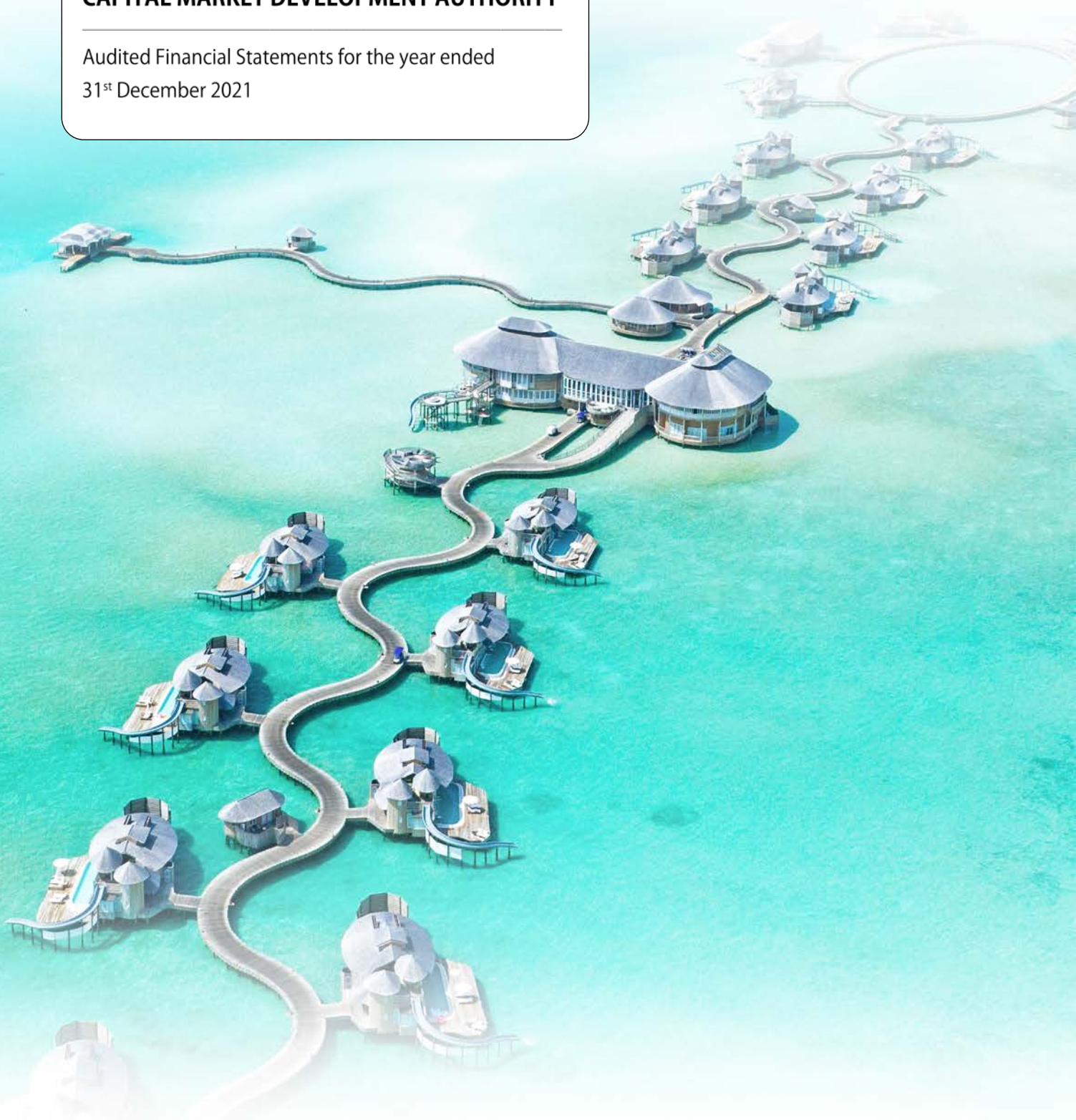


# CAPITAL MARKET DEVELOPMENT AUTHORITY

Audited Financial Statements for the year ended  
31<sup>st</sup> December 2021



## MHPA

Chartered Accountants & CPAs

Audits . Consultancy . Feasibility Studies . Tax . Valuations

### MHPA L.L.P

AGO and MIRA approved audit firm  
Category 'A' auditor

### PARTNERS

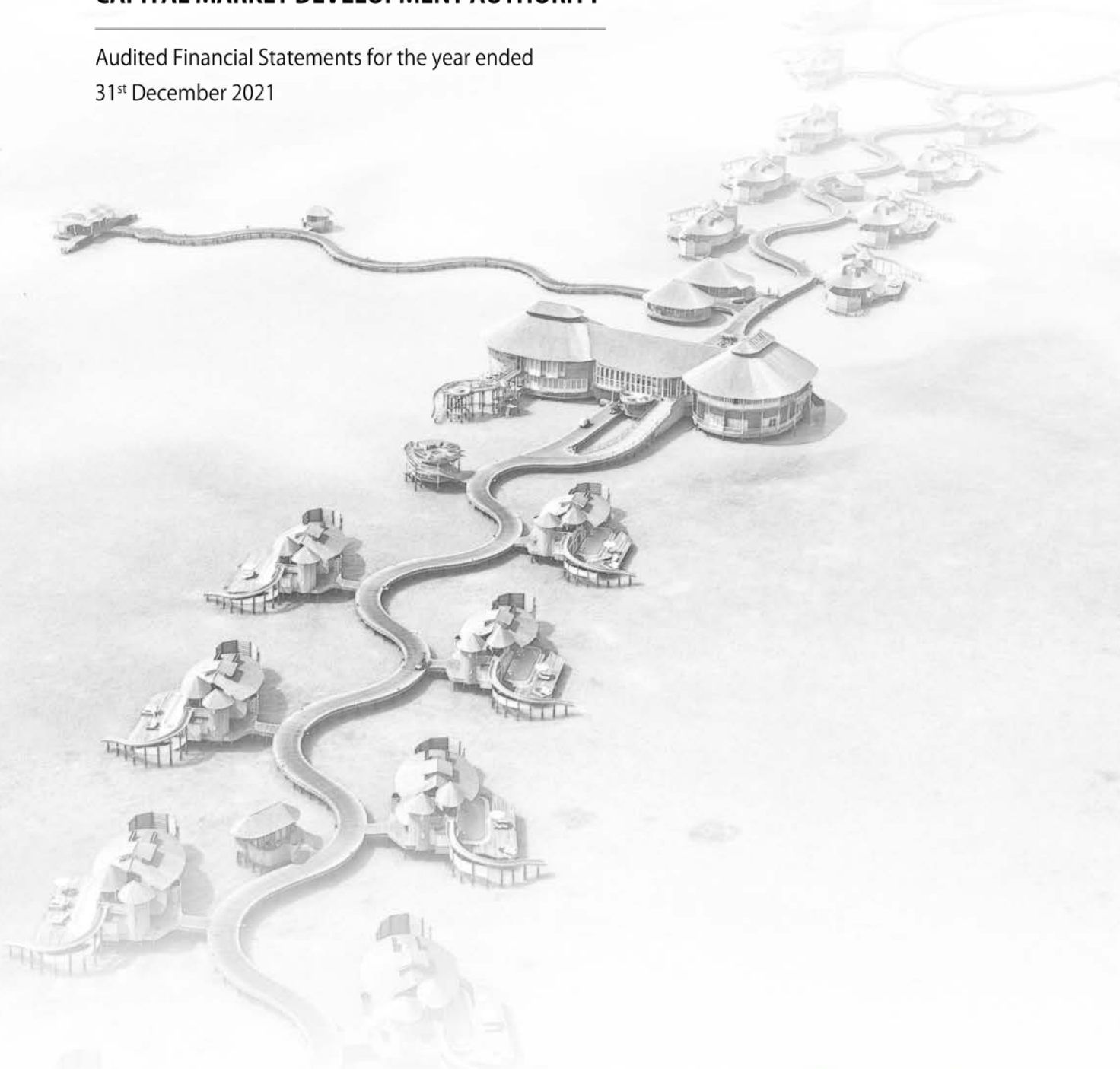
Rifaath Jaleel, CPA  
Shamoon Adam, ACCA  
[www.mhpaonline.com](http://www.mhpaonline.com)



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# CAPITAL MARKET DEVELOPMENT AUTHORITY

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### PARTNERS

Rifaath Jaleel, CPA  
Shamoon Adam, ACCA  
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Partnership Registration #: P-T0006/2013

AGO Registration #: F0002

MIRA Auditor Registration #: FA0009

PHOTOGRAPH BY: ISHAN @SEEFROMTHESKY

DESIGNS BY: LAM'AAN MOHAMED @LAMAAN.DESIGN

Apr 26, 2022

MHPA-027-A/2022

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Capital Market Development Authority

### Opinion

We have audited the financial statements of Capital Market Development Authority which comprise the statement of financial position as at 31st December 2021, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31st December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis of 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 Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled other ethical responsibilities in accordance with these requirements.

