH

04



MUZDALIFA





OUR SERVICES: HAJJ & UMRAH

04



JAMRAT





OUR SERVICES: HAJJ & UMRAH

04



MASJID AL HARAM



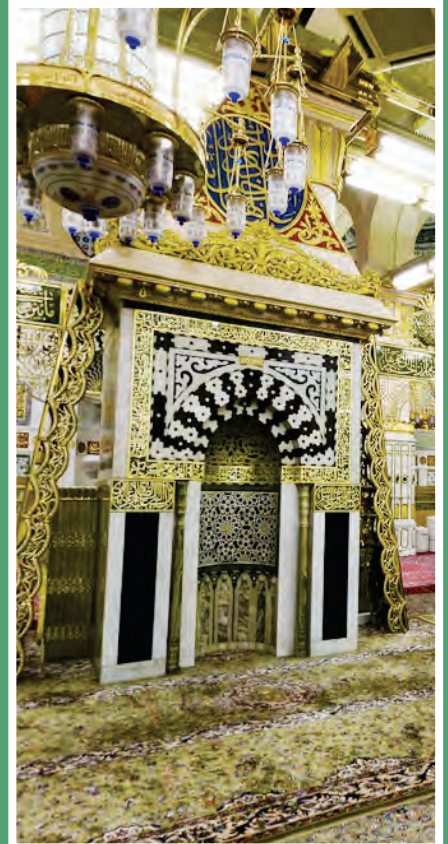


OUR SERVICES: HAJJ & UMRAH

04



MASJID AN-NABAWI & AR-RAWDAH



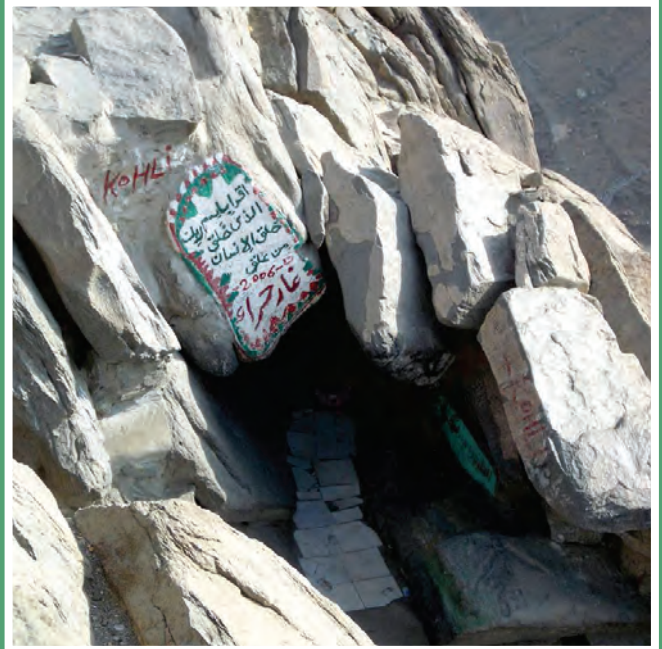


OUR SERVICES: HAJJ & UMRAH

04



MOUNT HIRA & MOUNT UHUD





OUR SERVICES: HAJJ & UMRAH

04

\*\*\* QUALITY



SERVICE \*\*\*

MASJID QUBA & MASJID QIBLATAYN





OUR SERVICES: HAJJ & UMRAH

04



DATES MARKET





OUR SERVICES: SLAUGHTERING

04

\*\*\* QUALITY



SERVICE \*\*\*

SLAUGHTERING SERVICE





## BOARD OF DIRECTORS



Dr. Mohamed Kinaanath is an Information Technology pioneer of the Maldives, with over 25 years of higher education teaching and training experience at various educational institutes in Maldives and abroad. Further to his education sector exposure, Dr. Kinaanath accounts for over 15 years of consultancy and policy level engagements across e-Business and e-Commerce developments.

Contributions by Dr. Kinaanath include working with The President's Office of the Maldives, UNICEF Maldives, The Maldives National University and Villa College, within the Maldives. Internationally, his services further include teaching in Victoria University of Wellington and consulting within the IT sector of New Zealand, seminars held at regional

levels and training attained from Singapore and the UK. Dr. Kinaanath is the current Chairman of the MHCL Board of Directors, and holds a PhD from Victoria University of Wellington, New Zealand. His present engagements involve serving as a Director of the Office of the Rector at Villa College, undertaking various academic supervision and research engagements, particular interest focused on e-Business, e-Commerce and e-Tourism.

## BOARD OF DIRECTORS



Mr. Ismail Hameed is the Managing Director of the company. Prior to his appointment on 25th December 2018, Mr. Hameed had over twelve years of professional experience across numerous functions of accounting and finance, internal and external audit, international fund management, financial reporting and business consultancy.

In addition, Mr. Hameed had served at the Board of Directors of Maldives Tourism Development Corporation (MTDC) as a non-Executive and Chaired the Audit Committee. He also serves the Centurion Plc. as a Non-Executive Director and chairs the Audit Committee. Mr. Hameed attained his Bachelors of Science in Accounting and Finance from 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. Furthermore, Mr. Hameed engages to participate in various seminars and forums to enhance professional development and continuous learning. He is also a registered auditor holding the Audit Practicing Certificate issued by the Auditor Generals Office of the Maldives.



## BOARD OF DIRECTORS



Dr. Mohamed Shafeeq is a financial industry expert, counting over 20 years of experience composed of ongoing services in the housing finance segment while simultaneously being engaged in teaching commitments and personal learning pursuits.

Professional career of Dr. Shafeeq commenced at the Society of Health Education (SHE) and served as the Director of Finance prior to leaving to join housing market financing specialists Housing Development Finance Corporation (HDFC). Dr. Shafeeq currently represents HDFC in the role of Assistant General Manager, Finance. Dr. Shafeeq serves as the Chairperson of the Audit Committee associated with his Board Director capacity in Maldives Hajj Corporation Limited.

He is a FCCA member, holding a Doctorate of Business Administration from IIC University of Technology; a Master of Business Administration (MBA) from the University of Ballarat, Australia; and has attained his Bachelor of Arts (Hons) Accounting and Finance from the University of East London. Furthermore, Dr. Shafeeq is a qualified member of the Association of Chartered Certified Accountants (ACCA) and is a licensed auditor. Additionally, Dr. Shafeeq is an OBU certified mentor, professional trainer and has conducted workshops and training sessions throughout the Maldives on business and finance. He is also a registered auditor holding the Audit Practicing Certificate issued by the Auditor Generals Office of the Maldives.

