

CAPITAL MARKET DEVELOPMENT AUTHORITY

Audited Financial Statements for the year ended
31st December 2023



MHPA
Chartered Accountants & CPAs

MHPA L.L.P

Licensed by the Institute of
Chartered Accountants of Maldives

PARTNERS

Rifaath Jaleel, CPA, FCA
Saffan Ahmed, FCCA

www.mhpaonline.com



Trainee Development - Gold



PARTNERSHIP REGISTRATION #: P-T0006/2013

AUDIT LICENSE #: ICAM-FL-OGP

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April 27, 2024

MHPA / 039-A/2024

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 2023, 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 present fairly, in all material respects, the financial position of the Authority as at December 31, 2023, and of 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.



Rifaath Jaleel, CPA, FCA
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MHPA LLP

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Capital Market Development Authority

31 December 2023


Statement of financial position


(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	As at 31 December	
		2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	912,386	1,116,749
Right-of-use-Asset	7	4,834,250	6,123,383
Intangible assets	8	128,967	235,137
		<u>5,875,603</u>	<u>7,475,269</u>
Current assets			
Receivables	9	182,222	170,206
Investments in treasury bills	10	1,147,688	1,147,688
Cash and cash equivalents	11	4,963,691	4,205,690
		<u>6,293,601</u>	<u>5,523,584</u>
Total assets		<u>12,169,204</u>	<u>12,998,854</u>
EQUITY			
Capital			
Capital contributed by the Government	SCE	3,000,000	3,000,000
Accumulated balance of Trust Fund	SCE	1,583,786	1,099,331
		<u>4,583,786</u>	<u>4,099,331</u>
LIABILITIES			
Non-current liabilities			
Compensation fund	13	268,351	259,555
Deposits	14	1,000,000	1,000,000
Lease liability	15	174,819	5,027,599
		<u>1,443,170</u>	<u>6,287,154</u>
Current liabilities			
Cash received in advance	16	92,786	83,789
Payable to Ministry of Finance	17	552,600	993,103
Other payables	18	646,657	350,949
Lease Liabilities	15	4,850,205	1,184,529
		<u>6,142,248</u>	<u>2,612,369</u>
Total liabilities		<u>7,585,418</u>	<u>8,899,524</u>
Total equity and liabilities		<u>12,169,204</u>	<u>12,998,854</u>

These financial statements were approved on 25/04/2024. 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 22 are an integral part of these financial statements.

Capital Market Development Authority

31 December 2023

Statement of comprehensive income

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2023	2022
Operating income	19	837,667	603,529
Other income	20	442	83,037
		838,109	686,566
Operating expenses	21	(14,643,009)	(13,522,594)
Operating deficit for the year		(13,804,900)	(12,836,028)
Finance cost	22	(252,896)	(100,694)
Deficit for the year		(14,057,796)	(12,936,722)
Amount received from government budget	17	15,000,000	13,200,000
Net operating surplus for the year		942,204	263,278

The notes on pages 5 to 22 are an integral part of these financial statements.

Capital Market Development Authority

31 December 2023

STATEMENT OF CASH FLOWS

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2023	2022
Operating activities			
Net surplus from the year	SCI	942,204	263,278
Adjustment for:			
Investment income			
Finance cost	22	252,896	100,694
Depreciation	6, 7	1,678,337	1,762,040
Amortisation of intangible assets	8	122,070	135,026
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 prepaym	9	(12,016)	79,293
Increase / (decrease) in trade payables and accru	18	295,708	35,660
Income received in advance	16	8,997	(17,644)
Increase in compensation fund	13	8,796	8,772
Cash generated from operations		3,296,992	2,289,734
Interest paid	22	(252,896)	(100,694)
Net cash from operating activities		3,044,096	2,189,040
Investing activities			
(Increase) / decrease in investment in treasury bi	10	-	-
Purchase of property, plant and equipment	6	(184,841)	(729,240)
Purchase of intangible assets	8	(15,900)	(318,000)
Proceeds from sale of assets	8	-	33,114
Net cash used in investing activities		(200,741)	(1,014,126)
Financing activities			
Re-payment of previous year budget excess	17	(898,251)	(1,468,618)
Lease payment	15	(1,187,104)	(1,153,499)
Net cash used in financing activities		(2,085,355)	(2,622,117)
Net increase/ decrease in cash and cash equivalents		757,999	(1,447,203)
Cash and cash equivalents at beginning of the year		4,205,690	5,652,893
Cash and cash equivalents at end of the year		4,963,689	4,205,690

The notes on pages 5 to 22 are an integral part of these financial statements.

Capital Market Development Authority

31 December 2023

STATEMENT OF CHANGES IN EQUITY

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Capital contributed by the		Total
		Government	Trust Fund	
Balance as at 1 January 2022	17.1	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
Balance as at 1 January 2023	17.1	3,000,000	1,099,331	4,099,331
Transfer to the trust fund		-	484,456	484,456
Balance as at 31 December 2023		3,000,000	1,583,786	4,583,786

The notes on pages 5 to 22 are an integral part of these financial statements.



