

دريڊيو رپورٽ

2020



Pension Office

دۇنياۋى مۇستەقىللىق كۈنى



**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020**

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

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**Independent Auditors' Report
To the Board of Directors of
Maldives Pension Administration Office**

Opinion

We have audited the financial statements of the Maldives Pension Administration Office ("MPAO"), which comprises the statement of financial position as at 31 December 2020, and the statement of income, statement of changes in accumulated fund and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out in pages 8 to 24.

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

Basic for Opinion

We conducted our audit in accordance with International Standard on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibility for the audit of the financial statements* section of our report. We are independent of the MPAO in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirement that are relevant to our audit of the Financial Statements in Maldives, and we have fulfilled our 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.

Other Information

The Board of Members (the "Board") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors ("the Board") is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRSs"), and for such internal control as the Board 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 Board is responsible for assessing the MPAO's ability to continue as a going concern, disclosing, as applicable, matter related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the MPAO or to cease operation, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company Financial Reporting Process.

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 decision of users taken based on these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MPAO'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 MPAO'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 MPAO 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.

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

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.



R. W. M. O. W. Duminda B. Rathnadiwakara
For and on behalf of KPMG

21 April 2021
Male'

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
STATEMENT OF INCOME**

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2020 MVR	2019 MVR
Income			
Income	6	67,227,203	57,727,167
Other income	7	4,193,265	3,094,020
		<u>71,420,468</u>	<u>60,821,187</u>
Expenditure			
Salaries and allowance	8	(20,324,543)	(22,054,951)
Bank charges and custodian fees	9	(6,179,622)	(6,065,881)
Administrative expenses		(10,070,604)	(15,136,933)
		<u>(36,574,769)</u>	<u>(43,257,765)</u>
Excess of income over expenditure for the year		<u><u>34,845,699</u></u>	<u><u>17,563,422</u></u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 8 to 24. The Report of the Independent Auditors is given on pages 1 to 3.

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

	Note	2020 MVR	2019 MVR
ASSETS			
Non current assets			
Furniture and equipment	10	1,063,974	1,655,349
Intangible assets	11	52,270	111,003
Right-of-use assets	12	20,127,786	21,087,786
Total non current assets		<u>21,244,030</u>	<u>22,854,138</u>
Current assets			
Investment in fixed deposit	13	105,483,392	59,651,924
Other receivables	14	6,661,604	6,096,889
Cash and cash equivalents	15	17,051,815	28,875,679
Total current assets		<u>129,196,811</u>	<u>94,624,492</u>
Total assets		<u><u>150,440,841</u></u>	<u><u>117,478,630</u></u>
EQUITY AND LIABILITIES			
Equity			
Accumulated funds		123,393,395	93,547,696
Capital and general reserve	16	20,000,000	15,000,000
Total equity		<u>143,393,395</u>	<u>108,547,696</u>
Current liabilities			
Other payables	17	7,047,446	8,930,934
Total liabilities		<u>7,047,446</u>	<u>8,930,934</u>
Total equity and liabilities		<u><u>150,440,841</u></u>	<u><u>117,478,630</u></u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 8 to 24. The Report of the Independent Auditors is given on pages 1 to 3.

John Grindall

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John Grindall
Chief Executive Officer

These Financial Statements were approved by the Board of Directors on 21 April 2021 and signed on its behalf by;

Athifa Ali

.....
Athifa Ali
Chairperson

Abdul Haleem Abdul Latheef

.....
Abdul Haleem Abdul Latheef
Director

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
STATEMENT OF CHANGES IN ACCUMULATED FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2020

		Capital and General Reserve MVR	Accumulated Fund MVR	Total MVR
	Note			
Balance as at 1 January 2019		10,000,000	80,984,274	90,984,274
Excess of income over expenditure for the year		-	17,563,422	17,563,422
Transferred from accumulated fund	16	5,000,000	(5,000,000)	-
Balance as at 31 December 2019		15,000,000	93,547,696	108,547,696
Balance as at 1 January 2020		15,000,000	93,547,696	108,547,696
Excess of income over expenditure for the year		-	34,845,699	34,845,699
Transferred from accumulated fund	16	5,000,000	(5,000,000)	-
Balance as at 31 December 2020		20,000,000	123,393,395	143,393,395

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 8 to 24. The Report of the Independent Auditors is given on pages 1 to 3.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER

	Note	2020 MVR	2019 MVR
Cash flows from operating activities			
Excess of income over expenditure before tax		34,845,699	17,563,422
Adjustments for			
Depreciation of furniture and equipment	10	978,971	1,895,143
Amortization of intangible assets	11	58,733	127,834
Interest income from investment in fixed deposit	7	(3,581,193)	(2,245,760)
Loss on disposal of property, plant and equipment	10	-	103,638
Depreciation of right to use assets	12	960,000	960,000
Operating surfeit before working capital changes		<u>33,262,210</u>	<u>18,404,277</u>
Working capital changes			
Changes in other receivables		(564,715)	(1,233,393)
Changes in other payables		<u>(1,883,488)</u>	<u>1,468,747</u>
Cash flows generated from operating activities		<u>30,814,007</u>	<u>18,639,631</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(387,598)	(451,146)
Purchase of financial instruments	13.1	(103,000,000)	(68,000,000)
Financial instruments matured during the year	13	58,000,000	30,000,000
Interest received	13	2,749,725	936,987
Net cash used in investing activities		<u>(42,637,873)</u>	<u>(37,514,159)</u>
Net decrease in cash and cash equivalents			
		(11,823,866)	(18,874,528)
Cash and cash equivalents at the beginning of the year		<u>28,875,679</u>	<u>47,750,207</u>
Cash and cash equivalents at the end of the year	15	<u>17,051,813</u>	<u>28,875,679</u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 8 to 24. The Report of the Independent Auditors is given on pages 1 to 3.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS**

1. REPORTING ENTITY

Maldives Pension Administration Office (“MPAO”) was formed on 13th May 2009 under Maldives Pension Act No 8/2009. The registered office is located at Allied Building, Chandhanee Magu, Male’, Republic of Maldives. MPAO is an independent legal entity with perpetual succession and with a separate seal under the Act.

The principal activities of MPAO are;

- Administering the Pension Schemes established under the Act.
- Providing the Maldives Retirement Pension.
- Formulating regulations, standards and guidelines to operate the schemes established under the Act.
- Paying Maldives Old-Age Basic Pensions established under the Act.
- Conducting public awareness programs on the pension schemes established under the Act.
- Taking measures considered necessary by the Pension Office in order to discharge its functions under the Act.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is MPAO’s functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in MPAO’s financial statements is included in the respective notes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the relevant notes.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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 MPAO.

3.1 Foreign Currency Transactions

Transactions in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the income and expenditure statement.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in currencies other than Maldivian Rufiyaa, 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 currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

3.2. Financial Instruments

(i) Recognition and Initial Measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the MPAO becomes a party to the contractual provisions of the instrument.

A financial asset (Unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and Subsequent Measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the MPAO changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

(ii) Classification and Subsequent Measurement (Continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
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Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

(iii) De-recognition

Financial Assets

The MPAO derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the MPAO neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial Liabilities

The MPAO derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The MPAO also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

3.3 Impairment

(i) Financial Assets (including receivables)

The MPAO recognize loss allowance for ECLs (Expected Credit Loss) on financial assets measured at amortized cost.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3. Impairment (Continued)

(i) Financial Assets (including receivables) (Continued)

The MPAO measures loss allowances at an amount equal to lifetime ECLs, except for the following, which measured at 12-month ECLs.