## BOARD OF DIRECTORS



A practicing professional accountant, Ms. Fathimath Leena has over fifteen years of experience across various accounting and finance functions, undertaking leading management roles in various private sector firms together with experience at a multi-national regional organization (SAARC), getting exposure across numerous industries of the economy with a special focus on SME sector firms.

Ms. Leena presently engages at Zoarts Pvt Ltd in an entrepreneurial role. Having previously served with financial management and financial reporting engagements with notable private sector entities in business to business relationship management, retail sector customer engagements, management financial

reporting, and experience across various accounting software platforms. Further to her private sector engagements, Ms. Leena undertakes part-time teaching engagements at Villa College, Male' covering Accounting related modules.

She has her professional qualifications in CIMA, Certificate of Business Accounting and Professional Level accreditation of ACCA. In relation to her position as a Board Director, Ms. Leena serves as a member of the Maldives Hajj Corporation Limited Audit Committee.



## 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 Corporation.

The Board of MHCL is committed to high standards of corporate governance as the Corporation considers it to be critical to business integrity and to maintain stakeholder trust. As such the corporation 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:

- Audited financial statements were prepared in accordance with International Accounting Standards and were made available to shareholders and relevant stakeholders.
- Corporate Governance Code for State Owned Enterprises were adopted across corporate practices, to achieve adherence to outlined governance standards.
- 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 sub-committee meetings.

## 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 chairperson and the corporation. As the leader of the board, the Chairman:

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

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

- Develop and recommend to the board a long-term Vision and Strategy for the Corporation to achieve shareholder and stakeholder value.
- Develop and implement annual business plans and budgets that support the Corporation's long-term strategy while ensuring proper assessment of the risks and present to the board.
- Implementation of policies and strategies as approved by the Board.
- 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.
- Lead in proposing developments to the business strategy, including identifying opportunities for the growth and associated risks.
- Engage in regularly reviewing the performance of existing business and promoting the achievement of business benchmarks.
- 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 Corporation, 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 Corporation'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 Corporation 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:

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

The Articles of Association of Maldives Hajj Corporation 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 directors for 2019.

Name	Designation	Appointed	Resigned/Removed
1 Dr. Mohamed Kinaanath	Chairman	6th Mar 2019	-
2. Mr. Ismail Hameed	Managing Director	25th Dec 2018	-
3. Mr. Hussain Saeed	Director	23rd Jan 2018	26th Sep 2019
4. Mr. Abdullah Farouk Hassan	Director	2nd Nov 2016	26th Sep 2019
5. Mr. Ali Waheed	Director	2nd Nov 2016	6th Feb 2019
6. Dr. Mohamed Shafeeq	Director	26th Sep 2019	-
7. Ms. Fathimath Leena	Director	26th Sep 2019	-
8. 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 Directors are given due notice to include any agenda items to the meetings as required. Chairman of the Board coordinates with the Company Secretary and finalize the agenda for Board meetings. Once finalized, 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

Below table shows the attendance of the Board meetings. Total 15 Board meetings were held on 2019.

Name	Designation	Attendance
1. Dr. Mohamed Kinaanath	Chairman	11/11
2. Mr. Ismail Hameed	Managing Director	15/15
3. Dr. Mohamed Shafeeq	Director	05/05
4. Ms. Fathimath Leena	Director	05/05
5. Mr. Mohamed Nashid	Director	03/05
6. Mr. Ali Waheed	Director	03/03
7. Mr. Hussain Saeed	Director	09/10
8. Mr. Abdullah Farouk Hassan	Director	08/10



## CODE OF CONDUCT

To be compliant with the Code of Corporate Governance for State-Owned Enterprises, the Corporation 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 Corporation and declarations were signed.

## CONFLICT OF INTEREST

To be compliant with the corporate governance practices, the Code of Conduct of the Corporation 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 practised 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

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 Corporation. 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.

Ms. Aishath Lahufa worked as the interim company secretary from 8th July 2018 to 5th February 2019. 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 2019.

Audit Committee	Sharia Committee
1. Dr. Mohamed Shafeeq	1. Sheikh Ali Zahir
2. Ms. Fathimath Leena	2. Sheikh Ahmed Saleem
3. Mr. Mohamed Nashid	3. Uza. Mariyam Shabana

## AUDIT COMMITTEE

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.

Dr. Mohamed Shafeeq serves as the Chairperson of the Audit Committee, while Mrs. Fathimath Leena serves as a member of the committee.

The function of the Audit Committee is to assist the Board in its oversight of the following;

- To monitor the integrity of the financial statements of the Company and any announcements of the Corporation's financial performance, reviewing significant
- Financial reporting judgments contained in them, review and recommend for Board and shareholders' approval quarterly and annual statements.
- To review the Corporation's internal control, internal audit, compliance and risk management systems;
- To oversee the activities of the internal auditors.
- To receive and discuss the external auditor- Auditor General's report including any issues and recommendations raised by the external auditor on internal control weaknesses.



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:

**(a) Ethics;**

Provided that the primary purpose of the Corporation 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.

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.

**(b) Environment;**

In our commitment to protect the environment, we undertake activities to reduce the carbon footprint of the Corporation and we have adopted a zero plastic policy in the corporate environment.

**(c) Health and safety;**

As an organization engaged in a seasonal business, health and safety professionals accompany in every organized trip with customers ensuring adequate doctors and nurses are among the group to attend for medical complications. Furthermore, all staff undergo training on basic first aid skills for general awareness, while customers travelling are required to undergo training sessions which cover aspects on health and safety concerns when travelling. To reduce the impact of Covid-19 outbreak and to prevent the transmission, the Corporation adopted the health and safety standards set by the Health Protection Agency of the Maldives. The Corporation follows industry best occupational health and safety standards and ergonomics guidelines.

**(d) Social issues;**

In serving the broader society, we 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. To instill the love for Holy Quran within the society, MHCL awarded a Hajj trip for the winner of 33rd National Quran Competition. The corporation also participated in the Children's Event hosted by the Ministry of Islamic Affairs. MHCL stall in the event was designed to spread awareness about Hajj & Umrah.

