

INDEPENDENT AUDITOR'S REPORT
BAR COUNCIL OF THE MALDIVES
31st December 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS BAR COUNCIL OF THE MALDIVES

Opinion

We have audited the financial statements of the Bar Council of the Maldives (the Council) for the period ending December 31, 2023, which comprise the statement of receipt and payments, the statement of comparison of budget and actuals and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Bar Council of the Maldives have been properly drawn up, in all material respects, in accordance with International Public Sector Accounting Standard: Financial Reporting under the Cash Basis of Accounting.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Maldives, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS): Financial Reporting under the Cash Basis of Accounting and Law of Jurisdiction of Republic of Maldives, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued...)

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Hassan Mohamed.

6 February 2024

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Hassan Mohamed
Managing Partner
License No: ICAM-FL-GX6

BAR COUNCIL OF THE MALDIVES
STATEMENT OF RECEIPTS AND PAYMENTS
for the year ended 31st December 2023
All amounts are stated in Maldivian Rufiyaa

	Note	<u>31-Dec-23</u> MVR	<u>31-Dec-22</u> MVR
Receipts	4	10,702,504	6,335,428
Operational Payments	5	(9,108,837)	(7,605,823)
Capital Payments	6	(8,739,051)	(826,656)
Decrease in cash and cash equivalents		<u>(7,145,384)</u>	<u>(2,097,051)</u>
Cash and cash equivalents at the beginning of the year		10,492,739	12,589,790
Cash and cash equivalents at the end of the year		<u>3,347,355</u>	<u>10,492,739</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 Association set out on pages 5 through 8. The Report of the Independent Auditors is given in pages 1 to 2.

For and on behalf of the Management:
Name

Signature

1. Marium Jabyn (Secretary General)

February 6, 2024

BAR COUNCIL OF THE MALDIVES
STATEMENT OF COMPARISON OF BUDGET AND ACTUALS
for the year ended 31st December 2023
All amounts are stated in Maldivian Rufiyaa

	Original Budget	Final Budget	Actual Receipts/ Disbursements	Variance
	MVR	MVR	MVR	MVR
Disbursements				
Operational Payments				
Salary and allowances	(5,246,010)	(4,954,494)	(3,357,733)	1,596,762
Pension	(145,904)	(145,904)	(124,302)	21,602
Transportation	(400)	(845)	(1,190)	(345)
Administrative supplies	(138,829)	(180,683)	(131,073)	49,610
Administrative services	(5,875,571)	(6,205,780)	(4,081,621)	2,124,159
Training expense	(200,000)	(200,000)	(34,626)	165,374
Repairs and maintenance	(51,000)	(51,000)	(10,998)	40,002
Government grants, subsidies and subscriptions	(192,565)	(91,292)	(56,979)	34,314
Total Operational Payments	(11,850,279)	(11,829,999)	(7,798,522)	4,031,477
Capital Payments				
Short-term Investments				
Financial Assets	-	-	(8,500,000)	(8,500,000)
	-	-	(8,500,000)	(8,500,000)
Property, Plant and Equipment				
Furniture and fittings	(258,179)	(248,646)	(112,665)	135,981
Machinery and equipment	(21,050)	(21,050)	-	21,050
Tools	-	-	(5,800)	(5,800)
Reference book	-	-	-	-
Telecommunication equipment	(13,500)	(34,695)	(34,695)	-
IT equipment	-	-	-	-
Other equipment	(25,000)	(25,000)	-	25,000
	(317,729)	(329,391)	(153,160)	176,231
Intangible Assets				
Computer software	(362,000)	(370,618)	-	370,618
	(362,000)	(370,618)	-	370,618
Total capital payments	(679,729)	(700,009)	(8,653,160)	(7,953,151)
ABA Funds for Justice	-	(1,959,204)	(1,395,763)	563,440
Budget Deficit	(12,530,008)	(14,489,211)	(17,847,445)	(3,358,233)

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Association set out on pages 5 through 8. The Report of the Independent Auditors is given in pages 1 to 2.

BAR COUNCIL OF THE MALDIVES
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2023

1. Reporting Entity

These financial statements relate to Bar Council of the Maldives, a self-governing, independent, state institution mandated to regulate the legal profession in the Maldives. The financial statements encompass the reporting entity as specified in the Law no: 5/2019 (The Legal Professional Act of the Maldives).

These financial statements were authorised for issue by the executive committee on February 5, 2024.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the statement of receipts and payments are set out below. These policies have been consistently applied, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with “International Public Sector Accounting Standards (IPSAS): Financial Reporting under the Cash Basis of Accounting.” On the basis the receipts are recognized when received rather than when committed, and expenses are recognized when paid rather than when incurred. They are presented in the Maldivian Rufiyaa (MVR).

