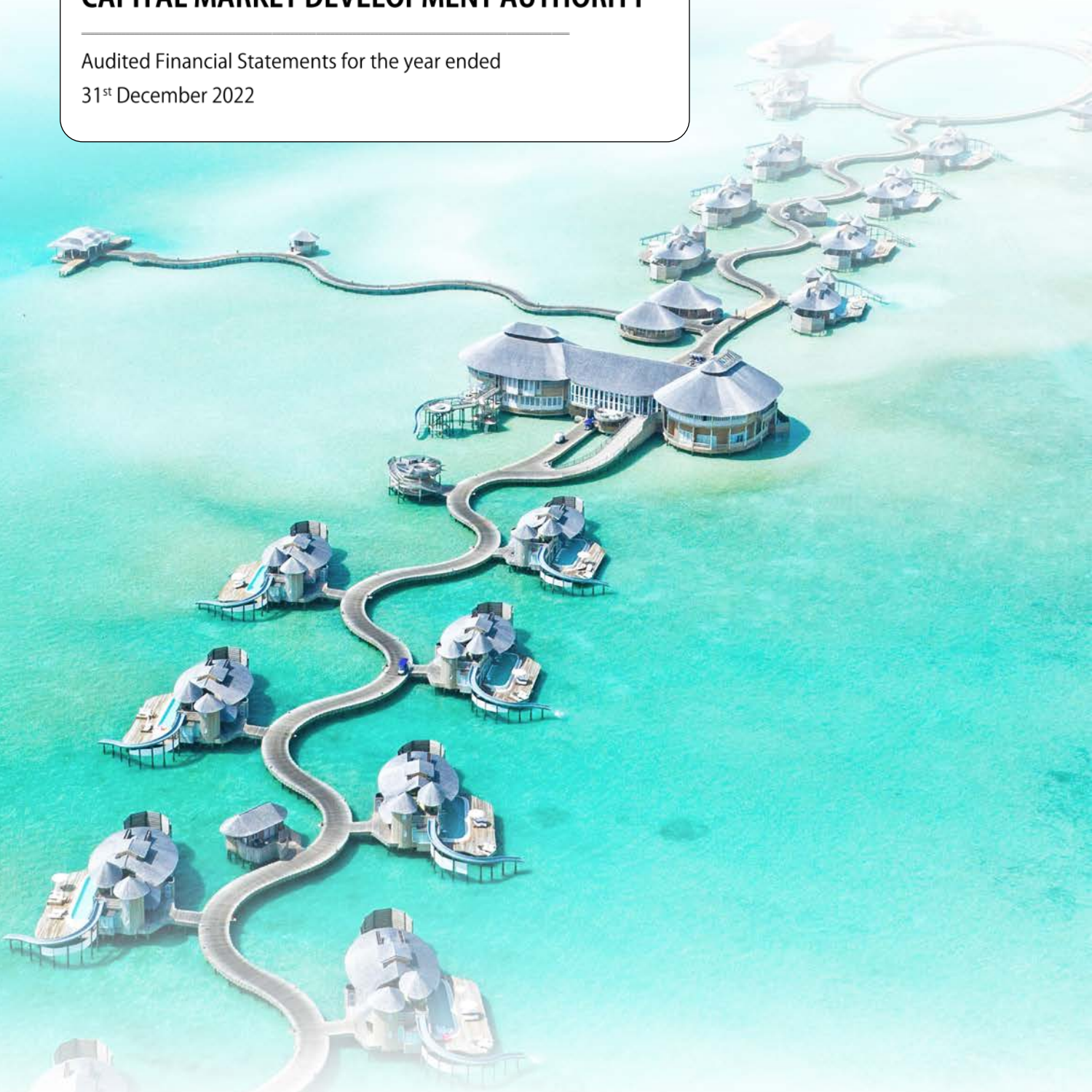


CAPITAL MARKET DEVELOPMENT AUTHORITY

Audited Financial Statements for the year ended
31st December 2022



MHPA

Chartered Accountants & CPAs

