Report No: FIN-2021-33(E)

29th April 2021

CAPITAL MARKET DEVELOPMENT AUTHORITY
FINANCIAL YEAR 2020

AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S OFFICE

AUDITOR GENERAL'S REPORT

To the Board of Directors of Capital Market Development Authority

Opinion

We have audited the financial statements of Capital Market Developmet Authority which comprise the statement of financial position as at 31st December 2020, the statement of comprehensive income, the statement of cash flows, statement of changes in equity for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information set out in pages 3 to 23.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

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

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

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

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

Auditor General's Office | Ghaazee Building | Ameer Ahmed Magu | Male', Republic of Maldives
+960 332 3939 | info@audit.gov.mv | www.audit.gov.mv

Auditor’s responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Auhtority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

29th April 2021

Hassan Ziyath
Auditor General

Auditor General’s Office | Ghaazee Building | Ameer Ahmed Magu | Male’, Republic of Maldives
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STATEMENT OF FINANCIAL POSITION

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	As at 31 December 2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	821,609	745,479
Right-of-use-assets	7	95,550	1,242,137
Intangible assets	8	90,021	-
		1,007,179	**1,987,616**
Current assets			
Receivables	9	249,851	249,341
Investments in government treasury bills	10	1,147,688	1,147,688
Cash and cash equivalents	11	4,814,176	4,795,143
		6,211,716	**6,192,172**
Total assets		**7,218,896**	**8,179,788**
EQUITY			
Capital contributed by the Government	SCE	3,000,000	3,000,000
Accumulated balance of the Trust Fund	SCE	1,254,259	973,412
		4,254,259	**3,973,412**
LIABILITIES			
Non-current liabilities			
Compensation fund	13	241,986	232,813
Deposits	14	1,000,000	1,000,000
Lease liabilities	15	100,000	100,000
		1,341,986	**1,332,813**
Current liabilities			
Cash received in advance	16	78,363	98,135
Payable to Ministry of Finance	17	1,428,514	1,210,547
Other payables	18	115,774	394,253
Lease Liabilities	15	-	1,170,628
		1,622,651	**2,873,563**
Total liabilities		**2,964,637**	**4,206,376**
Total equity and liabilities		**7,218,896**	**8,179,788**

These Financial Statements were approved on ...28/04/2021........ 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 accounting policies and notes on pages 7 to 23 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December 2020	2019
Operating income	19	364,999	684,930
Other income	20	443	128,191
		365,442	**813,121**
Operating expenses	21	(10,414,945)	(12,029,320)
Operating deficit for the year		**(10,049,503)**	**(11,216,199)**
Finance cost	22	(29,373)	(81,904)
Deficit for the year		**(10,078,876)**	**(11,298,102)**
Amount received from government budget	17	11,420,243	13,189,820
Net surplus for the year		**1,341,367**	**1,891,718**

The accounting policies and notes on pages 7 to 23 are an integral part of these financial statements.

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
Balance as at 31 December 2019		**3,000,000**	**973,412**	**3,973,412**
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
Balance as at 31 December 2020		**3,000,000**	**1,254,259**	**4,254,259**

The accounting policies and notes on pages 7 to 23 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December 2020	2019
Operating activities			
Net surplus for the year	SCI	1,341,367	1,891,718
Adjustment for:			-
Investment income		-	-
Finance cost	22	29,373	81,904
Depreciation	6,7	1,647,438	1,534,395
Amortisation of intangible assets	8	23,556	6,334
Provisions – increase / (decrease)		-	-
Changes in working capital:			
(Increase) / decrease in receivables and prepayments	9	(511)	(260)
Increase / (decrease) in trade payables and accruals	18	(278,479)	172,956
Income received in advance	16	(19,772)	19,916
Increase in compensation fund	13	9,173	6,544
Cash generated from operations		**2,752,145**	**3,713,507**
Interest paid	22	(29,373)	(81,904)
Net cash from operating activities		**2,722,772**	**3,631,604**
Investing activities			
(Increase) / decrease in investment in treasury bills	10	-	2,078
Purchases of property, plant and equipment	6	(576,980)	(202,305)
Purchase of intangible assets	8	(113,577)	-
Net cash used in investing activities		**(690,558)**	**(200,227)**
Financing activities			
Re-payment of previous year budget excess	17	(842,552)	(7,597)
Lease payment	15	(1,170,627)	(1,118,097)
Net cash used in financing activities		**(2,013,179)**	**(1,125,693)**
Net increase/ decrease in cash and cash equivalents		**19,036**	**2,305,683**
Cash and cash equivalents at beginning of the year		**4,795,142**	**2,489,458**
Cash and cash equivalents at end of the year		**4,814,177**	**4,795,142**