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the MPAO considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the MPAO's historical experience and informed credit assessment and including forward looking information.

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all the cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

(ii) Non – Financial Assets

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

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

3.4 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leases (Continued)

(i) As a lessee (Continued)

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs

incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in "Right-of-Use Asset" and lease liability in "Lease Liability" in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Furniture and Equipment

(i) Recognition and Measurement

Items of furniture 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 labor, 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 furniture and equipment have different useful lives, they are accounted for as separate items (major components) of furniture and equipment.

Gains and losses on disposal of an item of furniture and equipment are determined by comparing the proceeds from disposal with the carrying amount of furniture 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 furniture 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 MPAO, 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 furniture and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of furniture and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that MPAO will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Computers and Communication Equipment	3-5 years
Furniture and Fittings	3 years
Office Equipment	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the depreciation commences from the month on which the furniture and equipment are ready for use.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Intangible Asset

(I) Recognition and Measurement

Intangible assets that are acquired by the entity and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses if any.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss when incurred.

(iii) Amortization

Amortization is recognized 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

lives for the current and comparative periods are as follows:

Computer Software	Over 5 years
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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.7 Provisions

A provision is recognized if, as a result of a past event, MPAO 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. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.8 Interest Income

Interest income is recognized as it accrues, using the original effective interest rate of the fixed deposit calculated at the acquisition or origination date.

3.9 Income

Management fee income is recognized on accrual basis when the management service is provided.

3.10 Events Occurring After the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. MEASUREMENT OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

5. NEW STANDARDS AND INTERPRATATIONS

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards interpretations in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7)

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

6 INCOME	2020 MVR	2019 MVR
Management fee	67,227,203	57,727,167
	<u>67,227,203</u>	<u>57,727,167</u>

Management fee is the income recognized for administration and management of assets of the MRPS. Management fee is charged on accrual basis based on the daily net asset value of the members' balance at the rate of 0.6% (2019: 0.6%) per annum.

7 OTHER INCOME	2020 MVR	2019 MVR
Fines	500,700	487,500
Sponsors for finance forum	-	288,000
Miscellaneous income	111,372	72,760
Interest income	3,581,193	2,245,760
	<u>4,193,265</u>	<u>3,094,020</u>

8 SALARIES AND ALLOWANCES	2020 MVR	2019 MVR
Directors' remuneration	1,139,432	1,076,210
MRPS contribution	819,872	850,105
Employee insurance	275,893	336,816
Salaries and wages	17,240,507	18,080,243
Staff training and development	127,953	1,372,268
Gratuity expense	432,000	-
Other staff related expenses	288,886	339,309
	<u>20,324,543</u>	<u>22,054,951</u>

9 BANK CHARGES AND CUSTODIAN FEES	2020 MVR	2019 MVR
Bank charges	58,929	65,881
Custodian fees (Note: 9.1)	6,000,000	6,000,000
Other charges	120,693	-
	<u>6,179,622</u>	<u>6,065,881</u>

9.1 Custodian fee is paid to Bank of Maldives for provision of Custodian Services to MRPS under an agreement between MPAO and Bank of Maldives. Custodian fee is charged based on assets under custody. The fee rates are 0.16% up to MVR 5 Billion and 0.10% thereafter till June 2017. From July 2017 onwards MPAO is charged a fixed amount of MVR 6 Million per year.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

10 FURNITURE AND EQUIPMENT

	Computer and Accessories		Furniture and Fittings		Office Equipment		Total	
	MVR		MVR		MVR		31/12/2020	31/12/2019
Cost								
Opening balance	2,409,069		3,660,357		1,141,235		7,210,661	7,184,291
Addition during the year	296,331		91,267		-		387,598	451,146
Disposal during the year	-		(93,141)		-		(93,141)	(424,775)
Closing balance	2,705,400		3,658,483		1,141,235		7,505,118	7,210,662
Accumulated depreciation								
Opening balance	1,791,587		2,934,252		829,475		5,555,314	3,981,307
Charge during the year	422,804		404,485		151,682		978,971	1,895,143
Disposal during the year	-		(93,141)		-		(93,141)	(321,137)
Closing balance	2,214,391		3,245,596		981,157		6,441,144	5,555,313
Net carrying values								
As at 31 December 2020	491,009		412,887		160,078		1,063,974	
As at 31 December 2019	617,482		726,105		311,760			1,655,349

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 INTANGIBLE ASSETS	31/12/2020 MVR	31/12/2019 MVR
Cost		
Opening balance	8,780,930	8,780,930
Additions during the year	-	-
Closing balance	<u>8,780,930</u>	<u>8,780,930</u>
Accumulated amortization		
Opening balance	8,669,927	8,542,093
Amortization during the Year	58,733	127,834
Closing balance	<u>8,728,660</u>	<u>8,669,927</u>
Net carrying value	<u><u>52,270</u></u>	<u><u>111,003</u></u>

Intangible assets includes the Data Centre Virtualization Project and Human Resource and Payroll Management System.

12 RIGHT-OF-USE ASSET	31/12/2020 MVR	31/12/2019 MVR
Cost		
Opening balance	22,047,786	-
Transfer from prepaid lease rent	-	22,047,786
Closing balance	<u>22,047,786</u>	<u>22,047,786</u>
Accumulated depreciation		
Opening balance	960,000	-
Depreciation charge during the Year	960,000	960,000
Closing balance	<u>1,920,000</u>	<u>960,000</u>
Net carrying value	<u><u>20,127,786</u></u>	<u><u>21,087,786</u></u>

13 INVESTMENT IN FIXED DEPOSIT	31/12/2020 MVR	31/12/2019 MVR
Opening balance	59,651,924	20,343,151
Addition for the year (Note:13.1)	103,000,000	68,000,000
Matured during the year	(60,749,725)	(30,936,987)
Interest income	3,581,193	2,245,760
Closing balance	<u>105,483,392</u>	<u>59,651,924</u>

13.1 INVESTMENT IN FIXED DEPOSIT(ADDITIONS)

Bank of deposits	Date of opened	Interest rate	MVR Amount
Habib Bank	4/6/2020	4.91%	20,000,000
Commercial Bank of Maldives	4/9/2020	5.00%	30,000,000
Habib Bank	7/20/2020	4.81%	22,000,000
Habib Bank	11/18/2020	4.71%	31,000,000
Total			<u><u>103,000,000</u></u>

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

14 OTHER RECEIVABLES	31/12/2020 MVR	31/12/2019 MVR
Assets management fee receivables	6,190,523	5,536,274
Prepayments	276,930	282,864
MRPS fines receivables	4,700	8,300
Retention allowance (Note 14.1)	189,451	269,451
	<u>6,661,604</u>	<u>6,096,889</u>

14.1 As per the Remuneration and Nomination committee resolution No. 11/2018 dated 10 May 2018, MPAO has granted retention allowance of MVR 400,000 to the employees which has been amortized over 5 year period.

