



# ANNUAL REPORT

## 2020

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**CA** | INSTITUTE OF  
**CHARTERED  
ACCOUNTANTS**  
OF THE MALDIVES

# ANNUAL REPORT

## 2020

This is the Annual Report of Institute of Chartered Accountants of the Maldives (CA Maldives) for the year 2020.

The Annual Report includes the Council Report, Financial Statement of the institute from 8th September 2020- 31st December 2020 and key operational highlights of the year 2020.

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## Introducing Institute of Chartered Accountants of the Maldives

Financial Auditing in the Maldives began over 70 years ago. Historical records reveal that the Financial Affairs of Maldives was first managed under a designated office in 1932. Over the years, Maldives has witnessed tremendous efforts and work done to develop the financial reporting and assurance sector in the country.

In 2007, the Auditor General's Office (AGO) was established with the ratification of the Audit Act 4/2007, empowering the Auditor General to develop and regulate the Audit and Assurance sector in the Maldives.

The Auditor General's Office has then taken countless initiatives to develop the accounting and audit profession in the Maldives. From designing and delivery of programs to building technicians and introducing a regionally accredited accounting qualification to the Maldives, AGO has also sponsored candidates to study for professional qualification of the Association of Chartered Certified Accountants (ACCA) abroad.

AGO was also entrusted with the responsibility to regulate statutory audit in the Maldives under the Audit Act 4/2007. With the ratification of the Maldives Tax Administration Act 3/2010 in 2010, the requirement of Auditing and Assurance services became significant as

businesses and entities needed to ensure all financial records and reports were well maintained. AGO published the first- ever Statutory Audit and Assurance Service Regulation, empowering audit firms and sole practitioners to conduct statutory audit and assurance.

Provision of statutory audit and assurance services was initially regulated by the AGO under the Audit Act until 2010 when Maldives Inland Revenue Authority (MIRA) was formed. Upon establishment of MIRA, AGO and MIRA together regulated the statutory audits in the Maldives.

In 2019, the draft bill to form the first-ever professional Accountancy body in the Maldives was sent to the Attorney General's Office by the AGO. The 2019 Maldives Accountant Forum facilitated a national platform amongst regulators and the business community to discuss a way forward to the establishment of this professional body. The AGO also conducted multiple stakeholder consultations to attune ways to overcome the challenges faced by the economy during the work of the draft of this bill.

## Foreword

**PRESIDENT, MR. HASSAN ZIYATH**

The ratification of the Maldives Chartered Accountants Act and the establishment of CA Maldives on 8th September 2020 was undoubtedly the most important and long-awaited milestone in the development of the accounting profession in the Maldives.

In our long journey towards realising this noble ambition, we were assisted by multiple stakeholders. His Excellency President Ibrahim Mohamed Salih, the Government of Maldives, 19th People's Majlis, the Public Accounts Committee, professional accountants, and international organisations such as the International Federation of Accountants (IFAC), the South Asian Federation of Accountants (SAFA), and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) are noteworthy. On behalf of CA Maldives, I take this opportunity to extend our sincere gratitude

and appreciation to all these stakeholders for their immense contribution and support.

From its very inception, the Council and Committees of CA Maldives have remained committed to achieving the legal mandate and stakeholder expectations. I am very delighted to share the progress of our work during the first year of CA Maldives.

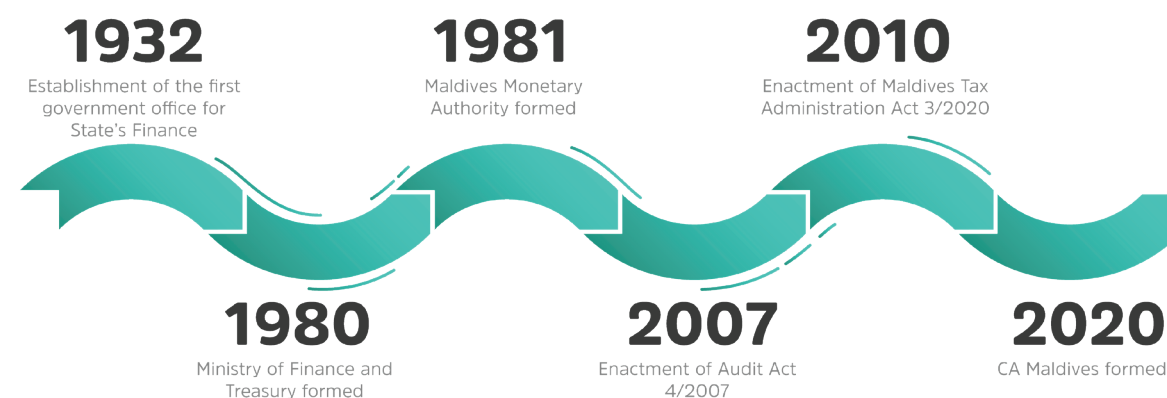
This annual report reflects the hard work and dedication of the CA Maldives team during this tumultuous period of the global pandemic. I would like to express my heartfelt gratitude to the members of the council board, committees, secretariat, and other contributors for their commendable work.

May the Almighty Allah bless our collective effort and grant us success!

The Institute was formed with the enactment of the Maldives Chartered Accountants Act 13/2020 by His Excellency President Ibrahim Mohamed Solih on 8th September 2020. Institute of Chartered Accountants of the Maldives is a legal body mandated with regulating and developing the accounting profession in the Maldives. With the enactment of the Maldives Chartered Accountants Act, setting accounting and auditing standards and regulating statutory audits in the private sector is now the responsibility of the Institute.

The Chartered Accountants Act was enacted to establish a separate legal entity to determine rules and processes required to create and develop an accountancy profession and regulate all matters

pertaining to the profession. The Act was ratified to ensure all persons working in the accounting profession are conversant with relevant professional standards, possess the relevant knowledge and training in the field. Institute of Chartered Accountants of the Maldives (CA Maldives) was established to determine the financial reporting and auditing standards; rules, principles, and practices that apply to the private sector; and provide technical assistance to the public institution charged with the legal responsibility to set public sector accounting standards.



### OUR VISION

A globally respected accountancy body recognized for its relevance and impact in shaping the future of the profession.



### OUR MISSION

To regulate and advance the accountancy profession to ensure international competitiveness, promote sustainable practices, accountability, and good governance to create long-term value to its members and society.



