Report No: FIN-2021-64(E)

26 August 2021

MALDIVES CENTER FOR ISLAMIC FINANCE LIMITED

FINANCIAL YEAR 2020

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES CENTER FOR ISLAMIC FINANCE LIMITED

Opinion

We have audited the financial statements of Maldives Centre for Islamic Finance Limited ("the company") which comprise the statement of financial position as at 31st 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 8 to 26.

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

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). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Emphasis of Matter

We draw attention to Note 2.3 in the financial statements which informs that the company made a significant loss MVR 5,296,871 (2019 : MVR 6,681,205) for the financial year ended 31st December 2020 and has a retained loss of MVR f MVR 29,512,383 (2019 : MVR 24,215,512) as at 31st December 2020. Our opinion is not modified in respect of the matter.

Responsibilities of management and those charged with governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS), 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.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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We communicate with those charged with governance 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.

26th August 2021

Hussain Niyazee
Auditor General

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MALDIVES CENTER FOR ISLAMIC FINANCE LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

(All amounts are in MVR unless otherwise indicated)

	Note	2020	2019
Assets			
Non-current assets			
Property plant and equipment	7	455,941	590,446
Intangible assets	8	2,417	8,312
Right-of-use asset	9	853,312	1,535,960
Deposit	10	57,420	51,998
Total non-current assets		**1,369,090**	**2,186,716**
Current Assets			
Inventories	11	6,180	6,180
Trade and other receivables	12	5,860	40,885
Other current assets	13	367,479	419,173
Cash and cash equivalent	14	319,041	60,056
Total current assets		**698,561**	**526,293**
Total assets		**2,067,650**	**2,713,009**
Equity and Reserve			
Share capital	15	29,710,680	24,418,079
Retained earnings	16	(29,512,383)	(24,215,512)
Total equity and reserves		**198,297**	**202,567**
Non-Current Liabilities			
Lease liability	17	193,393	920,565
Other non-current liabilities		-	-
Total non-current liabilities		**193,393**	**920,565**
Current liabilities			
Trade and other payables	18	703,487	687,566
Other current liabilities	19	245,300	244,065
Lease liability	17	727,173	658,246
Total current liabilities		**1,675,960**	**1,589,877**
Total liabilities		**1,869,353**	**2,510,442**
Total Equity and Liabilities		**2,067,650**	**2,713,009**

The accounting policy notes on pages 8 to 26 are an integral part of these financial statements.

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

Ibrahim Didi (Managing Director)

Board Director

MALDIVES CENTER FOR ISLAMIC FINANCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

(All amounts are in MVR unless otherwise indicated)

	Note	2020	2019
Revenue	20	24,440	31,315
Cost of sales	21	(15,593)	(21,695)
Gross profit		**8,848**	**9,620**
Selling and Marketing costs	22	(27,059)	(1,219)
Personnel expenses	23	(4,115,482)	(3,859,578)
Administrative costs	23	(177,960)	(1,125,393)
Other operating expenses	24	(868,886)	(1,575,769)
Total operational expenses		(5,189,386)	(6,561,958)
Operating profit / (loss)		**(5,180,539)**	**(6,552,338)**
Finance income	25	5,422	3,728
Finance cost	26	(121,754)	(132,595)
Profit / (Loss) before tax		**(5,296,871)**	**(6,681,205)**
Income tax expense		-	-
Profit / (Loss) after tax		**(5,296,871)**	**(6,681,205)**

The accounting policy notes on pages 8 to 26 are an integral part of these financial statements.

MALDIVES CENTER FOR ISLAMIC FINANCE LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2020

(All amounts are in MVR unless otherwise indicated)

