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CAPITAL MARKET DEVELOPMENT AUTHORITY

Financial statements - 31 December 2016

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Independent auditor's report

To the Board of Directors of Capital Market Development Authority

Our opinion

In our opinion, Capital Market Development Authority's financial statements give true and fair view of the financial position of the Authority as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

Capital Market Development Authority's financial statements comprise:

- the statement of financial position as at 31 December 2016;
- the income and expenditure statement for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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Resident Partner Jatindra Bhattray FCA

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- 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 Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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24 April 2017

For PRICEWATERHOUSECOOPERS
Registration No: F0005
Chartered Accountants

Jatindra Bhattray
Partner

Capital Market Development Authority

31 December 2016

Statement of financial position

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	As at 31 December			
		2016	2016	2015	2015
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,174,128		419,638	
Intangible assets	6	27,183		834	
Receivable on scholarship programme	7	-		-	
			1,201,311		420,472
Current assets					
Receivable on scholarship programme	7	-		-	
Receivables	8	373,722		317,707	
Investments held to maturity	9	956,138		1,109,339	
Cash and cash equivalents	10	5,877,903		3,729,788	
			7,207,763		5,156,834
Total assets			8,409,074		5,577,306
EQUITY					
Capital					
Capital contributed by the Government		3,000,000		3,000,000	
			3,000,000		3,000,000
LIABILITIES					
Non-current liabilities					
Compensation fund	12	214,858		214,858	
Deposits	13	1,000,000		1,000,000	
			1,214,858		1,214,858
Current liabilities					
Payable to Ministry of Finance and Treasury	14	3,250,062		589,229	
Other payables	15	944,154		773,219	
			4,194,216		1,362,448
Total liabilities			5,409,074		2,577,306
Total equity and liabilities			8,409,074		5,577,306

These financial statements were approved by the Board on....24..APRIL.2017

....) Ahmed Naseer, Chairman

....) Nadiya Hassan, Chief Executive Officer

....) Ahmed Mujathaba, Chairman of Audit Committee

The notes on pages 7 to 20 are an integral part of these financial statements.

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Income and expenditure statement

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December 2016	2015
Operating income	16	536,444	1,271,128
Other income	17	87,612	125,736
		624,056	1,396,864
Operating expenses	18	(11,373,994)	(9,080,338)
Operating deficit for the year		(10,749,938)	(7,683,474)
Amount received from government budget	14	14,000,000	8,272,703
Net operating surplus for the year	14	3,250,062	589,229

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Statement of changes in equity

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Capital contributed by the Government	Total
Balance as at 1 January 2015	3,000,000	3,000,000
Balance as at 31 December 2015	3,000,000	3,000,000
Balance as at 1 January 2016	3,000,000	3,000,000
Balance as at 31 December 2016	3,000,000	3,000,000

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The notes on pages 7 to 20 are an integral part of these financial statements.

Cash flow statement

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December 2016	2015
Cash flows from operating activities			
Cash generated from operations	20	3,638,307	1,345,888
Net cash from operating activities		3,638,307	1,345,888
Cash flows from investing activities			
Investment in treasury bills		(956,138)	-
Treasury bill matured during the year		959,339	938,743
Investment matured during the year		150,000	100,000
Purchases of property, plant and equipment	5	(1,098,687)	(188,013)
Purchases of intangible assets	6	(31,138)	-
Interest received		33,786	98,291
Proceed of disposal of property, plant and equipment	20	41,874	15,280
Net cash used in investing activities		(900,964)	964,301
Cash from financing activities			
Repayment of last year budget excess	14	(589,229)	(904,822)
Net cash used in financing activities		(589,229)	(904,822)
Net increase in cash and cash equivalents		2,148,115	1,405,367
Cash and cash equivalents at beginning of the year		3,729,788	2,324,421
Cash and cash equivalents at end of the year	10	5,877,903	3,729,788

The notes on pages 7 to 20 are an integral part of these financial statements.

