

**CAPITAL MARKET DEVELOPMENT AUTHORITY**

Financial Statements- 31 December 2017



## **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 2017 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 2017;
- 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.

---

*PricewaterhouseCoopers, H. Thandiraimage, 3<sup>rd</sup> Floor, Roshanee Magu, Malé, Republic of Maldives*

*Tel: +960 3318342, 3336046, Fax: +960 3314601, [www.pwc.com/lk](http://www.pwc.com/lk)*

Partners D.T.S.H. Mudalige FCA, C. S. Manoharan FCA, Ms. S. Perera ACA, T. U Jayasinghe FCA.

Resident Partner Jatindra Bhatray FCA

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



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`

13 March 2018

**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 2017

Statement of financial position

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	As at 31 December	
		2017	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,039,555	1,174,128
Intangible assets	6	16,731	27,183
		<u>1,056,286</u>	<u>1,201,311</u>
<b>Current assets</b>			
Receivables	7	269,460	373,722
Investments held to maturity	8	1,054,071	956,138
Cash and cash equivalents	9	3,066,035	5,877,903
		<u>4,389,566</u>	<u>7,207,763</u>
<b>Total assets</b>		<u>5,445,852</u>	<u>8,409,074</u>
<b>EQUITY</b>			
<b>Capital</b>			
Capital contributed by the Government		3,000,000	3,000,000
		<u>3,000,000</u>	<u>3,000,000</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Compensation fund	11	217,230	214,858
Deposits	12	1,000,000	1,000,000
		<u>1,217,230</u>	<u>1,214,858</u>
<b>Current liabilities</b>			
Payable to Ministry of Finance and Treasury	13	674,102	3,250,062
Other payables	14	554,520	944,154
		<u>1,228,622</u>	<u>4,194,216</u>
<b>Total liabilities</b>		<u>2,445,852</u>	<u>5,409,074</u>
<b>Total equity and liabilities</b>		<u>5,445,852</u>	<u>8,409,074</u>

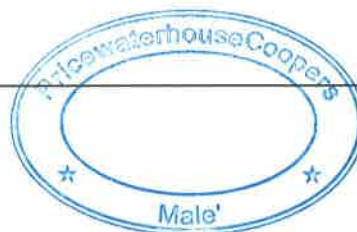
These financial statements were approved by the Board on... 13/3/2018

.....) Ahmed Mazin, Chairman

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

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

The notes on pages 8 to 22 are an integral part of these financial statements.

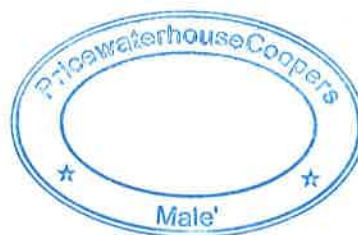


**Capital Market Development Authority**  
**31 December 2017**

**Statement of comprehensive income**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Operating income	15	831,873	536,444
Other income	16	131,984	87,612
		963,857	624,056
Operating expenses	17	(10,289,755)	(11,373,994)
Operating deficit for the year		(9,325,898)	(10,749,938)
Amount received from government budget	13	10,000,000	14,000,000
<b>Net operating surplus for the year</b>		<b>674,102</b>	<b>3,250,062</b>



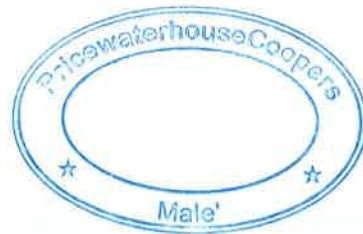
**Capital Market Development Authority**  
**31 December 2017**

---

**Statement of changes in equity**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	<b>Capital contributed by the Government</b>	<b>Total</b>
<b>Balance as at 1 January 2016</b>	3,000,000	3,000,000
<b>Balance as at 31 December 2016</b>	3,000,000	3,000,000
<b>Balance as at 1 January 2017</b>	3,000,000	3,000,000
<b>Balance as at 31 December 2017</b>	3,000,000	3,000,000



---

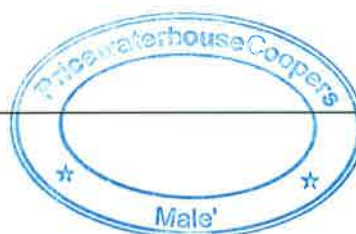
The notes on pages 8 to 22 are an integral part of these financial statements.