Audits . Consultancy . Feasibility Studies . Tax . Valuations

MHPA L.L.P

AGO and MIRA approved audit firm
Category 'A' auditor

PARTNERS

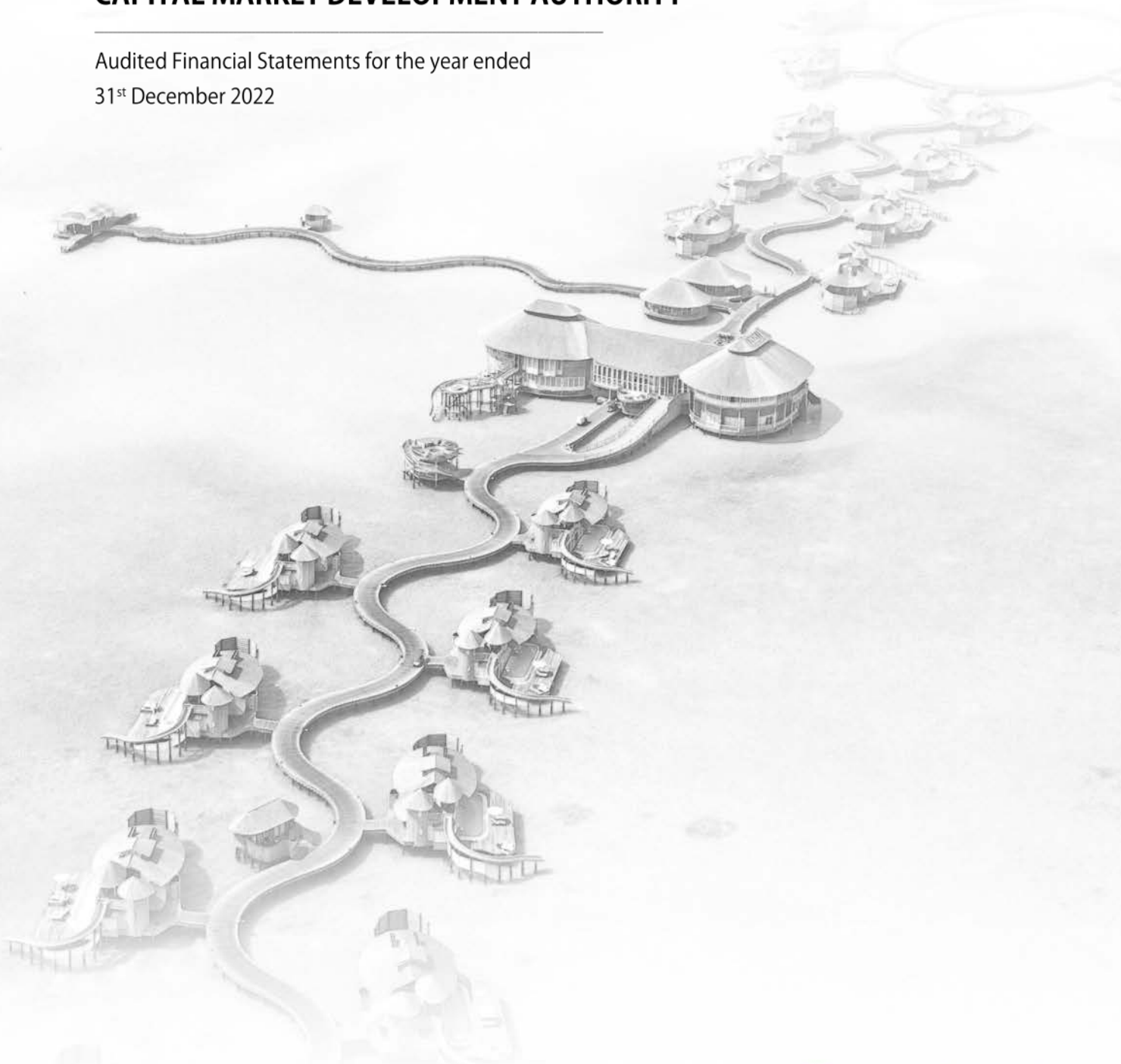
Rifaath Jaleel, CPA
Shamoon Adam, ACCA
www.mhpaonline.com



