CAPITAL MARKET DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2013

CAPITAL MARKET DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS

For the year ended 31st December 2013

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KPMG
(Chartered Accountants)
2nd Floor, H. Mialani
Sosun Magu,
Male',
Republic of Maldives.

Tel : +960 3310 420
+960 3310 421
+960 3310 422
+960 3323 393
Fax : +960 3323 175
E-mail : kpmgmv@kpmg.com

Independent Auditors' Report
To the Members of
Capital Market Development Authority

We have audited the accompanying financial statements of Capital Market Development Authority, the "Authority" which comprise the statement of Financial Position as at 31st December 2013, and the income and expenditure statement, Statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out in pages 3 to 20.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Authority's operation's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Authority as at 31st December 2013 and of its income over expenditure and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Authority as at and for the year ended 31st December 2012 were audited by another auditor, whose report dated 25th April 2013 expressed an unmodified opinion on those financial statements.

KPMG

Chartered Accountants

Maldives
30th April 2014

CAPITAL MARKET DEVELOPMENT AUTHORITY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER	Note	2013 MRf	2012 MRf
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	5	507,102	410,184
Intangible Assets	6	23,925	32,984
Receivables on Scholarship Programme	8	466,091	448,591
Total Non-Current Assets		997,118	891,759
Current Assets			
Trade and Other Receivables	7	422,561	137,774
Receivables on Scholarship Programme	8	139,822	188,637
Investments Held to Maturity	9	2,051,666	1,150,000
Cash and Cash Equivalents	10	3,723,302	4,250,293
Total Current Assets		6,337,351	5,726,704
Total Assets		7,334,469	6,618,463
EQUITY AND LIABILITIES			
Equity			
Capital Contributed by the Government	11	3,000,000	3,000,000
Total Equity		3,000,000	3,000,000
Non-Current Liabilities			
Compensation Fund	12	206,233	202,079
Deposits	13	1,000,000	1,000,000
Total Non-Current Liabilities		1,206,233	1,202,079
Current Liabilities			
Amount due to Ministry of Finance and Treasury	14	2,907,186	1,570,280
Other Payables	15	221,050	846,104
Total Current Liabilities		3,128,236	2,416,384
Total Liabilities		4,334,469	3,618,463
Total Equity and Liabilities		7,334,469	6,618,463

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Authority set out on pages 7 to 20. The Report of the Independent Auditors is given on pages 1 to 2.

These financial statements were approved by the board and signed on its behalf by;

Name of the Director	Signature
ASHRAF ABDUL RAHEEM	....
Fathimath Shafeega	....
MOHAMED RASHEED.	....

30th April 2014

CAPITAL MARKET DEVELOPMENT AUTHORITY
INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER	Note	2013 MRf	2012 MRf
Operating Income	**16**	913,496	1,285,598
Other Income	**17**	9,610	-
Operating Expenses	**18**	(8,020,477)	(9,715,318)
Operating Deficit for the year		(7,097,371)	(8,429,720)
Amount Received from government budget	**14**	10,004,557	10,000,000
Budget Sanctioned but not Utilized during the year		2,907,186	1,570,280

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Authority set out on pages 7 to 20. The Report of the Independent Auditors is given on pages 1 to 2.

CAPITAL MARKET DEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2013

	Capital Contributed by the Government MRf	Total MRf
Balance as at 1st January 2012	3,000,000	3,000,000
Balance as at 31st December 2012	3,000,000	3,000,000
Balance as at 1st January 2013	3,000,000	3,000,000
Balance as at 31st December 2013	3,000,000	3,000,000

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Authority set out on pages 7 to 20. The Report of the Independent Auditors is given on pages 1 to 2.