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Notes to the financial statements

1 General information

Capital Market Development Authority ('Authority') is a separate legal entity established on 26th January 2006 under Maldives Securities Act No. 02/2006. The principal objective of the authority is to develop and regulate a market in which securities can be issued and traded in a fair and orderly manner.

The address of its registered office is, H.Orchid, 3rd Floor, Ameer Ahmed Magu, Male', Republic of Maldives.

2 Summary of significant accounting

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards. The financial statements are prepared under the historical cost convention.

2.2 Summary of significant accounting policies

(a) New and amended standard adopted by the Authority

The following standards have been adopted by the Authority for the first time for the financial year beginning on or after 1 January 2016.

- Clarification of acceptable methods of depreciation and amortization – Amendments to IAS 16 and 38

- Annual improvements to IFRSs 2012 – 2014 cycle and

- Disclosure initiative – amendments to IAS 1

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Authority. The Authority is yet to assess the full impact of these standard and interpretations.

- Disclosure initiative – Amendments to IAS 7, this amendment requires disclosure of changes in liabilities arising from financing activities (effective 1 January 2017).

- IFRS 9 Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities (effective from 1 January 2018).

Notes to the financial statements (continued)

2.2 Summary of significant accounting policies (continued)

- IFRS 15 Revenue from Contracts with Customers, This new standard will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer (effective from 1 January 2018).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa, which is the Authority's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure statement.

2.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values, over their estimated useful lives as follows:

Furniture and fittings	5 years
Office equipment	5 years
Computers	3 years

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Notes to the financial statements (continued)

2.4 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income and expenditure statement.

2.5 Intangible assets

Costs associated with designing the Authority's website and acquired computer software licenses are capitalised and amortised using the straight-line method over estimated useful life of three years. The carrying amount of intangible assets is reviewed annually and adjusted for permanent impairment where it is considered necessary.

2.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial instruments

2.7.1 Financial assets

The Company classifies its financial assets in the following category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Held to maturity investments

These investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available for sale and those that meet the definition of loans and receivables.

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Notes to the financial statements (continued)

2.7.1 Financial assets (continued)

(b) Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Receivables are classified as "trade and other receivables" in the statement of financial position.

2.7.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables.

2.8 Receivables

Receivables are recognised initially at fair value less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income and expenditure statement.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks.

2.10 Investment securities held to maturity

An investment is not classified as a held-to-maturity investment if the Authority has the right to require that the issuer to repay or redeem the investment before its maturity, because paying for such a feature is inconsistent with expressing an intention to hold the asset until maturity. Management determines the classification of investment securities held to maturity at their initial recognition and reassesses the appropriateness of that classification at the end of each reporting period. Investment securities held to maturity are carried at amortised cost.

2.11 Provisions

Provisions are recognised when: the Authority has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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Notes to the financial statements (continued)

2.11 Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the risks specific to the obligations.

2.12 Revenue recognition

Income is recognised to the extent that is probable that the economic benefits will flow to the Authority and the income can be reliably measured. Income is measured at the fair value of the consideration received or receivables.

Rendering of services

Income from rendering of services is recognised in the accounting period in which the services are rendered or performed.

Other income

Other income is recognised on accrual basis.

3 Financial risk management

3.1 Financial risk factors

The Authority's activities expose it to a variety of financial risks: liquidity risk and cash flow risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.

Risk management is carried out by the Board of Directors on specific areas, such as; foreign exchange risk, credit risk and the liquidity risk.

(a) Market risk - Foreign exchange risk

The Authority is not exposed to significant foreign exchange risk since it does not have significant amount of foreign currency assets, liabilities. All the commercial transactions are carried out in reporting currency.