GLOBAL - MEMBER FIRM

CAPITAL MARKET DEVELOPMENT AUTHORITY

Audited Financial Statements for the year ended
31st December 2022



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



GLOBAL - MEMBER FIRM

Partnership Registration #: P-T0006/2013

AGO Registration #: F0002

MIRA Auditor Registration #: FA0009

PHOTOGRAPH BY: ISHAN @SEEFROMTHESKY

DESIGNS BY: LAM'AAN MOHAMED @LAMAAN.DESIGN

Apr 17, 2023

MHPA-004-A/2023

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 2022, 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 2022 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



GLOBAL BUSINESS MAGAZINE
GLOBAL AWARDS WINNER 2020



MALDIVES BUSINESS AWARDS 2018
EXCELLENCE IN PROFESSIONAL SERVICES



Capital Market Development Authority


31 December 2022


Statement of financial position


(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	As at 31 December	
		2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,116,749	889,185
Right-of-use-Asset	7	6,123,383	1,244,478
Intangible assets	8	235,137	52,162
		<u>7,475,269</u>	<u>2,185,826</u>
Current assets			
Receivables	9	170,206	249,499
Investments in treasury bills	10	1,147,688	1,147,688
Cash and cash equivalents	11	4,205,690	5,652,894
		<u>5,523,584</u>	<u>7,050,082</u>
Total assets		<u>12,998,854</u>	<u>9,235,908</u>
EQUITY			
Capital			
Capital contributed by the Government	SCE	3,000,000	3,000,000
Accumulated balance of Trust Fund	SCE	1,099,331	1,511,158
		<u>4,099,331</u>	<u>4,511,158</u>
LIABILITIES			
Non-current liabilities			
Compensation fund	13	259,555	250,782
Deposits	14	1,000,000	1,000,000
Lease liability	15	5,027,599	100,000
		<u>6,287,154</u>	<u>1,350,782</u>
Current liabilities			
Cash received in advance	16	83,789	101,433
Payable to Ministry of Finance	17	993,103	1,786,615
Other payables	18	350,949	315,289
Lease Liabilities	15	1,184,529	1,170,627
		<u>2,612,369</u>	<u>3,373,965</u>
Total liabilities		<u>8,899,524</u>	<u>4,724,747</u>
Total equity and liabilities		<u>12,998,854</u>	<u>9,235,908</u>

These financial statements were approved on 11/04/2023. 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 5 to 27 are an integral part of these financial statements.

1



Capital Market Development Authority

31 December 2022

Statement of comprehensive income

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2022	2021
Operating income	19	603,529	434,815
Other income	20	83,037	439
		686,566	435,254
Operating expenses	21	(13,522,594)	(11,518,609)
Operating deficit for the year		(12,836,028)	(11,083,355)
Finance cost	22	(100,694)	(73,130)
Deficit for the year		(12,936,722)	(11,156,485)
Amount received from government budget	17	13,200,000	13,200,000
Net operating surplus for the year		263,278	2,043,515

The notes on pages 5 to 27 are an integral part of these financial statements.



Capital Market Development Authority

31 December 2022

STATEMENT OF CASH FLOWS

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2022	2021
Operating activities			
Net surplus from the year	SCI	263,278	2,043,515
Adjustment for:			
Finance cost	22	100,694	73,130
Depreciation	6, 7	1,762,040	1,515,344
Amortisation of intangible assets	8	135,026	37,859
Gain on Lease Modification	7, 15	(61,678)	-
Gain on Disposal of Assets	8	(15,708)	-
Changes in working capital:			
(Increase) / decrease in receivables and prepayments	9	79,293	352
Increase / (decrease) in trade payables and accruals	18	35,660	199,515
Income received in advance	16	(17,644)	23,070
Increase in compensation fund	13	8,772	8,796
Cash generated from operations		2,289,734	3,901,581
Interest paid	22	(100,694)	(73,130)
Net cash from operating activities		2,189,040	3,828,451
Investing activities			
Purchase of property, plant and equipment	6	(729,240)	(434,352)
Purchase of intangible assets	8	(318,000)	-
Proceeds from sale of assets	8	33,114	-
Net cash used in investing activities		(1,014,125)	(434,352)
Financing activities			
Re-payment of previous year budget excess	17	(1,468,618)	(1,428,514)
Lease payment	15	(1,153,499)	(1,126,870)
Net cash used in financing activities		(2,622,117)	(2,555,384)
Net increase/ decrease in cash and cash equivalents		(1,447,203)	838,715
Cash and cash equivalents at beginning of the year		5,652,893	4,814,177
Cash and cash equivalents at end of the year		4,205,690	5,652,893

The notes on pages 5 to 27 are an integral part of these financial statements.

