

CAPITAL MARKET DEVELOPMENT AUTHORITY

Financial statement – 31 December 2018



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 2018 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 2018;
- the statement of comprehensive income 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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Partners D.T.S.H. Mudalige FCA, C. S. Manoharan FCA, Ms. S. Perera ACA, T. U Jayasinghe FCA
Resident Partner Jatindra Bhatray FCA

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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.

MALE`

20 March 2019

For PRICEWATERHOUSECOOPERS
Registration No: F0005

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Jatindra Bhattray
Partner

Capital Market Development Authority


31 December 2018

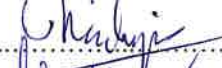
Statement of financial position


(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	As at 31 December	
		2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	5	930,982	1,039,555
Intangible assets	6	6,335	16,731
		<u>937,317</u>	<u>1,056,286</u>
Current assets			
Receivables	7	249,080	269,460
Investments in treasury bills	8	1,149,766	1,054,071
Cash and cash equivalents	9	2,489,459	3,066,035
		<u>3,888,305</u>	<u>4,389,566</u>
Total assets		<u>4,825,622</u>	<u>5,445,852</u>
EQUITY			
Capital			
Capital contributed by the Government		3,000,000	3,000,000
		<u>3,000,000</u>	<u>3,000,000</u>
LIABILITIES			
Non-current liabilities			
Compensation fund	11	226,268	217,230
Deposits	12	1,000,000	1,000,000
Trust Fund	13	370,460	-
		<u>1,596,728</u>	<u>1,217,230</u>
Current liabilities			
Payable to Ministry of Finance	14	7,597	674,102
Other payables	15	221,297	554,520
		<u>228,894</u>	<u>1,228,622</u>
Total liabilities		<u>1,825,622</u>	<u>2,445,852</u>
Total equity and liabilities		<u>4,825,622</u>	<u>5,445,852</u>

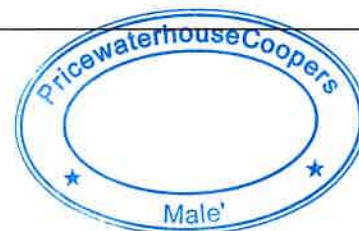
These financial statements were approved by the Board on..20/03/2019.

.....) Ahmed Mazin, Chairman

.....) Nadiya Hassan, Chief Executive Officer

.....) Ahmed Siraj, Chairman of Audit & Risk Committee

The notes on pages 8 to 24 are an integral part of these financial statements.

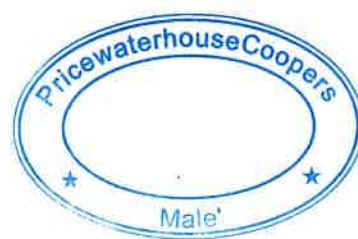


Capital Market Development Authority
31 December 2018

Statement of comprehensive income

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2018	2017
Operating income	16	514,576	831,873
Other income	17	60,865	131,984
		575,441	963,857
Operating expenses	18	(10,275,604)	(10,289,755)
Operating deficit for the year		(9,700,163)	(9,325,898)
Amount received from government budget	14	10,000,000	10,000,000
Net operating surplus for the year		299,837	674,102



The notes on pages 8 to 24 are an integral part of these financial statements.

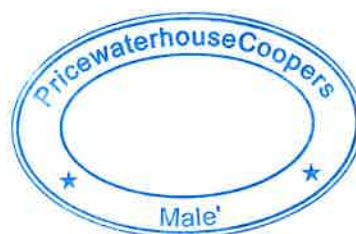
Capital Market Development Authority

31 December 2018

Statement of changes in equity

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Capital contributed by the Government	Total
Balance as at 1 January 2017	3,000,000	3,000,000
Balance as at 31 December 2017	3,000,000	3,000,000
Balance as at 1 January 2018	3,000,000	3,000,000
Balance as at 31 December 2018	3,000,000	3,000,000



The notes on pages 8 to 24 are an integral part of these financial statements.

