Report No: FIN-2021-53(E)

08 August 2021

AASANDHA COMPANY LIMITED

FINANCIAL YEAR 2020

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF AASANDHA COMPANY LIMITED

Opinion

We have audited the financial statements of Aasandha Company Limited (the "Company"), which comprise of the statement of financial position as at 31 December 2020, the statement of comprehensive income, the statement of cash flows, statement of changes in equity for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information set out in pages 3 to 31.

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

Basis for the 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESB Code.

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

Responsibilities of the Board of Directors and those charged with governance for the financial statements

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

In preparing the financial statements, the Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board 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.

08th August 2021

H. Niyazy

Hussain Niyazy
Auditor General

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

FOR THE YEAR ENDED 31 DECEMBER 2020

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

FOR THE YEAR ENDED 31 DECEMBER	Note	2020 MVR	2019 MVR (Restated)
Income	**7**	17,177,371	2,590,759
Expenses		-	-
Net income		17,177,371	2,590,759
Other income	**8**	31,681,464	41,621,328
Expenses for administration	**9**	(45,318,402)	(49,694,693)
Finance Expenses	**9.3**	(527,746)	(620,526)
Income over expense before tax		3,012,688	(6,103,133)
Income tax expenses	**10**	(389,017)	-
Income over expense before (Total comprehensive income)		2,623,671	(6,103,133)

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 31. The Report of the Independent Auditors is given in pages 1 to 2.

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C-0807/2011

AUDITOR GENERAL'S OFFICE

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

AS AT 31 DECEMBER	Note	31/12/2020 MVR	31/12/2019 MVR (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	11	5,309,655	6,053,621
Right to Use Assets	11	4,239,607	6,069,714
Intangible assets	12	174,386	473,563
Total non-current assets		9,723,649	12,596,898
Current assets			
Inventory	13	442,531	465,664
Amount due from related parties	14	4,806,170	3,435,750
Other receivables	15	723,078	821,132
Cash and cash equivalents	16	17,856,688	27,862,452
Total current assets		23,828,466	32,584,998
Total assets		33,552,115	45,181,895
EQUITY AND LIABILITIES			
Equity			
Share capital	17	10,000,000	5,000,000
Additional capital contribution		-	5,000,000
Accumulated surplus		(3,062,584)	(5,686,256)
Total equity		6,937,416	4,313,744
Non-current liabilities			
Deferred income	18	16,361,091	8,777,184
Long Term Lease Liability	20.3	2,340,744	4,048,781
Total non-current liabilities		18,701,836	12,825,965
Current liabilities			
Trade and other payables	19	5,677,081	25,806,402
Short Term Lease Liability	20.2	2,235,783	2,235,783
Total current liabilities		7,912,864	28,042,185
Total liabilities		26,614,700	40,868,150
Total equity and liabilities		33,552,116	45,181,895

Figures in brackets indicate deductions.

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

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

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

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Date: ..05../..08../..2021....

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

FOR THE YEAR ENDED 31 DECEMBER

	Share Capital MVR	Additional Capital Contribution MVR	Accumulated surplus (Restated) MVR	Total Equity MVR
Balance as at 1 January 2019	5,000,000	5,000,000	416,878	10,416,878
Expenditure over income after tax (Total comprehensive income)	-	-	(6,103,133)	(6,103,133)
Balance as at 31 December 2019	5,000,000	5,000,000	(5,686,256)	4,313,744
Balance as at 1 January 2020	5,000,000	5,000,000	(5,686,255)	4,313,745
Income over expenditure after tax (Total comprehensive income)	-	-	2,623,671	2,623,671
Additional Capital Contribbution	5,000,000	(5,000,000)		
Balance as at 31 December 2020	10,000,000	-	(3,062,584)	6,937,416

Figures in brackets indicate deductions.