15 CASH AND CASH EQUIVALENTS	31/12/2020 MVR	31/12/2019 MVR
Favorable balance		
Cash in hand	5,977	2,519
Balance with banks	17,121,916	28,887,764
Unfavorable balance		
Credit card balance	(76,078)	(14,604)
Cash and cash equivalent in the statement of cash flow purp.	<u>17,051,815</u>	<u>28,875,679</u>

16 CAPITAL AND GENERAL RESERVE	31/12/2020 MVR	31/12/2019 MVR
Opening balance	15,000,000	10,000,000
Transferred from accumulated fund	5,000,000	5,000,000
Closing balance	<u>20,000,000</u>	<u>15,000,000</u>

Pursuant to the Board meeting No. 126/2016 dated 1 November 2016, capital and general reserve is set up by MPAO. Accordingly, MVR 5 million is transferred annually from accumulated funds to capital and general reserve to buildup an amount of MVR 20 million in capital and general reserve for the purpose of fixed an Intangible assets replacement.

17 OTHER PAYABLES	31/12/2020 MVR	31/12/2019 MVR
Accrued expenses	2,115,557	3,026,903
Custodian fee	3,050,000	3,000,000
Pension contribution payable	151,310	86,855
Payable to ministry of finance (Note 17.1)	1,730,578	2,817,176
	<u>7,047,446</u>	<u>8,930,934</u>

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

- 17.1 This amount represents excess collections to be refunded to Ministry of Finance (MOF) as at reporting date. MPAO disburses state funded pension under an agency agreement with MOF. MPAO invoices MOF for state pensions and on receipt of funds from MOF disbursements are made to beneficiaries.

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK

(A) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair values.

31 December 2020	Financial assets at amortized cost MVR	Other financial liabilities MVR	Total carrying amount MVR	Fair values MVR	Fair value hierarchy
Financial assets					
Investments in fixed deposits	105,483,392	-	105,483,392	105,483,392	Level II
Other receivables	6,384,674	-	6,384,674	6,384,674	
Cash and cash equivalents	17,121,916	-	17,121,916	17,121,916	
	<u>128,989,982</u>	<u>-</u>	<u>128,989,982</u>	<u>128,989,982</u>	
Financial liabilities					
Other payables	-	7,047,446	7,047,446	7,047,446	
Credit card balance	-	76,078	76,078	76,078	
	<u>-</u>	<u>7,123,523</u>	<u>7,123,523</u>	<u>7,123,523</u>	
31 December 2019					
	Financial assets at amortized MVR	Other financial liabilities MVR	Total carrying amount MVR	Fair values MVR	Fair value hierarchy
Financial assets					
Investments in fixed deposits	59,651,924	-	59,651,924	59,651,924	Level II
Other receivables	5,814,025	-	5,814,025	5,814,025	
Cash and cash equivalents	28,887,764	-	28,887,764	28,887,764	
	<u>94,353,713</u>	<u>-</u>	<u>94,353,713</u>	<u>94,353,713</u>	
Financial liabilities					
Other payables	-	8,930,934	8,930,934	8,930,934	
Credit card balance	-	14,604	14,604	14,604	
	<u>-</u>	<u>8,945,538</u>	<u>8,945,538</u>	<u>8,945,538</u>	

Above balances not included non financial assets and non financial liabilities.

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

**19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK
MANAGEMENT (CONTINUED)**

(B) Financial risk management

Overview

The MPAO has exposure to the following risks from its uses of financial instruments;

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the MPAO's exposure to each of the above risks, MPAO's objectives, policies and process for measuring and managing risk, and MPAO's financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the MPAO's risk management framework.

The main risks arising from the MPAO's financial statements are credit risk, liquidity risk and market risk. The policies for managing each of these risks are summarized below.

(i) Credit risk

Credit risk is the risk of financial loss of MPAO's if a debtor fails to meet its contractual obligations. The credit risk arises principally from other receivables and investments in fixed deposits as at 31 December 2020.

The MPAO believes that the unimpaired amounts that is outstanding are still collectible, based on historical payment behaviour. Based on historic default rates. The MPAO believes that no provision for impairment is necessary in respect of trade receivables.

Cash and cash equivalent

The MPAO held cash and equivalents of MVR 16,900,505/- as at 31 December 2020 (2019 - MVR 28,875,679/-).

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK
MANAGEMNT (CONTINUED)

(ii) Liquidity risk

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

31 December 2020

	Carrying Amount MVR	0-6 Months MVR
Financial liabilities (Non- derivative)		
Other payables	7,047,446	7,047,446
Credit card balance	76,078	76,078
	<u>7,123,524</u>	<u>7,123,524</u>

31 December 2019

	Carrying Amount MVR	0-6 Months MVR
Other payables	8,930,934	8,930,934
Credit card balance	14,604	14,604
	<u>8,945,538</u>	<u>8,945,538</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) Market risk

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

At the reporting date, the interest rate profile of the MRPS's interest-bearing financial instruments was:

Fixed rate instruments	Carrying Amount	
	31/12/2020 MVR	31/12/2019 MVR
Financial Assets	105,483,392	59,651,924
	<u>105,483,392</u>	<u>59,651,924</u>

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK
MANAGEMNT (CONTINUED)

(iii) Market risk (Continued)

(a) Interest rate risk (Continue)

The MPAO has account the financial assets and liabilities at fixed rate and therefore, a change in interest rate at the reporting date would not be affected to the profit or loss.

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31 December 2020 by MVR 144,000/- (2019 : MVR 58,000/-). This analysis assumes that all the other variables remain constant.

(b) Currency risk

Currency risk is the risk that the values of a financial instrument will fluctuate due to changes in foreign exchange rates. This represent exposure the MPAO has due to changes in the values of current holding and future cash flow positions denominated in currencies other than the local currency.

	31/12/2020 USD	31/12/2019 USD
Cash and cash equivalents	99,454	103,590
Credit card balance	4,934	947
	<u>104,388</u>	<u>104,537</u>

The following significant exchange rate applied during the year:

	Average rate		Reporting date spot rate	
	2020	2019	31/12/2020	31/12/2019
1 United States Dollar : Maldives Rufiyaa	<u>15.42</u>	<u>15.42</u>	<u>15.42</u>	<u>15.42</u>

In respect of the monetary assets and liabilities denominated in MVR, the MPAO has limited currency risk exposure on such balances since the Maldivian Rufiyaa is pledged to the US Dollar within a band to fluctuate within $\pm 20\%$ of the mid-point of exchange rate.

(iv) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of funds to members.

There were no changes in the MPAO's approach to capital management during the year. The MPAO is not subject to externally imposed capital requirements.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

20 CAPITAL COMMITMENTS

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

21 CONTINGENT LIABILITIES

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

22 COMPARATIVE FIGURES

To facilitate comparison, relevant balances pertaining to the previous year have been re-classified to conform to current year's classification and presentation.

23 EVENTS AFTER REPORTING DATE

No circumstances have arisen since reporting date which require adjustments to / or disclosure in the financial statements.

24 RELATED PARTY TRANSACTION

MPAO is fully owned by the Government and the Board comprises eight members. Accordingly, MPAO has considered the Government of Maldives as a related party according to IAS 24 Related Party Disclosures. During the year ended 31 December 2020, MPAO has carried out transactions with the Government and other Government related entities in the ordinary cause of business.

