

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

A handwritten signature in blue ink, appearing to read 'Jatindra Bhatray', with a horizontal line extending to the right.

Jatindra Bhatray
Partner

Capital Market Development Authority

31 December 2018

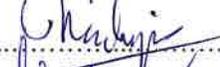
Statement of financial position

(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> |

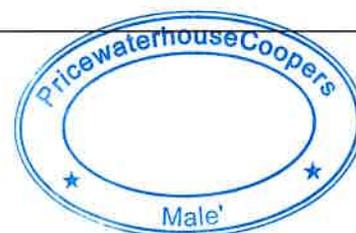
These financial statements were approved by the Board on..20/03/2019.

.....) 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.

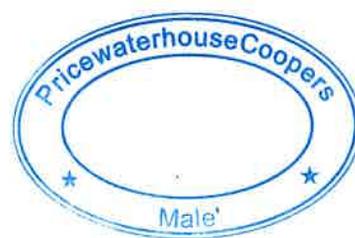


Capital Market Development Authority
31 December 2018

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.

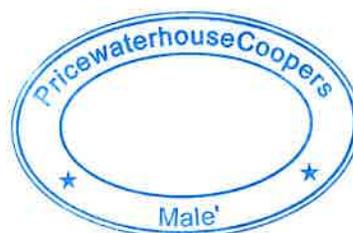
Capital Market Development Authority

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.

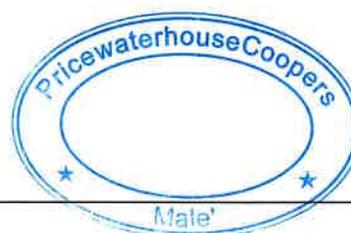
Capital Market Development Authority
31 December 2018

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.

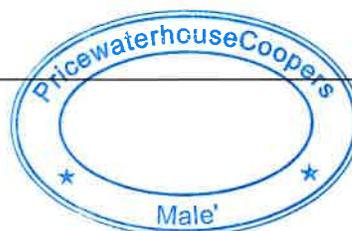
(a) New accounting standards, amendments and interpretations adopted in 2018

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

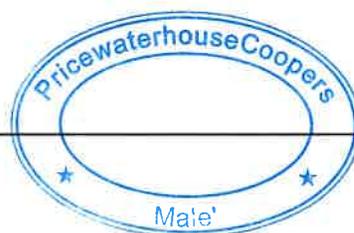
The Authority has adopted IFRS 9 as issued by the IASB in July 2014, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. In accordance with the transitional provision in IFRS 9 (7.2.15) and (7.2.26), comparative figures have 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

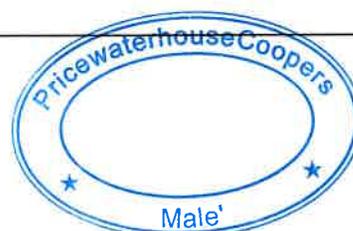
From 1 January 2018, the Authority classifies its financial assets in the following measurement categories:

- 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

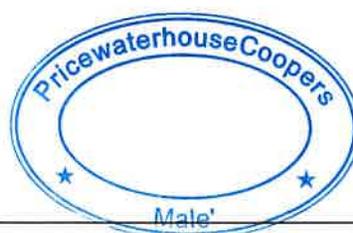
Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa, which is the Authority's functional and presentation currency.

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

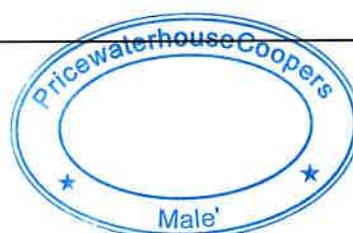
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss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

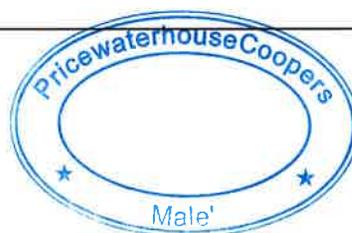
3.1 Financial risk factors

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 | - | - | - |

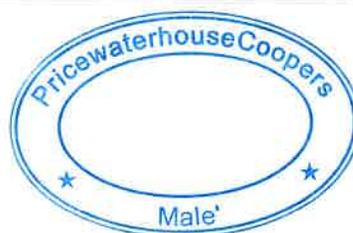
| At 31 December 2017 | Less than 3 months | Between 3 months and 1 year | 1 and 2 year | 2 and 5 Years |
|--|--------------------|--------------------------------|--------------|------------------|
| Compensation fund | - | - | - | 217,230 |
| Deposits | - | - | - | 1,000,000 |
| Other payables excluding 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)

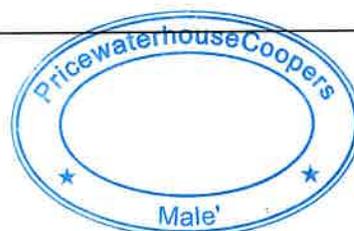
(a) The Authority operates from premises owned by a third party for which a sum of MVR 1,200,000 (2017 : MVR 1,185,000) has been included as annual operating lease rental.