CAPITAL MARKET DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER	Note	2013 MRf	2012 MRf
Cash Flows from Operating Activities			
Budget Sanctioned but not Utilized during the year		2,907,186	1,570,280
Adjustment for:			
Depreciation	5	190,868	174,276
Amortisation	6	11,559	36,604
Impairment of software	6	-	24,630
Provision for impairment of recovery of scholarship expense	8	-	18,965
Loss on write off of Property, Plant and Equipments	5	1,125	-
Net interest Income		(20,518)	(1,241)
(Gain)/Loss on disposal of Property, Plant and Equipments		(9,610)	4,374
Operating Surplus before working capital changes		3,080,610	1,827,888
Working Capital Changes			
Change in Receivables		(284,787)	(66,048)
Change in Receivables on Scholarship Programme		31,315	(519,468)
Change in Compensation Fund		4,154	2,079
Change in Payables		(625,054)	(1,097,983)
Cash Used in Operating activities		2,206,238	146,468
Interest received		2,592	1,241
Net Cash from Operating Activities		2,208,830	147,709
Cash from Investing Activities			
Investment in Treasury Bills		(883,740)	-
Purchase of Property, Plant and Equipment	5	(288,911)	(18,391)
Proceed of Disposal of Property, Plant and Equipment		9,610	-
Purchase of Intangible Assets	6	(2,500)	(23,850)
Net Cash Used in Investing Activities		(1,165,541)	(42,241)
Cash from Financing Activities			
Repayment of last year budget excess	14	(1,570,280)	(2,054,079)
Net Cash generated from Financing Activities		(1,570,280)	(2,054,079)
Net Decrease in Cash and Cash Equivalents		(526,991)	(1,948,611)
Cash and Cash Equivalents at Beginning of the Year		4,250,293	6,198,904
Cash and Cash Equivalents at end of the Year	10	3,723,302	4,250,293

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Authority set out on pages 7 to 20. The Report of the Independent Auditors is given on pages 1 to 2.

1. REPORTING ENTITY

Capital Market Development Authority (the "Authority") is a separate legal entity registered on 26th January 2006 under the 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, 4th Floor, MTCC Tower, Boduthakurufaanu Magu, Male', Republic of Maldives.

2. BASIS OF PREPARATION

(a) Basis of Accounting

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

(b) Basis of Measurements

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgments

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

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial Statements included in the respective notes.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Authority.

3.1 Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency of the Authority at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Foreign Currency Transactions (Continued)

exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the spot exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2 Operating Income

Income is recognized 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 recognized in the accounting period in which the services are rendered or performed.

Other income

Other income is recognized on an accrual basis.

3.3 Operating Expenses

All operating expenses incurred in the running of the Authority and in maintaining the capital assets in a state of efficiency has been charged to the revenue in arriving at profits or loss for the period.

Expenses incurred for the purpose of acquiring, expending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the Authority have been treated as capital expenses.

Gains or losses of a revenue nature on the disposal of property and equipment have been accounted for in the profit or loss.

3.4 Financial Instruments

(i) Financial Assets (Non-derivative)

The Authority initially recognizes receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Authority becomes a party to the contractual provisions of the instrument.

The Authority derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Authority is recognized as a separate asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial Instruments (Continued)

(i) Financial Assets (Non-derivative) (Continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Authority has the following financial assets (non-derivative):

- Receivables
- Held to Maturity Financial Instruments
- Cash and cash equivalents

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise Trade and other receivables.

Held-To-Maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Authority has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or as available for sale.

Held-to-maturity investments are carried at amortized cost using the effective interest method. A sale or reclassification of more than an insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available for sale, and would prevent the Authority from classifying investment securities as held to maturity for the current and the following two financial years.

However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value.
- Sales or reclassifications after the Authority has collected substantially all of the asset's original principal.
- Sales or reclassifications attributable to non-recurring isolated events beyond the Authority's control that could not have been reasonably anticipated.

