Report No: FIN-2019-71(E)

17 November 2019

MALDIVES HAJJ CORPORATION LIMITED
FINANCIAL YEAR 2018

AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

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

Opinion

We have audited the financial statements of Maldives Hajj Corporation Limited (the "Corporation"), which comprise the statement of financial position as at 31 December 2018, 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 2018 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 are 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

20 October 2019

Hassan Ziyath
Auditor General

Maldives Hajj Corporation Limited
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	Notes	2018 MVR	(Restated) 2017 MVR
Revenue	6	79,137,122	90,239,587
Cost of sales		(89,044,363)	(107,959,598)
Gross loss		**(9,907,241)**	**(17,720,011)**
Other income	7	332,181	540,519
Administrative expenses		(6,038,916)	(7,201,996)
Selling and marketing costs		(129,435)	(341,827)
Operating loss		**(15,743,411)**	**(24,723,315)**
Finance income	8	4,135,009	4,140,251
Loss for the year		**(11,608,402)**	**(20,583,064)**

The accounting policies and notes on pages 7 to 21 form an integral part of the financial statements.

AUDITOR GENERAL'S OFFICE

Maldives Hajj Corporation Limited
STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	2018 MVR	(Restated) 2017 MVR
Assets			
Non-current assets			
Property, plant and equipment	9	887,785	1,123,612
Intangible assets	10	-	-
Financial assets recognized through P&L	11	62,119,611	62,114,999
		63,007,396	63,238,611
Current assets			
Inventory	12	1,052,906	389,122
Trade & other receivables	13	3,462,712	1,929,027
Cash and cash equivalents	14	67,725,725	63,217,492
		72,241,343	65,535,641
Total assets		**135,248,739**	**128,774,252**
Equity and liabilities			
Capital and reserves			
Share capital		29,500,000	24,500,000
Accumulated losses		(49,406,466)	(37,798,064)
		(19,906,466)	(13,298,064)
Non-current liabilities			
Advance received from customers	16	127,439,995	116,024,197
Current liabilities			
Advance received from customers	16	25,957,015	25,141,220
Other payables	17	1,758,195	906,899
		27,715,210	26,048,119
Total equity and liabilities		**135,248,739**	**128,774,252**

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

Signed for and on behalf of the Board by,

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

The accounting policies and notes on pages 7 to 21 form an integral part of the financial statements.

20 October 2019
Male'

AUDITOR GENERAL'S OFFICE

Maldives Hajj Corporation Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Share Capital MVR	Accumulated losses MVR	Total MVR
Balance as at 01 January 2017 as previously stated	21,000,000	(18,820,680)	2,179,320
Effect due to error correction (note 21)	-	1,605,680	1,605,680
Balance as at 01 January 2017 (restated)	**21,000,000**	**(17,215,000)**	**3,785,000**
Issued and paid up capital	3,500,000	-	3,500,000
Loss for the year	-	(20,583,064)	(20,583,064)
Balance as at 31 December 2017	**24,500,000**	**(37,798,064)**	**(13,298,064)**
Issued and paid up capital	5,000,000	-	5,000,000
Loss for the year	-	(11,608,402)	(11,608,402)
Balance as at 31 December 2018	**29,500,000**	**(49,406,466)**	**(19,906,466)**

The accounting policies and notes on pages 7 to 21 form an integral part of the financial statements.

Maldives Hajj Corporation Limited
STATEMENT OF CASH FLOWS
Year ended 31 December 2018

	Note	2018 MVR	(Restated) 2017 MVR
Cash Flows from Operating activities			
Operating loss		(11,608,402)	(20,583,064)
Non-cash adjustment			
Depreciation		308,758	316,648
Amortisation charge		-	27,121
Income from investment		(4,135,009)	(4,140,251)
		(15,434,653)	(24,379,546)
Working capital adjustment			
Increase / (decrease) in trade & other receivables		(1,533,685)	833,360
Increase / (decrease) in inventory		(663,784)	506,069
Inrease in advance received from customers		12,231,593	34,996,873
Increase / (decrease) in other payables		851,296	(247,246)
		(4,549,233)	11,709,510
Income received from investments		4,130,397	3,025,252
Cash flows from operating activities		**(418,836)**	**14,734,762**
Investing activities			
Acquisition of property, plant and equipment	9	(72,931)	(74,786)
Net cash flows used in investing activities		**(72,931)**	**(74,786)**
Financing activities			
Proceeds from issue of ordinary shares		5,000,000	3,500,000
Net cash flows from financing activities		**5,000,000**	**3,500,000**
Net decrease in cash and cash equivalents		**4,508,233**	**18,159,976**
Cash and cash equivalents as at 1 January		63,217,492	45,057,516
Cash and cash equivalents as at 31 December	14	67,725,725	63,217,492

The accounting policies and notes on pages 7 to 21 form an integral part of the financial statements.