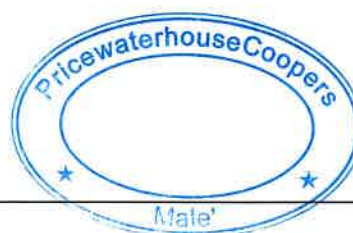
Capital Market Development Authority
31 December 2018

Statement of cash flows

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2018	2017
Cash flows from operating activities			
Cash from operations	20	471,404	625,665
Net cash generated from operating activities		471,404	625,665
Cash flows from investing activities			
Investment in treasury bills	8	(1,149,766)	(1,054,071)
Treasury bill matured during the year		1,054,071	956,138
Purchases of property, plant and equipment	5	(278,184)	(221,468)
Interest received		-	131,580
Proceed of disposal of property, plant and equipment	20	-	350
Net cash used in investing activities		(373,879)	(187,471)
Cash flows from financing activities			
Repayment of last year budget excess	14	(674,102)	(3,250,062)
Net cash used in financing activities		(674,102)	(3,250,062)
Net decrease in cash and cash equivalents		(576,576)	(2,811,868)
Cash and cash equivalents at beginning of the year		3,066,035	5,877,903
Cash and cash equivalents at end of the year	9	2,489,459	3,066,035

The notes on pages 8 to 24 are an integral part of these financial statements.



Capital Market Development Authority

31 December 2018

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

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Capital Market Development Authority have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention.

The preparation of financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority's accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant.

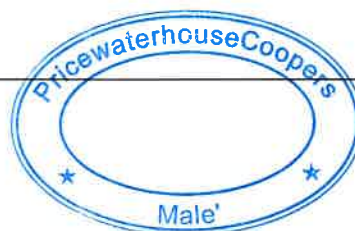
(a) New accounting standards, amendments and interpretations adopted in 2018

The following amendments to the International Accounting Standards that are relevant for the preparation of the financial statements have been adopted by the Authority for the first time with effect from financial year beginning on 1 January 2018.

- IFRS 9- Financial instruments
- IFRS 15- Revenue from contracts with customers

(b) New standards, amendments and interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Authority.



Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

- IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The Authority will apply the standard from its mandatory adoption date of 1 January 2019. The Authority intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Authority is in the process of evaluating the impact and it is expected to have material impact.

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.

2.2 Changes in accounting policies

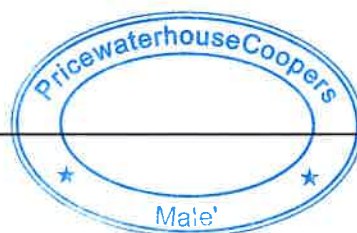
The Authority has adopted IFRS 9 as issued by the IASB in July 2014, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. In accordance with the transitional provision in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The accounting policies were changed to comply with IFRS 9 as issued by the IASB in July 2014. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

On 1 January 2018, the Authority's management has assessed which business models apply to the financial assets held by the Authority at the date of initial application of IFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate IFRS 9 categories. The reclassifications have no impact to Authority.

(a) Reclassification from loans and receivables to amortised cost

Receivables and cash and cash equivalents that would have previously been classified as loans and receivables are now classified at amortised cost.



Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

(b) Reclassifications of financial instruments on adoption of IFRS

On the date of initial application, 1 January 2018, the financial instruments of the Authority were as follows:

Measurement category		Carrying amount	
Original (IAS 39)	New (IFRS 9)	Original	New

Current financial assets

Rent and other deposits	Amortised cost	Amortised cost	201,200	201,200
Other receivables	Amortised cost	Amortised cost	70,562	70,562
Cash and cash equivalents	Amortised cost	Amortised cost	3,066,035	3,066,035
Investment in treasury bills	Amortised cost	Amortised cost	1,054,071	1,054,071

Current financial liabilities

Payable to Ministry of Finance	Amortised cost	Amortised cost	674,102	674,102
Other payables	Amortised cost	Amortised cost	439,613	439,613