### OUR CORE

- Sustainability
- Relevance
- Innovation
- Integrity
- Collaboration

# Key Milestones of 2020

## SEPTEMBER

- o Enactment of Chartered Accountants Act 13/2020 – 8th Sep 2020 (Council)
- o Appointment of Council Members – 14th September 2020
- o First Official Meeting – 17th Sep 2020 (Council)

## OCTOBER

- o Appointment of Chairperson and Vice-Chairperson and members to Committees – 6th Oct 2020 (Council)
- o Memorandum of Understanding between AGO and CA Maldives – 13th Oct 2020 (Council)
- o Preliminary discussion of developing Financial Reporting and Assurance Standards for Maldives initiated – 22nd Oct 2020 (TSC)
- o TOR and SOP of Committees finalised – 31st Oct 2020 (Committees)
- o Initiate developing Action Plan for SMOs (Statement of Member Obligations of IFAC) 31st Oct 2020 (TSC)

## NOVEMBER

- o Finalising of Interim Procurement Policy – 8th Nov 2020 (MFC)
- o Marking World Accountants Day, National webinar on ‘Future ready accountants’ – 10th Nov 2020 (Council)
- o Preparation of Proposal to Ministry of Higher Education on funding technical and professional accounting education in the Maldives – 18th Nov 2020 (AC)

## DECEMBER

- o CA Maldives branding initiated – 2nd Dec 2020 (MFC)
- o Opening for comments to the Regulations on Membership and Statutory Audit Licensing – 3rd Dec 2020 (ALC)
- o Membership Regulation and Audit Licensing Regulation Published – 21st Dec 2020 (ALC)
- o Recruitment of full-time staff for the Institute initiates – 29th Dec 2020 (MFC)
- o Finalization of the paper on Situation Analysis of the accountancy education in the Maldives – 30th Dec 2020 (AC)
- o Initiate approach to recognise CA Maldives Membership as a nationally recognised qualification – 30th Dec 2020 (AC)



# Year in Review



The Year 2020 was challenged by the COVID-19 Pandemic, leading to a global crisis of unprecedented reach and proportion forcing the globe to adopt lifestyle changes. In the midst of battling the difficulties faced due to lockdown and other restrictions and many other unprecedented changes, achievement of several key milestones in line with the legal mandate of CA Maldives and in terms of setting up the initial governance and

operational processes with the help and support from stakeholders is remarkable. In September 2020, the Council set up a special steering committee assigned with the development of the Institute's first Strategic Plan. The Steering Committee completed its work in early January of 2021 and its detailed Strategic Plan 2021-2023 with 3 key goals and 12 Strategic Objectives were approved in March 2021.

## Strategic goals and objectives

### GOAL 1: PROMOTING GOOD GOVERNANCE, ESTABLISHING FRAMEWORKS AND OPERATIONAL STRUCTURES TO ENSURE AGILITY, ADAPTABILITY AND RELEVANCE IN A FAST-CHANGING WORLD

1. Establish a robust oversight structure in line with international best practices for corporate governance
2. Establish sound operational structures for efficient and effective delivery of services for members and the stakeholders
3. Become part of the global accountancy profession by adopting international best practices

### GOAL 2: PROMOTING EXCELLENCE, ENTERPRISE AND FUTURE READINESS AMONG MEMBERS WITHIN A STRONG FOUNDATION OF HIGHEST STANDARDS OF ETHICS AND PROFESSIONAL CONDUCT

1. Create opportunities and pathways for aspiring accountants to develop their skills and employment options
  2. Contribute to the national competency framework in formulating competency standards for the accountancy industry
  3. Develop learning materials and CPD programmes for accountancy profession
- Engage with global accounting educators and examiners to ensure international recognition of CA Maldives certification programs
4. Ensure CA Maldives members follow Code of Conduct the Institute and incidental of breach of Code of Conduct are addressed in a timely manner

### GOAL 3: CONTRIBUTE TO NATIONAL DEVELOPMENT, ENGAGE IN ADVOCACY FOR GOOD GOVERNANCE AND PROMOTE SUSTAINABLE BUSINESS PRACTICES

1. Reach out to policy makers and parliamentarians and engage in the policy formulation
2. Engage with the academia and the civil society to collaborate and promote research and research based policy formulation
3. Promote sustainable business practices and good governance
4. Set standards and ensure quality in auditing, financial reporting and disclosure as well as valuation standards to promote trust in orderly markets and promote fair competition



### APPOINTMENT OF COUNCIL

With the ratification of the Maldives Chartered Accountants Act 13/2020 on 8th September 2020, the priority was setting up the governing Council. An interim Council was formed pursuant to Clause 37 of the Act. Clause 37 stated that the Council would consist of nine members. As per the Act, the Auditor General is the President of the Council and is required to appoint six members to the interim council (two members from the Auditor General's Office and four members from the accounting profession), Commissioner General of Taxation and State Financial Controller shall be ex-officio members of the Interim as well as the permanent council.

Following are the members of interim council

1. Auditor General; Mr. Hassan Ziyath
2. State Financial Controller; Ms. Fathimath Razeena
3. Commissioner General of Taxation; Mr. Fathuhulla Jameel
4. Two members appointed by the Auditor General, from the Auditor General's Office
  - o Mr. Hussain Niyazy - Assistant Auditor General
  - o Mr. Ibrahim Fazeel - Director of SOE & SB Audit Department

5. Four members appointed by the Auditor General, working in the accounting profession representing the private sector.

- o Mr. Hassan Mohamed – Managing partner of Crowe Maldives LLP
- o Ms. Fareeha Shareef – Managing partner of FJS Associates LLP
- o Mr. Malik Mohamed – Complex Director of Finance Operations at W and Sheraton Maldives Resorts
- o Mr. Rifaath Jaleel – Managing partner of M.H.P.A L.L.P

The first official meeting of the Council was held on September 17th 2020, at the Auditor General's Office, Seminar Hall. The meeting was chaired by the President of the Institute, Auditor General Mr. Hassan Ziyath, pursuant to Clause 37, Section C. Mr. Hassan Mohamed was elected as the Vice President of the Institute by a secret vote among members of the Council pursuant to Section D of Clause 37.





## APPOINTMENT OF COMMITTEES



Pursuant to Chapter 6, Clause 25 of the Act, six mandatory committees were formed during the year. Members to these committees were appointed by the Council in a way that allows maximum diversity, in gender, educational backgrounds and experience. A significant importance was given to ensure that members appointed to the committees can work on their mandates while remaining independent and impartial and effective. The mandatory committees established are:

1. Academic Committee
2. Admission and Licensing Committee
3. Appeal Committee
4. Ethics Committee
5. Management and Finance Committee
6. Technical & Standards Committee

The committees were endorsed by a resolution passed by the Council on 6th October 2020. Committees of the Institute are formed to provide support and advice to the Council thereby functioning to deliver the responsibilities entitled by the Maldives Chartered Accountants Act 13/2020. Committees also assist the Council in decision-making and policy processes when necessary. Committees are assigned with mandates to ensure that services provided by the Institute to all members and the public are sustainable and of long-term value. Mandates of the committees were set by members of each committee and are subsequently approved by council.

## MANDATES OF COMMITTEES



### ACADEMIC COMMITTEE

The Academic Committee works with relevant ministries and state institutions to incorporate the essential elements of the content and process of training and development, on which the IFAC's International Education Standards (IESs) and the Code of Ethics for Professional Accountants (The Code) are based, into the national education and development requirements for the accountancy profession.

The Academic Committee is also responsible to implement the learning and development requirements of professional accountants as prescribed under the International Federation of Accountants (IFAC), International Education Standards (IES), International Education Practice Statements (IEPSs), and International Education Information Papers (IEIPs) as expounded through the IFAC Statements of Membership Obligations (SMOs). They also develop and execute the national education and training programme for accountants, implement the IFAC Member Body Compliance Programme consisting of the IFAC Statements of Membership Obligations (SMOs).