The accounting policies and notes on pages 7 to 23 are an integral part of these financial statements.

NOTES TO FINANCIAL THE STATEMENTS
(All amounts in Maldivian Rufiyaa unless otherwise stated)

1. Reporting entity

Capital Market Development Authority ('Authority') is an independent 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, 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 2020.

The financial statement is prepared under the presumption that the Authority is carrying out its activities as a going concern and no significant uncertainity 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 statemetns in conformity with IFRSs requires management to make judgetments, 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 of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding All financial assets not classified as 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, except 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 infonnation 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 as 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 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 ra1e 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 asets 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 imparment at the reporting dtae 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 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 receivable.

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 the Authority's financial performance.

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 instruments was:

	Carring amount	
Fixed Rate Instruments	**2020**	**2019**
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 2020	Carring 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 Laibility	100,000	-	-	100,000	-
Total	2,869,414	1,604,800	-	100,000	1,232,813

At 31 December 2019	Carring amount	Less than 3 months	Between 3 months and 1 year	1 and 2 year	2 and 5 Years
Compensation fund	232,813	-	-	-	232,813
Deposits	1,000,000	-	-	-	1,000,000
Other payables excluding non-financial liabilities	394,253	394,253	-	-	-
Payable to Ministry of Finance	1,210,547	1,210,547	-	-	-
Lease Liability	1,270,628	-	1,170,628	100,000	
Total	4,108,241	1,604,800	1,170,628	100,000	1,232,813

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.

6. Property, plant and equipment

	Furniture and fittings	Computer equipment	Office equipment	Total
Year ended 31 December 2019				
Carrying value as at 1st January 2019	293,776	101,221	535,985	930,982
Additions	37,382	133,250	31,673	202,305
Depreciation charge	(129,799)	(86,894)	(171,115)	(387,808)
Carrying value as at 31st December 2019	**201,359**	**147,577**	**396,543**	**745,479**
At 31 December 2019				
Cost	825,974	859,312	1,290,919	2,976,205
Accumulated depreciation	(624,615)	(711,735)	(894,376)	(2,230,726)
Carrying value as at 31st December 2019	**201,359**	**147,577**	**396,543**	**745,479**
Year ended 31 December 2020				
Carrying value as at 1st January 2020	201,359	147,578	396,543	745,480
Additions	-	281,408	295,572	576,980
Depreciation charge	(133,130)	(152,425)	(215,296)	(500,851)
Carrying value as at 31st December 2020	**68,229**	**276,561**	**476,819**	**821,609**
At 31 December 2020				
Cost	825,974	1,140,720	1,586,491	3,553,185
Accumulated depreciation	(757,745)	(864,160)	(1,109,671)	(2,731,576)
Carrying value as at 31st December 2020	**68,229**	**276,560**	**476,820**	**821,609**

7. Right-of-use-Asset

	2020	2019
Opening Balance	1,242,137	-
Recognition of Right-of-use assets on initial application of IFRS 16	-	2,388,724
Additions during the year	-	-
Closing balance	**1,242,137**	**2,388,724**
Accumulated depreciation	**2,293,174**	**1,146,587**

Charge for the year	1,146,587	1,146,587
Carrying amount as at the year end	**95,550**	**1,242,137**