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

### Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as 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 Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Authority's financial reporting process.

### **Auditors Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or on 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 judgement 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 Authority's internal control.
- 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 Authority'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 Authority to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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.



Shamoon Adam, ACCA, FCA  
License No: ICAM-IL-SVT  
MHPA LLP  
Chartered Accountants & CPAs



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MALDIVES BUSINESS AWARDS 2018  
EXCELLENCE IN PROFESSIONAL SERVICES



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**Capital Market Development Authority**  
**31 December 2021**

**Statement of financial position**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	As at 31 December 2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	889,185	821,609
Right-of-use-Asset	7	1,244,478	95,550
Intangible assets	8	52,162	90,021
		<u>2,185,826</u>	<u>1,007,179</u>
<b>Current assets</b>			
Receivables	9	249,499	249,851
Investments in treasury bills	10	1,147,688	1,147,688
Cash and cash equivalents	11	5,652,894	4,814,176
		<u>7,050,081</u>	<u>6,211,716</u>
<b>Total assets</b>		<u>9,235,908</u>	<u>7,218,896</u>
<b>EQUITY</b>			
<b>Capital</b>			
Capital contributed by the Government	SCE	3,000,000	3,000,000
Accumulated balance of Trust Fund	SCE	1,511,158	1,254,259
		<u>4,511,158</u>	<u>4,254,259</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Compensation fund	13	250,782	241,986
Deposits	14	1,000,000	1,000,000
Lease liability	15	100,000	100,000
		<u>1,350,782</u>	<u>1,341,986</u>
<b>Current liabilities</b>			
Cash received in advance	16	101,433	78,363
Payable to Ministry of Finance	17	1,786,618	1,428,514
Other payables	18	315,289	115,774
Lease Liabilities	15	1,170,627	-
		<u>3,373,968</u>	<u>1,622,651</u>
<b>Total liabilities</b>		<u>4,724,750</u>	<u>2,964,637</u>
<b>Total equity and liabilities</b>		<u>9,235,908</u>	<u>7,218,896</u>

These financial statements were approved on.. 24.04.2022 by the Board of Directors and signed on its behalf

..... Aishath Zahira, Chairperson

..... Mohamed Hussain Maniku, Chief Executive Officer

..... Ahmed Siraj, Chairman of Audit & Risk Committee



The notes on pages 6 to 25 are an integral part of these financial statements.

1



**Capital Market Development Authority**  
**31 December 2021**

**Statement of comprehensive income**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2021	2020
Operating income	19	434,815	364,999
Other income	20	439	443
		<b>435,254</b>	<b>365,442</b>
Operating expenses	21	(11,518,606)	(10,414,945)
<b>Operating deficit for the year</b>		<b>(11,083,352)</b>	<b>(10,049,503)</b>
Finance cost	22	(73,130)	(29,373)
<b>Deficit for the year</b>		<b>(11,156,482)</b>	<b>(10,078,876)</b>
Amount received from government budget	17	13,200,000	11,420,243
<b>Net operating surplus for the year</b>		<b>2,043,518</b>	<b>1,341,367</b>



The notes on pages 6 to 25 are an integral part of these financial statements.



**Capital Market Development Authority****31 December 2021****STATEMENT OF CASH FLOWS**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2021	2020
<b>Operating activities</b>			
Net surplus from the year	SCI	2,043,518	1,341,367
<b>Adjustment for:</b>			
Investment income		-	-
Finance cost	22	73,130	29,373
Depreciation	6, 7	1,515,344	1,647,438
Amortisation of intangible assets	8	37,859	23,556
Provisions - increase/ (decrease)		-	-
<b>Changes in working capital:</b>			
(Increase) / decrease in receivables and prepayments	9	352	(511)
Increase / (decrease) in trade payables and accruals	18	199,515	(278,479)
Income received in advance	16	23,070	(19,772)
Increase in compensation fund	13	8,796	9,173
<b>Cash generated from operations</b>		<b>3,901,584</b>	<b>2,752,145</b>
Interest paid	22	(73,130)	(29,373)
<b>Net cash from operating activities</b>		<b>3,828,454</b>	<b>2,722,772</b>

The notes on pages 6 to 25 are an integral part of these financial statements.