The Academic Committee is mandated to draw up the national agenda to meet the skills requirements for professional accountants in the Maldives and work with the Maldivian Qualifications Authority (MQA) to meet the accreditation and quality assurance requirements for professional accountants in the Maldives. They review the internal education and training requirements of CA Maldives and align them to both the national agenda and the recommendations of the Council.



## ADMISSION AND LICENCING COMMITTEE

The Admission and Licensing Committee (ALC) is mandated to develop, publish, and enforce regulations pursuant to Clause 38 (a) of the Maldives Chartered Accountants Act 13/2020 which includes:

- o Membership Regulation
- o Accountants in Business Regulation
- o Statutory Audit and Assurance Services Regulation
- o Students Regulation

ALC is also responsible to determine the criteria for applications for Membership and Statutory Audit and Assurance Services and determine such submitted applications meet the criteria required by the relevant regulations. ALC is also mandated to conduct Audit Quality reviews and is responsible to withdraw the Audit Licence or Memberships granted by the Institute on the grounds specified under the respective regulations.

## APPEAL COMMITTEE

The Appeal Committee is mandated to consider the appeals lodged by members not satisfied with the decisions of the Council or a committee of the Institute. The Council ensured that the Appeal Committee is independent by appointing members outside of the Council which also mitigates conflicts of interest.

The Committee is responsible to carry out reviews of the appeals in accordance with the relevant rules of procedures providing transparency of policies and procedures and ensuring consistency of the approach.

## ETHICS COMMITTEE

The Ethics Committee is mandated to submit to the Council recommendations on appropriate courses of actions to be taken against members in respect of cases investigated by the Institute on its own initiative or cases investigated by the Institute on the receipt of a complaint against a member from another member regarding alleged violation of Maldives Chartered Accountants Act, regulations made in terms of the Act and the Code of Professional Conduct and Ethics.

The Committee may recommend to the Council, having summoned and questioned members or other persons in respect of cases of misconduct which the Committee investigates and involve non-compliance with the Code of Professional Conduct and Ethics, accounting and auditing standards and other related standards, Maldives Chartered Accountants Act and the regulations made in term of the Act, to take disciplinary actions to the degree of the offence.

They also provide support to and help address ethical issues faced by professional accountants in business through the development of guidance and identification of appropriate platforms to facilitate the exchange of experiences. The committee engages and collaborates with key stakeholders to raise awareness and promote acceptance of the Ethics Committee's ethical Standards and guidance through appropriate platforms such as dialogues/roundtables/workgroups.

## MANAGEMENT AND FINANCE COMMITTEE

The mandate of the Management and Finance Committee (MFC) is to advise the council on matters relating to finances and managing finances of the Institute. MFC is responsible to prepare the annual budget plan and review the budget performances monthly. MFC is authorized to monitor and manage the operations of the Institute, providing reports and reviews to Council when necessary. This includes the preparation of vision, mission, and the strategic plan of the Institute

Pursuant to Clause 38(a) of the Maldives Chartered Accountants Act 13/2020, MFC is mandated to develop, publish and enforce the CEO and Staff Regulation and Regulation of Election, Appointment, and Dismissal of Council and Committee Members.

## TECHNICAL AND STANDARDS COMMITTEE

The Technical and Standards Committee (TSC) was constituted to address technical issues relating to the enforcement of the Maldives Chartered Accountants Act 13/2020 and to determine and enforce private sector accounting and auditing standards.

The mandate of the Technical and Standards Committee is to deliberate on and resolve technical matters related to accounting, auditing, and ethics standards and develop and enforce accounting and auditing standards applicable to the private sector, including State-Owned Enterprises, of the Maldives. TSC is responsible to review and recommend the Council, the adoption of:

- o Auditing and assurance standards and statements issued by the International Auditing and Assurance Standards Board (IAASB) and of the International Federation of Accountants (IFAC)
- o International Financial Reporting Standards (IFRS), IFRS for SMEs and related interpretation and guidance of International Accounting Standards Board (IASB), after due consultation with the members of the Institute; and
- o International ethics standards and guidance issued by the International Ethics Standards Board for Accountants (IESBA).

TSC is also entitled to develop and suggest to the Council, practice guides in the light of guidance from IASB, IESBA, and IAASB for implementation of IFRSs, IFRS for SMEs and ISAs in the Maldives.

# Institutional Development

Establishing a sound operational structure for efficient and effective delivery of services remains one of the crucial objectives of the Institute.



## MEMORANDUM OF UNDERSTANDING WITH AUDITOR GENERAL'S OFFICE

Institute of Chartered Accountants of the Maldives and the Auditor General's Office (AGO) signed a Memorandum of Understanding (MoU) on October 13th, 2020, to facilitate collaborative efforts between both parties during the transitional period of the Institute. On behalf of the Institute, Vice President of the Council Mr. Hassan Mohamed, and on behalf of the AGO, Director of Corporate Services, Mr. Adam Naseer signed the MoU. The MoU also establishes the mechanisms to share the resources, equipment, and personnel of the AGO and in return, CA Maldives ensures opportunities for training and development for the staff members of the AGO.

This MoU enabled CA Maldives to operate in AG Office premises during the interim period until CA Maldives is able to set up its own offices.

## OPERATIONAL POLICIES AND PROCEDURES

In order to establish a strong set of internal controls at the onset of operation, even before management positions were filled, an Interim Procurement Policy was finalised by the Management and Finance Committee. The Institute also setup an accounting system to enable financial transactions in a systematic, transparent manner. The Institute also opened bank accounts at Maldives Islamic Bank and Bank of Maldives for banking transactions.

## ESTABLISHMENT OF STEERING COMMITTEE

To ensure an efficient and smooth process during the introductory stage of the Institute, a Steering Committee was formed by the initiative of the Council. The committee comprised of seven members appointed by the Council, primarily responsible for the development of the first strategic plan of the Institute.

The Committee held eight meetings during the year 2020 and was led by Vice-President of the Institute, Mr. Hassan Mohamed and vice-chaired by Ms. Fareeha Shareef, member of the Council.

## ESTABLISHING RELATION WITH DOMESTIC STAKEHOLDERS

During the year 2020, the Council of the Institute paid courtesy call on leaders of various key stakeholder offices of the Institute to explore avenues to collaborate and work together to achieve common goals, such as building a skilled and competent workforce and creating more opportunities for Maldivians in the accountancy profession. Meetings were held with heads of public institutions including;

1. His Excellency, President of the Republic of Maldives, Ibrahim Mohamed Solih
2. Ministry of higher education
3. Ministry of Economic Development
4. CEO of Maldives Qualification Authority
5. Governor of Maldives Monetary Authority



During the meeting with HEP, Ibrahim Mohamed Solih, discussions were held regarding challenges faced in developing the accountancy profession in the Maldives and providing equal career opportunities to locals in the profession.