(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
Office equipment	5
Computers	3

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 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 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 instrument was:

Fixed Rate Instruments	Carrying amount	
	2023	2022
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 2023	Carrying amount	Less than 3 months	Between 3 months and 1 year	1 and 2 year	2 and 5 Years
Compensation fund	268,351	-	-	-	268,351
Deposits	1,000,000	-	-	-	1,000,000
Other payables excluding non-financial liabilities	646,657	646,657	-	-	-
Payable to Ministry of Finance	552,600	552,600	-	-	-
Lease Liability	5,025,024	4,850,205	-	174,819	-
Total	7,492,632	6,049,462	-	174,819	1,268,351

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	993,100	993,100	-	-	-
Lease Liability	6,212,128	1,184,529	-	5,027,599	-
Total	8,815,732	2,528,578	-	5,027,599	1,259,555

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 2023

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 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
Year ended 31 December 2023				
Opening net book amount	446,183	311,117	359,448	1,116,749
Additions	10,619	101,974	72,249	184,841
Disposals - cost				
Disposals - accumulated depreciation				
Depreciation charge (Note 20)	(93,263)	(180,069)	(115,872)	(484,267)
Closing net book amount	363,539	233,022	315,826	912,386
At 31 December 2023				
Cost	833,469	1,105,712	1,185,232	3,124,414
Accumulated depreciation	(469,930)	(872,691)	(869,407)	(2,212,027)
Net book amount	363,539	233,022	315,826	912,386

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

7 Right-of-use-Asset

	2023	2022
Opening Balance	6,123,383	1,244,478
Recognition of Right-of-use assets on initial application	-	-
Additions during the year	-	6,445,667
Disposals during the year	-	(4,686,221)
Disposals-acc dep	-	4,686,221
Adjustments	-	(288,989)
Closing balance	<u>6,123,383</u>	<u>7,401,156</u>
Accumulated depreciation		
Charge for the year	1,289,133	1,277,773
Carrying amounts as at the year end	<u>4,834,250</u>	<u>6,123,383</u>

8 Intangible Assets

	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>
Year ended 31 December 2023	
Carrying values as at 1st January 2023	235,137
Additions	15,900
Amortisation charge	(122,070)
	<u>128,967</u>
At 31 December 2023	
Cost	789,434
Accumulated amortisation	(660,467)
Carrying value as at 31st December 2023	<u>128,967</u>

9 Receivables

Current

	2023	2022
Rent and other deposits	100,000	120,000
Other receivables	102,741	70,726
	<u>202,741</u>	<u>190,726</u>
Provision for impairment of other receivables	(20,519)	(20,520)
	<u>182,222</u>	<u>170,206</u>

Other receivables mainly include fees to be received from Masters In Islamic Finance Practice students amounting to MVR 20,519 (2022: MVR 20,519) and interest receivables amounting MVR 42,176.46 (2022: 47,502.58).

The age analysis of these receivables is as follows:

	2023	2022
Aging (current)	11,825	19,446
Aging (31 to 60 days)	8,000	750
Aging (61 to 90 days)	-	-
Aging (Over 90 days)	201	-
	<u>20,026</u>	<u>20,196</u>

As at 31 December 2023, receivables of MVR 20,026 (2022: MVR 20,196) were past due but note impaired. These relate to independent clients for whom there is no recent history of default.

Movement of provision for impairment is as follows:

	2023	2022
Opening balance	20,519	20,519
Closing balance	<u>20,519</u>	<u>20,519</u>

10 Investments in treasury bills

	2023	2022
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 2023.

11 Cash and cash equivalents

	2023	2022
Cash in hand	1,640	212
Cash at bank	4,962,051	4,205,478
	<u>4,963,691</u>	<u>4,205,690</u>

12 Financial instruments

(a) Financial instrument by category

	2023	2022
<i>Financial assets at Amortised cost</i>		
Receivables	182,222	170,206
Cash and cash equivalents	4,963,691	4,205,690
Investment in treasury bills	1,147,688	1,147,688
Total	<u>6,293,601</u>	<u>5,523,584</u>
<i>Financial liabilities at Amortised cost</i>		
Compensation fund	268,351	259,555
Deposits	1,000,000	1,000,000
Other payables excluding non-financial liabilities	683,929	350,949
Lease Liability	5,025,024	6,212,128
Payable to Ministry of Finance	552,600	993,103
	<u>7,529,904</u>	<u>8,815,738</u>

(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 :

	2023	2022
Receivables	<u>167,886</u>	<u>167,503</u>
Cash at bank		
Bank of Maldives	<u>4,962,051</u>	<u>4,205,478</u>

13 Compensation fund

	2023	2022
Balance as at 1 January	259,555	250,782
Interest received	3,085	3,085
Interest accrued	5,712	5,688
Net adjustment on settlement price	-	-
Balance as at 31 December	<u>268,351</u>	<u>259,555</u>