Name of the Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
			2020	2019	31/12/2020	31/12/2019
			MVR	MVR	MVR	MVR
Maldives Pension Retirement Scheme	Administration of Pension Fund	Management fee	67,227,203	57,727,167	6,190,523	5,536,274
		Settlement	(66,572,954)	(56,636,539)		

MPAO has transactions with entities directly or indirectly controlled by the Government of Maldives, MRPS, agencies, affiliations and other organizations, collectively referred to as government entities. MPAO has transactions with MRPS including discretion in the administration of the scheme or management and forecast of pension assets and advising the Board on investment or having such responsibility to advise, although does not exercise it.

24.1 Transaction with Key Management Personnel

The Board of Directors of MPAO are members of the key management personnel. The MPAO has paid an amount of MVR 1,137,232/- to the key management personnel during the year ended 31 December 2020 (2019:1,076,210/-).

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY THE MALDIVES PENSION ADMINISTRATION OFFICE)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020**

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

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**Independent Auditors' Report
To the members of Maldives Retirement Pension Scheme
(Administered by Maldives Pension Administration Office)**

Opinion

We have audited the accompanying financial statements of Maldives Retirement Pension Scheme ("MRPS"), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in net assets attributable to members and cash flows for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 4 to 30.

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

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 *Auditors' Responsibilities* for the Audit of the Financial Statements section of our report. We are independent of the MRPS in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Maldives and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters - Restatement of Comparative Balances

We draw attention to Note 24 to the financial statements, which describes MRPS had not recognized contribution receivables in the financial statements as at 31 December 2018 and 31 December 2019. As a result, the contribution income, accumulated members' balance and contribution receivable had been understated. This is now corrected and disclosed as comparative in this financial statement. Our opinion is not modified in respect of this matter.

Other Information

The Board of Members (the "Board") is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

Responsibilities of the Board of Members for the Financial Statements

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

The Board of Directors are responsible for overseeing the MRPS's financial reporting processes

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:

- 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 MRPS's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board'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 MRPS'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 MRPS to cease to continue as a going concern.

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

- 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 Board 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.



R. W. M. O. W. Duminda B. Rathnadiwakara
For and on behalf of KPMG Maldives

21 April 2021
Male'

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER	Note	2020 MVR	2019 MVR (Restated)*
Income			
Net contribution	6	1,034,632,648	1,096,470,320
Interest income	7	674,961,587	589,459,819
Dividend income	8	55,436,952	55,220,428
Other income	9	1,198,128	426,662
Total income		<u>1,766,229,315</u>	<u>1,741,577,229</u>
Operating expenses			
Administrative expenses	10	<u>67,227,205</u>	<u>57,727,167</u>
Total expenses		<u>67,227,205</u>	<u>57,727,167</u>
Increase in net assets attributable to members		<u><u>1,699,002,110</u></u>	<u><u>1,683,850,062</u></u>

*Comparative information has been restated due to a correction. See note 24.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 8 to 30. The Report of the Independent Auditors is given on pages 1 and 3.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
STATEMENT OF FINANCIAL POSITION**

AS AT	Note	12/31/2020 MVR	12/31/2019 MVR (Restated)*	1/1/2019 MVR (Restated)*
ASSETS				
Cash and cash equivalents	11	37,684,583	27,503,083	22,973,405
Contribution and other receivables	12	125,395,542	113,762,119	113,507,736
Investment in financial assets	13	11,877,471,266	10,303,608,429	8,736,796,164
Recognition bond	14	3,631,167,429	3,529,206,250	3,422,759,616
Housing collateralization deposit	15	33,579,865	31,103,085	25,821,294
Total Assets		<u>15,705,298,685</u>	<u>14,005,182,966</u>	<u>12,321,858,215</u>
LIABILITIES				
Other payables	16	6,860,114	6,980,927	5,511,797
Contribution collection accounts		1,912,105	677,683	2,672,124
Total liabilities (excluding net assets attributable to members)		<u>8,772,219</u>	<u>7,658,610</u>	<u>8,183,921</u>
ACCUMULATED MEMBERS' BALANCE				
Accumulated members' balance		15,696,526,466	13,997,524,356	12,313,674,294
Total accumulated members' balance and		<u>15,705,298,685</u>	<u>14,005,182,966</u>	<u>12,321,858,215</u>

*Comparative information has been restated due to a correction. See note 24.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 8 to 30. The Report of the Independent Auditors is given on pages 1 and 3.

John Grindall

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John Grindall
Chief Executive Officer

These Financial Statements were approved by the Board of Directors on 21 April 2021 and signed on its behalf by;

Athifa Ali

.....
Athifa Ali
Chairperson

Abdul Haleem Abdul Latheef

.....
Abdul Haleem Abdul Latheef
Director

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS**

FOR THE YEAR ENDED 31 DECEMBER 2020

		<u>Accumulated members balance</u>
	Note	<u>MVR</u>
As at 1 January 2019, as previously reported		12,207,752,128
Adjustment for restatement of contribution income	24	105,922,166
Restated balance as at 1 January 2019		<u>12,313,674,294</u>
Increase in net assets attributable to members		1,683,850,062
Restated balance as at 31 December 2019		<u>13,997,524,356</u>
Balance as at 1 January 2020		13,997,524,356
Increase in net assets attributable to members		1,699,002,110
Balance as at 31 December 2020		<u>15,696,526,466</u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 8 to 30. The Report of the Independent Auditors is given on pages 1 and 3.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER

	2020	2019
	MVR	MVR
Cash flows from operating activities		
Contribution received to contribution collection account	1,122,915,413	1,180,729,772
Accrued right received for matured recognition bond	40,030,435	40,359,335
Interest received for matured recognition bond	28,966,749	19,142,609
Fine on late contribution	937,481	949,459
Interest received	453,397,839	387,389,135
Management fee paid	(66,572,956)	(56,636,539)
Benefits paid to members	(102,000,281)	(91,517,444)
Net cash from operating activities	<u>1,477,674,680</u>	<u>1,480,416,327</u>
Cash flows from investing activities		
Dividend received	55,436,952	55,220,428
Net investments	(1,531,629,588)	(1,532,203,784)
Net investment in housing collateralization	(2,288,619)	(4,861,564)
Repayment on principle on bond	10,988,075	5,958,271
Net cash used in investment activities	<u>(1,467,493,180)</u>	<u>(1,475,886,649)</u>
Net increase in cash and cash equivalents	10,181,500	4,529,678
Cash and cash equivalents at beginning of the year	27,503,083	22,973,405
Cash and cash equivalents at end of the year	<u>37,684,583</u>	<u>27,503,083</u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 8 to 30. The Report of the Independent Auditors is given on pages 1 and 3.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS**

1. REPORTING ENTITY

Maldives Retirement Pension Scheme (MRPS) was established under Maldives Pension Act No 8/2009 on 13 May 2009. The registered office is located at 8th Floor, Allied Building, Chaandhanee Magu, Male', Republic of Maldives.

The objective of MRPS is to provide a stable retirement income for the participants of the scheme based on the contributions made and performance of the investments. This forms an important pillar of the national social protection system. The MRPS is a Defined Contribution Scheme, where the employee and employer together contribute a minimum of 14% of the pensionable wage on a monthly basis to the scheme. The pension payout starts at retirement and pensioners are currently provided with monthly pension benefits for life expected at the time of retirement. The MRPS commenced in May 2010 with contribution from public Sector employees and in May 2011 with private sector employees.