(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> |
|----------------------|---------------|--------------|

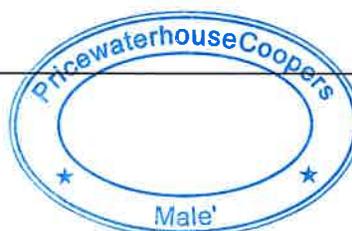
Movement of provision for impairment is as follows:

| | | |
|---------------------------------------|---------------|--------------|
| 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> |
| <i>Amortised cost</i> | | |
| 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> |

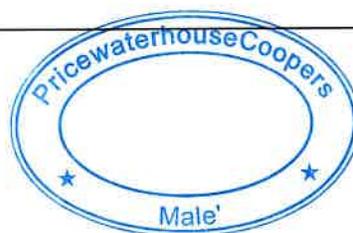
(b) Credit quality of financial assets

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 | 2,489,299 | 3,065,525 |



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.

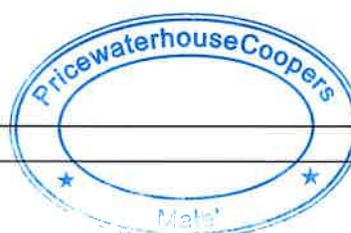
12 Deposits

| | 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 | - |

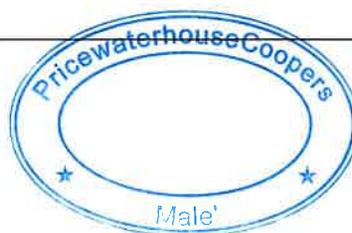
The Ministry of Finance, by virtue of the discretionary powers vested on the Ministry under section 26 of the Public Finance Act (Act no. 3/2006) established a trust fund named "Capital Market Development Trust Fund" on Monday, 16 April 2018

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> |

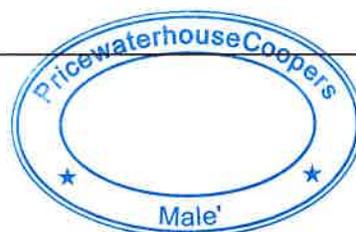
15 Other payables

| | 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

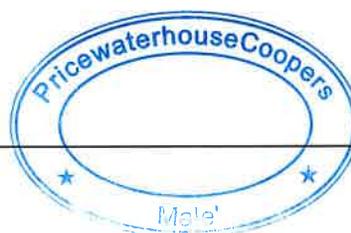
| | 2018 | 2017 |
|--|---------------|----------------|
| Treasury bills and fixed deposit interest | 60,865 | 131,984 |
| Gain on disposal of property , plant and equipment | - | - |
| | <u>60,865</u> | <u>131,984</u> |

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.



Capital Market Development Authority

31 December 2018

Notes to the financial statements (continued)

20 Cash generated from operations

Reconciliation of net surplus to cash generated from operations:

| | 2018 | 2017 |
|--|----------------|----------------|
| Net operating surplus for the year | 299,837 | 674,102 |
| Adjustments for: | | |
| Depreciation (Note 5) | 386,757 | 350,744 |
| Amortisation (Note 6) | 10,397 | 10,452 |
| Interest income (Note 16) | - | (131,984) |
| Loss/ (gain) on disposal of property plant and equipment | - | 4,947 |
| Changes in working capital: | | |
| - Receivables | 20,380 | 144,936 |
| - Increase in compensation fund | 9,038 | 2,065 |
| - Payables | (333,223) | (429,597) |
| - Annual licence fee received in advance (Note 13) | 78,219 | |
| Cash generated from operations | <u>471,404</u> | <u>625,665</u> |

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

| | 2018 | 2017 |
|---|-------------|-------------|
| Net book value | - | 5,297 |
| (Loss)/ gain on sale of property, plant and equipment | - | (4,947) |
| Proceeds from sale of property, plant and equipment | <u>-</u> | <u>350</u> |

21 Contingencies

Contingent liabilities

There were no contingent liabilities outstanding at the reporting date.

Contingent assets

There were no contingent assets recognised at the reporting date.

22 Commitments

Capital commitments

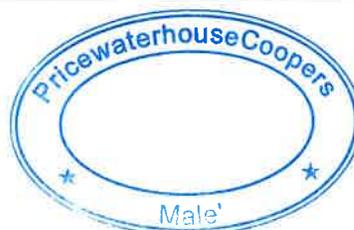
There were no capital commitments at the reporting date.

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.



Capital Market Development Authority

31 December 2018

Notes to the financial statements (continued)

23 Related party transaction

Directors' remuneration:

During the year ended 31 December 2018, total remuneration paid to Directors including the Chief Executive Officer was MVR 1,326,300 (2017: MVR 1,356,586).

24 Events subsequent to reporting date

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