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

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

FOR THE YEAR ENDED 31 DECEMBER

	Note	2020 MVR	2019 MVR (Restated)
Cash flows from operating activities			
Profit/(Loss) for the period		3,012,688	(6,103,133)
Adjustments for:			
Depreciation	**11**	5,352,640	5,989,726
Amortization	**12**	299,176	663,117
Finance Cost	**9.3**	527,746	620,526
Loss on disposal of intangible assets	**12**	-	19,950
Operating profit before working capital changes		9,192,250	1,190,186
Changes in:			
Inventories	**13**	23,133	(16,913)
Amount due from related parties	**14**	(1,370,421)	291,287,511
Other receivables	**15**	98,053	138,473
Deferred income	**18**	7,583,907	3,674,199
Lease Liability		(1,708,037)	6,284,564
Trade and other payables	**19**	(20,518,337)	(270,604,374)
Amount due to related parties	**20**	-	(5,206,349)
Net cash from operating activities		(6,699,451)	26,747,297
Cash flows from investing activities			
Acquisition of property plant and equipment	**11**	(2,778,567)	(9,592,494)
Acquisition of intangible assets	**12**	-	-
Finance Cost	**9.3**	(527,746)	(620,526)
Proceeds from Disposal of Assets		-	1,901
Net cash used in investing activities		(3,306,313)	(10,211,120)
Net increase / (decrease) in cash and cash equivalents		(10,005,765)	16,536,178
Cash and cash equivalents at beginning of year		27,862,452	11,326,274
Cash and cash equivalents at end of year	**16**	17,856,687	27,862,452

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 31. The Report of the Independent Auditors is given in pages 1 to 2.

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

1. REPORTING ENTITY

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

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

The Company is fully owned by the Government of Maldives.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Preparation

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Company's financial statements is included in the respective notes.

(e) Critical Accounting Estimates, Assumptions and Judgements

In the preparation of these financial statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Company. Results may differ

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

3. RESTATEMENT OF FINANCIAL STATEMENTS

The Company's 2019 financial statements have been restated in the financial statements of 2020 of Aasandha Company Limited for the effect of certain adjustments made in the financial statements of 2019.

In preparation of the financial statements of 2019, to rectify the amount in grant income account, certain adjustments were made. Upon further inspection in preparation of financial statement of 2020, it was identified that the entry effecting 2 of the accounts in 2019 financial statements were incorrect and had to be restated in 2019 financial statements.

The effects of the restatement are as follows:

		31st December 2019	
		As Reported	**As Restated**
STATEMENT OF COMPREHENSIVE INCOME			
Income		3,639,754	2,590,759
STATEMENT OF FINANCIAL POSITION			
Trade and other payables		24,757,408	25,806,403
STATEMENT OF CHANGES IN EQUITY			
Expenditure over income after tax (Total comprehensive income)		(5,718,711)	(6,767,706)
STATEMENT OF CASH FLOWS			
Trade and other payables		(271,653,368)	(270,604,373)

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

4.1 Translation in Foreign Currencies

(a) Functional and Presentation Currency

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

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

4.2 Financial Instruments

i. Recognition and initial measurement

a) Financial Assets (Non-derivative)

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

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

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

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

- Loans and Receivables
- Cash and cash equivalent

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

b) Loans and Receivables

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

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

c) Cash and Cash Equivalents

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

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d) Financial Liabilities (Non-derivative)

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

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

ii. Classification and subsequent measurement

Financial assets – Subsequent measurement and gains and losses

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

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment

	losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Held to maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method

(iii) Share Capital

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

4.3 Property, Plant and Equipment

(i) Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within other income in profit or loss.

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(ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as an expense as incurred.

(iii) Depreciation

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

Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

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

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

4.4 Intangible Assets

(i) Recognition and Measurement

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

(ii) Subsequent Costs

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

(iii) Amortization

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

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

Software	5 Years

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

4.5 IFRS 16 Leases

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

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non lease component and account for the lease and non-lease component as a single lease component.

(i) Recognition and initial measurement of right-to-use asset
Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(ii) Subsequent measurement
The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlining asset to the Company by the end of lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-to-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those property and equipment. In addition, the right-to-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurement of the lease liability.

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

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iv) Short-term leases and leases of low-value assets

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

4.6 IAS 20 ACCOUNTING FOR GOVERNMENT GRANTS

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

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

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

4.7 Inventories

Inventories have been valued at the lower of cost and net realizable value. The cost of inventories is based on the weighted average (WAC) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.8 Impairment

Financial Assets (Non Derivative)

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

Financial Assets (Non Derivative)

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

4.9 Tax Expenses

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss.

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.

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

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A deferred tax asset is recognized for unused tax losses, tax credits deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided.

4.10 Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

4.11 Income

Operating Income

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

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

Investment Income

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

4.12 Cash flow statement

Cash flow statement has been prepared using the “indirect method”.