The President of CA Maldives, and the members of the Council also paid a courtesy call on the Minister of Higher Education Dr. Ibrahim Hassan. The visit was intended to explore avenues to work collaboratively on building a skilled and competent workforce in the accountancy profession.

The council of the Institute and members of the Academic Committee of the CA Maldives also paid a courtesy call on the Chief Executive Officer of Maldives Qualification Authority (MQA), Dr. Abdul Hannan. This visit was to strengthen mutual cooperation and explore ways to harmonise the recognition of accounting qualifications between the two institutions.



## ESTABLISHING RELATIONS WITH REGIONAL AND INTERNATIONAL BODIES

### MEETINGS WITH IFAC

One of the key objectives of the Institute is to become part of the global accountancy profession by adopting international best practices. To this end, introductory meetings were held early on with the International Federation of Accountants (IFAC) where CA Maldives discussed its efforts to become an IFAC Member body in the future and their plans to align its governance, procedures, and processes to achieve this goal.



### MEETINGS WITH CA SRI LANKA

Introductory meetings were held with our closest neighbour, CA Sri Lanka, which led to the discussion of signing a MoU between CA Maldives and CA Sri Lanka to work collaboratively for mutual interests and get technical assistance for CA Maldives as CA Maldives was planning to apply for membership of South Asian Federation of Accountants (SAFA), CA Sri Lanka offered to sponsor our application for SAFA membership. During this meeting, CA Maldives requested CA Sri Lanka's permission to prescribe SMP (Small and Medium Practices) audit toolkit for the sole practitioners and the audit firms registered with CA Maldives.

## MEMBER SERVICES AND PROFESSIONAL DEVELOPMENT

The Institute is aspired to contribute to the national competency framework by formulating competency standards for the accountancy industry and providing learning opportunities for future accountants of the country.

To this end, the Academic Committee of CA Maldives prepared a discussion paper on the status of the accountancy profession, outlining the need for the development of accountants at all levels and addressing the gaps in training opportunities for professional accountants in the Maldives. A proposal to fund technical and professional accounting education was presented to the Ministry of Higher Education.

The Committee also reviewed the Higher Education Bill to study the implications of it on the profession and the work of the Institute. A summary of concerns to determine actions to be taken by the Institute was presented to the Council.

The Committee also undertook a rapid assessment of the Accountancy Education in the Maldives. The paper provided an understanding on existing qualifications and avenues for tertiary education in accountancy, how quality of education is assured and the approaches as well as challenges for continuous professional development. Recommendations on how to overcome the challenges in developing accountancy education in Maldives was provided in the paper.

The Committee also initiated the development of CPD Framework and a Framework for conducting courses by the Institute. These frameworks would be developed to ensure the quality of the CPD programmes and aid in designing CA Maldives Academic Courses in the future.

### WEBINARS

In order to mark the World's Accountants' Day 2020, the Institute conducted a webinar themed, 'Future Ready Accountants' as well as career guidance sessions targeted for higher secondary students in the Maldives. The speakers of the sessions were some members of the CA Maldives Council, IFAC, and Financial Reporting Council of the United Kingdom.

## Standard Setting and Regulatory Environment (Endorsement of Regulations)

As per Clause 15(b) of the Chartered Accountants Act 13/2020, within three months of commencement of the Act, the Institute is required to issue statutory audit licence for providing statutory audit and assurance services in the Maldives. In addition, according to section 8 of the Act, the Institute is also required to register associate and fellow members as members of the Institute within the same deadline.

In order to fulfil the said obligations, the Admission and Licencing Committee concurrently commenced working on developing Member Regulations and Statutory Audit and Assurance Regulations.

IFAC membership is of utmost importance to the Institute. Hence, while drafting the membership regulation, being a member in good standing of an IFAC member body (recognised by the Institute) was added as a requirement to ensure that the Institute meets the criteria for the IFAC membership.

In addition, the Admission and Licencing Committee adopted standards of professional competency and ethics in line with that of IFAC. Stakeholder consultation was obtained for the draft regulation on 3rd December 2020. After considering the comments and feedback from the stakeholders, relevant changes were brought to the regulation.

Due to the fact that CA Maldives did not have a website at the time, Membership Regulation and Audit Licencing Regulation were published on the official website of the Auditor General's Office on 8th December 2020. Membership Regulation was published in the Gazette on 21st December 2020.

As CA Maldives is the governing authority for the Accounting profession in the Maldives, discussions were started during the year with Maldives Qualifications Authority to facilitate a process to recognise CA Maldives' Membership into the Maldives National Qualification Framework as a nationally accepted professional accountancy qualification. These discussions, led by the Academic Committee, have identified a few procedural challenges that need to be overcome with this objective. Both institutions are currently working together to find a solution.

To promote efficiency, accountability, and transparency, the Technical and Standards Committee held a preliminary discussion on endorsing financial reporting standards and assurance standards for the private sector of the Maldives. During the discussions, actions were identified to be carried out in going forward with the endorsement of financial reporting and assurance standards. A decision was made, and work was commenced to prepare a standard-setting due process manual for the Committee.

# Governance

## MEMBERS OF THE COUNCIL



### HASSAN ZIYATH

#### PRESIDENT

Mr. Hassan Ziyath is the incumbent Auditor General of the Republic of the Maldives. He assumed the position of Auditor General on 24th November 2014.

Mr. Hassan Ziyath has over 20 years' experience, having fulfilled various leadership positions including the Director of Finance and Fund Management at National Pension Fund. He started his accountancy career with KPMG. Mr. Hassan Ziyath is a Chartered Management Accountant holding membership with the Chartered Institute of Management Accountants (CIMA).



### HASSAN MOHAMED

#### VICE PRESIDENT

Mr. Hassan Mohamed, Managing Partner of Crowe Maldives LLP, has more than 20 years of professional experience specializing in Audit, Accounting, Tax and Advisory services.

He has worked extensively with clients advising on the application of International Financial Reporting Standards (IFRS). He is also a Member of State Internal Audit Committee of Government of Maldives.

Mr. Hassan is a Fellow Member of the Association of Chartered Certified Accountants (FCCA).



### FATHIMATH RAZEENA

#### MEMBER

Ms. Fathimath Razeena was appointed as Financial Controller of the Ministry of Finance in 2016. She has worked for the development of the Public Accounting System of Maldives since 2007 and actively engaged in developing the decentralized government accounting system.

She also served as a board member at 3 SOE's in the period of 2008 to 2015. She is the Board Director at the Maldives to SAARC Development Fund. She was also a member of the first National Pay Commission of Maldives and a member of the Steering Committee for the Public Finance Management project.

Ms. Razeena holds a degree in Accounting & Finance and MBA.

## MEMBERS OF THE COUNCIL



### FATHUHULLA JAMEEL

#### MEMBER

Mr. Fathuhulla Jameel, Commissioner General of Taxation of Maldives Inland Revenue Authority (MIRA), has over 17 years of experience in tax, auditing, risk management, and accounting.

Mr. Fathuhulla began his tenure at the Department of Inland Revenue in 2003 where he worked his way up from a trainee until MIRA was established in 2010. He served as the Director-General, Revenue Service, and later Audit and Investigation. He was an integral part of the team that first worked to introduce a tax system in the Maldives and led several education and awareness efforts on taxes. Mr. Fathuhulla is a Fellow Member of the Association of Chartered Certified Accountants (FCCA).