**Investing activities**

(Increase) / decrease in investment in treasury bills	10	-	-
Purchase of property, plant and equipment	6	(434,352)	(576,980)
Purchase of intangible assets	8	-	(113,577)
Interest received		-	-
<b>Net cash used in investing activities</b>		<b>(434,352)</b>	<b>(690,557)</b>

**Financing activities**

Re-payment of previous year budget excess	17	(1,428,515)	(842,553)
Lease payment	15	(1,126,870)	(1,170,627)
<b>Net cash used in financing activities</b>		<b>(2,555,385)</b>	<b>(2,013,180)</b>

<b>Net increase/ decrease in cash and cash equivalents</b>		<b>838,717</b>	<b>19,035</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>4,814,177</b>	<b>4,795,142</b>
<b>Cash and cash equivalents at end of the year</b>		<b>5,652,894</b>	<b>4,814,177</b>

The notes on pages 6 to 25 are an integral part of these financial statements.



**Capital Market Development Authority**

**31 December 2021**

**STATEMENT OF CHANGES IN EQUITY**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Capital contributed by the Government	Trust Fund	Total
Balance as at 1 January 2019		3,000,000	292,241	3,292,241
Transfer to the trust fund	17.1	-	681,171	681,171
<b>Balance as at 31 December 2019</b>		<b>3,000,000</b>	<b>973,412</b>	<b>3,973,412</b>
Balance as at 1 January 2020		3,000,000	973,412	3,973,412
Transfer to the trust fund	17.1	-	280,847	280,847
<b>Balance as at 31 December 2020</b>		<b>3,000,000</b>	<b>1,254,259</b>	<b>4,254,259</b>
Balance as at 1 January 2021		3,000,000	1,254,259	4,254,259
Transfer to the trust fund		-	256,899	256,899
<b>Balance as at 31 December 2021</b>		<b>3,000,000</b>	<b>1,511,158</b>	<b>4,511,158</b>

The notes on pages 6 to 25 are an integral part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**1 Reporting entity**

Capital Market Development Authority ('Authority') is a separate legal entity established on 26<sup>th</sup> January 2006 under Maldives Securities Act No. 02/2006. The principal objective of the Authority is to develop and regulate a market in which securities can be issued and traded in a fair and orderly manner.

The address of its registered office is, H.Orchid, 3rd Floor, Ameer Ahmed Magu, Male', Republic of Maldives.

**2 Basis of preparation**

**(a) Statement of Compliance**

The financial statements of Capital Market Development Authority have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention. The financial statements reflect the true and fair status of the Authority's financial position as at the end of the year 2021.

The financial statement is prepared under the presumption that the Authority is carrying out its activities as a going concern and no significant uncertainty exists in this respect.

**(b) Basis of Measurement**

The financial statements have been prepared based on the historical costs basis, except for the lease liabilities measured at present value of the lease payments during the lease term.

**(c) Functional and Presentation Currency**

Items included in the financial statements of the Authority 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 Authority's functional and presentation currency. All amounts represented in the financial statements had been rounded up to the nearest Maldivian Rufiyaa except where otherwise indicated.





## **(d) Use of Estimates and Judgements**

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 Significant accounting policies**

The accounting policies set out below have been applied consistently by the Authority unless otherwise stated.

### **3.1 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

### **3.2 Financial Instruments**

#### **(a) Financial Assets (Non-derivative)**

##### **Recognition and initial measurement**

The Authority initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Authority becomes a party to the contractual provisions of the instrument. 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: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Authority 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 amortised cost if it meets both the following conditions and is not designated as a 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. All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Authority may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised 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 Authority 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:

- 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 realising cash flows through the sale of the assets;
- 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 Authority 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 Authority considers:



- Contingent events that would change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Authority's claim to cash flows from specified assets

### **Subsequent measurement and gains and losses**

#### **Financial assets at amortised 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 de-recognition is recognised in profit or loss. Financial assets at amortized cost comprise trade and other receivables, Bank deposits and Investment in fixed deposits.

### **(b) Financial liabilities (Non-derivative)**

#### **Classification, subsequent measurement and gain and losses**

The Authority 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 Authority becomes a party to the contractual provisions of the instrument.

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



**(c) De-recognition**

**(i) Financial Assets**

The Authority 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 Authority is recognized as a separate asset or liability.

**(ii) Financial Liabilities**

The Authority derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

**3.3 Property, plant and equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values, over their estimated useful lives as follows:

Furniture and fittings	5 years
Office equipment	5 years
Computers	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

**3.4 Intangible assets**

Costs associated with designing the Authority's website and acquired computer software licenses are capitalised and amortised using the straight-line method over estimated useful life of three years. The carrying amount of intangible assets is reviewed annually and adjusted for permanent impairment where it is considered necessary.



