

No:RES/2021/026

Council's Resolution on Approval of International Financial Reporting Standards (IFRS) in the Maldives, Passed on 23rd November 2021



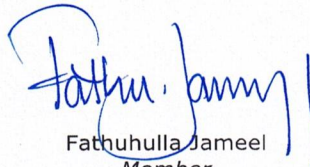

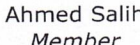
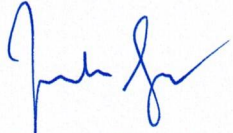

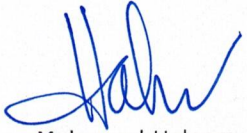
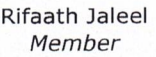
WHEREAS, under Section 2(b) of Maldives Chartered Accountants Act (No: 13/2020), Institute of Chartered Accountants of the Maldives was established as a separate legal entity charged with the responsibility of determining rules and processes required to create and develop the accountancy profession and regulate all matters pertaining to the profession;

WHEREAS, under section 6(e) of the Maldives Chartered Accountants Act, Institute of Chartered Accountants of the Maldives has the power to determine and enforce the financial accounting and auditing standards to be adopted by the private sector;

RESOLVED, to endorse the International Financial Reporting Standards (IFRS) for the private sector in the Maldives.

We, the undersigned, hereby certify that the Institute of Chartered Accountants of the Maldives is comprised of nine members, of whom nine, were present at a meeting duly and regularly called, noticed, convened and held this 23rd Day of November 2021, and that the foregoing Resolution was duly adopted at said meeting by the affirmative vote of nine members and that said Resolution has been duly recorded in the Minute Book and is in full force and effective.

SIGNED BY:

 Hussain Niyazy President	 Hassan Mohamed Vice President	 Fathuhulla Jameel Member
 Fathimath Razeena Member	 Ahmed Salih Member	 Fareeha Shareef Member
 Ibrahim Fazeel Member	 Mohamed Haleem Member	 Rifaath Jaleel Member

Attachment: IFRS Adoption Project

APPROVAL OF PROJECT

ENDORISING INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN THE MALDIVES

September 2021

Technical and Standards Committee
Institute of Chartered Accountants of the Maldives

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4. Maldives Inland Revenue Authority (MIRA)

Under the Income Tax Regulation 2020/R-21 Clause 122, the accounting standards accepted by MIRA are as follows:

- International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS);
- International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs);
- Accounting and Auditing Organization for Islamic Financial Institutions Standards (AAOIFI)

5. Capital Market Development Authority (CMDA)

The corporate governance code issued by the Capital Market Development Authority requires that all listed companies on the Maldives stock exchange must ensure that their financial statements are prepared based on IFRS Standards.

The IFRS Jurisdictional Profile for Maldives states the relevant jurisdictional authority as the Capital Market Development Authority (CMDA). However, it is noted that upon inception of the Institute of Chartered Accountants of the Maldives (CA Maldives) as the Professional Accounting Organization (PAO) of the Maldives on 8th September 2020, the relevant jurisdictional authority shall be CA Maldives.

In addition, the Technical and Standards Committee of the CA Maldives is charged with the responsibility to consider, review and recommend if the Council deems fit, the endorsement of International Financial Reporting Standards (IFRS) and IFRS for SMEs

Therefore, as part its mandate, it is incumbent upon the Committee to consider, review and recommend to formally endorse the IFRS as the financial reporting framework applicable in the Maldives.

3. PROJECT OBJECTIVES

The project objective is to endorse the IFRS in the Maldives after carrying out the required due process. In accordance with Paragraph 1.13 of the IASB's Conceptual Framework for Financial Reporting, the IFRS apply automatically in some jurisdictions; but in many jurisdictions they need to go through an endorsement process before they are brought into effect. Under the Maldives Chartered Accountants Act ratified on 8 September 2020, the CA Maldives has the power to prescribe private sector financial accounting standards as well as auditing standards and thus, the official endorsement of standards that have already been adopted is required.

accounting standards. For better understanding of financial statements, global investors have to incur additional costs in terms of time, effort and money to convert the financial statements prepared following national accounting standards to IFRS. Investor's confidence would be stronger if accounting standards used are globally accepted.

- 3) **Industry:** Continued implementation of IFRS is at the greater interest of the industry. The reason being that the industry would be able to raise capital from foreign markets at a lower cost if it can create confidence in the minds of foreign investors that its financial statements comply with globally accepted accounting standards. Moreover, with diversity in accounting standards from one country to another, enterprises which operate in different countries face a multitude of accounting requirements in different countries. The burden of financial reporting is lessened with convergence of accounting standards because it simplifies the process of preparing the individual and group financial statements and thereby reduces the cost of financial reporting.

Hence, adopting IFRS helps acceptance of financial statements across borders. Furthermore, banks and financial institutions operating in the Maldives prefer financial statements to be prepared in accordance with IFRS for their credit appraisal process.

On the other hand, in case of small and medium scale owner-managed businesses in the Maldives with limited resources, applying complex standards is not only challenging but also not cost effective. In addition to this, not all provisions stipulated by IFRSs are readily adoptable which may lead to modification of auditor's opinion. However, these difficulties could be overcome by adopting IFRS for SMEs.

7. PROJECT TIMELINE

Timing	Action
01 April 2021	Approval of project proposal and consultation paper by the Committee
06 April 2021	Presentation of project proposal to Council of CA Maldives
06 April 2021	Council approval of project proposal and consideration of specific issues
12 April 2021	Circulation of consultation paper among key stakeholders and obtaining comments, for a 30 day comment period
27 May 2021	Review and consideration of comments received from stakeholders
6 June 2021	Circulation of consultation paper among key stakeholders and obtaining comments, for 5 days
30 September 2021	Draft a circular for the decision taken and present to council for approval
12 October 2021	Approval by the Council

International Financial Reporting Standards for Small and Medium-Sized Entities (IFRSs for SME) on 30th September 2021 and decided to forward to the Council for approval.



Rabeea Ibrahim
Secretary



Ibrahim Fazeel
Chairperson

- 1.35IAS 28 Investments in Associates and Joint Ventures
- 1.36IAS 29 Financial Reporting in Hyperinflationary Economies
- 1.37IAS 32 Financial Instruments: Presentation
- 1.38IAS 33 Earnings per Share
- 1.39IAS 34 Interim Financial Reporting
- 1.40IAS 36 Impairment of Assets
- 1.41IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- 1.42IAS 38 Intangible Assets
- 1.43IAS 39 Financial Instruments: Recognition and Measurement
- 1.44IAS 40 Investment Property
- 1.45IAS 41 Agriculture

2. IFRS for Small and Medium-Sized Entities (IFRS for SMEs)