The Investment and administration activities of MRPS are managed and administered by Maldives Pension Administration Office (MPAO) in accordance with the requirements of the Act.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except financial instruments, which are measured at fair value. Summary of financial instrument policies are set out in note 3.2.

(c) Functional and Presentation Currency

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

(d) Use of Materiality, Offsetting and Rounding

Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions are presented separately unless they are immaterial.

Offsetting

Assets and liabilities and income and expenses in the financial statements are not set off unless required or permitted by IFRSs.

Rounding

The amounts in the financial statements have been rounded off to the nearest Rufiyaa, except where otherwise indicated.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

2. BASIS OF PREPARATION (CONTINUED)

(e) Use of Estimates and Judgements and Assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the MRPS's financial statements is included in the respective notes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the relevant notes.

Going concern

The Management has made an assessment of Fund's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Therefore, the Financial Statements of the Fund continued to be prepared on a going concern basis. In addition to that specific accounting judgments, estimations and assumptions were used in following disclosures.

- Valuation of Financial Instruments
- The impairment of assets

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 MRPS.

3.1 Foreign Currency Transactions

Transactions in foreign currency are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the statement of changes in net assets available for benefits.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies other than Maldivian Rufiyaa, 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 the values were determined.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the MRPS becomes a party to the contractual provisions of the instrument.

A financial asset (Unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the MRPS changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

iii De-recognition

Financial assets

The MRPS derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the MRPS neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

Financial liabilities

The MRPS derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The MRPS also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

3.3 Impairment

(i) Financial Assets (including receivables)

The MRPS recognize loss allowance for ECLs (Expected Credit Loss) on financial assets measured at amortized cost.

The MRPS measures loss allowances at an amount equal to lifetime ECLs, except for the following, which measured at 12-month ECLs.

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the MRPS considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all the cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

(ii) Non-financial Assets

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

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

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Provisions

A provision is recognized if, as a result of a past event, the MRPS 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. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.5 Investment Income

Interest income is recognized as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortization of any discount or premium, transaction cost or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Dividend income is recognized in the income statement when the right to receive dividend is declared.

3.6 Contribution Revenue

Contribution revenue from employees and members is recognized when the control and the benefits from the revenue have transferred to the MRPS. Any un-reconciled contributions are held in Contribution Collection Account and are not recognized as revenue.

Contribution revenue from accrued rights is recognized when the government issues the recognition bonds for respective employees.

Revenue from fines on late contribution payments are recognized on accrual basis to the extent that the amount is recoverable.

3.7 Events Occurring After the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

4. DETERMINATION OF FAIR VALUES

A number of the MRPS's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The MRPS has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. DETERMINATION OF FAIR VALUES (CONTINUED)

When measuring the fair value of an asset or a liability, the MRPS uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

5. NEW STANDARDS AND INTERPRATATIONS NOT YET ADOPTED

Following new standards, amendments to standards and interpretations applicable to the financial statements of the MRPS are effective for annual periods beginning after 1 January 2020 and earlier application is permitted, however the MRPS has not applied the following new or amended standards interpretations in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the MRPS's financial statements.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Reference to the Contractual Framework (Amendment to IFRS 3)
- Annual improvement for the IFRS 2018 to 2020

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

6 NET CONTRIBUTION	2020	2019
	MVR	MVR
CONTRIBUTION INCOME		(Restated)
Contribution from employers	575,323,897	602,493,944
Contribution from members	560,135,158	584,873,739
Contribution from self-employed members	89,043	20,640
Contribution from government on accrued rights (Note 14.1)	1,084,832	557,715
	<u>1,136,632,929</u>	<u>1,187,946,039</u>
CONTRIBUTION PAID		
Benefits paid to members	102,000,281	91,475,719
	<u>102,000,281</u>	<u>91,475,719</u>
NET CONTRIBUTION	<u>1,034,632,648</u>	<u>1,096,470,320</u>
7 INTEREST INCOME	2020	2019
	MVR	MVR
Interest on recognition of bonds (Note 7.1)	168,101,602	161,503,932
Interest on treasury bonds	172,566,793	158,955,660
Interest on treasury bills	289,065,389	236,916,878
Interest on fixed deposits	20,620,195	17,643,991
Interest on HDFC bonds	9,264,310	5,619,502
Income on sukuk	14,024,071	7,946,622
Income on collateralization deposit	1,319,227	873,234
	<u>674,961,587</u>	<u>589,459,819</u>

7.1 Interest income from recognition bonds

Interest on recognition bonds is calculated based on highest annual fixed deposit rate issued by the Maldivian Monetary Authority during the previous year. Highest annual fixed deposit rate for the year ended 31 December 2020 was 4.78%. (2019 - 4.80%)

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

8 DIVIDEND INCOME	2020	2019
	MVR	MVR
Dividend from equity securities - Quoted	55,436,952	55,220,428
	<u>55,436,952</u>	<u>55,220,428</u>
9 OTHER INCOME	2020	2019
	MVR	MVR
		(Restated)
Fines on late contribution	1,198,128	426,662
	<u>1,198,128</u>	<u>426,662</u>
10 ADMINISTRATIVE EXPENSES	2020	2019
	MVR	MVR
Management fee (Note 10.1)	67,227,205	57,727,167
	<u>67,227,205</u>	<u>57,727,167</u>

10.1 Management fee

In accordance with section 6(d) of the Maldivian Pension Act 8/2009, the MPOA is entitled to charge a fee from the members based on the daily asset value of the members balance of the MRPS. (Prior to 2013 the fee was charged only on the member balances in the Investment Portfolio). The Board of MPAO decided to levy a fee on the Sharia and Conservative Portfolio members effective from January 2013. The fees are reviewed annually. Management fees are recognized monthly on accrual basis at 0.6% per annum on each month end net asset value. (2019 - 0.6%)

11 CASH AND CASH EQUIVALENT	31/12/2020	31/12/2019
	MVR	MVR
Cash at bank (Note 11.1)	37,684,583	27,503,083
Cash and cash equivalent in the Statements of Cash Flows	<u>37,684,583</u>	<u>27,503,083</u>
11.1 Balances with Banks	31/12/2020	31/12/2019
	MVR	MVR
Cash balance in Contribution Holding Account	35,177,152	25,905,545
Cash balance in Contribution Collection Account	1,912,105	677,683
Cash balance in Maldives Islamic Bank	586,991	909,461
Cash balance in Mauritius Commercial Bank	8,335	10,394
	<u>37,684,583</u>	<u>27,503,083</u>

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

12 CONTRIBUTION AND OTHER RECEIVABLES	31/12/2020 MVR	31/12/2019 MVR (Restated)	1/1/2019 MVR (Restated)
Contribution receivables	124,961,380	109,890,696	105,922,166
Receivable for accrued rights matured	240,030	3,096,791	6,983,722
Other receivables	194,132	774,632	601,848
	<u>125,395,542</u>	<u>113,762,119</u>	<u>113,507,736</u>
13 INVESTMENT IN FINANCIAL ASSETS		31/12/2020 MVR	31/12/2019 MVR
Treasury bills - at amortized cost		7,119,547,251	5,712,193,016
Investment in Fixed deposit - at amortized cost		509,566,028	361,201,409
Investment in Sukuk - at amortized cost		197,172,120	197,142,249
Treasury bonds - at amortized cost		3,367,767,644	3,338,653,852
Investment in HDFC bond - at amortized cost (Note 13.1)		124,533,163	135,532,843
Equity securities – at FVOCI - (Note 13.2)		558,885,060	558,885,060
		<u>11,877,471,266</u>	<u>10,303,608,429</u>
13.1 Investment in HDFC bond - at amortized cost		31/12/2020 MVR	31/12/2019 MVR
Balance as at 1 January		135,532,843	77,171,114
Addition during the year		-	64,000,000
Interest accrued during the year		9,264,310	5,619,502
Interest received during the year		(9,275,915)	(5,299,502)
Principal repayment during the year		(10,988,075)	(5,958,271)
Balance as at 31 December		<u>124,533,163</u>	<u>135,532,843</u>

The MRPS has acquired 8,000 bonds of Housing Development Finance Corporation (HDFC) PLC at MVR 10,000/- each on 1 July 2018, carrying interest of 7% per annum. Repayment will take place in twenty semi-annual instalments commencing six month after the date of allotment.