4.13 Events Occurring After the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

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5. DETERMINATION OF FAIR VALUES

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

i. Receivables

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

ii. Financial Liabilities (Non-derivative)

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

6. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

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

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	2020 MVR	2019 MVR (Restated)
7 NET INCOME		
Gross Income	-	-
Registration fee	115,000	190,000
Pharmacy commission/Other Income	13,240,662	2,111,285
Grant Income	3,821,709	289,474
	17,177,371	2,590,759

Note: Adjustments made to the Grant Income account in 2019 includes an amount transferred From Deferred Income account which should have been transferred to Contra HMH account. This has been corrected and restated in the financial statements of 2020.

8 OTHER INCOME	2020 MVR	2019 MVR
Budget contribution from Ministry of Finance	31,460,257	40,117,327
Other income	221,207	1,500,501
Sale of Bid Documents	-	3,500
	31,681,464	41,621,328

9 EXPENSES	2020 MVR	2019 MVR
Is stated after charging all the expenses including the following;		
Depreciation	5,352,640	5,989,726
Amortization	299,176	663,117
Directors remuneration	505,860	493,100
Personnel costs **(Note 9.1)**	29,603,135	31,953,503
Other Expenses **(Note 9.2)**	9,557,590	10,595,247
	45,318,402	49,694,693

9.1 Personnel costs		
Salaries and wages	12,852,993	14,644,694
Allowances	15,474,733	15,870,385
Pension allowances	1,275,409	1,438,424
	29,603,135	31,953,503

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		2020 MVR	2019 MVR
9.2	**Other Expenses**		
	Business Travel	218,202	1,047,005
	Internet Expenses	1,449,505	1,535,237
	Consultancy Services	143,110	290,430
	Audit Fee - External	-	567,117
	License & Registration Fees	2,000	2,996
	Stationary printing (Letter heads,vouchers, etc..)	227,324	422,595
	Sundry Expenses	144,954	161,575
	Bank Charges	17,599	30,383
	Staff entertainment	27,335	98,436
	Local staffs Visa Fee	1,699	1,754
	Foreign staff expenses	3,021	26,295
	Electricity Expenses	1,208,024	1,348,065
	Water Charges	50,248	68,442
	Telephone Expenses	252,035	255,376
	Doctor's fee - Medical	85,200	120,000
	School and Training	51,362	153,596
	Repairs & Maintenance	530,893	378,460
	Office Rent	2,965,500	2,448,000
	Office supplies	-	-
	Business Entertainment Expenses	9,930	17,575
	Staff subscription to their professional bodies	5,821	2,537
	Fines & Penalties	1,070	1,140
	Computer Software Expenses	2,015,746	1,495,388
	Office Cleaning	46,382	17,468
	Postage Expenses	6,746	5,244
	Foreign Exchange Gains / Losses	131	(0)
	Property Insurance	12,351	12,299
	PR-Expenses	13,639	57,335
	Loss on Disposal	-	19,950
		-	-
	Bad debts	11,719	-
	Legal Services	45,600	-
	Staff Welfare Expenses	10,446	10,547
		9,557,590	10,595,247

		2020 MVR	2019 MVR
9.3	**Finance Cost**		
			-
	Lease Interest	527,746	620,526
		527,746	620,526

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

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10 TAX EXPENSES

	2020 MVR	2019 MVR
Current tax expense **(Note 10.1)**	389,017	-
Deferred tax reversed / (recognized) during the year **(Note 10.2)**	-	-
	389,017	-

10.1 Reconciliation between income over expenditure and taxable profit

	2020 MVR	2019 MVR
Income over expenditure before tax	3,012,688	(6,103,133)
Aggregate disallowable items	7,972,347	13,767,902
Aggregate allowable items	(7,891,589)	(7,923,831)
Tax free allowance	(500,000)	(500,000)
Total taxable profit	2,593,445	-
Business profit tax @ 15%	389,017	-

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

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11 PROPERTY, PLANT AND EQUIPMENT