### 3.5 Impairment of assets

#### (a) Financial Assets (including receivables)

The Authority recognize loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost.

The Authority measures loss allowances at an amount equal to lifetime ECLs, expect for the following, which measured at 12-month ECLs.

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Authority considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Authority's historical experience and informed credit assessment and including forward looking information.

ECLs are probability - weighted estimate of credit losses. Credit losses are measured at the present value of all the cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

The Authority does not have material receivables at the year-end. The interest receivables had not been due for receipt as at the year-end. All other receivables have been adequately provided.

#### (b) Non-Financial Assets

The carrying amounts of the Authority's non-financial assets 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 a 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.

### 3.6 Leases

The Authority has recognized property rental agreement as per IFRS 16 - Leases. As a result the Authority, as a lessee has recognized right of use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

Lease liabilities are measured at present value of the remaining lease payments. As the Authority has no borrowing in the past and has no plan for future, an incremental borrowing rate is not applicable for the purpose of discounting. Instead, Authority has used interest rate attached with the Government Treasury bills, in which the lease payments could otherwise be used for investing, as it has invested on such instruments during the year using the cash balances it has.

Right of use assets were measured at an amount equivalent to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, and is presented as a separate line item in statement of financial position.

The right of use asset is depreciated over the shorter of the lease term and useful life of the right of use asset, unless there is a transfer of ownership or purchase option which is reasonably certain to be exercised at the end of the lease term. If there is a transfer of ownership or purchase option which is reasonably certain to be exercised at the end of the lease term, the Authority depreciates the right of use asset over the useful life of the underlying asset.

The Authority has tested its right of use assets for impairment at the reporting date and has concluded that there is no indication that the right of use assets are impaired.

### 3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks. Cash and cash equivalents are carried at amortised cost in the statement of financial position. Details of cash and cash equivalents are given in Note 11 to the financial statements.

### 3.8 Provisions

Provisions are recognised when: the Authority has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the risks specific to the obligations.



### 3.9 Revenue recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the income can be reliably measured. Income is measured at the fair value of the consideration received or receivables.

#### *Rendering of services*

Income from rendering of services is recognised in the accounting period in which the services are rendered or performed.

#### *Other income*

Other income is recognised on accrual basis.

### 3.10 Fair value estimation

The nominal value less impairment provision of receivables and payables are assumed to approximate their fair values.

## 4 Financial risk management

### 4.1 Financial risk factors

The Authority's activities expose it to a variety of financial risks: liquidity risk and cash flow risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on

Risk management is carried out by the Board of Directors on specific areas, such as; foreign exchange risk, credit risk and the liquidity risk.

#### (a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and interest rates will affect the Authority'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.

##### (i) Foreign exchange risk

The Authority is not exposed to significant foreign exchange risk since it does not have significant amount of foreign currency assets, liabilities. All the commercial transactions are carried out in reporting currency.

## (ii) Interest rate risk

The Authority invested on fixed deposits and Government treasury bills, where interest rates are fixed. Investment in government treasury bills are generally less than 3 months and hold to collect. Therefore the Authority is not open to any price fluctuation risk.

At the reporting date, the interest rate profile of the Authority's interest-bearing financial instrument was:

		Carrying amount	
Fixed Rate Instruments		2021	2020
Government Treasury bills		1,147,688	1,147,688

## (b) Credit risk

The credit risk arises from cash and cash equivalents, deposit with Banks, investment in treasury bills, as well as credit exposures to fees receivable for various programs. The Authority deposits in the Bank of Maldives, the largest Maldivian Bank and Government of Maldives treasury bills. The fees for training programs are not significant.

## (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position. The Authority aims to maintain liquidity by keeping adequate cash and short-term deposit in banks.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2021	Carrying amount	Less than 3 months	Between 3 months and 1 year	1 and 2 year	2 and 5 Years
Compensation fund	250,782	-	-	-	241,986
Deposits	1,000,000	-	-	-	1,000,000
Other payables excluding non-financial liabilities	291,990	291,990	-	-	-
Payable to Ministry of Finance	1,803,243	1,803,243	-	-	-
Lease Liability	1,370,628	1,270,628	-	100,000	-
<b>Total</b>	<b>4,716,644</b>	<b>3,365,861</b>	<b>-</b>	<b>100,000</b>	<b>1,241,986</b>

At 31 December 2020	Carrying amount	Less than 3 months	Between 3 months and 1 year	1 and 2 year	2 and 5 Years
Compensation fund	241,986	-	-	-	232,813
Deposits	1,000,000	-	-	-	1,000,000
Other payables excluding non- financial liabilities	115,982	394,253	-	-	-
Payable to Ministry of Finance	1,411,446	1,210,547	-	-	-
Lease Liability	100,000	-	-	100,000	-
<b>Total</b>	<b>2,869,414</b>	<b>1,604,800</b>	<b>-</b>	<b>100,000</b>	<b>1,232,813</b>

The corresponding funds for liability amounts related to compensation fund and Deposits are in the Authority's bank account.