8. Intangible Assets

	Software and website
Year ended 31 December 2019	
Carrying value as at 1st January 2019	6,334
Additions	-
Amortisation charge	(6,334)
	-
At 31 December 2019	
Cost	341,957
Accumulated amortisation	(341,957)
Carrying value as at 31st December 2019	-
Year ended 31 December 2020	
Carrying value as at 1st January 2020	-
Additions	113,577
Amortisation charge	(23,556)
	90,021
At 31 December 2020	
Cost	455,534
Accumulated amortisation	(365,513)
Carrying value as at 31st December 2020	**90,021**

9. Receivables

Current

	2020	2019
Rent and other deposits	200,000	201,200
Other receivables	70,370	68,660
	270,370	**269,860**
Provision for impairment of other receivables	(20,519)	(20,519)
	249,851	**249,341**

Other receivables mainly include fees to be received from Masters In Islamic Finance Practice students amounting to MVR 20,519 (2019: MVR 20,519) and interest receivables amounting MVR 47,597 (2019: 45,992).

The age analysis of these receivables is as follows:

	2020	2019
Aging (current)	2,819	2,148
Aging (31 to 60 days)	-	-
Aging (61 to 90 days)	-	-
Aging (Over 90 days)	-	-
	2,819	**2,148**

As at 31 December 2020, receivables of MVR 2,819 (2019: MVR 2,148) were past due but note impaired. These relate to independent clients for whom there is no recent history of default.
As at 31 December 2019, receivables of MVR 20,519 were past due and impaired (31 December 2019: MVR 20,519).

Movement of provision for impairment other receivables are as follows:

	2020	2019
Opening balance	20,519	20,519
Provision made for the year	-	-
Reversal of provision during the year	-	-
Closing balance	**20,519**	**20,519**

10. Investments in treasury bills

	2020	2019
Opening balance	**1,147,688**	**1,149,766**
Treasury bills purchased during the year	-	7,874,928
Treasury bills matured during the year	-	(7,874,928)
Adjustment against Compensation Fund	-	(2,078)
Closing balance	**1,147,688**	**1,147,688**

Treasury bills carry an interest of 4.6% per annum and are due to mature on 18 January 2021.

11. Cash and cash equivalents

	2020	2019
Cash in hand	48	-
Cash at bank	4,814,128	4,795,143
	4,814,176	**4,795,143**

12. Financial instruments

(a) Financial instrument by category

	2020	2019
Financial assets at Amortised cost		
Receivables	249,851	249,340
Cash and cash equivalents	4,814,176	4,795,143
Investment in treasury bills	1,147,688	1,147,688
Total	**6,211,715**	**6,192,171**

Financial liabilities at Amortised cost		
Compensation fund	241,986	232,814
Deposits	1,000,000	1,000,000
Other payables excluding non-financial liabilities	115,774	394,257
Lease Liability	100,000	1,270,626
Payable to Ministry of Finance	1,428,514	1,213,320
Total	**2,886,274**	**4,111,017**

(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 :

	2020	2019
Receivables	248,797	247,192
Cash at bank		
Bank of Maldives	4,814,128	4,795,143

13. Compensation fund

	2020	2019
Balance as at 1 January	232,813	224,029
Interest received	3,187	3,521
Interest accrued	5,663	5,263
Net adjustment on settlement price	323	-
Balance as at 31 December	**241,986**	**232,813**

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

	2020	2019
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

	2020	2019
Opening Balance	**1,270,627**	-
Recognition of lease liabilities on initial application of IFRS 16	-	2,388,724
Additions during the year	-	-
Interest on lease liabilities	29,373	81,904
Payments of lease liabilities	(1,200,000)	(1,200,000)
Closing balance	**100,000**	**1,270,627**