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Notes to the financial statements (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The credit risk arises from cash and cash equivalents, deposit with Banks, investment in treasury bills, as well as credit exposures to fees receivable for various programs. The Authority deposits in the Bank of Maldives, the largest Maldivian Bank and Government of Maldives treasury bills. The fees for training programs are not significant.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position.The Authority aims to maintain liquidity by keeping adequate cash and short-term deposit in banks.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2016	Less than 3 months	Between 3 months and 1 year	1 and 2 year	2 and 5 Years
Compensation fund	-	-	-	214,858
Deposits	-	-	-	1,000,000
Other payables excluding non-financial liabilities	903,244	-	-	-
Payable to Ministry of Finance and Treasury	3,250,062	-	-	-
At 31 December 2015	**Less than 3 months**	**months and 1 year**	**1 and 2 year**	**2 and 5 Years**
Compensation fund	-	-	-	214,858
Deposits	-	-	-	1,000,000
Other payables excluding non-financial liabilities	760,578	-	-	-
Payable to Ministry of Finance and Treasury	589,229	-	-	-

(d) Interest rate risk

The authority's has deposited in bank and invested in treasury bills, where interest rates are fixed.

3.2 Fair value estimation

The nominal value less impairment provision of receivables and payables are assumed to approximate their fair values.

4 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

5 Property, plant and equipment

	Furniture and fittings	Computer equipment	Office equipment	Total
At 1 January 2015				
Cost	289,478	789,128	616,015	1,694,621
Accumulated depreciation	(220,066)	(692,453)	(370,968)	(1,283,487)
Net book amount	69,412	96,675	245,047	411,134
Year ended 31 December 2015				
Opening net book amount	69,412	96,675	245,047	411,134
Additions	30,466	57,000	100,547	188,013
Disposals -Cost	(1,270)	(167,955)	(139,888)	(309,113)
Disposals - accumulated depreciation	1,270	167,955	139,096	308,321
Depreciation charge (Note 18)	(31,424)	(55,118)	(92,175)	(178,717)
Closing net book amount	68,454	98,557	252,627	419,638
At 31 December 2015				
Cost	318,674	678,173	576,674	1,573,521
Accumulated depreciation	(250,220)	(579,616)	(324,047)	(1,153,883)
Net book amount	68,454	98,557	252,627	419,638
Year ended 31 December 2016				
Opening net book amount	68,454	98,557	252,627	419,638
Additions	603,683	139,950	355,054	1,098,687
Disposals - cost	(128,230)	(207,852)	(40,660)	(376,742)
Disposals - accumulated depreciation	128,230	207,852	37,223	373,305
Depreciation charge (Note 18)	(105,229)	(74,922)	(160,608)	(340,760)
Closing net book amount	566,908	163,585	443,636	1,174,128
At 31 December 2016				
Cost	794,127	610,271	891,068	2,295,466
Accumulated depreciation	(227,219)	(446,686)	(447,432)	(1,121,338)
Net book amount	566,908	163,585	443,636	1,174,128

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

5 Property, plant and equipment (continued)

(a) The Authority operates from premises owned by a third party for which a sum of MVR 1,205,000 (2015 : MVR 1,185,293) has been included as annual operating lease rental.

(b) Property, plant and equipment amounting to MVR 979,284 (2015: MVR 676,240) were fully depreciated as at the reporting date.

(c) Depreciation expenses of MVR 340,760 (2015: MVR 178,717) has been charged in Operating expenses.

6 Intangible assets

	Software and website
At 1 January 2015	
Cost	310,819
Accumulated amortisation	(308,489)
Net book amount	2,330
Year ended 31 December 2015	
Opening net book amount	2,330
Additions	-
Amortisation charge (Note 18)	(1,496)
	834
At 31 December 2015	
Cost	310,819
Accumulated amortisation	(309,985)
Net book amount	834
Year ended 31 December 2016	
Opening net book amount	834
Additions	31,138
Amortisation charge (Note 18)	(4,789)
	27,183
At 31 December 2016	
Cost	341,957
Accumulated amortisation	(314,774)
Net book amount	27,183

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Notes to the financial statements (continued)

7 Receivable on scholarship programme

	2016	2015
Current		
Receivable within one year	-	158,787
Less: provision for impairment	-	(158,787)
	-	-
Non-current		
Receivables on scholarship programme	-	451,422
Less: provision for impairment	-	(451,422)
	-	-

8 Receivables

Current

	2016	2015
Rent deposits	200,800	91,441
Receivables from Maldives Stock Exchange	767	43,558
Other receivables	174,457	182,708
	376,024	317,707
Less: provision for impairment	(2,302)	-
	373,722	317,707

(a) Other receivables mainly include fees to be received from Masters In Islamic Finance Practice students amounting to MVR 95,383 (2015: MVR 87,273) and interest receivables amounting MVR 41,934 (2015 : MVR 26,430).