## 5 Comparatives

Comparative figures have been disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment

	Furniture and fittings	Computer equipment	Office equipment	Total
<b>Year ended 31 December 2020</b>				
Opening net book amount	201,359	147,578	396,543	745,480
Additions	-	281,408	295,572	576,980
Depreciation charge (Note 20)	(133,130)	(152,425)	(215,296)	(500,851.00)
Closing net book amount	68,229	276,561	476,819	821,609
<b>At 31 December 2020</b>				
Cost	825,974	1,140,720	1,586,491	3,553,185
Accumulated depreciation	(757,745)	(864,160)	(1,109,671)	(2,731,576)
Net book amount	68,229	276,560	476,820	821,609
<b>Year ended 31 December 2021</b>				
Opening net book amount	68,229	276,560	476,820	821,609
Additions	14,310	265,880	154,162	434,352
Disposals - cost	-	(88,000)	-	(88,000)
Disposals - accumulated depreciation	-	88,000	-	88,000
Depreciation charge (Note 20)	(37,980)	(163,502)	(165,293)	(366,775)
Closing net book amount	44,559	378,938	465,688	889,185
<b>At 31 December 2021</b>				
Cost	840,284	1,318,600	1,740,653	3,899,537
Accumulated depreciation	(795,725)	(939,662)	(1,274,965)	(3,010,352)
Net book amount	44,559	378,938	465,688	889,185

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

7 Right-of-use-Asset

	2021	2020
Opening Balance	95,550	1,242,137
Recognition of Right-of-use assets on initial application of IFRS 16	-	-
Additions during the year	2,297,497	-
Closing balance	<u>2,393,047</u>	<u>1,242,137</u>
<b>Accumulated depreciation</b>		
Charge for the year	1,148,569	1,146,587
<b>Carrying amounts as at the year end</b>	<u>1,244,478</u>	<u>95,550</u>

8 Intangible Assets

	Software and website
<b>At 31 December 2020</b>	
Cost	455,534
Accumulated amortisation	(365,513)
<b>Carrying value as at 31st December 2020</b>	<u>90,021</u>
<b>Year ended 31 December 2021</b>	
Carrying values as at 1st January 2021	90,021
Additions	-
Amortisation charge	(37,859)
	<u>52,162</u>
<b>At 31 December 2021</b>	
Cost	455,534
Accumulated amortisation	(403,372)
<b>Carrying value as at 31st December 2021</b>	<u>52,162</u>

## 9 Receivables

### Current

	2021	2020
Rent and other deposits	200,000	200,000
Other receivables	70,018	70,370
	<u>270,018</u>	<u>270,370</u>
Provision for impairment of other receivables	(20,519)	(20,519)
	<u>249,499</u>	<u>249,851</u>

Other receivables mainly include fees to be received from Masters In Islamic Finance Practice students amounting to MVR 20,519 (2020: MVR 20,519) and interest receivables amounting MVR 47,502.58 (2020: 47,597).

The age analysis of these receivables is as follows:

	2021	2020
Aging (current)	3,592	2,819
Aging (31 to 60 days)	-	-
Aging (61 to 90 days)	-	-
Aging (Over 90 days)	-	-
	<u>3,592</u>	<u>2,819</u>

As at 31 December 2021, receivables of MVR 3,592 (2020: MVR 2,819) were past due but not impaired. These relate to independent clients for whom there is no recent history of default.

As at 31 December 2021, receivables of MVR 20,519 were past due and impaired (31 December 2020: MVR 20,519).

Movement of provision for impairment is as follows:

	2021	2020
Opening balance	20,519	20,519
Provision made for the year	-	-
Reversal of provision during the year	-	-
Closing balance	<u>20,519</u>	<u>20,519</u>



## 10 Investments in treasury bills

	2021	2020
Opening balance	1,147,688	1,147,688
Treasury bills purchased during the year	-	-
Treasury bills matured during the year	-	-
Adjustment against Compensation Fund	-	-
	<b>1,147,688</b>	<b>1,147,688</b>

Treasury bills carry an interest of 4.6% per annum and are due to mature on 17th January 2022.