The MRPS has acquired 64,000 bonds of Housing Development Finance Corporation (HDFC) PLC at MVR 1,000/- each on 5 December 2019, carrying interest of 7% per annum. Repayment will take place in twenty semi-annual instalments commencing six month after the date of allotment.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

13 OTHER INVESTMENTS (CONTINUED)

13.2	Equity securities – at FVOCI	31/12/2020	31/12/2019
		MVR	MVR
	Investment in equity shares (quoted) (Note 13.3)	558,885,060	558,885,060
		<u>558,885,060</u>	<u>558,885,060</u>

13.3 Investment in equity shares (quoted)

	<u>Number of shares</u>		<u>Carrying value</u>	
	<u>31/12/2020</u>	<u>31/12/2019</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
			MVR	MVR
Dhivehi Raajjeyge Gulhun PLC (DHR)	2,813,390	2,813,390	225,957,210	225,957,210
Ooredoo Maldives PLC (OMPL)	8,333,330	8,333,330	249,999,900	249,999,900
Maldives Islamic Bank PLC (MIB)	2,369,370	2,369,370	82,927,950	82,927,950
			<u>558,885,060</u>	<u>558,885,060</u>

Financial assets at fair value through other comprehensive Income, comprising principally marketable equity securities, are measured at fair value annually at the close of the business on 31 December. The management has performed a valuation on a basis of discounted cash flows to determine the fair value, since the absence of an active market.

13.4 Measurement of fair values

(i) Fair value hierarchy

The fair value of investment in equity shares was determined by the management and having appropriate recognized professional qualifications. The Management determines the fair value investment in equity shares every three months.

The fair value measurement for investment in equity shares has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

13 OTHER INVESTMENTS (CONTINUED)

13.4 Measurement of fair values (Continued)

(ii) Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Dhiraagu and Ooredoo		
<i>Discounted cash flows:</i> The valuation model considers the present value of future free cash flows of the investee, taking into account the expected earnings growth, Terminal growth and Capital Investments. The expected free cash flows are discounted using weighted average cost of capital (WACC).	<ul style="list-style-type: none"> -Expected revenue growth (2020: 2%–8%, 2019: 6%–14%). -Terminal growth: (2020: 1% of the asset base, 2019: 1% of the asset base) -Capital Investment (2020: 8% - 10%, (2019: 10%) -WACC (2020: 10%–11%, (2019: 11%–12.3%) 	<p>The estimated fair value would increase / (decrease) if:</p> <ul style="list-style-type: none"> -Expected revenue growth were higher / (lower); -Terminal growth and Capital Investments were higher / (lower); or -Weighted average cost of capital were lower / (higher).
Maldives Islamic Bank		
<i>Residual Income:</i> The valuation model considers the cash flows an investee is capable of generating versus the return expected by the investor, taking into account the return on equity, terminal ROE and terminal growth. The expected residual income and terminal income are discounted using cost of equity.	<ul style="list-style-type: none"> -ROE (2020: 15%, (2019: 15%). -Terminal ROE (2020: 17% , (2019: 17%) -Terminal growth (2020: 1% , (2019: 3%) -Cost of equity (2020: 13%, (2019: 13%) 	<p>The residual income would increase / (decrease) if:</p> <ul style="list-style-type: none"> -Expected ROE were higher / (lower); -Terminal growth were higher / (lower); or -Cost of equity were lower / (higher).

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

14 RECOGNITION BOND	31/12/2020	31/12/2019
	MVR	MVR
Accrued pension rights receivable (Note 14.1)	2,006,179,516	2,043,353,190
Interest receivable on recognition bonds (Note 14.2)	1,624,987,913	1,485,853,060
	<u>3,631,167,429</u>	<u>3,529,206,250</u>

14.1 Accrued pension rights receivable		
Opening balance	2,043,353,190	2,075,998,964
Net adjustment to contribution from Government on accrued rights	1,084,832	557,715
Accrued rights matured during the year	(38,258,506)	(33,203,489)
Closing balance	<u>2,006,179,516</u>	<u>2,043,353,190</u>

In accordance with section 25 of the Maldives Pension Administration Act No. 8 of 2009, "public service employees" who have not reached the age of 65 years at the commencement of this Act shall have their Accrued Pension Rights deposited in their Retirement Savings Account in the form of recognition bonds of Government. As per the agreement dated 19 September 2011 Ministry of Finance and Treasury has agreed to recognize the Accrued Pension Rights" of MVR 2,380,156,835/- subject to a variation of 5% of the rights. Accordingly, MRPS has recognized revenue of MVR 2,380,156,835/- as contribution from Government on Accrued Pension Rights during the period ended 31 December 2010.

14.2 Interest receivable on recognition bonds	31/12/2020	31/12/2019
	MVR	MVR
Opening balance	1,485,853,060	1,346,760,652
Additions during the year	168,101,602	161,503,932
Paid during the year	(28,966,749)	(22,411,524)
Closing balance	<u>1,624,987,913</u>	<u>1,485,853,060</u>

As per section 25 of Pension Administration Act No 8 of 2009, the accrued rights of employees who were in employment with Government organizations at the time of commencement of this Act should be protected. In this regard, Ministry of Finance and Treasury issued recognition bonds to all employees. The face value of the bond and accrued interest thereon will mature on retirement or on the death of a member.

15 HOUSING COLLATERALIZATION DEPOSIT	31/12/2020	31/12/2019
	MVR	MVR
Opening balance	31,103,085	25,821,294
Additions during the year	3,231,444	5,043,654
Principle received during the year	(362,325)	(143,944)
Interest accrued during the year	686,065	1,300,201
Interest received during the year	(1,078,404)	(918,120)
Closing balance	<u>33,579,865</u>	<u>31,103,085</u>

The amounts under the heading "housing collateralization deposit" concern cash collateral pledged with Housing Development Finance Corporation (HDFC), Bank of Maldives (BML), Commercial Bank of Maldives (CBM), Maldives Islamic Bank (MIB) and The Mauritius Commercial Bank (Maldives) Private Limited (MCB) to facilitate the collateralization of accumulated Retirement Savings Account (RSA) for the purpose of paying the down payment in obtaining home finance for the members of Maldives Retirement Pension Scheme.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

16 OTHER PAYABLES	31/12/2020	31/12/2019
	MVR	MVR
Management fee payable	6,190,523	5,536,274
To be allocated to collateralization deposit members	653,337	1,286,498
Excess collection from employers	16,254	13,342
Other payables	-	144,813
	<u>6,860,114</u>	<u>6,980,927</u>

17 CAPITAL COMMITMENTS

There were no material capital commitments outstanding as at the reporting date.