SOCIAL



1

First Prize  
Hajj Trip

33rd National  
Quran  
Competition

SPONSOR

MALDIVES HAJJ CORPORATION LIMITED





SOCIAL

**SPREAD AWARENESS  
ON HAJJ & UMRA**

M H C L S T A L L



**CHILDRENS EVENING**

organised by:  
MINISTRY OF ISLAMIC AFFAIRS

**MHCL VOLUNTEERS  
SKILLED & EFFICIENT**

**PROFESSIONAL  
EXPERIENCED TEAM**



HEALTH & SAFETY

MHCL PROVIDES  
BEST QUALITY SERVICE

COVID SAFETY MEASURES  
PRIOTIZE HEALTH & SAFETY OF CUSTOMERS & STAFFS



MEDICAL CHECK UP



MEDICAL TEAM



COVID SAFETY



CLINIC



DISPENSARY



VACCINE

**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 corporation staff & customers.





ENVIRONMENT

MHCL JOINS CAMPAIGN  
REDUCE SINGLE USE PLASTIC

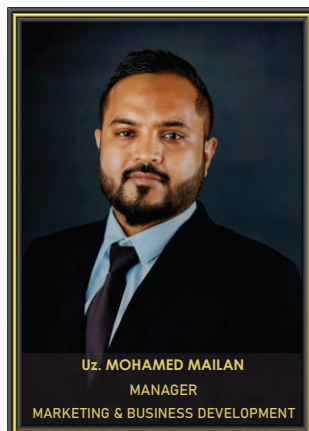
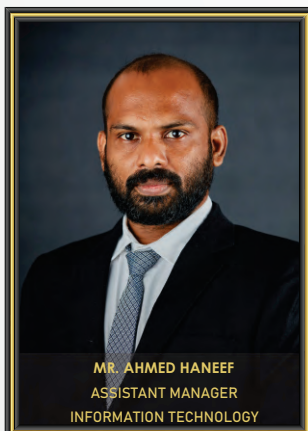
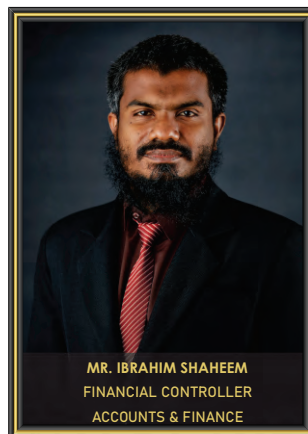
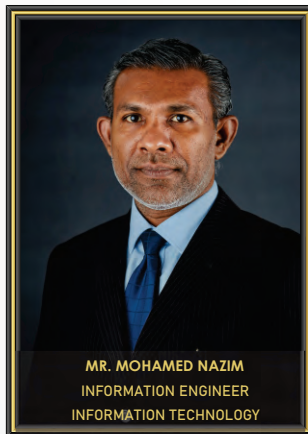
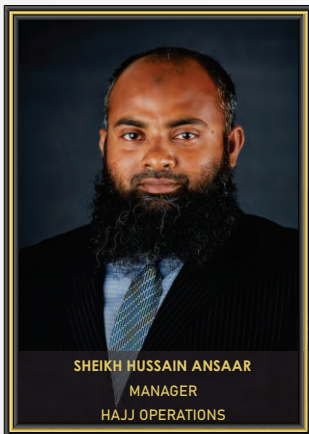
PLASTIC NOON GOTHEI  
INITIATIVE TO PROTECT ENVIRONMENT



TEAM MHCL

07

MANAGEMENT TEAM





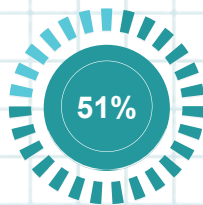
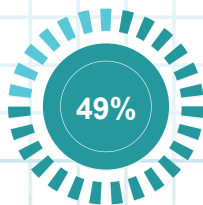
MHCL 2019: KEY HIGHLIGHTS

08

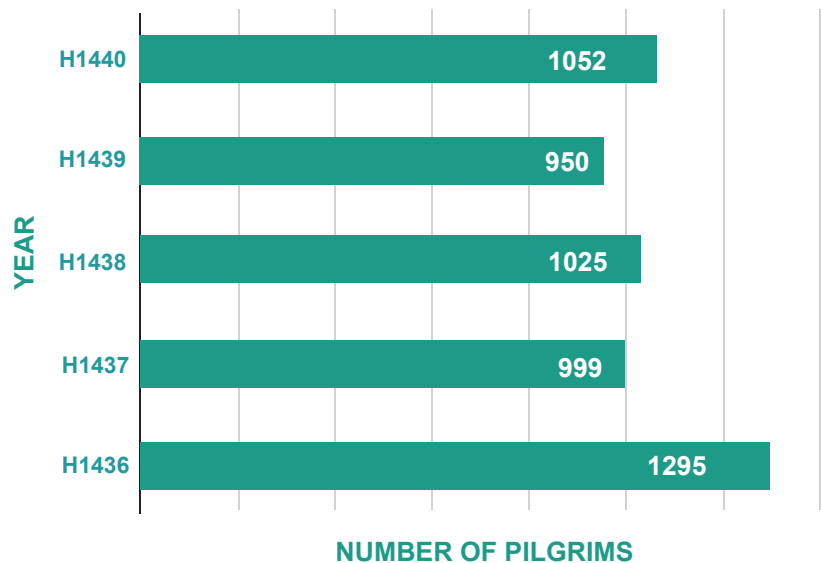
HAJJ 1440

HIGHLIGHTS

- 1052 pilgrims performed Hajj with MHCL.
- 49 volunteers joined with MHCL which includes; medical team, imaams, cooks and helpers.
- 1440 Hajj Demographics;
  - 18 - 40 years - 102 pilgrim
  - 41 - 55 years - 408 pilgrim
  - 56 - 65 years - 365 pilgrim
  - 65 & Above - 176 pilgrim



MHCL HAJJ PILGRIM STATISTICS 1436-1440



MHCL 2019: KEY HIGHLIGHTS

08

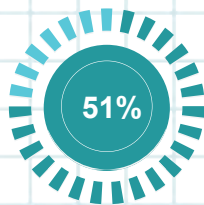
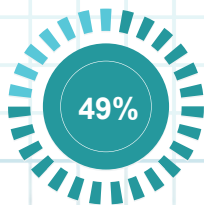
MARCH UMRAH 2019