1. Corporate information

Maldives Hajj Corporation Limited ("the Corporation") is established under the Presidential Decree No:05/2013 on 07 November 2013. The registered office of the Corporation is situated at 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.

Comparative information

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

Statement of compliance

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

2.1 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 2017, except for the adoption of new standards effective as of 1 January 2018.

New and amended standards and interpretations

In these financial statements, the Corporation has applied IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial instruments and IFRS 7R, effective for annual periods beginning on or after 1 January 2018, for the first time which require restatement of previous financial statements.

IFRS 9 and IFRS 7R

IFRS 15, IFRS 9 and IFRS 7R together with several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company and no requirement of previous financial statement restatement.

IFRS 15

The Company has adopted IFRS 15 Revenue from contract with customers for the first time in 2018. The standard introduces a new five-step approach to measuring and recognizing revenue from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The company has elected to apply the full retrospective method in adopting IFRS 15. The adoption of new revenue standard has no material changes to the financial statement.

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.

AUDITOR GENERAL'S OFFICE

3. Summary of significant accounting policies (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 as current when it is:

- Expected to be realised or intended to sold 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.

AUDITOR GENERAL'S OFFICE

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.

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.

I) Financial assets

a) 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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Corporation commits to purchase or sell the asset.

AUDITOR GENERAL'S OFFICE

3. Summary of significant accounting policies (continued)

b) 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

c) 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.

d) 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.

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

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

3. Summary of significant accounting policies (continued)

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.

e) 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.

f) Derecognition

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

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

Or

- The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Corporation has transferred substantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset,but has transferred control of the asset

When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Corporation continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Corporation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained.

3. Summary of significant accounting policies (continued)

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.

g) 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

AUDITOR GENERAL'S OFFICE

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 management has 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. Furthermore, the management is 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.

5. Standards and interpretations that are issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Corporation's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective

IFRS 16 Leases

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments.

IFRS 16 supersedes IAS 17 Leases (and related Interpretations) and is effective from 1 January 2019.The impact of the implementation of the above Standard has not been quantified yet.

AUDITOR GENERAL'S OFFICE

		2018	(Restated) 2017
6	Revenue	MVR	MVR
	Hajj Revenue	62,688,640	68,558,976
	Umra Revenue	14,723,680	17,665,103
	Room sales	829,596	2,881,748
	Ageega Sales	786,045	1,038,373
	Ihram Sales	76,175	87,325
	Excess Baggage	11,706	8,062
	Ticket sales	21,280	-
		79,137,122	90,239,587
7	Other income		
	Sponsorships	153,000	229,000
	Ayadi Takaful Commision	45,775	84,480
	Miscellaneous income	133,406	227,039
		332,181	540,519
8	Finance income		
	HDFC Wakala investment income	4,051,309	4,055,731
	HDFC Mudaraba Sukuk	83,700	84,520
		4,135,009	4,140,251

9 Property, plant and equipment

9.1	Gross carrying amounts	Balance as at 01.01.2018	Additions during the year	Balance as at 31.12.2018
		MVR	MVR	MVR
	Computers & Peripherals	572,264	45,054	617,318
	Furniture and Fixtures	740,539	20,918	761,457
	Office equipment	572,206	1,000	573,206
	Kitchen Equipmets & Items	199,005	5,959	204,964
		2,084,014	72,931	2,156,945

9.2	Depreciation	Balance as at 01.01.2018	Charge for the year	Balance as at 31.12.2018
		MVR	MVR	MVR
	Computers & Peripherals	357,574	118,560	476,134
	Furniture and Fixtures	253,807	75,676	329,483
	Office equipment	299,400	114,522	413,922
	Kitchen Equipmets & Items	49,621	-	49,621
		960,402	308,758	1,269,160
	Net book value	1,123,612		887,785

During the year, the company acquired plant and equipment to the aggregate value of MVR 72,931/- (2017: MVR 74,786/-) .