	Note	2020	2019
Cash flow from operating activities			
Profit / (Loss) before tax		(5,296,871)	(6,681,205)
Adjustments for:			
Depreciation on property, plant and equipment	24	124,911	147,282
Amortisation of intangible assets	24	5,894	16,456
Amortisation on right-of-use assets	24	682,649	511,987
Finance cost	26	121,754	132,595
Finance income	25	(5,422)	(3,728)
Doubtful Debts	24	35,530	-
Loss on sale of disposal	24	9,595	159,254
Total of non-cash adjustments		**974,910**	**963,846**
Operating profit / (loss) before working capital changes		**(4,321,961)**	**(5,717,360)**
Working capital changes			
Change in inventories	11	(0)	2,060
Change in trade receivables	12	35,025	17,715
Change in other current assets	13	16,164	336,532
Change in trade payables	18	15,921	421,454
Change in other current liabilities	19	1,235	(63,065)
Total changes in working capital		**68,345**	**714,696**
Net cash used in operating activities		**(4,253,616)**	**(5,002,663)**
Cash flow from investing activities			
Acquisition of property plant and equipment	7	-	(21,055)
Deposit	10	-	(65,000)
Acquisition of intangible Assets	8	-	-
Net cash used in investing activities		-	**(86,055)**
Cash flow from financing activities			
Lease payment	17	(780,000)	(585,000)
Proceeds from capital contributed	15	5,292,601	5,421,091
Net cash from financing activities		**4,512,601**	**4,836,091**
Net increase / (decrease) in cash and cash equivalent		**258,986**	**(252,627)**
Cash and cash equivalent at beginning of the period		60,055	312,682
Cash and cash equivalent at end of the period		**319,041**	**60,056**

The accounting policy notes on pages 8 to 26 are an integral part of these financial statements.

MALDIVES CENTER FOR ISLAMIC FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

(All amounts are in MVR unless otherwise indicated)

	Note	Share Capital	Retained Profit / (Loss)	Total
Balance as at 01 January 2019		**18,600,000**	**(17,534,307)**	**1,065,693**
Profit / (Loss) for the period	16	-	(6,681,205)	(6,681,205)
Issued during the period	15	5,818,079	-	5,818,079
Balance as at 31 December 2019		**24,418,079**	**(24,215,512)**	**202,567**
Balance as at 01 January 2020		**24,418,079**	**(24,215,512)**	**202,567**
Profit / (Loss) for the period	16	-	(5,296,871)	(5,296,871)
Issued during the period	15	5,292,601	-	5,292,601
Balance as at 31 December 2020		**29,710,680**	**(29,512,383)**	**198,297**

The accounting policy notes on pages 8 to 26 are an integral part of these financial statements.

1 Corporate information

Maldives Center for Islamic Finance Limited (MCIF) is a limited liability company, which is fully owned by Government of the Maldives. The company is incorporated on March 24, 2016 under the Presidential Decree bearing No: 2015/7 and governed under the Companies' Act No. I0 of 1996. The Authorised Share capital comprise of 100,000,000 ordinary shares of MVR 10/- each.

The principal objective of the company is to link the Islamic Finance industry in Maldives to international markets and promote Islamic finance in the region in order to help Maldives to be the hub for Islamic finance in South Asia region.

2 Basis of Preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with international Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 Basis of measurement

The Financial Statements are prepared on the historical cost convention.

2.3 Going concern

The Company incurred a loss of MVR 5,296,871 (2019 : MVR 6,681,205) for the reporting period and has a retained loss of MVR 29,512,383 (2019 : MVR 24,215,512) as at the end of the reporting period. The financial statements have nevertheless been prepared on the basis of the Company being a going concern on the assumption that the shareholders of the Company, Government of Maldives, intends to continue providing sufficient financial support to enable the Company to meet its liabilities as they fall due for a period of at least twelve months from the date of these financial statements.

2.4 Functional and presentation currency

No adjustment is made for inflationary factors affecting these financial statements. The Financial Statements are presented in Maldivian Rufiyaa and the all the values are rounded to nearest integral, except when otherwise indicated.

2.5 Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires management to make judgements, 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 recognised in the period in which the estimates are revised and in any future periods affected.

3 Changes in significant accounting policies

There are no changes in significant accounting policies for the reporting period.

4 Summary of significant Accounting Policies

The Principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

4.1 Foreign Currency Translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa, which is the Company's functional and presentation currency.

Foreign currency translations are translated into the functional currency using the exchange rates prevailing at the date of transections and from the translation at the year-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

4.2 Financial instruments

(a) Financial Assets (non-derivative)

Initial recognition and measurement

The company initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized when the company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – 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 first reporting period following the change in the business model.

Amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

(i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
(ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. 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.

Business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

(i) The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

(ii) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. Liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:

(i) Contingent events that would change the amount or timing of cash flows.