**MARCH UMRAH 2019**

- MHCL March Umrah is targeted for school holidays, to make it more convenient for the pilgrims to perform the Umrah with their family and children.
- The Umrah was performed during the first 15 days of March.
- 2019 March Umrah Demographics;  
Males: 49%  
Females: 51%



Our Umrah Package Includes:



Ticket



Food



Accommodation



Visa



Training



Bus Travel



Customer Service



Vaccine



Hotline



Free Wifi



Sight Seeing



Umrah Kit



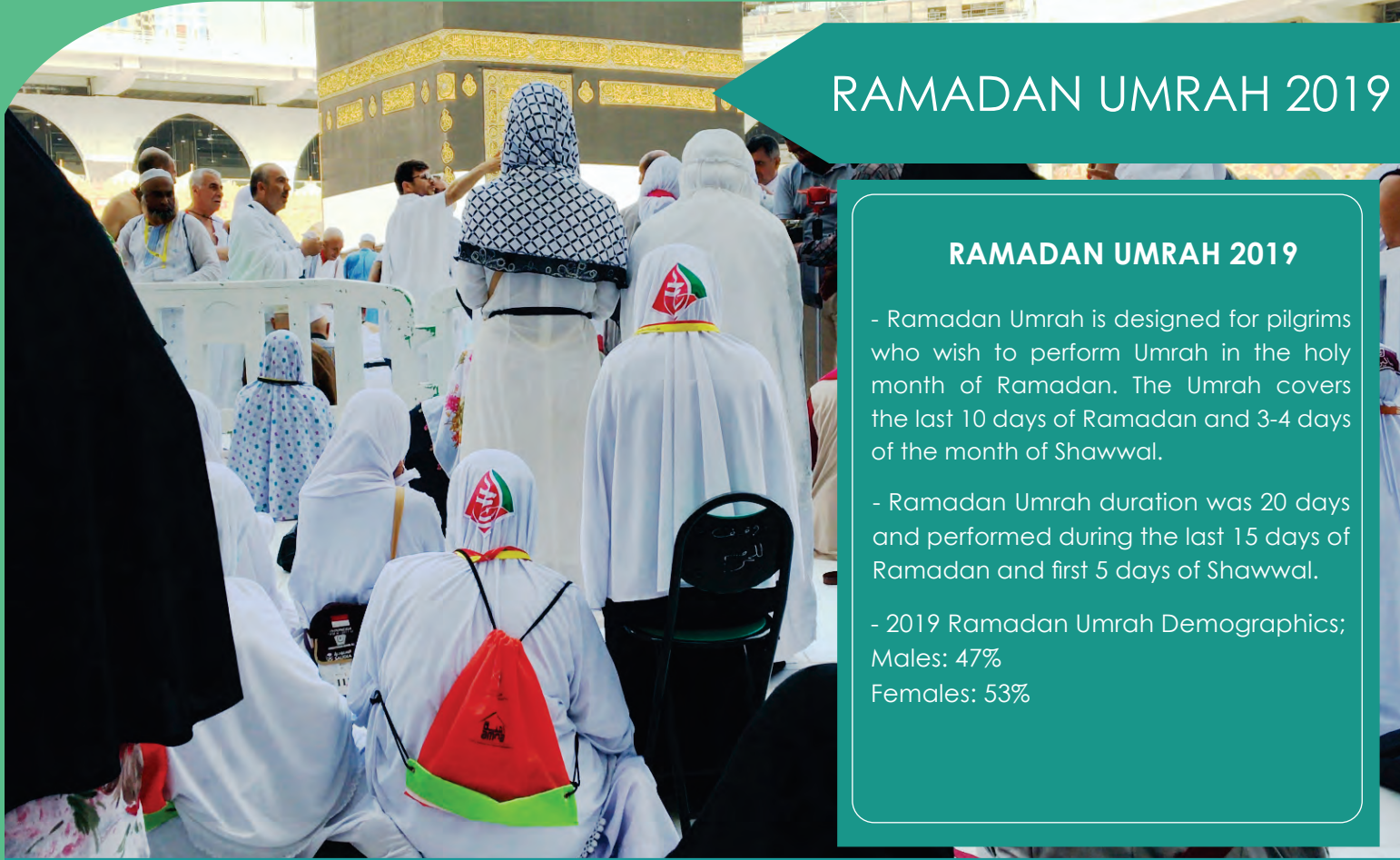
MHCL 2019: KEY HIGHLIGHTS

08

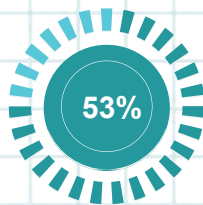
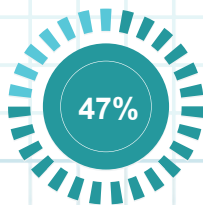
RAMADAN UMRAH 2019

RAMADAN UMRAH 2019

- Ramadan Umrah is designed for pilgrims who wish to perform Umrah in the holy month of Ramadan. The Umrah covers the last 10 days of Ramadan and 3-4 days of the month of Shawwal.
- Ramadan Umrah duration was 20 days and performed during the last 15 days of Ramadan and first 5 days of Shawwal.
- 2019 Ramadan Umrah Demographics; Males: 47%  
Females: 53%



Our Umrah Package Includes:



Ticket



Food



Accommodation



Visa



Training



Bus Travel



Customer Service



Vaccine



Hotline



Free Wifi



Sight Seeing



Umrah Kit

MHCL 2019: KEY HIGHLIGHTS

08

DECEMBER UMRAH 2019

DECEMBER UMRAH 2019

- December is the best time to beat the heat at Saudi Arabia as the climate is less warmer. This Umrah is popular among families as it coincides with the school holiday season.

- December Umrah was performed on the first 15 days of December.