Cash and cash equivalent

Cash and cash equivalents comprise cash in hand and balances with banks.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial Instruments (Continued)

(ii) Financial Liabilities (Non-derivative)

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Authority becomes a party to the contractual provisions of the instrument. The Authority derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Authority has other payables as non-derivative financial liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3.5 Impairment

(i) Financial Assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Authority considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial Assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment (Continued)

(ii) Non-financial Assets (Continued)

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

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in statement of changes in net assets available for benefits.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6 Provisions

A provision is recognized if, as a result of a past event, the Authority has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.7 Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in income and expenditure statement.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, Plant and Equipment (Continued)

(ii) Depreciation (Continued)

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

Furniture and Fittings and Other Equipment	5 Years
Computer Equipment	3 Years
Office Equipment	5 Years
Assets transferred from Maldives Monetary Authority	2 Years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

3.8 Intangible Asset

(i) Recognition and Measurement

Intangible assets that are acquired by the Authority are stated at cost less accumulated amortization and impairment losses.

(ii) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer Software	Over 3 year

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

3.9 Employee Benefits

(i) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Authority pays fixed contributions and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due.

The Authority contributes to the Maldives Retirement Pension Fund. All the local employees of the Authority are the members of this Fund to which the Authority contributes 7% of employees' monthly basic salary. This contribution is recognized as employee benefit expense when they are due.

(ii) Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2014 and have not been applied in preparing these financial statements. Those which may be relevant to the Authority are set out below.

Title	Effective Date	Description	Expected adoption date and impact on the Authority
IFRS 9 "Financial Instruments"	Annual periods beginning on or after 1st January 2018.	This IFRS requires that Authority classifies its financial assets as subsequently measured at either amortized cost or fair value depending on the Authority's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.	The Authority will not early adopt this standard. The adoption of this standard is not expected to have a significant impact on the Authority's assets and liabilities
IAS 32 "Financial Instruments: Presentation"	Annual periods beginning on or after 1st January 2014.	Amendments to this IFRS clarify the offsetting criteria by explaining when an Authority currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.	The Authority will not early adopt new amendment to this standard. The adoption of this standard is not expected to have a significant impact on the Authority's assets and liabilities.

5 PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fittings MRf	Computer Equipment MRf	Office Equipment MRf	Total 2013 MRf	Total 2012 MRf
Cost					
As at 1st January	348,910	752,623	446,411	1,547,944	1,534,438
Additions during the year	57,559	41,679	189,673	288,911	18,391
Write off during the year	(2,250)	-	-	(2,250)	-
Disposals during the year	(116,405)	(61,430)	-	(177,835)	(4,885)
As at 31st December	287,814	732,872	636,084	1,656,770	1,547,944
Accumulated Depreciation					
As at 1st January	257,942	635,166	244,652	1,137,760	963,995
Charge for the Year	41,959	81,847	67,062	190,868	174,276
Write off during the year	(1,125)	-	-	(1,125)	-
Disposals during the year	(116,405)	(61,430)	-	(177,835)	(511)
As at 31st December	182,371	655,583	311,714	1,149,668	1,137,760
Net Carrying Value					
As at 31st December 2013	105,443	77,289	324,370	507,102	
As at 31st December 2012	90,968	117,457	201,759		410,184

5 Property, Plant and Equipment (Continued)

5.1 The Authority Operates from a Premises owned by a third party for which a sum of MRf 1,087,695/- (2012 : 1,087,695/-) has been included as annual operating lease Expenses.

6 INTANGIBLE ASSETS

	2013 MRf	2012 MRf
Cost		
As at 1st January	314,819	315,599
Additions for the year	2,500	23,850
Impairment	-	(24,630)
As at 31st December	317,319	314,819
Accumulated Amortization		
As at 1st January	281,835	245,231
Charge for the year	11,559	36,604
As at 31st December	293,394	281,835
Net Carrying Value	23,925	32,984

7 TRADE AND OTHER RECEIVABLES

	31/12/2013 MRf	31/12/2012 MRf
Receivables	256,651	44,978
Deposits	91,441	91,441
Receivables from Maldives Stock Exchange	64,361	104
Other Receivables	10,108	1,251
	422,561	137,774