**Capital Market Development Authority****31 December 2017****Statement of cash flows**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
<b>Cash flows from operating activities</b>			
Cash from operations	19	625,665	3,638,307
Net cash generated from operating activities		625,665	3,638,307
<b>Cash flows from investing activities</b>			
Investment in treasury bills	8	(1,054,071)	(956,138)
Treasury bill matured during the year		956,138	959,339
Investment matured during the year		-	150,000
Purchases of property, plant and equipment	5	(221,468)	(1,098,687)
Purchases of intangible assets	6	-	(31,138)
Interest received		131,580	33,786
Proceed of disposal of property, plant and equipment	19	350	41,874
Net cash used in investing activities		(187,471)	(900,964)
<b>Cash flows from financing activities</b>			
Repayment of last year budget excess	13	(3,250,062)	(589,229)
Net cash used in financing activities		(3,250,062)	(589,229)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(2,811,868)	2,148,115
Cash and cash equivalents at beginning of the year		5,877,903	3,729,788
Cash and cash equivalents at end of the year	9	3,066,035	5,877,903

The notes on pages 8 to 22 are an integral part of these financial statements.





**Notes to the financial statements**

**1 General information**

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

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

**2 Summary of significant accounting**

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

**2.2 Summary of significant accounting policies**

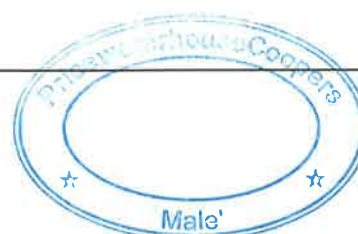
*(a) New and amended standard adopted by the Authority*

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 2017.

- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses

- Amendments to IAS 7, 'Statement of cash flows'.

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



Notes to the financial statements (continued)

2.2 Summary of significant accounting policies (continued)

*(b) New standards and interpretations not yet adopted*

The following new standards and amendments to standards had been issued but were not mandatory for annual reporting periods ending 31 December 2017.

- Amendments resulting from Annual Improvements 2014-2016 Cycle;
- Amendments to IFRS 1, 'First-time Adoption of International Financial Reporting Standards': removing short-term exemptions (effective annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities', clarifying scope (effective annual periods beginning on or after 1 January 2018).
- Amendments regarding the interaction of IFRS 4 'Insurance Contracted' and IFRS 9 'Financial Instruments', an entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.
- IFRS 9 'Financial Instruments', finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective annual periods beginning on or after 1 January 2018).
- IFRS 15 'Revenue from Contracts with Customers' (effective annual periods beginning on or after 1 January 2018).
- IFRS 16 'Leases' (effective annual periods beginning on or after 1 January 2019).
- Amendments to IAS 40 'Investment Property', clarify transfers of property to, or from, investment property (effective annual periods beginning on or after 1 January 2019).
- The impact of IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' are still being assessed. Apart from standards mentioned above, the adoption amendments to published standards are not expected to have a material impact to the financial statements of the Authority.

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.



Notes to the financial statements (continued)

**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.

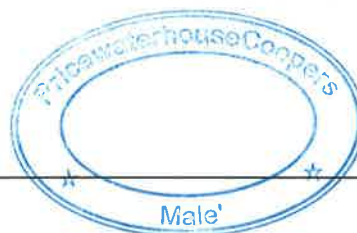
Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values, over their estimated useful lives as follows:

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.



Notes to the financial statements (continued)

**2.5 Intangible assets**

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

**2.6 Impairment of assets**

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

**2.7 Financial instruments**

**2.7.1 Financial assets**

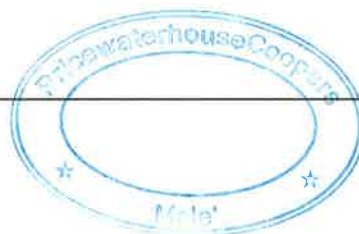
The Authority classifies its financial assets in the following category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*(a) Held to maturity investments*

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

*(b) Loans and receivables*

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



Notes to the financial statements (continued)

**2.7.2 Financial liabilities**

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

**2.8 Receivables**

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

**2.9 Cash and cash equivalents**

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

**2.10 Investment securities held to maturity**

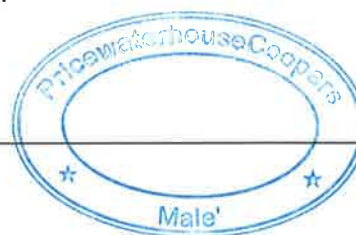
An investment is not classified as a held-to-maturity investment if the Authority has the right to require that the issuer to repay or redeem the investment before its maturity, because paying for such a feature is inconsistent with expressing an intention to hold the asset until maturity. Management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

**2.11 Provisions**

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

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.