3



Capital Market Development Authority

31 December 2022

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 2021		3,000,000	1,254,259	4,254,259
Transfer to the trust fund		-	256,899	256,899
Balance as at 31 December 2021		3,000,000	1,511,158	4,511,158
Balance as at 1 January 2022		3,000,000	1,511,158	4,511,158
Transfer to the trust fund		-	(411,827)	(411,827)
Balance as at 31 December 2022		3,000,000	1,099,331	4,099,331

The notes on pages 5 to 27 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 26th 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, Ma. Uthuruvehi, 5th Floor, Kenery 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 2022.

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.



NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

(d) Use of Estimates and Judgements

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

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

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;

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

Assessment whether contractual cash flows are solely payments of principal and

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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

3.9 Revenue recognition

Income is recognised to the extent that 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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

(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:

Fixed Rate Instruments	Carrying amount	
	2022	2021
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

The table below analyses the Authority's financial liabilities into relevant maturity

At 31 December 2022	Carrying amount	Less than 3 months	Between 3 months and 1 year	1 and 2 year	2 and 5 Years
Compensation fund	259,555	-	-	-	259,555
Deposits	1,000,000	-	-	-	1,000,000
Other payables excluding non-financial liabilities	350,949	350,949	-	-	-
Payable to Ministry of Finance	993,103	993,103	-	-	-
Lease Liability	6,212,128	1,184,529	-	5,027,599	-
Total	8,815,735	2,528,580	-	5,027,599	1,259,555

Capital Market Development Authority

31 December 2022

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

(c) Liquidity risk (Continued)

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	-	-	-	-
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	-
Total	4,716,644	3,365,861	-	100,000	241,986

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.



Capital Market Development Authority
31 December 2022

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
Year ended 31 December 2021				
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)	-	
Disposals - accumulated depreciation	-	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
At 31 December 2021				
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
Year ended 31 December 2022				
Opening net book amount	44,559	378,938	465,688	889,185
Additions	442,544	168,801	117,894	729,240
Disposals - cost	(459,978)	(483,663)	(745,563)	(1,689,204)
Disposals - accumulated depreciation	448,113	483,663	740,020	1,671,795
Depreciation charge (Note 20)	(29,055)	(236,622)	(218,590)	(484,267)
Closing net book amount	446,183	311,117	359,448	1,116,749
At 31 December 2022				
Cost	822,850	1,003,739	1,112,983	2,939,573
Accumulated depreciation	(376,667)	(692,622)	(753,535)	(1,822,824)
Net book amount	446,183	311,117	359,448	1,116,749



Capital Market Development Authority
31 December 2022

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

7 Right-of-use-Asset

	2022	2021
Opening Balance	1,244,478	95,550
Additions during the year	6,445,667	2,297,497
Adjustments	(288,989)	-
Closing balance	<u>7,401,156</u>	<u>2,393,047</u>
Accumulated depreciation		
Charge for the year	<u>1,277,773</u>	<u>1,148,569</u>
Carrying amounts as at the year end	<u>6,123,383</u>	<u>1,244,478</u>

8 Intangible Assets

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



Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

Intangible Assets (Continued)

	Software and website
Year ended 31 December 2022	
Carrying values as at 1st January 2022	52,162
Additions	318,000
Amortisation charge	(135,026)
	<u>235,137</u>
At 31 December 2022	
Cost	773,534
Accumulated amortisation	(538,397)
Carrying value as at 31st December 2022	<u>235,137</u>

9 Receivables

Current

	2022	2021
Rent and other deposits	120,000	200,000
Other receivables	70,726	70,018
	<u>190,726</u>	<u>270,018</u>
Provision for impairment of other receivables	(20,520)	(20,519)
	<u>170,206</u>	<u>249,499</u>

Other receivables mainly include fees to be received from Masters In Islamic Finance Practice students amounting to MVR 20,520 and interest receivables amounting MVR 47,502.58.