(ii) Terms that may adjust the contractual coupon rate, including variable-rate features.

(iii) Prepayment and extension features; and

(iv) Terms that limit the company's claim to cash flows from specified assets (e.g. Non-recourse features).

Subsequent measurement and gains and losses

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss. Financial assets at amortized cost comprise trade and other receivables, bank deposits and investment in fixed deposits

De-recognition of financial assets

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of tile asset to another party. Any interest in transferred financial asset that is created or retained by the Company is recognized as a separate asset or liability.

(b) Financial Liabilities (non-derivative)

Classification, subsequent measurement and gain and losses

The company initially recognizes debt securities on the date that they are originated. All other financial liabilities are recognized on the trade date at which the company becomes a party to the contractual provisions or the instruments.

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

The company has the non-derivative financial liabilities such as trade and other payables and amounts due to related party. 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.

De-recognition of financial liabilities

The company derecognizes financial liabilities when, and only, the company's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized, and the consideration paid and payable is recognized in profit or loss.

4.3 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 labor, any other costs directly attributable to bringing the assets to a working condition for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 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 recognized in profit or loss on a straight-line basis over the estimated useful lives, 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:

Leasehold Improvements	Over the lease period
Furniture and fittings	Over 10 years
Office Equipment	Over 05 years
Computer Equipment	Over 03 years
Other Fixed Assets	Over 10 years

Depreciation is provided from the month in which the property, plant and equipment is ready for use upto the date of disposal and are recongised in profit or loss as incurred.

Gains and Losses on disposal of property, plant and equipment are determined by comparing the proceeds with carrying amount and are taken into account in determining the operating profit.

4.4 Intangible Assets

Recognition and Measurement

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

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 expenditures are recognized in profit or loss as incurred.

Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, 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.

Computer Software	Over 03 years

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

4.5 Impairment

The carrying amounts of the Company's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

4.6 Provisions

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.

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AUDITOR GENERAL'S OFFICE

4.7 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'selling and marketing costs'.

4.8 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in fist-out principle and includes purchase price, expenditure incurred in acquiring the inventories 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 estimated costs necessary to make the sale.

4.9 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 current liabilities on the statement of financial position.

4.10 Share capital

Ordinary shares are classified as equity.

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AUDITOR GENERAL'S OFFICE

4.11 Trade payable

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less . If not, they are presented as non-current liabilities.

4.12 Current and deferred business profit tax

The current business profit tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company is liable to business profit tax at rate of 15%, if the taxable profit of the year exceeds the MVR 500,000 threshhold.

Deferred business profit tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred business profit tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred business profit tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred business profit tax asset is realized or the deferred business profit tax liability is settled.

Deferred business profit tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized. Since the Company does not have a profitable track record since its inception to the reporting date and the company does not forsee making a profit in the next twelve months, deferred tax asset has not been recognized on the timing differences.

Deferred business profit tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred business profit taxes assets and liabilities relate to business profit taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.13 Revenue recognition

a) Sale of goods

Sales are recognized upon delivery of products or customer acceptance, net of sales discounts, after eliminating sales rejections and price adjustments.

b) Sale of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided.

4.14 Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market rate that is available to the Company for similar financial instruments.

5 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

6 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in pesentation in the current year.

7 Property, plant and equipment

Cost	As at 01/01/2020	Additions	Disposals	As at 31/12/2020
Leasehold improvements	214,427	-	-	214,427
Furniture and fittings	584,047	-	(15,991)	568,056
Office equipment	215,934	-	-	215,934
Computer equipment	322,241	-	-	322,241
Other fixed assets	13,926	-	-	13,926
	1,350,574	**-**	**(15,991)**	**1,334,584**

Accumulated depreciation	As at 01/01/2020	Charge	Disposals	As at 31/12/2020
Leasehold improvements	(214,427)	-	-	(214,427)
Furniture and fittings	(161,620)	(57,738)	6,396	(212,963)
Office equipment	(111,879)	(43,186)	-	(155,066)
Computer equipment	(268,141)	(22,594)	-	(290,734)
Other fixed assets	(4,060)	(1,393)	-	(5,453)
	(760,128)	**(124,911)**	**6,396**	**(878,643)**