8 RECEIVABLES ON SCHOLARSHIP PROGRAME

	31/12/2013 MRf	31/12/2012 MRf
Receivable within one year	158,787	207,602
Less: Provision for Impairment	(18,965)	(18,965)
	139,822	188,637
Receivable after one year	466,091	448,591
	605,913	637,228

9	INVESTMENTS HELD TO MATURITY	31/12/2013 MRF	31/12/2012 MRF
	Treasury Bills (Note : 9.1)	1,901,666	1,000,000
	Fixed Deposit (Note : 9.2)	150,000	150,000
		2,051,666	1,150,000

9.1 Treasury Bills will mature on 3rd February 2014 and 15th December 2014 and carry an interest rate of 9% & 10.5% per annum.

9.2 Fixed Deposit at Bank of Maldives will mature on 11th December 2014 and carries an interest rate of 2.875% per annum.

10	CASH AND CASH EQUIVALENTS	31/12/2013 MRf	31/12/2012 MRf
	Cash in Hand	9	338
	Cash at Bank	3,723,293	4,249,955
		3,723,302	4,250,293

11	CAPITAL	31/12/2013 MRf	31/12/2012 MRf
	Capital contributed by the Government	3,000,000	3,000,000

12	COMPENSATION FUND	2013 MRf	2012 MRf
	Balance as at 1st January	202,079	200,000
	Interest income	4,154	2,079
	Balance as at 31st December	206,233	202,079

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

13	DEPOSITS	31/12/2013 MRf	31/12/2012 MRf
	Balance as at 31st December (Note : 13.1)	1,000,000	1,000,000

13.1 As per the Stock Exchange Licensing Regulation the Maldivian Stock Exchange is required to keep a deposit with the Authority, an amount equal to MRf 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 AMOUNT DUE TO MINISTRY OF FINANCE AND TREASURY

	2013 MRf	2012 MRf
Balance as at 1st January	1,570,280	2,054,079
Payment to Ministry of Finance and Treasury	(1,570,280)	(2,054,079)
Budget received during the year	10,004,557	10,000,000
Less: Operating deficit for the year	(7,097,371)	(8,429,720)
Budget Sanctioned but not Utilized during the year	2,907,186	1,570,280

15 PAYABLES

	31/12/2013 MRf	31/12/2012 MRf
Other Payables **(Note 15.1)**	116,021	745,738
Liquidity margin from dealing companies	-	100,000
Refundable deposit	100,000	-
Pension Payables	2,495	366
Prepaid License fee	2,534	-
	221,050	846,104

15.1 Other Payables

	31/12/2013 MRf	31/12/2012 MRf
Salary and Benefit payable	18,534	216,250
Payable to Suppliers of goods	-	80,475
Consultancy Fee Payable	-	240,922
Payable to Suppliers of Services	5,775	158,741
Audit fee payables	52,305	44,718
Miscellaneous Payables	39,407	4,632
	116,021	745,738

16 OPERATING INCOME

	2013 MRf	2012 MRf
Annual Licensing Fees	365,251	347,642
Application Fees	2,489	800
Institute of Corporate Director and Secretaries Membership Fees	6,358	21,843
Trade Processing Fee from Maldives Stock Exchange	1,657	275
Fees from Training Programs	58,750	58,450
Prospectus Processing Fee	50,000	-
Treasury Bills and Fixed Deposit Interest	20,518	1,214
Recovery of Scholarship Expenses from Employees	177,934	701,812
Fine Charges	230,539	153,562
	913,496	1,285,598