## 11 Cash and cash equivalents

	2021	2020
Cash in hand	-	48
Cash at bank	5,652,894	4,814,128
	<b>5,652,894</b>	<b>4,814,176</b>

## 12 Financial instruments

### (a) Financial instrument by category

	2021	2020
<b><i>Financial assets at Amortised cost</i></b>		
Receivables	249,499	249,851
Cash and cash equivalents	5,652,894	4,814,176
Investment in treasury bills	1,147,688	1,147,688
<b>Total</b>	<b>7,050,081</b>	<b>6,211,715</b>
<b><i>Financial liabilities at Amortised cost</i></b>		
Compensation fund	250,782	241,986
Deposits	1,000,000	1,000,000
Other payables excluding non-financial liabilities	315,289	115,774
Lease Liability	1,270,627	100,000
Payable to Ministry of Finance	1,786,618	1,428,514
	<b>4,623,316</b>	<b>2,886,274</b>

## (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables

Counter parties without external credit rating :

	2021	2020
Receivables	247,503	248,797
<b>Cash at bank</b>		
Bank of Maldives	5,652,894	4,814,128

## 13 Compensation fund

	2021	2020
Balance as at 1 January	241,986	232,813
Interest received	3,109	3,187
Interest accrued	5,688	5,663
Net adjustment on settlement price	-	323
Balance as at 31 December	250,782	241,986

The Authority has established an investor compensation fund (compensation fund) under securities regulation, for the purpose of compensating persons who suffer pecuniary loss from any defalcation or fraud committed by any license dealer, its representative or investment adviser or any employee of such dealer or by any officer or employee of a stock exchange.

## 14 Deposits

	2021	2020
Balance as at 31 December	1,000,000	1,000,000
	1,000,000	1,000,000

In accordance with the Stock Exchange Licensing Regulation the Maldivian Stock Exchange is required to keep a deposit with the Authority, an amount equal to MVR 1,000,000/-. The Authority shall invest this amount in a bank fixed deposit or in treasury bills where the Authority shall pay the interest received after deducting 1% of an administrative fee.

## 15 Lease Liability

	2021	2020
<b>Opening Balance</b>	100,000	1,270,627
Recognition of lease liabilities on initial application of IFRS 16		-
Additions during the year	2,297,497	-
Interest on lease liabilities	73,130	29,373
Payments of lease liabilities	(1,200,000)	(1,200,000)
<b>Closing balance</b>	<u>1,270,627</u>	<u>100,000</u>

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

	2021	2020
Current	1,170,627	-
Non-current	100,000	100,000
	<u>1,270,627</u>	<u>100,000</u>

## 16 Trust fund

	2021	2020
<b>Opening balance</b>	<b>1,332,622</b>	<b>1,071,547</b>
<b>Receipts</b>		
Annual licensing fees	215,467	171,742
Prospectus processing fees	50,000	-
Fine charges	12,175	8,945
Institute of Corporate Directors and Secretaries membership and training fees	47,750	83,000
Application fee	27,500	600
Trade processing fee from Maldives Stock Exchange	3,560	2,577
Treasury bills and fixed deposit interest	439	443
Annual license fee received in advance	101,433	78,363
<b>Total Receipts</b>	<u><b>458,324</b></u>	<u><b>345,670</b></u>

	2021	2020
<b>Payment</b>		
<b>Trust fund expenses:</b>		
Directors training program	154	1,238
Company secretaries training programme	200	32,195
Regional leadership program for securities regulators	-	-
Workshop on countering money laundering and terrorism	-	-
The APEC FRTI - regional seminar on enhancing listing	-	-
IOSCO Technical Assistance Project for developing onsite	-	-
World investor week	3,000	5,139
Promotional activities	-	-
IFRS training session	-	-
Capital Market Review printing and publication	-	-
Staff Training	-	45,098
Capital Market Forum	-	-
Zoom subscription for training programs conducted online	-	925
Expert Hiring- HR consultant	120,000	
Financial assistance to staff	55,000	
<b>Total Payments</b>	<b>(178,355)</b>	<b>(84,595)</b>
<b>Surplus for the year</b>	<b>279,969</b>	<b>261,075</b>
<b>Closing balance</b>	<b>1,612,591</b>	<b>1,332,622</b>
Cash received in advance (liability)	101,433	78,363
Trust fund balance (Equity)	1,511,158	1,254,259
	<b>1,612,591</b>	<b>1,332,622</b>

The Ministry of Finance, by virtue of the discretionary powers vested on the Ministry under section 26 of the Public Finance Act (Act no. 3/2006) established a trust fund named “Capital Market Development Trust Fund” on Monday, 16 April 2018

Fund account is utilized for expenditure specified under Annex 1 of Capital Market Development Trust Fund Statement. All expenses related to training and education programs and staff training expenses for the year are included as allowable expenditure.