(b) As at 31 December 2016, receivables of MVR 130,988 (2015: MVR 199,836) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The age analysis of these trade receivables is as follows:

	2016	2015
Aging (current)	35,605	92,773
Aging (Over 90 days)	95,383	107,063
	130,988	199,836

As at 31 December 2016, receivables of MVR 2,302 were past due and impaired (31 December 2015: MVR Nil). The age analysis of impaired trade receivables as follows:

Aging (Over 90 days)	2,302	-

Movement of provision for impairment is as follows:

Opening balance	-	22,588
Provision for bad and doubtful debts (Note 18)	2,302	-
Write off	-	(22,588)
Closing balance	2,302	-

Notes to the financial statements (continued)

9 Investments held to maturity

	2016	2015
Treasury bills	956,138	959,339
Fixed deposit	-	150,000
	956,138	1,109,339

a) Treasury bills will mature on 16 January 2017 and carry an interest rate of 4.6% per annum.

b) Fixed deposit at Bank of Maldives will mature on 22 September 2016 and carries an interest rate of 2.75% per annum.

10 Cash and cash equivalents

	2016	2015
Cash in hand	340	233
Cash at bank	5,877,563	3,729,555
	5,877,903	3,729,788

11 Financial instruments

(a) Financial instrument by category

	2016	2015
Loans and receivables		
Receivables	373,722	317,707
Cash and cash equivalents	5,877,903	3,729,788
Held to maturity investments		
Investment in fixed deposits and treasury bills	956,138	1,109,339
Total	7,207,763	5,156,834
Amortised cost		
Compensation fund	214,858	214,858
Deposits	1,000,000	1,000,000
Other payables excluding non-financial liabilities	903,244	760,578
Payable to Ministry of Finance and Treasury	3,250,062	589,229
	5,368,164	2,564,665

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Notes to the financial statements (continued)

11 (b) Credit quality of financial assets (continued)

Receivables

Counter parties without external credit rating :

	2016	2015
Receivables	242,734	117,871

Cash at bank

Bank of Maldives	5,877,563	3,729,555

The Banks in Maldives have not been rated.

12 Compensation fund

	2016	2015
Balance as at 1 January	214,858	210,545
Interest accrued	-	4,313
Balance as at 31 December	214,858	214,858

The Authority has established an investor compensation fund (compensation fund) under securities regulation, for the purpose of compensating persons who suffer pecuniary loss from any defalcation or fraud committed by any license dealer, its representative or investment adviser or any employee of such dealer or by any officer or employee of a stock exchange.

13 Deposits

	2016	2015
Balance as at 31 December	1,000,000	1,000,000
	1,000,000	1,000,000

As per the Stock Exchange Licensing Regulation the Maldivian Stock Exchange is required to keep a deposit with the Authority, an amount equal to MVR 1,000,000/-. The Authority shall invest this amount in a bank fixed deposit or in treasury bills where the authority shall pay the interest received after deducting 1% of an administrative fee.