### HUSSAIN NIYAZY

#### MEMBER

Mr. Hussain Niyazy was appointed as Assistant Auditor General in 2011 and is currently leading Financial Audit Division at Auditor General's Office (AGO).

Mr. Niyazy has over 22 years of professional experience in accounting and auditing. In 2014, he was made the Chair of Licensing and Disciplinary Committee (LDC) of AGO, responsible for regulating the private sector audit professional, and has continued to serve in the position till the transfer of LDC to responsibility to Institute of Chartered Accountants of the Maldives. Mr. Niyazy is an Associate Member of the Chartered Institute of Management Accounting (ACMA).



### IBRAHIM FAZEEL

#### MEMBER

Mr. Ibrahim Fazeel has over 18 years of extensive experience in public sector external and internal auditing and is currently the Director of State-Owned Enterprises and Statutory Bodies' Audits and the Chief Internal Auditor at the Auditor General's Office (AGO).

Mr. Fazeel is also a member of the State Internal Audit Committee at the Ministry of Finance. He regularly lectures as a part-time lecturer at Maldives National University. Furthermore, he develops and delivers financial reporting, audit, governance, and risk management-related training programs at the Institute of Professional Education (IPE).

Mr. Fazeel is a qualified Chartered Internal Auditor (CIA) and a Certified Member of the Institute of Internal Auditors (CMIIA), UK and Ireland.



## MEMBERS OF THE COUNCIL



### RIFAATH JALEEL

#### MEMBER

Mr. Rifaath Jaleel is the Managing Partner of MHPA LLP, with close to 30 years of professional experience in providing advisory and assurance services. He acts in an advisory role to a number of high-profile local and multinational companies including Banks and several state-owned entities.

He also sits on the Governments Tax Reform Committee, the Business Council, and the Business Faculty Advisory Committee of the Maldives National University's Business School. He has been the Chairman of the Maldives Finance Leasing Company for several years and provides consulting services to a number of high-profile local and multinational companies.

Mr. Rifaath is a member of CPA Australia and has been a past President of the Certified Practicing Accountants of Maldives (CPA Maldives).



### FAREEHA SHAREEF

#### MEMBER

Ms. Fareeha Shareef, co-founder of FJS Associates LLP, has over 18 years of experience in the audit and accounting profession.

Former President of CPA Maldives, Ms. Fareeha has also served on the Board of Directors of several public entities including HDFC PLC, Maldives Pension Administration Office, and Bank of Maldives Plc. She currently serves on the Board of Directors of Ooredoo Maldives.

Ms. Fareeha is a Fellow Member of the Association of Chartered Certified Accountants (FCCA), and a member of the Institute of Internal Auditors (IIA).



### MALIK MOHAMED

#### MEMBER

Mr. Malik Mohamed was recently appointed the Group Director of Finance of Pulse Hotels and Resorts. Prior to this, he was the Complex Director of Finance Operations for Marriot International, overseeing finance operations; financial compliance; and supporting resort business strategies.

Mr. Malik has started working in the tourism and hospitality industry in 2005 and his professional career spans over 15 years including overseas resort experience.

Mr. Malik is a member of the Chartered Institute of Management Accountants (CIMA) and the Chartered Global Management Accountant (CGMA).

## REMUNERATION OF COUNCIL AND COMMITTEE MEMBERS

The allowance for the Council members are MVR 2,500 per sitting. With reference to the relevant Audit Act and Tax Administration Act, the Auditor General and Commissioner General of Taxation do not take any allowance, as they represent the Institute in the capacity of their statutory positions and the respective governing laws could be interpreted to disallow any other remuneration other than that approved by the Parliament.

The allowance for the committee members are MVR 1,500 per sitting.

The above allowances was resolved by the Council on 26th September 2020, by resolutions RES/2020/001 and RES/2020/002.

## COUNCIL MEETINGS

During the year 2020, 16 meetings were held.

## COMMITTEE COMPOSITION

### ACADEMIC COMMITTEE

NAME	DESIGNATION	REPRESENTATION
Fareeha Shareef	Chairperson	Council member
Hussain Niyazy	Vice Chairperson	Council member
Abdul Haleem Abdul Latheef	Member	Solarelle Insurance
Abdulla Nisam	Member	Maldives National University
Adam Naseer	Member	Auditor General's Office
Hamida Shakeela	Member	Maldives Monetary Authority
Ismail Zabeeh	Member	Ministry of Higher Education

### MEETINGS

During the year 2020, 5 meetings were held.

### ADMISSION AND LICENCING COMMITTEE

NAME	DESIGNATION	REPRESENTATION
Hussain Niyazy	Chairperson	Council member
Ibrahim Fazeel	Vice Chairperson	Council member
Abdulla Shahid	Member	Auditor General's Office
Ahmed Salih	Member	Auditor General's Office
Ibrahim Naeem	Member	Auditor General's Office
Mohamed Shan	Member	Auditor General's Office
Moosa Haleem	Member	Maldives Inland Revenue Authority

### MEETINGS

During the year 2020, 25 committee meetings were held.

## APPEAL COMMITTEE

NAME	DESIGNATION	REPRESENTATION
Mohamed Faisal	Chairperson	Bar Council of the Maldives
Shirumeena Hussain	Vice Chairperson	Auditor General's Office
Maryam Yasha	Member	Maldives Inland Revenue Authority
Ibrahim Siaau	Member	Capital Market Development Authority
Mohamed Naseem	Member	Auditor General's Office

### MEETINGS

There were no meetings of the Appeal Committee held in the year 2020.

### ETHICS COMMITTEE

NAME	DESIGNATION	REPRESENTATION
Ibrahim Aiman	Chairperson	Auditor General's Office
Fathimath Shiuma	Vice Chairperson	Maldives Inland Revenue Authority
Ibrahim Saleem	Member	Capital Market Development Authority
Siya Ahmed Najeeb	Member	Maldives Monetary Authority
Ibrahim Mahfooz	Member	Private Sector
Khadheeja Jameela	Member	Civil Service Commission

### MEETINGS

There were no meetings of the Ethics Committee held in the year 2020.

### MANAGEMENT AND FINANCE COMMITTEE

NAME	DESIGNATION	REPRESENTATION
Rifaath Jaleel	Chairperson	Council member
Malik Mohamed	Vice Chairperson	Council member
Ahmed Salah	Member	Private Sector
Ahmed Shafeez	Member	Private Sector
Mohamed Mihad	Member	Private Sector
Nishwa Firaq	Member	Auditor General's Office
Sudhuna Sulaiman	Member	Private Sector

### MEETINGS

During the year 4 committee meetings were held.