Non-current financial liabilities

Compensation fund	Amortised cost	Amortised cost	217,230	217,230
Deposits	Amortised cost	Amortised cost	1,000,000	1,000,000

Accounting policies applied from 1 January 2018

(i) Classification

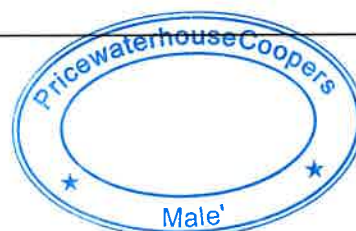
From 1 January 2018, the Authority classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost

The classification depends on the Authority's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

At initial recognition, the Authority measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to acquisition of the financial asset.



Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(iii) Impairment

The Authority does not have material receivables at the year-end. The interest receivables had not been due for receipt as at the year-end. All other receivables have been adequately provided.

2.3 Foreign currency translation

a) Functional and presentation currency

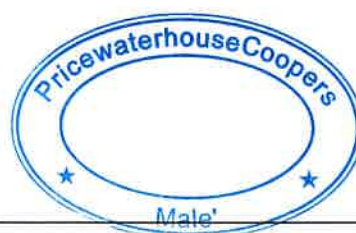
Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa, which is the Authority's functional and presentation currency.

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 statement of comprehensive income.

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.



Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

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

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 statement of comprehensive income.

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

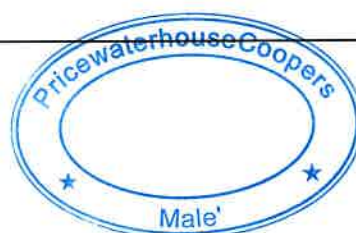
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss 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 liabilities

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

2.8 Cash and cash equivalents

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



Notes to the financial statements (continued)

2.9 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.

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.

2.10 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.

2.11 Fair value estimation

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

3 Financial risk management

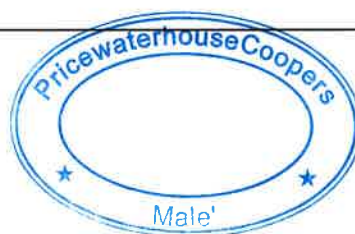
3.1 Financial risk factors

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

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.



Capital Market Development Authority

31 December 2018

Notes to the financial statements (continued)

3 Financial risk management (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 2018	Less than 3 months	Between 3 months and 1 year	1 and 2 year	2 and 5 Years
Compensation fund	-	-	-	226,268
Deposits	-	-	-	1,000,000
Other payables excluding non-financial liabilities	182,299	-	-	-
Payable to Ministry of Finance	7,597	-	-	-

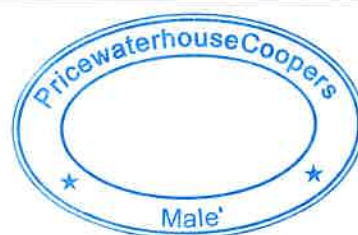
At 31 December 2017	Less than 3 months	Between 3 months and 1 year	1 and 2 year	2 and 5 Years
Compensation fund	-	-	-	217,230
Deposits	-	-	-	1,000,000
Other payables excluding non-financial liabilities	439,613	-	-	-
Payable to Ministry of Finance	674,102	-	-	-