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

	2020	2019
Current	-	1,170,628
Non-current	100,000	100,000
	100,000	**1,270,628**

16. Trust fund

	2020	2019
Opening balance	**1,071,547**	**370,460**
Receipts		
Annual licensing fees	171,742	211,085
Prospectus processing fees	-	200,000
Fine charges	8,945	20,567
Institute of Corporate Directors and Secretaries membership and training fees	83,000	172,000
Application fee	600	1,750
Trade processing fee from Maldives Stock Exchange	2,577	3,617
Treasury bills and fixed deposit interest	443	128,191
Annual license fee received in advance	78,363	98,135
Total Receipts	**345,670**	**835,345**
Payments		
Directors training program	1,238	-
Company secretaries training programme	32,195	-
Regional leadership program for securities regulators	-	-
Workshop on countering money laundering and terrorism financing	-	-
The APEC FRTI - regional seminar on enhancing listing	-	-
IOSCO Technical Assistance Project for developing onsite inspection manual	-	-
World investor week	5,139	-
Promotional activities	-	-
IFRS training session	-	-
Capital Market Review printing and publication	-	42,668
Staff Training	45,098	39,856
Capital Market Forum	-	51,734
Zoom subscription for training programs conducted online	925	-
Total Payments	**(84,595)**	**(134,258)**
Surplus for the year	**261,075**	**701,087**
Closing balance	**1,332,622**	**1,071,547**
Cash received in advance (liability)	78,363	98,135
Trust fund balance (Equity)	1,254,259	973,412
	1,332,622	**1,071,547**

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

	2020	2019
Balance as at 1 January	1,210,546	7,597
Payment to MOFT	(842,552)	(7,597)
Budget amount received during the year	11,420,243	13,189,820
Less: operating deficit for the year	(10,078,876)	(11,298,102)
Less: transfer to trust fund (17.1)	(280,847)	(681,171)
Balance as at 31 December	**1,428,514**	**1,210,547**

17.1 Transfer to trust fund

	2020	2019
Operating income (Note 19)	364,999	684,930
Other income (Note 20)	443	128,191
Receipt of outstanding trade processing fee from previous year	-	2,308
Less: trade processing fee not received	-	-
Less: administration fee not received	-	-
Less: trust fund expenses (Note 16)	(84,595)	(134,258)
	280,847	**681,171**

18. Other payables

	2020	2019
Other payables	115,774	394,253
Pension payable	-	-
License fees received in advance	-	-
	115,774	**394,253**

19. Operating income

	2020	2019
Annual licensing fees	269,877	289,304
Prospectus processing fees	-	200,000
Fine charges	8,945	20,567
Institute of Corporate Directors and Secretaries membership and training fees	83,000	172,000
Application fee	600	1,750
Trade processing fee from Maldives Stock Exchange	2,577	1,309
	364,999	**684,930**

20. Other income

	2020	2019
Treasury bills and fixed deposit interest	443	128,191
	443	**128,191**

21. Operating expenses

	2020	2019
Staff salaries and allowances	6,081,265	6,363,220
Rent	-	-
Board remuneration	763,167	824,262
Membership fees	402,771	414,567
Legal and consulting fees	427,176	253,187
Depreciation (Note 6)	1,647,438	1,534,395
Training programme expenses	271,178	495,460
General office expenses	70,187	181,062
Telephone expenses	186,619	154,478
Investor education expenses	39,420	842,128
Electricity expenses	101,390	123,469
Repair and maintenance	137,278	53,464
External audit fees	-	462
Printing and stationery	20,552	96,595
Staff training expenses	45,098	308,629
Sharia'h advisory committee remuneration	16,000	45,000
Amortisation (Note 8)	23,556	6,334
Loss on sale of property, plant and equipment	-	-
Travelling	150	2,460

Insurance	181,700	180,147
Grant	-	150,000
	10,414,945	**12,029,320**

22. Fiance cost

	2020	2019
Interest on lease liability	29,373	81,904
	29,373	**81,904**

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 2020, total remuneration paid to Directors was MVR 763,167 (2019: MVR 1,109,033).

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.

Ghaazee Building, Ameeru Ahmed Magu
Male', Republic of Maldives
Tel: +960 332 3939
Email: info@audit.gov.mv
www.audit.gov.mv