## TECHNICAL AND STANDARDS COMMITTEE

NAME	DESIGNATION	REPRESENTATION
Hassan Mohamed	Chairperson	Council member
Ibrahim Fazeel	Vice Chairperson	Council member
Ahmed Salih	Member	Auditor General's Office
Ahmed Hisham Fawzy	Member	Private Sector
Mohamed Siraj Muneer	Member	Maldives Inland Revenue Authority
Jatindra Kumar Bhatray	Member	Private Sector
Ibrahim Shabeen	Member	Private Sector

## MEETINGS

During the year 4 committee meetings were held.

## APPOINTMENT OF AUDITORS

Mile & Associates were appointed as auditors for the year 2020 on 29th April 2021.

## COUNCIL APPROVAL

This Annual Report was Approved by Council of CA Maldives in the 22nd Council meeting on 29th June 2021 by resolution RES/2021/016.



# INDEPENDENT AUDITOR'S REPORT

5th Floor, M. DMK No. 2 Fihaara  
Chaandhane Magu  
Male' 20189, Maldives

757 3399 / 333 9991

info@mileassociates.com  
accounts@mileassociates.com

mileassociates.com

 **MILE & ASSOCIATES**  
chartered accountants

## AUDITORS' REPORT TO THE COUNCIL MEMBERS OF INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES

### Opinion

We have audited the financial statements of Institute of Chartered Accountants of the Maldives (the Institute), which comprise the statement of financial position as at December 31, 2020, and the statement of income and expenditure, statement of changes in funds and reserves and statement of cash flows for the period from 8<sup>th</sup> September 2020 to 31<sup>st</sup> December 2020, and notes to the financial statements, including a summary of significant accounting policies set out in pages 3 to 18.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at December 31, 2020, and its financial performance and its cash flows for the period from 8<sup>th</sup> September 2020 to 31<sup>st</sup> December 2020 in accordance with *International Financial Reporting Standards (IFRSs)*.

### Basis for opinion

We conducted our audit in accordance with *International Auditing Standards (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 Institute 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 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 the Council Members for the Financial Statements

The Members of Council ("the Council") is responsible for the preparation and fair presentation of the financial statements in accordance with *International Financial Reporting Standards (IFRSs)*, and for such internal control as the Council 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, the Council is responsible for assessing the Institute'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 the Council either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

### Auditors' 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 auditors' 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:

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

- 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council'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 Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Institute 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 the Council 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.



Abdulla Leeman Zahir  
 Partner  
 Audit License No: ICAM-FL-17F

25<sup>th</sup> May 2021

# FINANCIAL STATEMENT

FOR THE PERIOD FROM 8TH SEPTEMBER 2020 TO 31ST DECEMBER 2020

INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES  
FINANCIAL STATEMENTS

FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020

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**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**STATEMENT OF INCOME AND EXPENDITURE**

**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

	Note	2020 MVR
<b>INCOME</b>	<b>4</b>	
Contribution from Government of Maldives		500,000
<b>LESS: EXPENDITURE</b>	<b>5</b>	
Governance and Strategic Leadership		232,000
Academic Programs and Trainings		31,500
Membership Services and Audit Licence Regulatory Expenses		114,000
Accounting and Auditing Standards Setting		40,500
Employee Benefits and Staff Related Costs		41,952
Information Technology (IT) Related Expenses		26,082
Event, Ceremonies and Public Relations (PR) Activities		62,836
Administrative Expenses		61,365
		<u>610,235</u>
<b>INCOME OVER EXPENDITURE BEFORE TAX</b>		<u>(110,235)</u>
Income Tax Expense		-
<b>INCOME OVER EXPENDITURE AFTER TAX</b>		<u><b>(110,235)</b></u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Institute set out on pages 7 to 18. The reports of the Independent Auditors is given on pages 1 to 2.

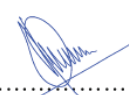
**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2020**

	Note	31/12/2020 MVR
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	6	-
Intangible Assets	7	-
		<u>-</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	8	309,206
Trade and Other Receivables	9	684
		<u>309,890</u>
<b>Total Assets</b>		<u><b>309,890</b></u>
<b>FUNDS AND LIABILITIES</b>		
<b>Funds</b>		
Accumulated Funds	4, 5	(110,235)
		<u><b>(110,235)</b></u>
<b>Current Liabilities</b>		
Trade and Other Payables	10	53,091
Deferred Income	10	230,840
Accrued Expenses	10	136,194
<b>Total Current Liabilities</b>		<u>420,125</u>
<b>Total Funds and Liabilities</b>		<u><b>309,890</b></u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Institute set out on pages 7 to 18. The reports of the Independent Auditors is given on pages 1 to 2.

The financial statements were approved by the Council and signed on its behalf by:

  
 Vice President of the Council  
 Hassan Mohamed

  
 Council Member  
 Hussain Niyazy

25<sup>th</sup> May 2021  
 Male'

**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**STATEMENT OF CHANGES IN FUNDS AND RESERVES**

**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

	<b>Note</b>	<b>Accumulated Fund MVR</b>	<b>Total MVR</b>
<b>Balance as at 8<sup>th</sup> September 2020</b>			
Income Over Expenditure For The Period	<b>4, 5</b>	(110,235)	(110,235)
<b>Balance as at 31<sup>st</sup> December 2020</b>		<b>(110,235)</b>	<b>(110,235)</b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Institute set out on pages 7 to 18. The reports of the Independent Auditors is given on pages 1 to 2.

**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**STATEMENT OF CASH FLOWS**

**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

	<b>Note</b>	<b>2020 MVR</b>
<b>Cash Flows from Operating Activities</b>		
Income Over Expenditure	<b>4, 5</b>	(110,235)
<i>Adjustments for:</i>		
Depreciation		-
Amortisation		-
<b>Operating Loss before Working Capital Changes</b>		<b>(110,235)</b>
<b>Changes in Working Capital</b>		
Trade and Other Receivables	<b>9</b>	(684)
Trade and Other Payables	<b>10</b>	420,125
<b>Net Cash Generated from Operating Activities</b>		<b>309,206</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property, Plant and Equipment	<b>6</b>	-
Proceeds from disposal of Property	<b>6</b>	-
<b>Net Cash (Used in)/ from Investing Activities</b>		<b>-</b>
<b>Cash Flows from Financing Activities</b>		
Loan Borrowings during the Year		-
<b>Net Cash (Used in)/ from Financing Activities</b>		<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>309,206</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>		<b>-</b>
<b>Cash and Cash Equivalents at End of the Year</b>	<b>8</b>	<b>309,206</b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Institute set out on pages 7 to 18. The reports of the Independent Auditors is given on pages 1 to 2.

**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES  
NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

**1 GENERAL ACCOUNTING POLICIES**

**1.1 REPORTING ENTITY**

Institute of Chartered Accountants of the Maldives (Institute) is a statutory body incorporated by the Chartered Accountants of the Maldives (CA Maldives) Act No: 13/2020, and domiciled in Maldives, situated at Ghaazee Building, Ameer Ahmed Magu, Male'.

**1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS**

The main objective of the Institute is to regulate and advance the accountancy profession in the Maldives in accordance with international standards and to determine classes of its membership, codes of professional conduct and ethics, and other relevant matters.

**2 BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

**2.2 BASIS OF MEASUREMENT**

The financial statements have been prepared on the historical cost basis.