(d) Interest rate risk

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

4 Comparatives

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



Capital Market Development Authority

31 December 2018

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
Year ended 31 December 2017				
Opening net book amount	566,908	163,585	443,636	1,174,129
Additions	2,150	115,791	103,527	221,468
Disposals - cost	(7,685)	-	(13,533)	(21,218)
Disposals - accumulated depreciation	4,633	-	11,287	15,920
Depreciation charge (Note 18)	(137,366)	(81,158)	(132,220)	(350,744)
Closing net book amount	428,640	198,218	412,697	1,039,555
At 31 December 2017				
Cost	788,592	726,062	981,062	2,495,716
Accumulated depreciation	(359,952)	(527,844)	(568,365)	(1,456,161)
Net book amount	428,640	198,218	412,697	1,039,555
Year ended 31 December 2018				
Opening net book amount	428,640	198,218	412,697	1,039,555
Additions	-	-	278,184	278,184
Depreciation charge (Note 18)	(134,864)	(96,997)	(154,896)	(386,757)
Closing net book amount	293,776	101,221	535,985	930,982
At 31 December 2018				
Cost	788,592	726,062	1,259,246	2,773,900
Accumulated depreciation	(494,816)	(624,841)	(723,261)	(1,842,918)
Net book amount	293,776	101,221	535,985	930,982



Capital Market Development Authority**31 December 2018****Notes to the financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

5 Property, plant and equipment (continued)

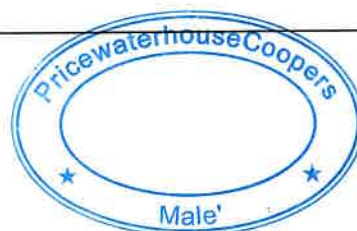
(a) The Authority operates from premises owned by a third party for which a sum of MVR 1,200,000 (2017 : MVR 1,185,000) has been included as annual operating lease rental.

(b) Property, plant and equipment amounting to MVR 944,777 (2017: MVR 854,191) were fully depreciated as at the reporting date.

(c) Depreciation expenses of MVR 386,757 (2017: MVR 350,744) has been charged in Operating expenses.

6 Intangible assets

	Software and website
At 1 January 2017	
Cost	341,957
Accumulated amortisation	<u>(314,774)</u>
Net book amount	<u>27,183</u>
Year ended 31 December 2017	
Opening net book amount	27,183
Additions	-
Amortisation charge (Note 17)	<u>(10,452)</u>
	<u>16,731</u>
At 31 December 2017	
Cost	341,957
Accumulated amortisation	<u>(325,226)</u>
Net book amount	<u>16,731</u>
Year ended 31 December 2018	
Opening net book amount	16,731
Additions	-
Amortisation charge (Note 17)	<u>(10,397)</u>
	<u>6,334</u>
At 31 December 2018	
Cost	341,957
Accumulated amortisation	<u>(335,623)</u>
Net book amount	<u>6,334</u>



Capital Market Development Authority**31 December 2018****Notes to the financial statements (continued)****7 Receivables****Current**

	2018	2017
Rent and other deposits	201,200	201,200
Other receivables	68,399	70,562
	<u>269,599</u>	<u>271,762</u>
Less: provision for impairment	(20,519)	(2,302)
	<u>249,080</u>	<u>269,460</u>

(a) Other receivables mainly include fees to be received from Masters In Islamic Finance Practice students amounting to MVR 20,519 (2017: MVR 24,253) and interest receivables amounting MVR 45,577 (2017 : MVR 40,674).

(b) As at 31 December 2018, receivables of MVR 2,303 (2017: MVR 28,786) were past due but not impaired. These relate to a number of independent clients for whom there is no recent history of default. The age analysis of these receivables is as follows:

	2018	2017
Aging (current)	2,303	4,533
Aging (Over 90 days)	-	24,253
	<u>2,303</u>	<u>28,786</u>

As at 31 December 2018, receivables of MVR 20,519 were past due and impaired (31 December 2017: MVR 2,302). The age analysis of impaired trade receivables as follows:

Aging (Over 90 days)	<u>20,519</u>	<u>2,302</u>
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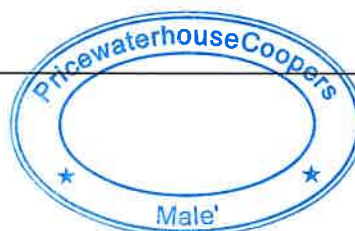
Movement of provision for impairment is as follows:

Opening balance	2,302	2,302
Provision made during the year	20,519	-
Reversal of provision during the year	(2,302)	-
Closing balance	<u>20,519</u>	<u>2,302</u>

8 Investments in treasury bills

	2018	2017
Treasury bills	1,149,766	1,054,071
	<u>1,149,766</u>	<u>1,054,071</u>

Treasury bills carry an interest of 4.6% per annum and are due to mature on 29 January 2018.