- 2019 December Umrah Demographics;  
Males: 43%  
Females: 57%

Our Umrah Package Includes:



Ticket



Food



Accommodation



Visa



Training



Bus Travel



Customer Service



Vaccine



Hotline



Free Wifi



Sight Seeing



Umrah Kit

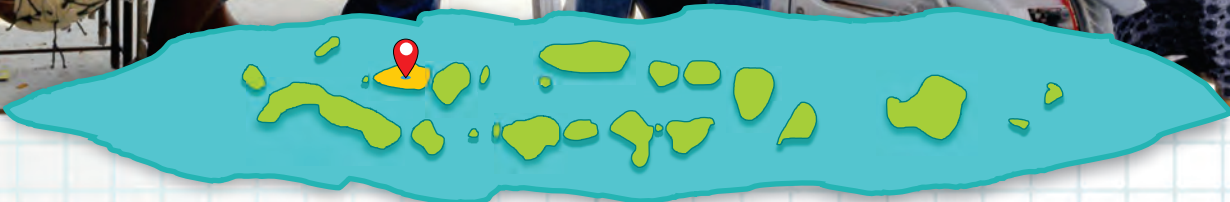


MHCL 2019: KEY HIGHLIGHTS

08



MARKETING TRIP: RAA ATOLL



Population



Outreach



Flyers



Posters



Forms

- Islands Visited:**
- Inguraidhoo
  - Meedhoo
  - Alifushi
  - Hulhudhufaaruu
  - Dhuvaafaru
  - Rasmadhoo
  - Maduvaree



**MARKETING TRIP: HAA DHAALU ATOLL**



**Population**



**Outreach**



**Flyers**



**Posters**



**Forms**

- Islands Visited:**
- Kulhudhufushi
  - Hanimaadhoo
  - Nolhivaranfaru
  - Nolhivaram
  - Nellaidhoo
  - Neykurendhoo
  - Vaikaradhoo
  - Kumundhoo



MHCL 2019: KEY HIGHLIGHTS

08



MARKETING TRIP: KAAFU ATOLL



Population

7724

Outreach

907

Flyers

700

200

Posters

200

Forms

Islands Visited:

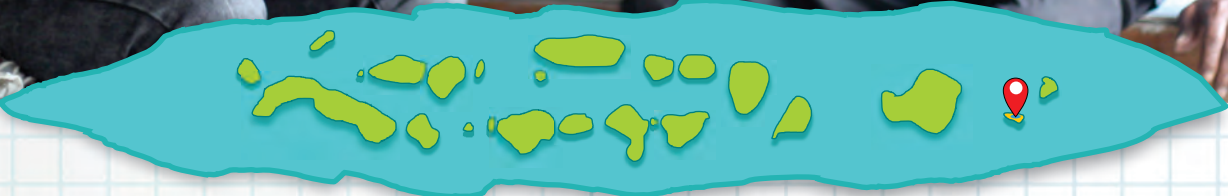
- Dhiffushi
- Thulusdhoo
- Huraa
- Himmafushi

MHCL 2019: KEY HIGHLIGHTS

08



MARKETING TRIP: FUVAHMULAH CITY



Population



Outreach



Flyers



Posters



Forms

**Districts Visited:**  
Miskiiy Magu  
Dhoondigan  
Dhandimagu  
Hoadhandu  
Dhiguvaandu  
Malegan  
Maadhandu  
Funaadu



MHCL 2019: KEY HIGHLIGHTS

08



MARKETING TRIP: LHAVIYANI ATOLL



Population

8829

Outreach

835

Flyers

300

30

Posters

200

Forms

Islands Visited:

Naifaru  
Hinnavaru  
Kurendhoo

MHCL 2019: KEY HIGHLIGHTS

08



VACATIONS EXPO



Population



Outreach



Flyers



Posters



Forms

Vacations Expo:

- This is the 3rd time MHCL participated at Vacations Expo.
- Expo was held at Dharubaaruge, Male city.
- Overall reception was good.
- ZamZam was gifted to MHCL stall winner.



MHCL 2019: KEY HIGHLIGHTS

08



MARKETING AGENTS



- Appointed Constituencies:**
- HDh. Vaikaradhoo
  - HDh. Makunudhoo
  - HDh. Kulhudhufushi (North)
  - B.Thulhadhoo
  - B. Eydhafushi
  - Lh. Naifaru
  - R.Inguraidhoo
  - K.Guraidhoo
  - ADh. Mahibadhoo
  - F.Nilandhoo
  - Th. Thimarafushi
  - L.Gan
  - Fuvamulah City (North & Center)
  - Addu City (S. Feydhoo)

16

Agents appointed

39

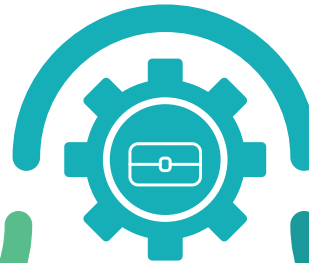
Island coverage

INCREASE EFFICIENCY



INCREASE CAPACITY

REDUCE COSTS

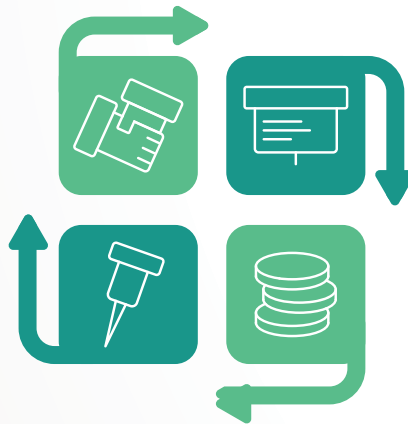


TECHNOLOGY & INNOVATION

PROFITABLE INVESTMENTS



INCREASE EFFICIENCY



REDUCE COSTS





FUTURE OUTLOOK

09



**INCREASE  
EFFICIENCY**

Strive for operational excellence, through continuous improvement process across the organization in all aspects including products, processes, people and partners for future performance.



**INCREASE  
CAPACITY**

Develop scale and value of service capacity, by offering our pilgrimage services to a broader customer base.



**REDUCE  
COSTS**

Strategic planning and implementation of best practices, to achieve cost savings through improved process plans.



**TECHNOLOGY &  
INNOVATION**

Adopt latest technological advancements in our trips for pilgrims, launching a mobile app and improving the website for better user interaction.



**PROFITABLE  
INVESTMENTS**

Supplement financial performance through high yielding investments. With an aim to subsidize the costs associated with Hajj.

AUDITOR'S REPORT & FINANCIAL STATEMENTS 10



بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



## **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 (the “Corporation”), which comprises of the statement of financial position as at 31 December 2019, 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 present fairly, in all material respect, the financial position of the Corporation as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **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’ International Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

This report is made solely to the Corporation’s members, as a body, in accordance with section 71 of the Companies Act No. 10 of 1996. Our audit work has been undertaken so that we might state to the Corporation’s members those matters we are required to state to them in an auditors’ report and for no other purpose. Therefore, we do not accept or assume responsibility to anyone other than the Corporation and the Corporation’s members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Responsibilities of management and those charged with governance for the financial statements**

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

In preparing the financial statements, management is responsible for assessing the Corporation’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 Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Corporation'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 skepticism 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 Corporation'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 Corporation'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 Corporation 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.