**2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Maldivian Rufiyaa (MVR), which is the Institute's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

**2.4 USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRSs requires the Council 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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the respective notes.

**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Institute.

**3.1 FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translations are recognized in profit or loss.

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates that the values were determined.

**3.2 FINANCIAL INSTRUMENTS**

**i. Financial Assets (Non-derivative)**

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

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Institute has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Institute has the following financial assets (non-derivative):

- Loans and Receivables
- Cash and Cash Equivalents

**Loans and Receivables**

Loans and Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at transaction costs. Subsequent to initial recognition receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise trade and other receivables.

**Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand and balances with banks. For the purpose of cash flows, the cash and cash equivalents are shown net of bank overdraft.



**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ii. Financial Liabilities (Non-derivative)**

Financial liabilities are recognized initially on the trade date at which the Institute becomes a party to the contractual provisions of the instrument. The Institute derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Institute has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Institute has non-derivative financial liabilities such as payables. Such financial liabilities are recognized initially at transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

**3.3 PROPERTY, PLANT AND EQUIPMENT**

**i. Recognition and Measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

**ii. Subsequent Costs**

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Institute, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**iii. Depreciation**

Depreciation on property, plant and equipment of the Institute is charged on the straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold Improvements -	Over the lease period
Furniture and fittings -	10 Years
Office Equipment -	5 years
Computer Equipment -	3 years

**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**iii. Depreciation (Continued)**

The charge for the depreciation commences from the date in which the property, plant and equipment are ready for use. Depreciation method, useful lives and residual are reviewed at each financial year-end and adjusted if appropriate.

**iv. Amortization**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful life for the current and comparative periods is as follows:

Software -	3 years
------------	---------

**3.4 INVENTORIES**

Inventories have been valued at the lower of cost and net realizable value. Cost is generally determined by reference to weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their condition and location.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**3.5 IMPAIRMENT**

**i. Financial Assets (Including Receivables)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The Institute considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**ii. Non-Financial Assets**

The carrying amounts of the Institute's non-financial assets except inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.



**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ii. Non-Financial Assets (Continued)**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

**3.6 REVENUE RECOGNITION**

**i. Contribution from Government**

Under Section 24(a) of the Chartered Accountants of the Maldives Act No 13/2020, the Government shall be providing budget support as may be necessary to properly discharge the responsibilities of the Institute during the Institute's 4-year interim period. The method for accounting for the government grant is income approach, where the grant is recognised in the statement of profit or loss as income.

**ii. Subscription Fees**

Subscription fees of the members are accounted on an accrual basis.

**iii. Registration/ License charges**

Registration/ License charges are recognized at the time of the issuance of the registration / license

**iv. Net Income from Other Activities**

Net income from other activities of the Institute is recognized in the year of completion of such activity after deducting the related expenses.

**v. Donations**

Donation income received shall be recognized as income in the statement of income and expenditure only to the extent of their realization under the reporting period.

**3.7 EXPENSES**

All expenses incurred in the running of the Institute and in maintaining the capital assets in a state of efficiency has been charged to the revenue in arriving at income over expenditure for the year.

Expenses incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the Institute or for the purpose of increasing the utilization capacity of the Society has been treated as capital expenses.

**3.8 EMPLOYEE BENEFITS**

Short-term employee benefit obligations of the Institute are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Institute has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**3.9 PROVISIONS**

A provision is recognized if, as a result of a past event, the Institute has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

**4 INCOME**

**2020**  
**MVR**

Contribution from Government of Maldives (Note 4.1)	500,000
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**4.1** The Government of Maldives has contributed MVR 500,000 during the period as budget support under the section 24(a) of the Chartered Accountants of the Maldives Act No: 13/2020.

**5 EXPENDITURE**

**2020**  
**MVR**

Governance and Strategic Leadership (Note 5.1)	232,000
Academic Programs and Trainings (Note 5.2)	31,500
Membership Services and Audit Licence Regulatory Expenses (Note 5.2)	114,000
Accounting and Auditing Standards Setting (Note 5.2)	40,500
Employee Benefits and Staff Related Costs (Note 5.3)	41,952
Information Technology (IT) Related Expenses (Note 5.4)	26,082
Event, Ceremonies and Public Relations (PR) Activities	62,836
Administrative Expenses (Note 5.5)	61,365
	610,235

**5.1** This includes sitting allowance of both Council and Steering committee members. The Council has approved to pay a sitting allowance of MVR 2,500 per sitting to the eligible council members and MVR 1,500 per sitting to the eligible committee members respectively for the year 2020 to discharge its council and committee related duties under the section 24(g) of the Chartered Accountants of the Maldives Act No: 13/2020. The said allowance was resolved to be paid effective from 26<sup>th</sup> September 2020 as per the resolution no: RES/2020/001.

**5.2** This mainly includes sitting allowance of members of Academic committee, Admission and Licensing committee and Technical and Standards committee and its related expenses. The Council has approved to pay a sitting allowance of MVR 1,500 per sitting to the eligible committee members for the year 2020 to discharge its committee related duties under the section 24(g) of the Chartered Accountants of the Maldives Act No: 13/2020.

**5.3** The Institute has entered into service agreements with the staff of Auditor General Office (AGO) of the Maldives to provide secretarial, administrative and finance services. A total of 7 staff was employed on part-time basis during the period.

**5.4** The Institute has entered into a service agreement with the staff of Auditor General Office (AGO) of the Maldives to provide IT related services. A staff was employed on part-time basis during the period.

**5.5** Administrative expenses include sitting allowance of members of Management and Finance committee, professional fees and bank charges.

**5.6** The Institute has right to use the AGO's properties, machineries, equipment and other resources to discharge its duties without any charges as per the MOU signed between AGO and Institute dated on 13<sup>th</sup> October 2020.

**5.7** The Council has resolved to set the maximum sitting allowance payable to committee meetings for each month for the year 2020 as per the resolution no: RES/2020/002, effective from 26<sup>th</sup> September 2020.

INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020

6 PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment MVR	Office Equipment MVR	Furniture & Fittings MVR	Motor Vehicles MVR	Total 31/12/2020 MVR
<b>Cost</b>					
Opening Balance	-	-	-	-	-
Additions during the Year	-	-	-	-	-
Disposal during the Year	-	-	-	-	-
Closing Balance	-	-	-	-	-
<b>Accumulated Depreciation</b>					
Opening Balance	-	-	-	-	-
Charge for the Year	-	-	-	-	-
Closing Balance	-	-	-	-	-
<b>Net Carrying Value</b>					
As at 31 <sup>st</sup> December 2020	-	-	-	-	-

7 INTANGIBLE ASSET

	31/12/2020 MVR
<b>Cost</b>	
As at 8 <sup>th</sup> September 2020	-
Additions during the Year	-
As at 31 <sup>st</sup> December 2020	-
<b>Accumulated Amortization</b>	
As at 8 <sup>th</sup> September 2020	-
Amortization for the Year	-
As at 31 <sup>st</sup> December 2020	-
<b>Net Book Value as at 31<sup>st</sup> December 2020</b>	-

INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020

6 PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment MVR	Office Equipment MVR	Furniture & Fittings MVR	Motor Vehicles MVR	Total 31/12/2020 MVR
<b>Cost</b>					
Opening Balance	-	-	-	-	-
Additions during the Year	-	-	-	-	-
Disposal during the Year	-	-	-	-	-
Closing Balance	-	-	-	-	-
<b>Accumulated Depreciation</b>					
Opening Balance	-	-	-	-	-
Charge for the Year	-	-	-	-	-
Closing Balance	-	-	-	-	-
<b>Net Carrying Value</b>					
As at 31 <sup>st</sup> December 2020	-	-	-	-	-

7 INTANGIBLE ASSET

	31/12/2020 MVR
<b>Cost</b>	
As at 8 <sup>th</sup> September 2020	-
Additions during the Year	-
As at 31 <sup>st</sup> December 2020	-
<b>Accumulated Amortization</b>	
As at 8 <sup>th</sup> September 2020	-
Amortization for the Year	-
As at 31 <sup>st</sup> December 2020	-
<b>Net Book Value as at 31<sup>st</sup> December 2020</b>	-

**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

<b>8 CASH AND CASH EQUIVALENTS</b>	<b>31/12/2020</b>
	<b>MVR</b>
Cash in Hand	-
Balances with Banks (Note 8.1)	309,206
	<b>309,206</b>
Bank Overdraft	-
Cash and Cash Equivalents	<b>309,206</b>
<b>8.1</b> The Institute has opened a bank account in MVR at Maldives Islamic Bank and all transactions were made through the said account during the period.	
<b>9 TRADE AND OTHER RECEIVABLES</b>	<b>31/12/2020</b>
	<b>MVR</b>
Trade Receivables	-
Advances and Deposits	-
Other Receivables	-
GST Receivables	684
	<b>684</b>
<b>10 TRADE AND OTHER PAYABLES</b>	<b>31/12/2020</b>
	<b>MVR</b>
Trade Payables	53,091
Other Payables	-
Deferred Income (Note 10.1)	230,840
Accrued Expenses	136,194
	<b>420,125</b>
<b>10.1</b> Deferred income includes sponsorships and donation received in advance for Maldives Accountants Forum which is scheduled to be held in the year 2021.	

**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

**11 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial Risk Management**

**Overview**

The Institute has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Institute's exposure to each of the above risks, the Institute's objectives, policies and processes for measuring and managing risk, and the Institute's management of capital.

**Risk Management Framework**

The Council members have overall responsibility for the establishment and oversight of the Institute's risk management framework.

**(i) Credit Risk**

Credit risk is the risk of financial loss to the Institute if a party fails to meet its contractual obligations, and arises principally from the Institute's receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>Carrying</b>
	<b>Amount</b>
	<b>31/12/2020</b>
	<b>MVR</b>
Other Receivables	-
Cash at Bank	309,206
	<b>309,206</b>

**Impairment Losses**

	<b>31/12/2020</b>	
	<b>Gross</b>	<b>Impairment</b>
	<b>MVR</b>	<b>MVR</b>
The ageing of other receivables at the reporting date was:		
Past Due 0-30 days	-	-
Past Due 31-120 days	-	-
Past Due 121-365 days	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

No provision for impairment is required as no other receivable balances outstanding as at 31<sup>st</sup> December 2020.

**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

**11 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**Financial Risk Management (Continued)**

**(ii) Liquidity Risk**

Liquidity risk is the risk that the Institute will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Institute's reputation.

The following are the contractual maturities of financial liabilities:

**31<sup>st</sup> December 2020**

**Financial Liabilities (Non- Derivative)**

Other Payables

<b>Carrying Amount MVR</b>	<b>0-12 Months MVR</b>
-	-

**(iii) Market Risk**

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

**(a) Interest Rate Risk**

There are no interest bearing borrowings or lending by the Institute. Hence, the Institute does not face any interest rate risk as at the reporting date.

**(b) Currency Risk**

**Exposure to Currency Risk**

The Institute's exposure to foreign currency risk, in the risk of movements in exchange rates in relation to foreign currency transactions of US Dollars, is as follows:

	<b>31/12/2020 US\$</b>
Cash and Cash Equivalents	-
Other Receivables	-
Gross Statement of Financial Position Exposure	-

**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

**12 CAPITAL COMMITMENTS**

There were no material capital commitments approved or contracted as at the reporting date.

**13 CONTINGENT LIABILITIES**

There were no contingent liabilities which require disclosure in the financial statements as at the reporting date.

**14 EVENTS AFTER THE REPORTING DATE**

No circumstances have arisen since the reporting date which require adjustment to or disclosure in these Financial Statements.

**15 COUNCIL'S RESPONSIBILITY**

The Council Members of the Institute is responsible for the preparation and presentation of these financial statements.

**16 COMPARATIVE FIGURES**

No comparative figures shown as the Institute of Chartered Accountants of the Maldives incorporated on 8<sup>th</sup> September 2020 under the Chartered Accountants of the Maldives Act No 13/2020.



**INSTITUTE OF CHARTERED ACCOUNTANTS OF THE MALDIVES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD FROM 8<sup>TH</sup> SEPTEMBER 2020 TO 31<sup>ST</sup> DECEMBER 2020**

**17 RELATED PARTY DISCLOSURES**

**17.1 Transactions with Key Management Personnel**

<b>Name</b>	<b>Relationship</b>	<b>Nature of the transaction</b>	<b>2020 Amount (MVR)</b>
Hassan Ziyath (Note 17.1.1)	President of the Council	Sitting Allowance	-
Hassan Mohamed	Vice President of the Council	Sitting Allowance	27,500
Fathuhulla Jameel (Note 17.1.1)	Council Member	Sitting Allowance	-
Hussain Niyazy	Council Member	Sitting Allowance	27,500
Rifaath Jaleel	Council Member	Sitting Allowance	27,500
Malik Mohamed	Council Member	Sitting Allowance	27,500
Fareeha Shareef	Council Member	Sitting Allowance	27,500
Ibrahim Fazeel	Council Member	Sitting Allowance	25,000
Fathimath Razeena	Council Member	Sitting Allowance	20,000

**17.1.1** No sitting allowance has been paid to AG and CG during the period as they decided not to take allowance, with reference to the relevant Audit Act and Tax Administration Act, as they represent the Institute in the capacity of their Statutory Positions and the respective governing laws could be interpreted to disallow any other remuneration other than that approved by the Parliament although the CA Maldives Act section 24 (m) specifies a sitting allowance shall be paid to the Council Members for each meeting held.

**17.2 Sitting Allowance to Key Management Personnel**

The Council Members of the Institute of Chartered Accountants of the Maldives are the governing body and key management personnel. The Institute has paid MVR 182,500 as sitting allowance to the Council Members during the period as per a pre-approved budget with caps on the number of paid meetings. The CA Maldives Act section 24 (m) specifies the Council Members shall be paid a sitting allowance for each meeting held.



## ANNUAL REPORT – 2020

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