	Building MVR	Office Interiors MVR	Office and Computer Equipment MVR	Motor Vehicles MVR	Furniture and Fittings MVR	Air Conditioners MVR	Sundry Assets MVR	Right to use Asssets MVR	Total 31/12/2020 MVR	Total 31/12/2019 (Restated) MVR
Cost										
Opening balance (Audited 2019 figure)	615,432	4,142,536	16,306,886	560,141	1,274,881	118,404	109,024	7,899,821	31,027,125	21,539,609
Additions during the year	1,431,000	-	1,305,523	-	15,995	-	26,049	-	2,778,567	9,592,494
Transferred from CWIP									-	-
Disposal during the year									-	(104,978)
Closing balance	2,046,432	4,142,536	17,612,409	560,141	1,290,877	118,404	135,073	7,899,821	33,805,692	31,027,125
Accumulated depreciation / Amortization										
Opening balance (Audited 2019 figure)	83,904	3,773,181	12,052,386	501,139	502,633	67,689	92,752	1,830,107	18,903,790	12,997,192
Charge for the year	28,481	300,099	2,974,615	59,001	128,527	21,157	10,653	1,830,107	5,352,640	5,989,726
Disposal during the year									-	(83,127)
Closing balance	112,385	4,073,280	15,027,001	560,139	631,160	88,845	103,405	3,660,214	24,256,430	18,903,790
Net Carrying Value										
Balance as at 31st December 2020	1,934,047	69,256	2,585,408	2	659,717	29,558	31,668	4,239,607	9,549,262	12,123,335
Balance as at 31st December 2019	531,528	369,355	4,254,500	59,002	772,248	50,715	16,272	-		

Note: Depreciation on Right of Use Assets was incorrectly calculated in 2019, and the amount charged for depreciation for the year 2019 has been restated in the financial statements of 2020.

11.1 Capital Work in Progress

	Total 31/12/2020	Total 31/12/2019
Opening balance	-	-
Additions during the year	-	-
Capitalized during year	-	-
Transferred during the year	-	-
Closing balance	-	-

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12 INTANGIBLE ASSETS

	31/12/2020 MVR	31/12/2019 MVR
Cost		
Opening balance	3,315,631	3,315,631
Addition during the year	-	-
Disposal during the year	-	-
Closing balance	3,315,631	3,315,631
Accumulated Amortization		
Opening balance	2,842,068	2,178,951
Charged during the year	299,176	663,117
Disposal during the year	-	-
Closing balance	3,141,245	2,842,068
Net Carrying Value	174,386	473,563

13 INVENTORIES

	31/12/2020 MVR	31/12/2019 MVR
Printing and Stationery and other stock items	442,531	465,664

14 AMOUNT DUE FROM RELATED PARTIES

	31/12/2020 MVR	31/12/2019 MVR
National Social Protection Agency	4,806,170	3,435,750
Hulhumale Medical Hospital	-	-
	4,806,170	3,435,750

15 OTHER RECEIVABLES

	31/12/2020 MVR	31/12/2019 MVR
Other receivables	705,097	746,061
Staff loan receivables	5,589	34,982
Advance receivables	12,392	40,088
Tax receivable		-
	723,078	821,132

16 CASH AND CASH EQUIVALENTS

	31/12/2020 MVR	31/12/2019 MVR
Cash in Hand	15,432	8,191
Balances with Banks	17,841,255	27,854,261
	17,856,688	27,862,452

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17 SHARE CAPITAL

Authorized

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

Issued and fully paid

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

Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

18 DEFERRED INCOME

	31/12/2020 MVR	31/12/2019 MVR
Opening balance	8,777,184	5,102,985
Adjustment entries	-	4,554,262
Unwinding of Grant Income based on use of assets	(3,821,709)	(4,822,736)
Grant Income Received	10,058,049	
Received as Grant income for purchase of Assets	1,347,567	3,942,673
Closing balance	16,361,091	8,777,184

18.1 Analysis of Deferred Income

	31/12/2020 MVR	31/12/2019 MVR
Unutilized grants **(Note 18.2)**	10,877,049	2,250,000
Grants related to assets **(Note 18.3)**	5,484,042	6,527,184
	16,361,091	8,777,184

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

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

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

19 TRADE AND OTHER PAYABLES

	31/12/2020 MVR	31/12/2019 MVR
Outstanding claims payables	2,107,383	3,713,974
Amount Due to HMH	1,299,704	19,519,231
Accrued expenses and other payables	1,671,488	2,363,706
Tax Payable	598,507	209,490
	5,677,081	25,806,402

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

FOR THE YEAR ENDED 31 DECEMBER

20	**Lease Liability**	**2020 MVR**	**2019 MVR**
	Short Term Lease Liability	2,235,783	2,235,783
	Long Term Lease Liability	2,340,744	4,048,781
		4,576,527	6,284,564