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

	2023	2022
Balance as at 31 December	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,000,000</u>	<u>1,000,000</u>

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

	2023	2022
Opening Balance	6,212,128	1,270,627
Recognition of lease liabilities on initial application of IFRS 16		
Additions during the year	-	6,445,667
Interest on lease liabilities	252,896	100,694
Payments of lease liabilities	(1,440,000)	(1,254,193)
Adjustment	-	(350,667)
Closing balance	<u>5,025,024</u>	<u>6,212,128</u>

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

	2023	2022
Current	4,850,205	1,184,529
Non-current	174,819	5,027,599
	<u>5,025,024</u>	<u>6,212,128</u>

16 Trust fund

	2023	Restated 2022
Opening balance	1,131,937	1,612,591
Receipts		
Annual licensing fees	247,714	203,110
Prospectus processing fees	25,000	5,000
Fine charges	9,184	17,933
Institute of Corporate Directors and Secretaries membership and training fees	314,900	257,550
Application fee	1,500	3,700
Trade processing fee from Maldives Stock Exchange	155,580	14,803
Treasury bills and fixed deposit interest	442	439
Annual license fee received in advance	92,786	83,789
Gain on disposal	-	15,708
Total Receipts	847,106	602,032
	2023	2022
Payment		
Trust fund expenses:		
Directors training program	20,212.46	1,621
Company secretaries training programme	30,412.80	-
World investor week	-	42,705
Staff Training	225,635.21	317,339
Capital Market Forum	-	118,226
Expert Hiring- HR consultant	-	-
Financial assistance to staff	77,000.00	132,000
Global Money Week	-	3,062
Islamic Capital Market Training Program	-	136,365
IOSCO and IOPS General Meetings	-	331,367
Total Payments	(353,260)	(1,082,686)
Surplus for the year	493,846	(480,654)
Closing balance	1,625,782	1,131,937
Cash received in advance (liability)	92,786	83,789
Trust fund balance (Equity)	1,532,996	1,048,148
	1,625,782	1,131,937

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

	2023	2022
Balance as at 1 January	993,103	1,786,615
Payment to MOFT	(898,251)	(1,468,618)
Budget amount received during the year	15,000,000	13,200,000
Less: operating deficit for the year	(14,057,796)	(12,936,722)
Less: transfer to trust fund (17.1)	(484,456)	411,827
Balance as at 31 December	<u>552,600</u>	<u>993,103</u>

17.1 Transfer to Trust Fund

	2023	2022
Operating income (Note 19)	837,667	603,529
Other income (Note 20)	442	67,329
Receipt of outstanding trade processing fee from previous year	-	-
Less: trade processing fee not received	(393)	-
Less: administration fee not received	-	-
Less: trust fund expenses (Note 16)	(353,260)	(1,082,686)
	<u>484,456</u>	<u>(411,827)</u>

18 Other payables

	2023	2022
Other payables	683,929	350,949
Dependent health insurance	(37,273)	-
License fees received in advance	-	-
	<u>646,657</u>	<u>350,949</u>

19 Operating income

	2023	2022
Annual licensing fees	331,503	304,543
Prospectus processing fees	25,000	5,000
Fine charges	9,184	17,933
Institute of Corporate Directors and Secretaries membership and training fees	314,900	257,550
Application fee	1,500	3,700
Trade processing fee from Maldives Stock Exchange	155,580	14,803
	837,667	603,529

20 Other income

	2023	2022
Treasury bills and fixed deposit interest	442	439
Other income	-	66,890
Gain on disposal	-	15,708
	442	83,037

21 Operating expenses

	2023	2022
Staff salaries and allowances	7,568,841	6,886,208
Board remuneration	920,161	898,333
Membership fees	423,094	422,010
Legal and consulting fees	941,079	1,226,902
Depreciation (Note 6 & 7)	1,678,337	1,762,040
Training programme expenses	258,715	274,418
Advertisement	145,002	-
General office expenses	267,341	124,866
Telephone expenses	174,807	178,508
Investor education expenses	86,262	189,062
Electricity expenses	80,263	126,153
Repair and maintenance	384,459	152,710
External audit fees	51,840	25,440
Printing and stationery	24,691	25,539
Staff training expenses	1,037,633	693,095
Sharia'h advisory committee remuneration	141,933	38,500
Amortisation (Note 8)	122,070	135,026
Travelling	220	2,269
Insurance	135,901	78,000
Moving cost	-	76,515
Sponsorship	-	50,000
Grant	123,360	25,000
Financial aid	77,000	132,000
	14,643,009	13,522,594

22 Finance cost

	2023	2022
Interest on lease liability	252,896	100,694
	<u>252,896</u>	<u>100,694</u>

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 2023, total remuneration paid to Directors was MVR 920,161 (2022: MVR 898,333).

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 CA Maldives approved 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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