2.2 Cash

Cash comprises of cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents consist of balances with banks.

2.3 Receipts

Receipts are accounted in the period in which such receipts are received. Receipts consists of budgetary support and other income.

As per clause 24 of The Legal Professional Act of the Maldives, government of Maldives is required to provide grant assistance to the Council for activities planned and conducted by the Council. During 2023, the Government of Maldives approved a grant of MVR 7,000,000 and the grant was transferred to the Council's bank account during the year.

2.4 Payments

Payments are accounted for in the period in which such payments are made. Payments are classified as operating payments and capital payments based on their nature.

BAR COUNCIL OF THE MALDIVES
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2023
All amounts are stated in Maldivian Rufiyaa

	31-Dec-23	31-Dec-22
	MVR	MVR
3 Cash and Cash Equivalent		
Cash at bank	2,774,932	9,553,856
ABA Fund for Justice	570,857	933,370
Other funds	-	420
Cash in hand	1,566	5,093
Total	3,347,355	10,492,739
4 Receipts		
Government grant	7,000,000	3,000,000
ABA Fund for Justice (Note 4.1)	1,034,004	2,057,568
Registration, license and exam fees	2,668,500	1,242,500
UNDP	-	6,000
Other Income	-	29,360
Total	10,702,504	6,335,428
4.1	On August 4, 2021 the Council has entered into the subaward agreement with American Bar Association for the Strong and Inclusive Maldivian Democracy Program. The subaward became effective on August 1, 2021 and will conclude on July 21, 2025 where the Bar Council of the Maldives is entitled to an amount not exceeding USD 610,328 under the subaward. This subaward will support expenses related to the entity's core operations where the entity will received funding to meet their staffing, logistical, infrastructure, training and other needs.	
5 Operational Payments		
Salaries and allowances	4,082,438	3,824,924
Pension, retirement benefits and gratitudes	150,172	137,937
Transportation	1,190	195
Administrative supplies	140,290	184,742
Administrative services	4,444,670	2,718,955
Training expense	217,496	376,315
Repairs and maintenance	10,998	135,444
Government grants, subsidies and subscriptions	56,979	222,850
Exchange loss	4,604	4,461
Total	9,108,837	7,605,823
6 Capital Payments		
Property, Plant and Equipment	239,051	656,810
Intangible Assets	-	169,846
Financial Assets	8,500,000	-
Total	8,739,051	826,656

7 Additional Disclosures

7.1 Property, Plant and Equipment

	Balance As at 01-Jan-23 MVR	Additions	Disposals	Balance As at 31-Dec-23 MVR
Furniture and fittings	516,689	112,665	-	629,354
Machinery and equipment	366,002	-	-	366,002
Communication equipment	484,098	34,695	-	518,793
IT equipment	718,725	85,891	-	804,616
Tools and other assets	80,470	5,800	-	86,270
	2,165,984	239,051	-	2,405,035

7.2 Intangible Assets

	Balance As at 01-Jan-23 MVR	Additions	Disposals	Balance As at 31-Dec-23 MVR
Computer Software	523,293	-	-	523,293
	523,293	-	-	523,293

7.3 Financial Assets

	Balance As at 01-Jan-23 MVR	Additions	Net Interest Earned	Balance As at 31-Dec-23 MVR
1 Month MVR Treasury Bills (Note 7.3.1)	-	1,500,000	18,546	1,518,546
6 Month MVR Treasury Bills (Note 7.3.2)	-	7,000,000	616	7,000,616
	-	8,500,000	19,162	8,519,162

7.3.1 On December 17, 2023, the Council entered into an investment agreement for trading in Government of Maldives Securities with First National Finance Corporation. The Council entered into 1 month MVR treasury bills amounting to MVR 1,500,000 with a rate of return of 3.5%. Proceeds from trade are subject to fees and charges at a rate of 0.50% payable to First National Finance Corporation which are determined at the date of realisation of the proceeds.

7.3.2 On November 23, 2023, the Council entered into an investment agreement for trading in Government of Maldives Securities with First National Finance Corporation. The Council entered into 6 months MVR treasury bills amounting to MVR 7,000,000 with a rate of return of 4.23%. Proceeds from trade are subject to fees and charges at a rate of 0.50% payable to First National Finance Corporation which are determined at the date of realisation of the proceeds.

8 Events After the End of the Reporting Period

There are no significant events after the balance sheet date which warrants disclosure.

9 Comparative figures

Comparative figures of the financial statements have been reclassified wherever appropriate to conform with the current year presentation

10 Approval of Financial Statements

These financial statements were approved by the members of the Executive Committee and authorised for issue on February 5, 2024.