**18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK
MANAGEMNT**

The following table shows the carrying amounts and fair values of financial assets financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair values.

(A) Accounting classification and fair values

Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level I	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level II	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level III	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

(A) Accounting classification and fair values (Continued)

31 December 2020	Carrying amount			Fair value				
	Financial assets at amortised cost	FVOCI – equity instruments MVR	Other financial liabilities MVR	Total	Level I MVR	Level II MVR	Level III MVR	Total
Financial assets								
Cash and cash equivalents	37,684,583	-	-	37,684,583	-	-	-	-
Contribution and other receivables	125,395,542	-	-	125,395,542	-	-	-	-
Financial assets at amortised cost	11,318,586,206	-	-	11,318,586,206	-	-	-	-
Equity securities at FVOCI	-	558,885,060	-	558,885,060	-	-	558,885,060	558,885,060
Recognition bond	3,631,167,429	-	-	3,631,167,429	-	-	-	-
Housing collateralization deposit	33,579,865	-	-	33,579,865	-	-	-	-
	<u>15,146,413,625</u>	<u>558,885,060</u>	<u>-</u>	<u>15,705,298,685</u>	<u>-</u>	<u>-</u>	<u>558,885,060</u>	<u>558,885,060</u>
Financial liabilities								
Other payables	-	-	6,860,114	6,860,114	-	-	-	-
Contribution collection accounts	-	-	1,912,105	1,912,105	-	-	-	-
	<u>-</u>	<u>-</u>	<u>8,772,219</u>	<u>8,772,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial assets and liabilities included in above table other than equity securities at FVOCI, are not measured at fair value. Their carrying amount is a reasonable approximation of fair value.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

(A) Accounting classification and fair values (Continued)

31 December 2019	Carrying amount			Fair value				
	Financial assets at amortised cost	FVOCI – equity instruments	Other financial liabilities	Total	Level I	Level II	Level III	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Financial assets								
Cash and cash equivalents	27,503,083	-	-	27,503,083	-	-	-	-
Contribution and other receivables	113,762,119	-	-	113,762,119	-	-	-	-
Financial assets at amortized cost	9,744,723,369	-	-	9,744,723,369	-	-	-	-
Equity securities at FVOCI	-	558,885,060	-	558,885,060	-	-	558,885,060	558,885,060
Recognition bond	3,529,206,250	-	-	3,529,206,250	-	-	-	-
Housing collateralization deposit	31,103,085	-	-	31,103,085	-	-	-	-
	13,446,297,906	558,885,060	-	14,005,182,966	-	-	558,885,060	558,885,060
Financial liabilities								
Other Payables	-	-	6,980,927	6,980,927	-	-	-	-
Contribution collection accounts	-	-	677,683	677,683	-	-	-	-
	-	-	7,658,610	7,658,610	-	-	-	-

Financial assets and liabilities included in above table other than equity securities at FVOCI, are not measured at fair value. Their carrying amount is a reasonable approximation of fair value.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

**18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK
MANAGEMNT (CONTINUED)**

(B) Financial risk management

Overview

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

- Credit Risk
- Market Risk
- Liquidity Risk

This note presents information about the MRPS's exposure to each of the above risks, the MRPS's objectives.

Risk Management Framework

The Board of Members has overall responsibility for the establishment and oversight of the MRPS's risk management framework.

(i) Credit Risk

Credit Risk is the risk of loss due to the inability or unwillingness of a borrower/ counter-party to meet its payment obligations. The credit risk of the MRPS is deemed minimal as 91.04% of the total investment is made in Government Securities. Composition of the investments of the MRPS as at the year end is as follows.

Analysis of Risk Concentration – Investment Composition

Investment	31/12/2020		31/12/2019	
	MVR	%	MVR	%
Government Securities	10,487,314,895	67.62%	9,050,846,868	65.43%
Recognition bond	3,631,167,429	23.41%	3,529,206,250	25.51%
Investment in Fixed Deposits	509,566,028	3.29%	361,201,409	2.61%
Corporate Debt Securities	321,705,283	2.07%	332,675,092	2.40%
Investment in Equity Securities	558,885,060	3.60%	558,885,060	4.04%
	<u>15,508,638,695</u>	<u>100%</u>	<u>13,832,814,679</u>	<u>100%</u>

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

**18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK
MANAGEMENT (CONTINUED)**

(B) Financial risk management (Continued)

(i) Credit Risk (Continued)

Cash and cash equivalent

The MRPS held cash and cash equivalents of MVR 37,684,583/- as at 31 December 2020 (2019: MVR 27,503,083/-). The MRPS limits its exposure to credit risk by maintaining its cash balances in selected banks.

(ii) Market Risk

Market Risk is the risk of losses from changes in the market value of portfolios and financial instruments due to movements in interest rates, foreign exchange and equity prices. The market risk faced by the MRPS primarily arises from interest rate risk and equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(a) Interest Rate Risk

Exposure to interest rate risk

At the reporting date, the interest rate profile of the MRPS's interest-bearing financial instruments was:

	<u>Carrying Amount</u>	
	2020 MVR	2019 MVR
Fixed Rate Instruments	13,100,107,532	11,616,639,693

The MRPS does not account for any fixed-rate financial assets at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31 December 2020 by MVR 147,250,929/- (2019 : MVR 131,037,274/-). This analysis assumes that all the other variables remain constant.

(b) Equity Price Risk

The equity price risk is the reduction in the value of equity portfolio due to the decline in share prices. This is an inherent risk of equity investments which has been mitigated by investing in fundamentally sound stocks with robust value. However, MRPS value equity securities based on discounted free cash flows of the investee companies.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

**18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK
MANAGEMNT (CONTINUED)**

(B) Financial risk management (Continued)

(iii) Liquidity Risk

Liquidity Risk is the risk arising from the inability of the MRPS to meet its financial commitments and obligations when they fall due. The net contribution of the Fund was between MVR 75 Mn to MVR 102 Mn per month during the year.(2019: MVR 86 Mn to MVR 101 Mn) Further, interest and maturity proceeds provided additional cash flow to the MRPS.