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

The age analysis of these receivables is as follows:

	2022	2021
Aging (current)	19,446	3,592
Aging (31 to 60 days)	750	-
Aging (61 to 90 days)	-	-
Aging (Over 90 days)	-	-
	<u>20,196</u>	<u>3,592</u>

As at 31 December 2022, receivables of MVR 20,196 were past due but not impaired. These relate to independent clients for whom there is no recent history of default.

Movement of provision for impairment is as follows:

	2022	2021
Opening balance	20,519	20,519
Closing balance	<u>20,519</u>	<u>20,519</u>

10 Investments in treasury bills

	2022	2021
Opening balance	1,147,688	1,147,688
	<u>1,147,688</u>	<u>1,147,688</u>

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

11 Cash and cash equivalents

	2022	2021
Cash in hand	212	0
Cash at bank	4,205,478	5,652,894
	<u>4,205,690</u>	<u>5,652,894</u>

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

12 Financial instruments

(a) Financial instrument by category

	2022	2021
<i>Financial assets at Amortised cost</i>		
Receivables	170,206	249,499
Cash and cash equivalents	4,205,690	5,652,894
Investment in treasury bills	1,147,688	1,147,688
Total	5,523,584	7,050,081
<i>Financial liabilities at Amortised cost</i>		
Compensation fund	259,555	250,782
Deposits	1,000,000	1,000,000
Other payables excluding non-financial liabilities	350,949	315,289
Lease Liability	6,212,128	1,270,627
Payable to Ministry of Finance	993,103	1,786,615
	8,815,735	4,623,313

(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 :

	2022	2021
Receivables	167,503	247,503
Cash at bank		
Bank of Maldives	4,205,478	5,652,894

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

13 Compensation fund

	2022	2021
Balance as at 1 January	250,782	241,986
Interest received	3,085	3,109
Interest accrued	5,688	5,688
Balance as at 31 December	259,555	250,782

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

	2022	2021
Balance as at 31 December	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

	2022	2021
Opening Balance	1,270,627	100,000
Additions during the year	6,445,667	2,297,497
Interest on lease liabilities	100,694	73,130
Payments of lease liabilities	(1,254,193)	(1,200,000)
Adjustments	(350,667)	-
Closing balance	6,212,128	1,270,627

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

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

	2022	2021
Current	1,184,529	1,170,627
Non-current	5,027,599	100,000
	<u>6,212,128</u>	<u>1,270,627</u>

16 Trust fund

	2022	2021
Opening balance	1,612,591	1,332,622
Receipts		
Annual licensing fees	304,543	215,467
Prospectus processing fees	5,000	50,000
Fine charges	17,933	12,175
Institute of Corporate Directors and Secretaries membership and training fees	257,550	47,750
Application fee	3,700	27,500
Trade processing fee from Maldives Stock Exchange	14,803	3,560
Treasury bills and fixed deposit interest	439	439
Annual license fee received in advance	83,789	101,433
Gain on disposal	15,708	-
Total Receipts	<u>687,757</u>	<u>458,324</u>

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

Trust fund (Continued)

	2022	2021
Payment		
Trust fund expenses:		
Directors training program	1,621	154
Company secretaries training programme	-	200
World investor week	42,705	3,000
Staff Training	317,339	-
Capital Market Forum	118,226	-
Expert Hiring- HR consultant	-	120,000
Financial assistance to staff	132,000	55,000
Global Money Week	3,062	-
Islamic Capital Market Training Program	136,365	-
IOSCO and IOPS General Meetings	331,367	-
Total Payments	(1,082,686)	(178,355)
Surplus for the year	(394,929)	279,969
Closing balance	1,217,662	1,612,591
Cash received in advance (liability)	83,789	101,433
Trust fund balance (Equity)	1,133,873	1,511,158
	1,217,662	1,612,591

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.