14 Payable to Ministry of Finance and Treasury (MOFT)

	2016	2015
Balance as at 1 January	589,229	904,822
Payment to MOFT	(589,229)	(904,822)
Budget amount received during the year	14,000,000	8,272,703
Less: operating deficit for the year	(10,749,938)	(7,683,474)
Budget sanctioned but not utilized during the year	3,250,062	589,229

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Notes to the financial statements (continued)

15 Other payables

	2016	2015
Other payables	803,244	660,577
Refundable deposit	100,000	100,000
Pension payable	3,512	3,080
License and registration fees received in advance	37,398	9,562
	944,154	773,219

Other payables comprise of salary and benefit payable of MVR 845 (2015: MVR 1,064), payables to suppliers of goods of MVR 12,548 (2015: MVR 4,452), payables to suppliers of services of MVR 162,216 (2015: MVR 80,217), audit fee payable of MVR 65,218 (2015: MVR 61,295) , payable for educational programs amounting to MVR 507,707 (2015: MVR 507,801), amount payable to Maldives Stock Exchange MVR 41,515 (2015: MVR Nil) and miscellaneous payables of MVR 13,195 (2015: MVR 5,748).

16 Operating income

	2016	2015
Annual licensing fees	389,606	360,638
Application fee	1,950	5,600
Institute of Corporate Directors' and Secretaries fees	3,150	23,792
Trade processing fee from Maldives Stock Exchange	1,717	4,743
Fees from training programmes	18,000	155,724
Sponsor and aids received from international organisations	-	516,189
Prospectus processing fees	100,000	50,000
Fine charges	22,021	154,442
	536,444	1,271,128

17 Other income

	2016	2015
Treasury bills and fixed deposit interest	49,175	111,248
Gain on disposal of property , plant and equipment	38,437	14,488
	87,612	125,736

18 Operating expenses

	2016	2015
Staff salaries and allowances	4,538,993	3,707,114
Staff training expenses	745,480	580,022
Rent	1,205,000	1,185,293
Board remuneration	885,792	895,562
Sharia'h advisory committee remuneration	21,500	24,500
Expert expenses	573,088	92,000
Travelling	3,850	3,880
Printing and stationery	66,866	45,844
External audit fees	65,217	61,295
Electricity expenses	130,803	216,670
General office expenses	236,477	176,709
Depreciation (Note 5)	340,760	178,717
Amortisation (Note 6)	4,789	1,496
Carried forward balance	8,818,615	7,169,102

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Notes to the financial statements (continued)

18 Operating expenses (continued)

	2016	2015
Brought forward balance	8,818,615	7,169,102
Telephone expenses	276,321	234,732
Repair and maintenance	199,189	114,251
Training programme expenses	1,286,109	850,162
Membership fees	419,777	15,983
Investor education expenses	371,681	104,864
Provision for impairment loss on receivables on scholarship	-	591,244
Provision for bad debts (Note 8)	2,302	-
	11,373,994	9,080,338

19 Taxation

The Authority is exempted from business profit tax and not liable to pay business profit tax.

20 Cash generated from operations

cash generated from operations:

	2016	2015
Net operating surplus for the year	3,250,062	589,229
Adjustments for:		
Depreciation (Note 5)	340,760	178,717
Amortisation (Note 6)	4,789	1,496
Provision for impairment of recovery of scholarship expenses (Note 18	-	591,244
Interest income (Note 17)	(49,175)	(111,248)
Gain on disposal of property plant and equipment	(38,437)	(14,488)
Changes in working capital:		
- Receivables	(40,626)	(198,312)
- Increase in compensation fund	-	4,313
- Payables	170,934	304,937
Cash generated from operations	3,638,307	1,345,888

In the cash flow statement, proceeds from the sale of property, plant and equipment comprise:

	2016	2015
Net book value	3,437	792
Gain on sale of property, plant and equipment	38,437	14,488
Proceeds from sale of property, plant and equipment	41,874	15,280

21 Contingencies

Contingent liabilities

There were no contingent liabilities outstanding at the reporting date date.

Contingent assets

There were no contingent assets recognised at the reporting date date.

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Notes to the financial statements (continued)

22 Commitments

Capital commitments

There were no capital commitments at the reporting date.

Operating lease commitments

There were no material operating lease commitments at the reporting date.

Financial commitments

There were no material financial commitments at the reporting date.

23 Events subsequent to reporting date

No events have occurred since the reporting date which would require adjustments to, or disclosure in, the financial statements.

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