In accordance with Section 3 of the trust fund statement, upon establishment of the fund, all monies collected by the Authority as revenue, sponsorship and donations are deposited to this fund account. In addition, all money received by the Authority except the annual budget support provided by Ministry of Finance are deposited to the Capital Market Development Trust Fund Account.



## 17 Payable to Ministry of Finance

	2021	2020
Balance as at 1 January	1,428,514	1,210,546
Payment to MOFT	(1,428,514)	(842,552)
Budget amount received during the year	13,200,000	11,420,243
Less: operating deficit for the year	(11,156,482)	(10,078,876)
Less: transfer to trust fund (17.1)	(256,899)	(280,847)
Balance as at 31 December	1,786,618	1,428,514

### 17.1 Transfer to Trust Fund

	2021	2020
Operating income (Note 19)	434,815	364,999
Other income (Note 20)	439	443
Less: trade processing fee not received	-	-
Less: administration fee not received	-	-
Less: trust fund expenses (Note 16)	(178,355)	(84,595)
	256,899	280,847

## 18 Other payables

	2021	2020
Other payables	315,289	115,774
Pension payable	-	-
License fees received in advance	-	-
	315,289	115,774

## 19 Operating income

	2021	2020
Annual licensing fees	293,830	269,877
Prospectus processing fees	50,000	-
Fine charges	12,175	8,945
Institute of Corporate Directors and Secretaries membership and training fees	47,750	83,000
Application fee	27,500	600
Trade processing fee from Maldives Stock Exchange	3,560	2,577
	434,815	364,999

## 20 Other income

	2021	2020
Treasury bills and fixed deposit interest	439	443
	<b>439</b>	<b>443</b>

## 21 Operating expenses

	2021	2020
Staff salaries and allowances	6,743,341	6,081,265
Rent	-	-
Board remuneration	893,977	763,167
Membership fees	445,887	402,771
Legal and consulting fees	885,344	427,176
Depreciation (Note 6 & 7)	1,515,344	1,647,438
Training programme expenses	355	271,178
General office expenses	92,196	70,187
Telephone expenses	184,336	186,619
Investor education expenses	9,209	39,420
Electricity expenses	108,963	101,390
Repair and maintenance	120,233	137,278
External audit fees	-	-
Printing and stationery	19,143	20,552
Staff training expenses	173,300	45,098
Sharia'h advisory committee remuneration	27,500	16,000
Amortisation (Note 8)	37,859	23,556
Loss on sale of property, plant and equipment	-	-
Travelling	200	150
Insurance	206,419	181,700
Grant	-	-
Impairment of other receivable (Note 8)	-	-
Financial aid	55,000	-
	<b>11,518,606</b>	<b>10,414,945</b>

## 22 Finance cost

	2021	2020
Interest on lease liability	73,130	29,373
	<b>73,130</b>	<b>29,373</b>

## 23 Taxation

The Authority is exempted from business profit tax and not liable to pay business profit tax.





## 24 Contingencies

### *Contingent liabilities*

There were no contingent liabilities outstanding at the reporting date.

### *Contingent assets*

There were no contingent assets recognised at the reporting date.

## 25 Commitments

### *Capital commitments*

There were no capital commitments at the reporting date.

### *Operating lease commitments*

There were no material operating lease commitments at the reporting date.

### *Financial commitments*

There were no material financial commitments at the reporting date.

## 26 Related party transaction

### **Directors' remuneration:**

During the year ended 31 December 2021, total remuneration paid to Directors was MVR 893,977 (2020: MVR 763,167 ).

## 27 Events subsequent to reporting date

No events have occurred since the reporting date which would require adjustments to, or disclosure in, the financial statements.

# About MHPA

MHPA is an Auditor General's Office licensed and MIRA Approved 'A' Category Audit firm registered in the Republic of Maldives providing audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. Initially registered in 2008, MHPA was the first 100% Maldivian owned and operated professional audit firm with qualified professionals to offer specialized professional assurance and advisory services such as Internal Audits, External Audits, Valuation Services, Feasibility Studies and Due Diligence Services to the micro, small and medium sized business enterprises in the country.

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