20.1	**Short Term Lease Liability**	**2020 MVR**	**2019 MVR**
	Greater Male' Industrial Zone	386,550	386,550.00
	State Trading Organization	1,849,233	1,849,233.00
		2,235,783	2,235,783

20.2	**Long Term Lease Liability**	**2020 MVR**	**2019 MVR**
	Greater Male' Industrial Zone	2,156,260	2,292,333.77
	State Trading Organization	184,484	1,756,447.39
		2,340,744	4,048,781.16

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21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, and the Company's objectives, policies and processes for measuring and managing risk, and the management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(i) Credit Risk

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

Comparative information under IAS 39

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

	Carrying Amount	
	31/12/2020 MVR	31/12/2019 MVR
Amount due from related parties	4,806,170	3,435,750
Other receivables	710,686	781,043
Cash at Bank	17,841,255	27,854,261
	23,358,111	32,071,054

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

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21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Impairment Losses

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

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

	31/12/2020		31/12/2019	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
Past due 0-30 days	2,511,513	-	3,316,530	-
Past due 31-365 days	2,294,657	-	119,220	-
More than one year	-	-	-	-
	4,806,170	-	3,435,750	-

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

Credit loss assessment under IFRS 9

The Company uses an allowance matrix to measure the ECLs of trade receivables. Loss rate are based on actual credit loss experience over past years. These rate are multiplied by scalar factors to reflect difference between economic condition during the period over which historical data has been collected, current condition and company's view of economic condition of expected lives of the receivables.

Scalar factors are based on actual and forecast GDP growth and normalized average GDP use for ECL assessment.

Trade Receivable

Following table provides information about exposure to credit risk and ECLs for trade receivable and contract assets as at 31 December 2020.

	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR	Credit Impaired
Past Due 0-30 days	0%	2,511,513	-	No
Past Due 31-60 days	0%	2,294,657	-	No
		4,806,170	-	

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

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21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Credit loss assessment under IFRS 9 (Continued)

Trade Receivable (Continued)

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

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. Allowance of impairment over these receivable were not recognized to the profit and loss for the year ended 31 December 2020, since the impact is not material to the financial statement.

Cash and cash equivalent

The Company held cash at bank of MVR 17,841,255/- as at 31 December 2020 (2019 - MVR 27,862,452/-).

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities as at the reporting date.

31 December 2019	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	3,713,974	3,712,265	1,710
Amount due to related parties	6,284,564	6,284,564	-
	9,998,539	9,996,829	1,710

31 December 2020	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	2,107,383	2,105,673	1,710
Amount due to related parties	4,576,527	4,576,527	-
	6,683,910	6,682,200	1,710

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21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (Continued)

31 December 2020	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	2,107,383	2,105,673	1,710
	2,107,383	2,105,673	1,710

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

(iii) Market Risk

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

(a) Currency risk

Exposure to currency risk

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

	31-12-20 US$	31-12-19 US$
Trade and Payables	111	111
Cash and cash equivalent	37,958	37,377
Gross statement of financial position exposure	37,958	37,377

The following significant exchange rate applied during the year

	Average rate		Reporting date spot rate	
	2020	2019	31-12-20	31-12-19
1 US$: MVR	15.42	15.42	15.42	15.42

In respect of the monetary assets and liabilities denominated in MVR, the Company has a limited currency risk exposure on such balances since the Maldivian Rufiyaa is pledged to the US Dollar within a band to fluctuate within ± 20% of the mid-point of exchange rate.

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21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market Risk (Continued)

(b) Interest rate risk

The company does not have any interest exposure as at 31 December 2020.

22 CAPITAL COMMITMENTS

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

23 EVENTS AFTER THE REPORTING DATE

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

24 DIRECTOR'S RESPONSIBILITY

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

25 COMPARATIVE FIGURES

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

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26 RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transactions	Amount 2020 MVR	Amount 2019 MVR	Balance as at 31/12/2020 MVR	Balance as at 31/12/2019 MVR
National Social Protection Agency	Government Institute	Operating Income Settlement	13,240,662 (10,466,395)	2,156,153 (208,606)	4,721,814	1,947,547

26.1 Transactions with the Key Management Personnel

The Board of Directors of the Company are the members of key management personnel. The Company has made a payment of MVR. 504,360/- to the key management personnel during the year ended 31st December 2020. (2019: MVR. 492,350/-)

26.2 Collectively, but not individually, significant transactions.

Government of Maldives is the major shareholder of the Company. The Company has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Company has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities.

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