Notes to the financial statements (continued)

**2.12 Revenue recognition**

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

*Rendering of services*

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

*Other income*

Other income is recognised on accrual basis.

**3 Financial risk management**

**3.1 Financial risk factors**

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

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

*(a) Market risk - Foreign exchange risk*

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

*(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.



## Capital Market Development Authority

31 December 2017

### Notes to the financial statements (continued)

#### 3 Financial risk management (continued)

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

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

##### (d) Interest rate risk

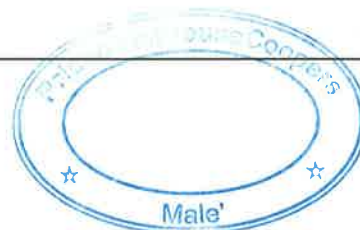
The authority's has deposited in bank and invested in treasury bills, where interest rates are fixed.

#### 3.2 Fair value estimation

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

#### 4 Comparatives

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





Capital Market Development Authority

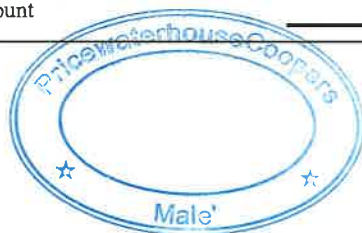
31 December 2017

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
<b>At 1 January 2016</b>				
Cost	318,674	678,173	576,674	1,573,521
Accumulated depreciation	(250,220)	(579,616)	(324,047)	(1,153,883)
Net book amount	68,454	98,557	252,627	419,638
<b>Year ended 31 December 2016</b>				
Opening net book amount	68,454	98,557	252,627	419,638
Additions	603,683	139,950	355,054	1,098,687
Disposals -Cost	(128,230)	(207,852)	(40,660)	(376,742)
Disposals - accumulated depreciation	128,230	207,852	37,223	373,305
Depreciation charge (Note 17)	(105,229)	(74,922)	(160,608)	(340,760)
Closing net book amount	566,908	163,585	443,636	1,174,128
<b>At 31 December 2016</b>				
Cost	794,127	610,271	891,068	2,295,466
Accumulated depreciation	(227,219)	(446,686)	(447,432)	(1,121,338)
Net book amount	566,908	163,585	443,636	1,174,128
<b>Year ended 31 December 2017</b>				
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 17)	(137,366)	(81,158)	(132,220)	(350,744)
Closing net book amount	428,640	198,218	412,697	1,039,555
<b>At 31 December 2017</b>				
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





**Capital Market Development Authority**

31 December 2017

**Notes to the financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**5 Property, plant and equipment (continued)**

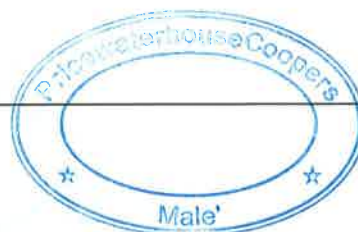
(a) The Authority operates from premises owned by a third party for which a sum of MVR 1,185,000 (2016 : MVR 1,205,000) has been included as annual operating lease rental.

(b) Property, plant and equipment amounting to MVR 854,191 (2016: MVR 979,284) were fully depreciated as at the reporting date.

(c) Depreciation expenses of MVR 350,744 (2016: MVR 340,760) has been charged in Operating expenses.

**6 Intangible assets**

	<b>Software and website</b>
<b>At 1 January 2016</b>	
Cost	310,819
Accumulated amortisation	(309,985)
Net book amount	<u>834</u>
<b>Year ended 31 December 2016</b>	
Opening net book amount	834
Additions	31,138
Amortisation charge (Note 17)	(4,789)
	<u>27,183</u>
<b>At 31 December 2016</b>	
Cost	341,957
Accumulated amortisation	(314,774)
Net book amount	<u>27,183</u>
<b>Year ended 31 December 2017</b>	
Opening net book amount	27,183
Additions	-
Amortisation charge (Note 17)	(10,452)
	<u>16,731</u>
<b>At 31 December 2017</b>	
Cost	341,957
Accumulated amortisation	(325,226)
Net book amount	<u>16,731</u>



Capital Market Development Authority

31 December 2017

Notes to the financial statements (continued)

7 Receivables

Current

	2017	2016
Rent deposits	200,000	200,800
Receivables from Maldives Stock Exchange	-	767
Other receivables	71,762	174,457
	<u>271,762</u>	<u>376,024</u>
Less: provision for impairment	(2,302)	(2,302)
	<u>269,460</u>	<u>373,722</u>

(a) Other receivables mainly include fees to be received from Masters In Islamic Finance Practice students amounting to MVR 24,253 (2016: MVR 95,383) and interest receivables amounting MVR 40,674 (2016 : MVR 41,934 ).