14 September 2020



Hassan Ziyath  
Auditor General





**Maldives Hajj Corporation Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 December 2019**

	Notes	2019 MVR	(Restated) 2018 MVR
Revenue	5	80,489,909	79,137,122
Cost of Sales		(90,410,012)	(89,044,363)
<b>Gross Loss</b>		<b>(9,920,103)</b>	<b>(9,907,241)</b>
Other Income	6	297,467	332,181
Administrative expenses		(7,313,862)	(6,038,916)
Selling and marketing costs		(107,804)	(129,435)
Finance expense		(149,051)	-
<b>Operating loss</b>		<b>(17,193,352)</b>	<b>(15,743,411)</b>
Finance income	7	4,942,211	4,579,477
<b>Loss for the year</b>		<b>(12,251,142)</b>	<b>(11,163,934)</b>

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 2019**

			(Restated)
	Notes	2019 MVR	2018 MVR
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	1,312,621	887,785
Right of use asset	17.1	11,461,795	-
Intangible assets	9	-	-
Financial assets recognised through P&L	10	97,499,955	62,119,611
		<u>110,274,371</u>	<u>63,007,396</u>
<b>Current assets</b>			
Inventory	11	735,784	1,052,906
Trade & other receivables	12	3,646,054	3,462,712
Cash & cash equivalents	13	25,131,645	67,725,725
		<u>29,513,483</u>	<u>72,241,343</u>
<b>Total assets</b>		<u><b>139,787,854</b></u>	<u><b>135,248,739</b></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	14	35,500,000	29,500,000
Accumulated losses		(59,590,350)	(47,339,208)
		<u>(24,090,350)</u>	<u>(17,839,208)</u>
<b>Non-current liabilities</b>			
Lease liabilities	17.2	10,662,774	-
Advance received from customers	15	123,364,543	125,372,737
		<u>134,027,317</u>	<u>125,372,737</u>
<b>Current liabilities</b>			
Lease liabilities	17.2	821,965	-
Advance received from customers	15	27,986,000	25,957,015
Other payables	16	1,042,922	1,758,195
		<u>29,850,887</u>	<u>27,715,210</u>
<b>Total equity and liabilities</b>		<u><b>139,787,854</b></u>	<u><b>135,248,739</b></u>

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

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.

14 September 2020  
 Male'





**Maldives Hajj Corporation Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2019**

	Share Capital MVR	Accumulated Losses MVR	Total MVR
Balance as at 01 January 2018	24,500,000	(37,798,064)	(13,298,064)
Effect due to error correction	-	1,622,790	1,622,790
<b>Balance as at 01 January 2018 (Restated)</b>	<b>24,500,000</b>	<b>(36,175,274)</b>	<b>(11,675,274)</b>
Issued and paid up capital	5,000,000	-	5,000,000
Loss for the year	-	(11,163,934)	(11,163,934)
<b>Balance as at 31 December 2018</b>	<b>29,500,000</b>	<b>(47,339,208)</b>	<b>(17,839,208)</b>
Issued and paid up capital	6,000,000	-	6,000,000
Loss for the year	-	(12,251,142)	(12,251,142)
<b>Balance as at 31 December 2019</b>	<b>35,500,000</b>	<b>(59,590,350)</b>	<b>(24,090,350)</b>

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 2019**

	Notes	2019 MVR	(Restated) 2018 MVR
<b>Cash Flows from Operating activities</b>			
Operating loss		(12,251,142)	(11,163,934)
<b>Non-cash adjustment</b>			
Depreciation		353,799	308,758
Depreciation of right of use asset		293,892	-
Finance income		(4,942,211)	(4,579,477)
Finance cost		149,051	-
		<u>(16,396,611)</u>	<u>(15,434,653)</u>
<b>Working capital adjustment</b>			
(Increase) in trade and other receivables		(183,342)	(1,533,685)
Decrease / (increase) in inventory		317,122	(663,784)
Increase in advance received from customers		20,792	11,782,513
(Decrease) / increase in other payables		(715,273)	851,296
		<u>(16,957,312)</u>	<u>(4,998,313)</u>
Finance income		4,942,211	4,579,477
<b>Cash flows used in operating activities</b>		<u>(12,015,101)</u>	<u>(418,836)</u>
<b>Investing activities</b>			
Investment in held-to-maturity assets		(35,380,344)	-
Acquisition of property, plant and equipment		(778,635)	(72,931)
<b>Net cash flows used in investing activities</b>		<u>(36,158,979)</u>	<u>(72,931)</u>
<b>Financing activities</b>			
Proceeds from issue of ordinary shares		6,000,000	5,000,000
Payment of lease liabilities		(420,000)	-
<b>Net cash flows from financing activities</b>		<u>5,580,000</u>	<u>5,000,000</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(42,594,080)</b>	<b>4,508,233</b>
Cash and cash equivalents as at 1 January		67,725,725	63,217,492
<b>Cash and cash equivalents as at 31 December</b>		<u><u>25,131,645</u></u>	<u><u>67,725,725</u></u>

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 2019**

**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 Mookai Suit, Haveeree Hingun, Male', Republic of 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 (IFRS) 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 Changes in accounting policies and disclosures**

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Corporation's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019.

**New and amended standards and interpretations**

**IFRS 16**

The Company adopted IFRS 16 using the modified retrospective method with the date of initial application at 1 January 2019. As stipulated by the standard, the prior- year figures were not adjusted. As part of initial application of IFRS 16, the company chose to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous lease recognised in the balance sheet immediately before the date of initial application. In addition, the company has decided not to apply the new guidance to leases whose term will end within twelve months of the date of initial application. In such cases, the leases will be accounted for as short-term leases and the lease payments associated with them will be recognised as an expense from short-term leases. The reconciliation to the opening balance for the lease liabilities as at 1 January 2019 provided in Note 17 is based upon the opening lease obligations.

The comparative information is re-classified wherever necessary to conform to the current year's presentation.

**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.



**Maldives Hajj Corporation Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**3. Summary of significant accounting policies (continued)**

**a. Conversion of foreign currencies (continued)**

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.

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.