Net book value	As at 01/01/2020			As at 31/12/2020
Leasehold improvements	-	-	-	-
Furniture and fittings	422,426	-	-	355,093
Office equipment	104,054	-	-	60,868
Computer equipment	54,100	-	-	31,507
Other fixed assets	9,866	-	-	8,473
	590,446	**-**	**-**	**455,941**

8 Intangibe assets

Cost	As at 01/01/2020	Additions	As at 31/12/2020
Computer software	57,783	-	57,783
	57,783	**-**	**57,783**

Accumulated amortization	As at 01/01/2020	Amortization	As at 31/12/2020
Computer software	(49,472)	(5,894)	(55,366)
	(49,472)	**(5,894)**	**(55,366)**

Net book value	**As at 01/01/2020**		**As at 31/12/2020**
Computer software	8,312	-	2,417
	8,312	**-**	**2,417**

9 Right-of-use-asset

	2020	**2019**
Opening balance	-	-
Additions during the year	2,047,947	2,031,217
Prepaid lease payment	-	16,730
Closing balance	**2,047,947**	**2,047,947**
Accumulated depreciation	**511,987**	**511,987**
Charge for the year	682,649	511,987
Carrying amount as at the year end	**853,312**	**1,535,960**

10 Deposit

Other Assets consist of a security deposit of MVR 65,000 for the lease of office building capitalized as a financial asset in 2019.

	2020	**2019**
Opening balance	-	-
Recognition of deposit	51,998	48,270
Interest income for the year	5,422	3,728
Closing balance	**57,420**	**51,998**

11 Inventory

	2020	**2019**
Inventory of books for sale	6,180	6,180
	6,180	**6,180**

12 Trade and other receivables

	2020	2019
Accounts receivable*	5,860	40,885
	5,860	**40,885**

* Accounts Receivables of MVR 35,200 recognized during 2018 as CIMA student course fee has been written-off during the current period, as per advise from the Vice Rector of SAIIF by considering all the facts, it was informed that the legal cost of collecting the amount will be higher than the receivable amount and there was no evidence the students will make the payments through other means.

13 Other current assets

	2020	2019
Prepaid expenses	-	-
Payroll receivables**	367,479	419,173
Security deposit	-	-
	367,479	**419,173**

** Payroll Receivable of MVR 329.73 from one of the empoyees who left the Organization recognized during 2019 is wrtitten-off during the current period. Regular follow-ups to settle the payment did not result in any attempt by the ex-employee to settle the amount, thus the payment is not recoverable. Legal cost of collecting the amount will be higher than the amount to be collected, hence the amount is written-off as there is no likelihood of receiving the amount by other means

14 Cash and cash equivalents

	2020	2019
Petty cash	3,000	1,978
Checking account MIB MVR	307,508	34,124
Checking account MIB USD	8,533	23,953
Cash-in-hand	-	-
Undeposited funds	-	-
	319,041	**60,056**

15 Share capital

	2020	2019
Beginning of period	24,418,079	18,600,000
Transfer of cash from MoF	5,292,601	2,793,355
Transfer of cash from HML	-	2,627,736
Transfer of PPE from HML	-	396,988
End of period value of shares held	**29,710,680**	**24,418,079**
End of period number of shares held (Par value MVR 10 each)	2,971,068.02	2,441,808

** All monies due to the company for the equity it has issued have been paid in full*

16 Retained earnings

	2020	2019
Beginning Retained Earnings	(24,215,512)	(17,534,307)
Prior Period Adjustments	-	-
Adjusted Balance	**(24,215,512)**	**(17,534,307)**
Net Income	(5,296,871)	(6,681,205)
Ending Retained Earnings	**(29,512,383)**	**(24,215,512)**

17 Lease Liability

	2020	2019
Opening balance	**1,578,812**	-
Additions during the year	-	2,031,217
Interest on lease liabilities	121,754	132,594
Payments of lease liabilities	(780,000)	(585,000)
Closing balance	**920,566**	**1,578,812**

Lease liabilities included in the statement of financial position as at the year end

	2020	2019
Current	727,173	658,246
Non-current	193,393	920,565

18 Trade and other payables

	2020	2019
Accounts payables	703,487	687,566
	703,487	**687,566**

19 Other current liabilities

	2020	2019
Unearned Revenue	960	
Payroll Payables	275	
Other current liabilities	244,065	244,065
	245,300	**244,065**