(b) As at 31 December 2017, receivables of MVR 28,786 (2016: MVR 130,988) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The age analysis of these receivables is as follows:

	2017	2016
Aging (current)	4,533	35,605
Aging (Over 90 days)	24,253	95,383
	<u>28,786</u>	<u>130,988</u>

As at 31 December 2017, receivables of MVR 2,302 were past due and impaired (31 December 2016: MVR 2,302). The age analysis of impaired trade receivables as follows:

Aging (Over 90 days)	<u>2,302</u>	<u>2,302</u>
----------------------	--------------	--------------

Movement of provision for impairment is as follows:

Opening balance	2,302	-
Provision for bad and doubtful debts (Note 17)	-	2,302
Closing balance	<u>2,302</u>	<u>2,302</u>

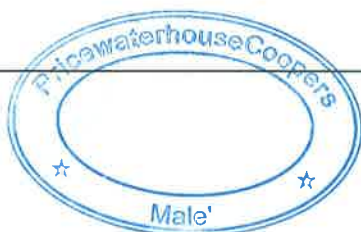
8 Investments held to maturity

	2017	2016
Treasury bills	1,054,071	956,138
	<u>1,054,071</u>	<u>956,138</u>

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

9 Cash and cash equivalents

	2017	2016
Cash in hand	510	340
Cash at bank	3,065,525	5,877,563
	<u>3,066,035</u>	<u>5,877,903</u>



Notes to the financial statements (continued)

10 Financial instruments

(a) Financial instrument by category

	2017	2016
<i>Loans and receivables</i>		
Receivables	269,460	373,722
Cash and cash equivalents	3,066,035	5,877,903
<i>Held to maturity investments</i>		
Investment in treasury bills	1,054,071	956,138
<b>Total</b>	<u>4,389,566</u>	<u>7,207,763</u>
<i>Amortised cost</i>		
Compensation fund	217,230	214,858
Deposits	1,000,000	1,000,000
Other payables excluding non-financial liabilities	439,613	903,244
Payable to Ministry of Finance and Treasury	674,102	3,250,062
	<u>2,330,946</u>	<u>5,368,164</u>

(b) Credit quality of financial assets

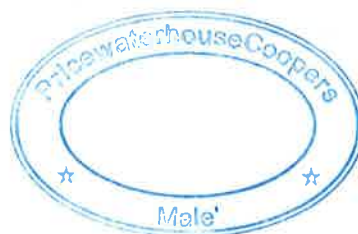
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables

Counter parties without external credit rating :

	2017	2016
Receivables	<u>240,674</u>	<u>242,734</u>
<b>Cash at bank</b>		
Bank of Maldives	<u>3,065,525</u>	<u>5,877,734</u>

The Banks in Maldives have not been rated.



Capital Market Development Authority

31 December 2017

Notes to the financial statements (continued)

11 Compensation fund

	2017	2016
Balance as at 1 January	214,858	214,858
Interest received	2,065	-
Interest accrued	307	-
Balance as at 31 December	<u>217,230</u>	<u>214,858</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

	2017	2016
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>

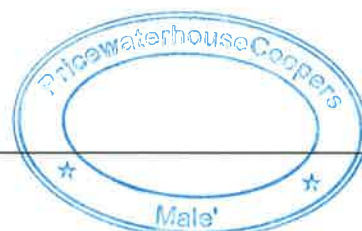
As per the Stock Exchange Licensing Regulation the Maldivian Stock Exchange is required to keep a deposit with the Authority, an amount equal to MVR 1,000,000/-. The Authority shall invest this amount in a bank fixed deposit or in treasury bills where the authority shall pay the interest received after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

13 Payable to Ministry of Finance and Treasury (MOFT)

	2017	2016
Balance as at 1 January	3,250,062	589,229
Payment to MOFT	(3,250,062)	(589,229)
Budget amount received during the year	10,000,000	14,000,000
Less: operating deficit for the year	(9,325,898)	(10,749,938)
Budget sanctioned but not utilized during the year	<u>674,102</u>	<u>3,250,062</u>