Capital Market Development Authority

31 December 2018

Notes to the financial statements (continued)

9 Cash and cash equivalents

	2018	2017
Cash in hand	160	510
Cash at bank	2,489,299	3,065,525
	<u>2,489,459</u>	<u>3,066,035</u>

10 Financial instruments

(a) Financial instrument by category

	2018	2017
<i>Amortised cost</i>		
Receivables	249,080	269,460
Cash and cash equivalents	2,489,459	3,066,035
Investment in treasury bills	1,149,766	1,054,071
Total	<u>3,888,305</u>	<u>4,389,566</u>

Amortised cost

Compensation fund	226,268	217,230
Deposits	1,000,000	1,000,000
Other payables excluding non-financial liabilities	182,299	439,613
Payable to Ministry of Finance	299,837	674,102
Trust fund	370,460	-
	<u>2,078,864</u>	<u>2,330,946</u>

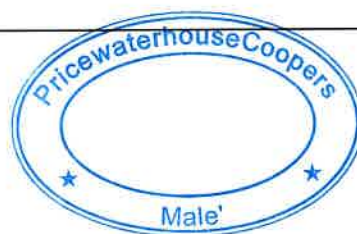
(b) Credit quality of financial assets

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:

Receivables

Counter parties without external credit rating :

	2018	2017
Receivables	246,777	240,674
Cash at bank		
Bank of Maldives	<u>2,489,299</u>	<u>3,065,525</u>



Capital Market Development Authority

31 December 2018

Notes to the financial statements (continued)

11 Compensation fund

	2018	2017
Balance as at 1 January	217,230	214,858
Interest received	3,949	2,065
Interest accrued	5,089	307
Balance as at 31 December	<u>226,268</u>	<u>217,230</u>

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.

12 Deposits

	2018	2017
Balance as at 31 December	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,000,000</u>	<u>1,000,000</u>

In accordance with 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.

13 Trust fund

	2018	2017
Receipts		
Annual licensing fees	354,110	-
Prospectus processing fees	50,000	-
Fine charges	55,475	-
Institute of Corporate Directors and Secretaries membership and training fees	48,266	-
Application fee	3,550	-
Trade processing fee from Maldives Stock Exchange	867	-
Treasury bills and fixed deposit interest	60,461	-
Annual license fee received in advance	78,219	-
	<u>650,948</u>	<u>-</u>



Capital Market Development Authority

31 December 2018

Notes to the financial statements (continued)

13 Trust Fund

	2018	2017
Payment		
Trust fund expenses:		
Directors training program	44,636	-
Company secretaries training programme	17,767	-
Regional leadership program for securities regulators	71,417	-
Workshop on countering money laundering and terrorism	2,313	-
The APEC FRTI - regional seminar on enhancing listing	31,724	-
IOSCO Technical Assistance Project for developing onsite inspection manual	66,072	-
World investor week	21,900	-
Promotional activities	16,960	-
IFRS training session	7,699	-
Trust fund expenses total	(280,488)	-
Trust fund balance	370,460	-

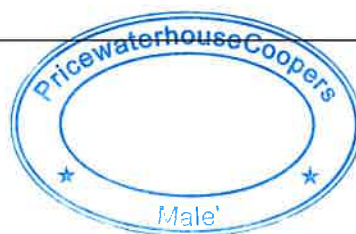
The Ministry of Finance, by virtue of the discretionary powers vested on the Ministry under section 26 of the Public Finance Act (Act no. 3/2006) established a trust fund named "Capital Market Development Trust Fund" on Monday, 16 April 2018

Fund account is utilized for expenditure specified under Annex 1 of Capital Market Development Trust Fund Statement. All expenses related to training and education programs and staff training expenses for the year are included as allowable expenditure.