20 Revenue

	2020	2019
Revenue from SAIIF	24,440	-
Workshop revenue	-	22,400
Revenue from book sales	-	2,160
Other income	-	6,755
	24,440	**31,315**

21 Cost of sales

	2020	2019
Direct costs of education programs/SAIIF	15,593	-
Direct costs of workshops	-	19,635
Direct cost of books	-	2,060
	15,593	**21,695**

22 Selling and marketing costs

	2020	2019
Advertising and Marketing expenses	-	1,219
Event Hosting Expenses	27,059	
	27,059	**1,219**

23 Administrative costs

	2020	2019
Personnel expenses - Staff remuneration	3,643,772	3,390,469
Personnel expenses - Board remuneration	471,710	469,109
Board training and Other expenses	1,001	4,300
Conference expenses	-	5,000
Shariah committee allowance	12,000	144,000
Rent or Lease expense	-	532,224
Legal and Other fees expenses	14,000	98,650
Maintenance and Repairs expense	3,764	83,867
Utilities	25,367	39,860
Communication expense	65,126	65,670
IT expenses	24,791	59,452
Cleaning services	26,500	37,100
Printing & Stationaries	5,410	55,269
	4,293,442	**4,984,971**

24 Other operating expenses

	2020	2019
Professional charges	-	685,333
Bank charges	3,860	3,890
Other office expenses	4,476	9,990
Doubtful Debts (Note: 12 and 13)	35,530	
Depreciation on property, plant and equipment (Note: 7)	124,911	147,282.07
Amortisation of intangible assets (Note: 8)	5,894	16,455.52
Depreciation on right-to-use assets (Note: 9)	682,649	511,987.00
Disposal (gain) / loss	9,595	159,254
Other administrative expenses	1,972	41,577
	868,886	**1,575,769**

25 Finance income

	2020	2019
Finance income of security deposit	5,422	3,728
	5,422	**3,728**

26 Finance cost

	2020	2019
Finance cost of lease liability	121,754	132,595
	121,754	**132,595**

27 Related-party transactions

The Company is controlled by the Government of Maldives, which owns 100% of the company shares.

The following transactions were carried out with government controlled entities and public institutions:

(i) Sales of goods or services

	2020	2019
Maldives Pension Administration Office	-	5,397
Housing Development Corporation	-	38,550
	-	**15,000**

(ii) Purchases of goods or services

	2020	2019
Allied Insurance Company	-	550
Dhiraagu	59,422	31,018
Maldives Transport and Construction Company Plc	-	6,964
State Electric Company	23,566	40,281
Maldives Airports Company Limited	-	9,946
Maldives Water & Severage Company Ltd	1,802	-
	84,790	**80,987**

(iii) Year-end balances arising from sales/ purchases of goods/services

	As at 31/12/2020	As at 31/12/2019
Payables to related parties		
State Electric Company	2,600	-
Maldives Water & Severage Company Ltd	117	-
Dhiraagu	5,316	2,233
	8,034	**2,233**

(iv) Remuneration for key management

	2020	2019
Board remuneration for Board Directors	471,710	469,109
	471,710	**469,109**

28 Events after the end of the reporting period

(i) The Memorandum of Association of the company has been revised and approved by the board resolution passed on 16th February 2021. The changes made to the Memorandum of Association effectively converts the company in to a Special Purpose Vehicle (SPV) which is to be used as the SPV for the Sovereign Sukuk issuances by the Government of Maldives.

The revised Memorandum has been registered with the Registrar of the Companies on 8th April 2021.

(ii) Having the company converted into an SPV, all the contracted employees of the company have been re-recruited at other SOEs as at time of approving the financial statements and the remaining members in the company payroll are only the board members. Upon instruction from the Ministry of Finance, the ownership of South Asian Institute for Islamic Finance (SAIIF) and Laaba Magazine has been transferred to the Islamic University of Maldives (IUM).

(iii) The board directors of the company has decided to vacate the rented office space at H. Hulhugali by the end May 2021 and to handover all the property plant and equipment, stationary and other inventories, company files and documents to the Ministry of Finance. The decision has been implement with the assistance from the Ministry of Finance by the end of May 2021 and the Ministry has acknowledged the receipt of the items.

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