Management of liquidity risk includes taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the MRPS's reputation.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

(B) Financial risk management (Continued)

(iii) Liquidity Risk (Continued)

Maturity analysis of financial assets and financial liabilities

Financial assets	0-12	1-3	3-5	More Than	Total as at	Total as at
	Months MVR	Years MVR	Years MVR	5 years MVR	31/12/2020 MVR	31/12/2019 MVR
Cash and cash equivalents	37,684,583	-	-	-	37,684,583	27,503,083
Contribution and other receivables	125,395,542	-	-	-	125,395,542	3,871,423
Treasury bills	7,119,547,251	-	-	-	7,119,547,251	5,712,193,016
Investment in Fixed deposit	242,117,714	162,296,916	105,151,398	-	509,566,028	361,201,409
Investment in Sukuk	2,172,120	-	15,000,000	180,000,000	197,172,120	197,142,249
Treasury bonds	500,767,644	1,005,000,000	1,612,000,000	250,000,000	3,367,767,644	3,338,653,852
Investment in HDFC bond	12,079,096	26,116,219	29,968,962	56,368,886	124,533,163	135,532,843
Financial assets at FVOCI	-	-	-	558,885,060	558,885,060	558,885,060
Recognition bond	64,988,407	128,087,569	131,533,650	3,306,648,297	3,631,167,429	3,529,206,250
Housing collateralization deposit	592,075	-	-	32,987,790	33,579,865	31,103,085
Total assets	8,105,344,432	1,321,500,704	1,893,654,010	4,384,890,033	15,705,298,685	13,895,292,270
Financial liabilities						
Other Payables	6,860,114	-	-	-	6,860,114	6,980,927
Contribution collection accounts	1,912,105	-	-	-	1,912,105	677,683
Total liabilities	8,772,219	-	-	-	8,772,219	7,658,610
Accumulated Members' Balance						
Contribution payout	103,439,484	295,765,519	331,650,324	14,965,671,138	15,696,526,466	13,887,633,660
Total accumulated members' balance and Liabilities	112,211,703	295,765,519	331,650,324	14,965,671,138	15,705,298,685	13,895,292,270

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

19 COMPARATIVE FIGURES

To facilitate comparison, relevant balances pertaining to the previous year have been re-classified to conform to current year's classification and presentation.

20 EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since reporting date which require adjustments to / or disclosure in the financial statements.

21 RELATED PARTY TRANSACTIONS

21.1 Transactions with the Key Management Personnel

MRPS is fully owned by the Government of Maldives and the Board comprises eight members. Accordingly, MRPS has considered the Government of Maldives as a related party according to IAS 24 Related Party Disclosures. During the year ended 31 December 2020, MRPS has carried out transactions with the Government and other Government related entities in the ordinary course of business.

MRPS has transactions with entities directly or indirectly controlled by the Government of Maldives, MPAO, agencies, affiliations and other organizations, collectively referred to as government entities. The Investment and administration activities of MRPS are managed and administered by Maldives Pension Administration Office (MPAO) in accordance with the requirements of the Act. Under the investment management agreement, the MPAO receives a management fee at an annual rate of 0.6% (2019 - 0.6%) of the net assets value of MRPS.

The total Board of Members' fee paid for the year ended 31 December 2020 were nil. (2019 - Nil)

21.2 RELATED PARTY TRANSACTIONS

	Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
				2020 MVR	2019 MVR	31/12/2020 MVR	31/12/2019 MVR
	Maldives Pension Administration Office (MPAO)	Administration office of MRPS	Management fee Settlements	(67,227,205) 66,572,956	(57,727,167) 56,636,539	(6,190,523)	(5,536,274)

22 COMMITTEE OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Members of the MRPS is responsible for the preparation and presentation of these Financial Statements.

23 CONTINGENT LIABILITIES

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

MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 RESTATEMENT OF COMPARATIVE BALANCES

During the year, it was discovered that an amount of MVR 109,890,696/- had not been recognized as contribution receivables. As a result accumulated members' balance and contribution receivables were understated as at 31 December 2018 and 31 December 2019 by MVR, 105,922,166/- and MVR 3,968,529/- respectively. Further, this understated the contribution income by same amounts as stated above during the year ended 31 December 2018 and 31 December 2019. However, this had been corrected by restating each of the affected financial statement line items for the prior period in accordance with International Accounting Standards (IAS) 8, Changes in Accounting Estimates and Errors. The following tables summarize the impact on MRPS's financial statements.

24.1 *As at 1 January 2019*

a. Statement of Financial Position	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Accumulated members balance	(12,207,752,128)	(105,922,166)	(12,313,674,294)
Total accumulated members balance	(12,207,752,128)	(105,922,166)	(12,313,674,294)
Contribution receivables	-	105,922,166	105,922,166
Total assets	12,215,936,049	105,922,166	12,321,858,215

24.2 *As at 31 December 2019*

a. Statement of Financial Position	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Accumulated members balance	(13,887,633,660)	(109,890,696)	(13,997,524,356)
Total accumulated members balance	(13,887,633,660)	(109,890,696)	(13,997,524,356)
Contribution receivables	-	109,890,696	109,890,696
Total assets	13,895,292,270	109,890,696	14,005,182,966
b. Statement of Comprehensive Income	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Net contribution	1,091,978,993	4,491,327	1,096,470,320
Other income	949,459	(522,797)	426,662
Increase in net assets attributable to members	1,679,881,532	3,968,530	1,683,850,062

c. Statement of Cash Flows

There is no impact to statement of cash flows for the year ended 31 December 2019.

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

25 INVESTMENT FUND ANALYSIS

MRPS comprise of the following sub funds.

Income	Investment		Shariah		Conservative		Shariah Retirees		Housing		Recognition Bond		Consolidated Adjustment		Total	
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Net Contribution Income	995,973,684	24,669,493	(100,563,317)	(920,678)	-	-	1,084,833	114,388,633	1,034,632,648							
Interest Income	479,955,241	8,291,851	17,106,012	187,654	1,319,227	-	168,101,602	-	674,961,587							
Dividend Income	55,436,952	-	-	-	-	-	-	-	55,436,952							
Other income	1,531,365,877	32,961,344	(83,457,305)	(733,024)	1,319,227	-	169,186,435	114,388,633	1,765,031,187							
Inter-Portfolio Movements	610,991	11,707	586	2	-	-	-	574,842	1,198,128							
Management fee	(79,750,027)	16,946,707	126,197,235	1,852,684	2,069,149	-	(67,315,748)	-	-							
	(63,561,992)	(1,395,760)	(2,050,611)	(33,193)	(185,649)	-	-	-	(67,227,205)							
1,388,664,849	48,523,998	40,689,905	1,086,469	3,202,727	101,870,687	114,963,475	1,699,002,110									
Increase in net assets attributable to members																
ASSETS																
Cash and cash equivalents	29,574,052	941,810	4,506,489	155,970	594,158	-	-	1,912,105	37,684,583							
Contribution and other receivables	458,168	64,873	273,018	-	194,132	-	-	124,405,351	125,395,542							
Investment in financial assets	11,220,916,338	252,754,017	397,319,892	6,481,019	-	-	-	-	11,877,471,266							
Recognition bond	-	-	-	-	-	-	-	-	3,631,167,429							
Housing collateralization deposit	-	-	-	-	33,579,865	-	-	-	33,579,865							
Total Assets	11,250,948,557	253,760,700	402,099,399	6,636,988	34,368,156	3,631,167,429	126,317,456	15,705,298,685								
LIABILITIES																
Other Payables	5,826,756	129,583	174,858	3,198	1,281,747	-	-	(556,028)	6,860,114							
Contribution collection accounts	-	-	-	-	-	-	-	1,912,105	1,912,105							
Total liabilities (excluding net assets attributable to members)	5,826,756	129,583	174,858	3,198	1,281,747	-	-	1,356,077	8,772,219							
ACCUMULATED MEMBERS' BALANCE																
Accumulated members' balance	11,245,121,801	253,631,117	401,924,541	6,633,790	33,086,409	3,631,167,429	124,961,379	15,696,526,466								
Total accumulated members' balance and Liabilities	11,250,948,557	253,760,700	402,099,399	6,636,988	34,368,156	3,631,167,429	126,317,456	15,705,298,685								