In accordance with Section 3 of the trust fund statement, upon establishment of the fund, all monies collected by the Authority as revenue, sponsorship and donations are deposited to this fund account. In addition, all money received by the Authority except the annual budget support provided by Ministry of Finance are deposited to the Capital Market Development Trust Fund Account.

14 Payable to Ministry of Finance

	2018	2017
Balance as at 1 January	674,102	3,250,062
Payment to MOFT	(674,102)	(3,250,062)
Budget amount received during the year	10,000,000	10,000,000
Less: operating deficit for the year	(9,700,163)	(9,325,898)
Less: transfer to trust fund	(292,240)	-
Balance as at 31 December	7,597	674,102



Capital Market Development Authority

31 December 2018

Notes to the financial statements (continued)**14 Payable to Ministry of Finance (continued)**

	2018	2017
Transfer to trust fund:		
Opening income (Note 16)	514,576	-
Other income (Note 17)	60,865	-
Less: trade processing fee not received	(2,308)	-
Less: administration fee not received	(405)	-
Less: trust fund expenses (Note 13)	(280,488)	-
	<u>292,240</u>	<u>-</u>

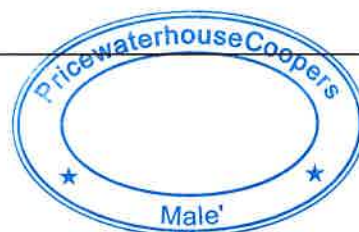
15 Other payables

	2018	2017
Other payables	182,299	439,613
Pension payable	38,998	3,080
License fees received in advance	-	111,827
	<u>221,297</u>	<u>554,520</u>

Other payables comprise of payables to suppliers of goods of MVR Nil (2017: MVR 98,705), payables to suppliers of services of MVR 72,281 (2017: MVR 80,113), audit fee payable of MVR 69,822 (2017: MVR 62,112), payable for educational programs amounting to MVR 113 (2017: MVR 101,379), amount payable to Maldives Stock Exchange MVR 40,083 (2017: MVR 39,968).

16 Operating income

	2018	2017
Annual licensing fees	354,110	329,770
Sponsor received from local organisations for training	-	217,664
Prospectus processing fees	50,000	150,000
Fine charges	55,475	90,268
Institute of Corporate Directors and Secretaries membership and training fees	48,266	29,495
Application fee	3,550	12,600
Trade processing fee from Maldives Stock Exchange	3,175	2,076
	<u>514,576</u>	<u>831,873</u>



Capital Market Development Authority

31 December 2018

Notes to the financial statements (continued)

17 Other income

	2018	2017
Treasury bills and fixed deposit interest	60,865	131,984
Gain on disposal of property , plant and equipment	-	-
	<u>60,865</u>	<u>131,984</u>

18 Operating expenses

	2018	2017
Staff salaries and allowances	5,974,348	5,962,005
Rent	1,200,000	1,185,000
Board remuneration	904,500	900,586
Membership fees	455,037	400,640
Legal and consulting fees	10,600	398,891
Depreciation (Note 5)	386,757	350,744
Training programme expenses	62,403	268,489
General office expenses	161,065	211,770
Telephone expenses	135,326	123,954
Investor education expenses	127,617	115,349
Electricity expenses	105,626	112,341
Repair and maintenance	85,841	97,174
External audit fees	69,822	59,006
Printing and stationery	78,985	44,276
Staff training expenses	283,949	27,276
Sharia'h advisory committee remuneration	21,000	13,000
Amortisation (Note 6)	10,397	10,452
Loss on sale of property, plant and equipment	-	4,947
Travelling	2,775	3,855
Insurance	179,038	-
Impairment of other receivable(Note 7)	20,519	-
	<u>10,275,604</u>	<u>10,289,755</u>

19 Taxation

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