		2018	2017
10	**Intangible assets**	MVR	MVR
	At cost		
	Balance 1 January	220,718	220,718
	Acquired during the period	-	-
	Balance as at 31 December	**220,718**	**220,718**
	Amortisation		
	Balance 1 January	220,718	193,597
	Amortisation for the period	-	27,121
	Balance as at 31 December	**220,718**	**220,718**
	Net book value	-	-

11	**Financial assets recognized through P&L**		
	HDFC Wakalah	60,000,000	60,000,000
	HDFC Mudaraba Sukuk	1,000,000	1,000,000
	Profit receivable from investment	1,119,611	1,114,999
		62,119,611	**62,114,999**

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

The HDFC Mudharabah Sukuk represents 2,000 Sukuk bought at MVR 500 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.

		2018	2017
12	**Inventory**	MVR	MVR
	Ihuram and other clothes	183,851	140,499
	Luggage and other bags	768,306	248,623
	Books and other related documents	100,749	-
		1,052,906	**389,122**
13	**Trade and other receivables**		
	Trade receivables	1,721,004	254,434
	Other receivables	827,799	319,353
	Deposits & prepayments	913,909	1,355,240
		3,462,712	**1,929,027**
14	**Cash and cash equivalents**		
	Balances with banks	67,466,157	62,903,210
	Cash in hand	259,568	314,282
		67,725,725	**63,217,492**

AUDITOR GENERAL'S OFFICE

15 Share capital	2018 MVR	2017 MVR
Authorised share capital		
100,000,000 Ordinary shares of MVR 10 each	1,000,000,000	1,000,000,000
Issued		
2,950,000 Ordinary shares of MVR 10 each	29,500,000	24,500,000

16 Advance received from customers	2018 MVR	(Restated) 2017 MVR
Opening balance	141,165,417	106,168,544
Advance received	92,111,276	123,042,351
Income allocated from FSM Mudharabah and HDFC Wakalah	444,468	427,797
	233,721,161	229,638,692
Amount recognised as revenue	(75,582,105)	(85,373,933)
Amount refunded to customers	(4,742,046)	(3,099,342)
	153,397,010	141,165,417
Non current	127,439,995	116,024,197
Current	25,957,015	25,141,220
	153,397,010	141,165,417

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 elgible for upcoming Hajj visit subject to timely settlement of final payment.

17 Other payables	2018 MVR	2017 MVR
Other payables	1,752,945	901,649
Amount due to related party	5,250	5,250
	1,758,195	906,899

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.

	Carrying Amount			
As at 31 December 2018	Financial assets under amortized cost MVR	Financial assets under P&L MVR	Other Financial Liabilities MVR	Total MVR
Financial assets not measured at fair value				
Financial assets 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	67,466,157	-	-	67,466,157
Total	70,928,869	62,119,611	-	133,048,480

AUDITOR GENERAL'S OFFICE

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

	Carrying Amount			
As at 31 December 2018	Financial assets under amortized cost MVR	Financial assets under P&L MVR	Other Financial Liabilities MVR	Total MVR
Financial liabilities not measured at fair value				
Advance received from customers	-	-	153,397,010	153,397,010
Other payables	-	-	1,752,945	1,752,945
Amounts due to related parties	-	-	5,250	5,250
Total	-	-	155,155,205	155,155,205
As at 31 December 2017 (restated)				
Financial assets not measured at fair value				
Financial assets recognized through P&L	-	62,114,999	-	62,114,999
Trade receivables (Gross)	254,434	-	-	254,434
Other receivables	1,674,593	-	-	1,674,593
Balances with banks	62,903,210	-	-	62,903,210
Total	64,832,237	62,114,999	-	126,947,236
Financial liabilities not measured at fair value				
Advance received from customers	-	-	141,165,417	141,165,417
Other payables	-	-	901,649	901,649
Amounts due to related parties	-	-	5,250	5,250
Total	-	-	142,072,316	142,072,316

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;

AUDITOR GENERAL'S OFFICE

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

	Carrying Amount	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Trade Receivables (Gross)	1,721,004	254,434
Other Receivables	1,741,708	1,674,593
Balances with Banks	67,466,157	62,903,210
	70,928,869	**64,832,237**

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 67,466,157/- at 31 December 2018 (2017: MVR 62,903,210/-). 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. The following are the contractual maturities of financial liabilities and assets as at reporting date.