**Maldives Hajj Corporation Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

3. Summary of significant accounting policies (continued)

**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.

**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.





**Maldives Hajj Corporation Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**3. Summary of significant accounting policies (continued)**

**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. 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 2019**

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**  
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**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 2019**

**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. 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





**Maldives Hajj Corporation Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**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 2019**

	2019 MVR	2018 MVR	
<b>5 Revenue</b>			
Hajj Revenue	70,104,930	62,688,640	
Umra Revenue	8,230,908	14,723,680	
Room sales	802,611	829,596	
Ageega Sales	1,269,078	786,045	
Ihram Sales	80,300	76,175	
Excess Baggage	2,082	11,706	
Ticket sales	-	21,280	
	<u><u>80,489,909</u></u>	<u><u>79,137,122</u></u>	
<b>6 Other Income</b>			
Sponsorships	50,000	153,000	
Ayadi Takaful Commision	14,723	45,775	
Miscellaneous income	232,744	133,406	
	<u><u>297,467</u></u>	<u><u>332,181</u></u>	
<b>7 Finance income</b>			
HDFC Wakala investment income	4,479,597	4,495,777	
HDFC Mudaraba Sukuk	167,740	83,700	
Return from GIA	294,874	-	
	<u><u>4,942,211</u></u>	<u><u>4,579,477</u></u>	
<b>8 Property, plant and equipment</b>			
	<b>Balance as at</b>	<b>Additions</b>	<b>Balance as at</b>
<b>Gross carrying amount</b>	<b>01.01.2019</b>	<b>during the year</b>	<b>31.12.2019</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
Computers & Peripherals	617,318	157,327	774,645
Furniture and Fixtures	761,457	488,949	1,250,406
Office equipment	573,206	129,831	703,037
Kitchen Equipments & Items	204,964	2,528	207,492
	<u><u>2,156,945</u></u>	<u><u>778,635</u></u>	<u><u>2,935,580</u></u>
	<b>Balance as at</b>	<b>Additions</b>	<b>Balance as at</b>
<b>Depriciation</b>	<b>01.01.2019</b>	<b>during the year</b>	<b>31.12.2019</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
Computers & Peripherals	476,134	78,958	555,092
Furniture and Fixtures	329,483	87,456	416,939
Office equipment	413,922	118,550	532,472
Kitchen Equipment & Items	49,621	68,835	118,456
	<u><u>1,269,160</u></u>	<u><u>353,798</u></u>	<u><u>1,622,959</u></u>
<b>Net book Value</b>	<u><u>887,785</u></u>		<u><u>1,312,621</u></u>

During the year, the company acquired plant and equipment to the aggregate value of MVR 778,635/- (2018: MVR 72,931/-) .





**Maldives Hajj Corporation Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

<b>9 Intangible assets</b>	<b>2019</b>	<b>2018</b>
<b>At cost</b>	<b>MVR</b>	<b>MVR</b>
Balance 1 January	220,718	220,718
Acquired during the period	-	-
<b>Balance as at 31 December</b>	<b>220,718</b>	<b>220,718</b>
<b>Amortisation</b>		
Balance 1 January	220,718	193,597
Amortisation for the period	-	27,121
<b>Balance as at 31 December</b>	<b>220,718</b>	<b>220,718</b>
<b>Net book value</b>	<b>-</b>	<b>-</b>
<b>10 Financial assets recognised through P&amp;L</b>		
HDFC Mudaraba Sukuk (Note 10.2)	21,000,000	1,000,000
HDFC Wakalah (Note 10.1)	60,000,000	60,000,000
BML General Investment (Note 10.3)	10,000,000	-
MIB General Investment (Note 10.4)	5,000,000	-
Profit receivable from investment	1,499,955	1,119,611
	<b>97,499,955</b>	<b>62,119,611</b>
<b>10.1</b>	The Corporation invested MVR 60,000,000 in HDFC's Wakalah, a Shari'ah compliant 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% for Corporation and 35% for HDFC) that may yield and expected profit of 8% per annum.	
<b>10.2</b>	The HDFC Mudharaba 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.	
<b>10.3</b>	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.	
<b>10.4</b>	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.	
<b>11 Inventory</b>	<b>2019</b>	<b>2018</b>
	<b>MVR</b>	<b>MVR</b>
Books and other related documents	115,805	100,749
Ihuram and other clothes	58,607	183,851
Luggage and other bags	561,372	768,306
	<b>735,784</b>	<b>1,052,906</b>
<b>12 Trade and other receivables</b>		
Trade receivables	2,201,235	1,721,004
Other receivables	555,468	827,799
Deposits & prepayments	889,351	913,909
	<b>3,646,054</b>	<b>3,462,712</b>



**Maldives Hajj Corporation Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2019 MVR	2018 MVR
<b>13 Cash and cash equivalents</b>		
Balances with banks	24,001,344	67,466,157
Cash in hand	1,130,301	259,568
	<u>25,131,645</u>	<u>67,725,725</u>
<b>14 Share capital</b>		
<b>Authorised share capital</b>		
100,000,000 Ordinary shares of MVR 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued</b>		
2,950,000 Ordinary shares of MVR 10 each	<u>35,500,000</u>	<u>29,500,000</u>
<b>15 Advance received from customers</b>		
Opening balance	151,329,752	139,542,627
Advance received	90,967,324	92,111,276
	<u>242,297,076</u>	<u>231,653,903</u>
Amount recognised as revenue	(76,188,929)	(75,582,105)
Amount refunded to customers	(14,757,604)	(4,742,046)
	<u>151,350,543</u>	<u>151,329,752</u>
Non current	123,364,543	125,372,737
Current	27,986,000	25,957,015
	<u>151,350,543</u>	<u>151,329,752</u>

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.