Capital Market Development Authority
31 December 2022

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

17 Payable to Ministry of Finance

	2022	2021
Balance as at 1 January	1,786,615	1,428,514
Payment to MOFT	(1,468,618)	(1,428,514)
Budget amount received during the year	13,200,000	13,200,000
Less: operating deficit for the year	(12,936,722)	(11,156,485)
Less: transfer to trust fund (17.1)	411,827	(256,899)
Balance as at 31 December	<u>993,103</u>	<u>1,786,615</u>

17.1 Transfer to Trust Fund

	2022	2021
Operating income (Note 19)	603,529	434,815
Other income (Note 20)	67,329	439
Less: trust fund expenses (Note 16)	(1,082,686)	(178,355)
	<u>(411,827)</u>	<u>256,899</u>

18 Other payables

	2022	2021
Other payables	350,949	315,289
	<u>350,949</u>	<u>315,289</u>

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

19 Operating income

	2022	2021
Annual licensing fees	304,543	293,830
Prospectus processing fees	5,000	50,000
Fine charges	17,933	12,175
Institute of Corporate Directors and Secretaries membership and training fees	257,550	47,750
Application fee	3,700	27,500
Trade processing fee from Maldives Stock Exchange	14,803	3,560
	603,529	434,815

20 Other income

	2022	2021
Treasury bills and fixed deposit interest	439.00	438.61
Other income	66,890.02	-
Gain on disposal	15,708.00	-
	83,037.02	438.61

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

21 Operating expenses

	2022	2021
Staff salaries and allowances	6,886,208	6,743,341
Board remuneration	898,333	893,977
Membership fees	422,010	445,887
Legal and consulting fees	1,226,902	885,344
Depreciation (Note 6 & 7)	1,762,040	1,515,344
Training programme expenses	274,418	355
General office expenses	124,866	92,198
Telephone expenses	178,508	184,336
Investor education expenses	189,062	9,209
Electricity expenses	126,153	108,963
Repair and maintenance	152,710	120,234
External audit fees	25,440	-
Printing and stationery	25,539	19,143
Staff training expenses	693,095	173,300
Sharia'h advisory committee remuneration	38,500	27,500
Amortisation (Note 8)	135,026	37,859
Travelling	2,269	200
Insurance	78,000	206,419
Moving cost	76,515	-
Sponsorship	50,000	-
Grant	25,000	-
Financial aid	132,000	55,000
	13,522,594	11,518,609

22 Finance cost

	2022	2021
Interest on lease liability	100,694.00	73,130.00
	100,694.00	73,130.00

23 Taxation

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

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

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 2022, total remuneration paid to Directors was MVR 898,333 (2021: MVR 893,977).

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 a Institute of Chartered Accountants of Maldives Licensed 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.

MHPA is a firm with a DIFFERENCE. We pride ourselves in knowing exactly what businesses want and need for successful growth. Our trained professional staff keeps up to date with the latest in-formation in legislation, business management practices and technology so your business can be kept fully informed. A one-stop solution for all your financial requirements, MHPA is an extension of your business and that's what makes the difference. With international affiliations, MHPA brings world-class capabilities and deep local expertise to help clients succeed wherever they operate.

MHPA's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from each other. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. MHPA's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

Our people are based throughout Maldives serving clients that range from Maldives' largest companies to smaller businesses with ambition to grow.

MHPA's experts draw on best practice and innovative methodologies from around the world. A long track record and a wealth of international research into the needs of growing organisations has made MHPA one of the country's leading advisor to emerging businesses. For more information about MHPA LLP, visit our web-site www.mhpaonline.com

Our representative offices are in:

Male' (Maldives) - Colombo (Sri Lanka) - Kuala Lumpur (Malaysia)
Sydney - Wagga Wagga (Australia)

© 2021 MHPA LLP (REG# P-0006/2013)



MHPA

Chartered Accountants & CPAs

Audits . Consultancy . Feasibility Studies . Tax . Valuations

MHPA L.L.P

CA Maldives approved audit firm

PARTNERS

Rifaath Jaleel, CPA
Shamoon Adam, ACCA

LOCATION:

MHPA LLP

MA.Rangiri, 1st Floor, Rahdhebai Magu,
Male' 20159, Republic of Maldives
Fax: +960 3339001, Tel: +960 3339002
Mobile: +960 7782416, +960 9901234