As at 31 December 2018	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	67,466,157	67,466,157	-
	70,928,869	**70,014,960**	**913,909**
Advance received from customers	153,397,010	25,957,015	127,439,995
Other payables	1,752,945	1,654,946	-
Amounts due to related parties	5,250	5,250	-
	155,155,205	**27,617,211**	**127,439,995**
As at 31 December 2017 (restated)			
Trade receivables (Gross)	254,434	254,434	-
Other receivables	1,674,593	869,242	805,351
Balances with banks	62,903,210	62,903,210	-
	64,832,237	**64,026,886**	**805,351**

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

As at 31 December 2017 (restated)	Carrying amount MVR	Between 0-12 Months MVR	Over 1 Year MVR
Advance received from customers	141,165,417	25,141,220	116,024,197
Other payables	901,649	901,649	-
Amounts due to related parties	5,250	5,250	-
	142,072,316	26,048,119	116,024,197

(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:

	2018		
	MVR	USD	SAR
Cash and balances with Banks	66,245,792	1,431,965	47,968.00
Other Payables	1,687,398	70,797	-
Advance received from customers	153,397,010	-	-
	221,330,200	1,502,762	47,968

	2017		
	MVR	USD	SAR
Cash and balances with Banks	61,485,294	1,752,866	-20,668
Other Payables	842,270	64,629	-
Advance received from customers	141,165,417	-	-
	203,492,981	1,817,495	-20,668

Sensitivity Analysis - Currency

A strengthening/ (weakening) of the USD, as indicated below, against the foreign currencies as at the end of each period would have increased / (decreased) profit or loss by the amounts shown below.

	Profit or Loss	
	Increase USD	Decrease USD
31-Dec-18		
US$ 5% Strengthening	77,536	-
US$ 5% Weakening	-	(77,536)
31-Dec-17		
US$ 5% Strengthening	89,841	-
US$ 5% Weakening	-	(89,841)

19 Events after the reporting period

No material events have taken place after the reporting period which require an adjustment 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, 2018.

21 Restated financial statements

Restrospective Restatement

Certain prior year error have been identified in the financial year and rectified in accordance with IAS 8 Accounting policies ,changes in accounting estimates and errors.

Details of restatements are as follows

The profit received from investments is apportioned between the corporation and the saving's account holders of Hajj and Umra. The apportioning had been wrongly calculated and is now being corrected by adjusting it with the retained earnings, finance income and the advances received from customers. Accordingly the changes have been reclassified as mentioned in note 22.1 for 2017.

		Current 2017 MVR	Previously 2017 MVR
22	**Reclassification**		
22.1	Finance income	4,140,251	2,953,978
	Non-current liabilities		
	Advance received from customers	116,024,197	118,816,150
	Current liabilities		
	Advance received from customers	25,141,220	25,141,220

22.2 The profit receivable from investements have been reclassified under financial assets recognized through P&L from trade and other receivables as per IFRS 9 disclosure requirements. The details are as follows:

	Current 2017 MVR	Previously 2017 MVR
Non-current assets		
Financial assets recognized through P&L		
Profit receivable from investment	1,114,999	-
Current assets		
Trade and other receivables		
Trade receivables	254,434	1,369,433

Maldives Hajj Corporation Limited
DETAILED STATEMENT OF EXPENSES
Year ended 31 December 2018

		2018	2017
I	Cost of sales	MVR	MVR
	Hotel & Other Accomodations	39,852,089	52,994,045
	Airline tickets and visas	25,576,851	27,180,606
	Transportation costs	15,220,971	14,297,652
	Taxes	1,638,982	5,843,552
	Food expenses	2,343,467	2,976,064
	Slaughtering Expense	1,867,914	1,766,384
	Luggage and clothes	1,374,048	1,362,073
	Miscellaneous	301,866	544,328
	Medical expenses	484,994	530,343
	Allowances to Helpers & Staff	383,181	464,551
		89,044,363	107,959,598
II	Administrative expenses		
	Salaries and allowances	3,036,192	3,299,896
	Pension expenses	93,881	123,756
	Rent expense	1,526,097	1,344,000
	Travel expense	66,374	605,935
	Bank charges	316,878	394,754
	Directors remuneration	228,796	319,625
	Depreciation	308,758	316,648
	Events and ceremonies	-	155,774
	Utility expenses	112,315	133,870
	Tea & Refreshment Expenses	23,350	116,717
	Other expenses	11,599	104,786
	Professional Fees	77,750	68,160
	Telephone and internet expenses	80,385	82,252
	Printing and stationary expenses	91,521	72,453
	Amortisation	-	27,121
	Training and Development	-	15,130
	Repairs and maintenance costs	1,190	10,859
	Licenses and Permits	5,700	4,000
	Cleaning & Other Equipments	4,790	3,347
	Hospitality and entertainment expenses	-	2,913
	Redundancy expenses	53,340	-
		6,038,916	7,201,996
III	Selling and marketing expenses		
	Advertising and promotion	129,435	341,827
		129,435	341,827

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