	2019 MVR	2018 MVR
<b>16 Other payables</b>		
Other payables	1,037,672	1,752,945
Amount due to related party	5,250	5,250
	<u>1,042,922</u>	<u>1,758,195</u>

**17 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 used assets recognised and the movements during the year.





**Maldives Hajj Corporation Limited**  
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17	Lease (continued)	<b>Building</b>
17.1	Right of use assets	<b>MVR</b>
	As at 1 January 2019	11,755,688
	Additions	-
	Depreciation expense	(293,892)
	<b>As at 31 December 2019</b>	<b>11,461,795</b>

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

17.2	Lease Liabilities	<b>Building</b>
		<b>MVR</b>
	As at 1 January 2019	11,755,688
	Additions	-
	Accretion of interest	149,051
	Payments	(420,000)
	<b>As at 31 December 2019</b>	<b>11,484,739</b>

The following are the amounts recognised in profit or loss:

Depreciations expense of Right of use assets	293,892
Interest expense on lease liabilities	149,051
<b>Total amount recognised in profit or loss</b>	<b>442,944</b>

17.3	Lease Liabilities classification	<b>Current</b>	<b>Non - current</b>	<b>Total</b>
		<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
	Lease right - Building	821,965	10,662,774	11,484,739

**18 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 2019	Carrying Amount			Total MVR
	Financial assets under amortized cost MVR	Financial assets under P&L MVR	Other Financial Liabilities MVR	
<b>Financial assets not measured at fair value</b>				
Financial assets	-	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
<b>Total</b>	<b>28,777,699</b>	<b>97,499,955</b>	<b>-</b>	<b>126,277,654</b>



**Maldives Hajj Corporation Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

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

	Carrying Amount			Total MVR
	Financial assets under amortized cost MVR	Financial assets under P&L MVR	Other Financial Liabilities MVR	
<b>As at 31 December 2019</b>				
<b>Financial liabilities not measured at fair value</b>				
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
<b>Total</b>	<b>-</b>	<b>-</b>	<b>152,393,465</b>	<b>152,393,465</b>
<b>As at 31 December 2018 (restated)</b>				
<b>Financial assets not measured at fair value</b>				
Financial assets recognized through P&L	-	62,119,611	-	62,119,611
Trade receivables (Gross)	1,721,004	-	-	1,721,004
Other receivables	1,741,708	-	-	1,741,708
Balances with banks	67,725,725	-	-	67,725,725
<b>Total</b>	<b>71,188,437</b>	<b>62,119,611</b>	<b>-</b>	<b>133,308,048</b>
<b>Financial liabilities not measured at fair value</b>				
Advance received from customers	-	-	151,329,752	151,329,752
Other payables	-	-	1,752,945	1,752,945
Amounts due to related parties	-	-	5,250	5,250
<b>Total</b>	<b>-</b>	<b>-</b>	<b>153,087,947</b>	<b>153,087,947</b>

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;





**Maldives Hajj Corporation Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

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

	Carrying Amount	
	As at 31-Dec-19 MVR	As at 31-Dec-19 MVR
Trade Receivables (Gross)	2,201,235	1,721,004
Other Receivables	1,444,818	1,741,708
Balances with Banks	25,131,645	67,725,725
	<b>28,777,698</b>	<b>71,188,437</b>

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.

**Balances With Banks**

The Company held Bank balance of MVR 25,131,646/- at 31 December 2019 (2018: MVR 67,725,725/-). 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 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	-
	<b>28,777,699</b>	<b>27,888,348</b>	<b>889,351</b>
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	-
	<b>152,393,465</b>	<b>124,407,465</b>	<b>27,986,000</b>



**Maldives Hajj Corporation Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**18 Financial instruments - fair values and risk management (continued)**

As at 31 December 2018 (restated)	Carrying amount MVR	Between 0-12 Months MVR	Over 1 Year MVR
Trade receivables (Gross)	1,721,004	1,721,004	-
Other receivables	1,741,708	827,799	913,909
Balances with banks	67,725,725	67,725,725	-
	<b>71,188,437</b>	<b>70,274,528</b>	<b>913,909</b>
Advance received from customers			25,957,015
	151,329,752	125,372,737	
Other payables	1,752,945	1,752,945	-
Amounts due to related parties	5,250	5,250	-
	<b>153,087,947</b>	<b>127,130,932</b>	<b>25,957,015</b>

**(iv) Market Risk**

Market risk is the risk that change in market price, such as foreign exchange rates and interest rate will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**(v) Currency risk**

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

	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	-	-
	<b>156,280,782</b>	<b>1,437,251</b>	<b>97,555</b>
	2018 (restated)		
	MVR	USD	SAR
Cash and balances with Banks	66,245,792	1,431,965	47,968
Other Payables	1,687,398	70,797	-
Advance received from customers	151,329,752	-	-
	<b>219,262,942</b>	<b>1,502,762</b>	<b>47,968</b>





**Maldives Hajj Corporation Limited**  
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**19 Events after the reporting period**

the Covid-19 pandemic that has been spreading in the recent months is expected to impact the global economy including Maldives. The possible impact of this event on the Company and these financial statements for the year ended 31 December 2019 cannot be assessed due to many uncertainties. However, no circumstances have arisen since the reporting date which may require adjustments to, or disclosure in, the financial statements.

**20 Capital commitments and contingent liabilities**

The Company had no significant capital commitments or contingent liabilities as at December 31, 2019.

**21 Restated financial statements**

The profit received from investments is apportioned between the corporation and the saving's account holders of Hajj and Umra. During the year, the Board has decided to that the profit from investments be held with the company.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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	2019 MVR	2018 MVR
<b>i Cost of Sales</b>		
Slaughtering Expense	2,156,338	1,867,914
Airline tickets and visas	25,479,353	25,576,851
Allowances to Helpers & Staff	373,718	383,181
Miscellaneous	400,276	301,866
Food Expenses	2,479,804	2,343,467
Hotel & Other Accommodations	40,923,053	39,852,089
Luggage and clothes	1,359,475	1,374,048
Medical Expenses	431,578	484,994
Transportation costs	16,806,417	15,220,971
Taxes	-	1,638,982
	<b>90,410,012</b>	<b>89,044,363</b>
<b>ii Administrative expenses</b>		
Bank charges	365,668	316,878
Licenses and Permits	7,399	5,700
Telephone and internet expenses	87,381	80,385
Other expenses	62,171	11,599
Professional Fees	190,937	77,750
Printing and stationary expenses	65,184	91,521
Utility expenses	166,630	112,315
Cleaning & Other Equipments	6,152	4,790
Depreciation	353,799	308,758
Depreciation of right of use asset	293,892	-
Rent expense	1,373,302	1,526,097
Repairs and maintenance costs	92,136	1,190
Tea & Refreshment Expenses	12,081	23,350
Travel expense	280,757	66,374
Pension expenses	120,893	93,881
Salaries and allowances	3,452,899	3,036,192
Directors remuneration	382,581	228,796
Redundancy expenses	-	53,340
	<b>7,313,862</b>	<b>6,038,916</b>
<b>iii Selling and marketing costs</b>		
Advertising and promotion	<b>107,804</b>	<b>129,435</b>