17 OTHER INCOME

	2013 MRf	2012 MRf
Profit on Disposal of Property, Plant and Equipment	9,610	-

FOR THE YEAR ENDED 31ST DECEMBER 2013

18 OPERATING EXPENSES

	2013 MRf	2012 MRf
Staff Salaries and Allowances	4,199,929	4,670,138
Rent	1,087,695	1,087,695
Board Expenses	912,000	823,070
Expert Expenses	348,850	1,020,470
Travelling	2,326	3,426
Training Courses and Scholarship	-	242,345
Printing and Stationery	46,967	56,437
Internal and External Audit Fees	52,305	47,262
Electricity Expenses	384,082	485,824
General Office Expenses	80,170	119,654
Depreciation and Amortisation	202,427	210,879
Telephone Expenses	247,475	203,277
Media Related Expenses	1,908	7,734
Repair and Maintenance	76,732	56,866
Training Programme Expenses	18,822	101,395
Membership fees	323,404	342,134
Impairment of Software	-	24,630
Loss on Disposal of Property, Plant and Equipment	-	4,374
Loss on write off	1,125	-
Investor Education Expenses	34,260	188,743
Provision for Impairment of recovery of scholarship expenses	-	18,965
	8,020,477	9,715,318

19 BUSINESS PROFIT TAX

The Authority is exempted from business profit tax in line with the Business Profit Tax Act number 5 of 2011.

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(i) Overview
The Authority has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Authority's exposure to each of the above risks, the Authority's objectives, policies and processes for measuring and managing risk, and the Authority's management of capital.

(ii) Risk management framework

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

(iii) Credit Risk

Credit risk is the risk of financial loss to the Authority if a customer fails to meet its contractual obligations, and arises principally from the Authority's receivables from customers.

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Credit Risk (Continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	31/12/2013	31/12/2012
	MRf	MRf
Trade and Other Receivables	266,813	46,333
Receivables on Scholarship Programe	624,878	656,193
Investments Held to Maturity	2,051,666	1,150,000
Balances With Banks	3,723,293	4,249,955
	6,666,650	6,102,481

Impairment Losses	31/12/2013	31/12/2012
	Gross	Gross
	MRf	MRf
The aging of trade and other receivables at the reporting date was:		
Not Past Due	40,108	-
Past Due 0-30 days	112,894	2,143
Past due 31-120 days	23	9,912
More than 121-365 days	91,200	2,500
More than 365 days	22,588	31,778
Total	266,813	46,333

The Authority believes that the unimpaired amounts that are outstanding are still collectible, based on historic payment behavior.

(iv) Liquidity Risk

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

The following are the contractual maturities of financial liabilities as at the period end.

31st December 2013	Carrying Amount MRf	1-6 Months MRf
Financial Liabilities (Non- Derivative)		
Amount due to Ministry of Finance and Treasury	2,907,186	2,907,186
Other Payables	221,050	221,050
	3,128,236	3,128,236

31st December 2012	Carrying Amount MRf	1-6 Months MRf
Financial Liabilities (Non- Derivative)		
Amount due to Ministry of Finance and Treasury	1,570,280	1,570,280
Other Payables	846,104	846,104
	2,416,384	2,416,384

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

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Interest rate risk

At the reporting date, the interest rate profile of Authority's interest bearing financial instruments was;

	31/12/2013 MRf	31/12/2012 MRf
Fixed Rate Instruments		
Financial Assets	2,051,666	1,150,000

(b) Currency Risk

Exposure to currency risk

The Authority's exposure to foreign currency risk was as follows based on notional amounts:

	31/12/2013 US$	31/12/2012 US$
Cash and Cash Equivalents	5,859	1,197
Gross statement of financial position exposure	5,859	1,197

The following significant exchange rates were applied during the period:

	Average Rate		Reporting Date Spot Rate	
	2013	2012	31/12/2013	31/12/2012
1 US$: MRf.	15.42	15.42	15.42	15.42

21 CAPITAL COMMITMENTS

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

22 CONTINGENT LIABILITIES

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

23 EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which require disclosure in the financial statements.

24 DIRECTORS RESPONSIBILITY

The Board of the Director is responsible for the preparation and presentation of these financial statements.

24.1 Transactions with Key Management Personnel

The Board of Directors of the Authority are members of the key management personnel. The Authority has paid remuneration amounting MRf 895,000/- to Board of Director during the year ended 31st December 2013 (2012 : MRf 797,570/-).