14 Other payables

	2017	2016
Other payables	439,613	803,244
Refundable deposit	-	100,000
Pension payable	3,080	3,512
License fees received in advance	<u>111,827</u>	<u>37,398</u>
	<u>554,520</u>	<u>944,154</u>



**Capital Market Development Authority****31 December 2017****Notes to the financial statements (continued)****14 Other payables (continued)**

Other payables comprise of payables to suppliers of goods of MVR 98,705 (2016: MVR 12,548), payables to suppliers of services of MVR 80,113 (2016: MVR 162,216), audit fee payable of MVR 62,112 (2016: MVR 65,218), payable for educational programs amounting to MVR 101,379 (2016: MVR 507,707), amount payable to Maldives Stock Exchange MVR 39,968 (2016: MVR 41,515), salary and benefit payable of MVR Nil (2016: MVR 845), miscellaneous payables of MVR Nil (2016: MVR 13,195) and excess of sponsored amount received over training expenses amounting MVR 57,336.

**15 Operating income**

	<b>2017</b>	<b>2016</b>
Annual licensing fees	329,770	389,606
Sponsor received from local organisations for training	217,664	-
Prospectus processing fees	150,000	100,000
Fine charges	90,268	22,021
Institute of Corporate Directors' and Secretaries fees	29,495	3,150
Application fee	12,600	1,950
Trade processing fee from Maldives Stock Exchange	2,076	1,717
Fees from training programmes	-	18,000
	<u>831,873</u>	<u>536,444</u>

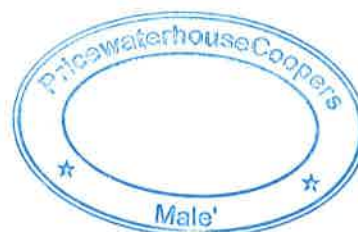
The Authority received MVR 275,000 from sponsors for the purpose of conducting training during the year. Out of which MVR 217,664 was spent, which have been recognized under operating income and the same amount has been included under training programme expenses. The remaining amount MVR 57,336 have been included under other payables.

**16 Other income**

	<b>2017</b>	<b>2016</b>
Treasury bills and fixed deposit interest	131,984	49,175
Gain on disposal of property, plant and equipment	-	38,437
	<u>131,984</u>	<u>87,612</u>

**17 Operating expenses**

	<b>2017</b>	<b>2016</b>
Staff salaries and allowances	5,962,005	4,538,993
Rent	1,185,000	1,205,000
Board remuneration	900,586	885,792
Membership fees	400,640	419,777
Legal and consulting fees	398,891	573,088
Depreciation (Note 5)	350,744	340,760
Training programme expenses	268,489	1,286,109
General office expenses	211,770	236,477
Telephone expenses	123,954	276,321
Investor education expenses	115,349	371,681
Electricity expenses	112,341	130,803
Carried forward balance	<u>10,029,768</u>	<u>10,264,800</u>



Notes to the financial statements (continued)

17 Operating expenses (continued)

	2017	2016
Brought forward balance	10,029,768	10,264,800
Repair and maintenance	97,174	199,189
External audit fees	59,006	65,217
Printing and stationery	44,276	66,866
Staff training expenses	27,276	745,480
Sharia'h advisory committee remuneration	13,000	21,500
Amortisation (Note 6)	10,452	4,789
Loss on sale of property, plant and equipment	4,947	-
Travelling	3,855	3,850
Provision for bad debts (Note 7)	-	2,302
	10,289,755	11,373,994

18 Taxation

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

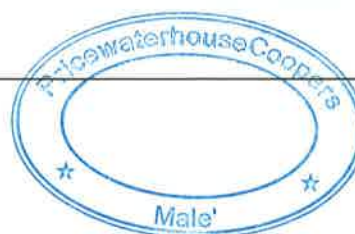
19 Cash generated from operations

Reconciliation of net surplus to cash generated from operations:

	2017	2016
Net operating surplus for the year	674,102	3,250,062
Adjustments for:		
Depreciation (Note 5)	350,744	340,760
Amortisation (Note 6)	10,452	4,789
Interest income (Note 16)	(131,984)	(49,175)
Loss/ (gain) on disposal of property plant and equipment	4,947	(38,437)
Changes in working capital:		
- Receivables	144,936	(40,626)
- Increase in compensation fund	2,065	-
- Payables	(429,597)	170,934
Cash generated from operations	625,665	3,638,307

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

	2017	2016
Net book value	5,297	3,437
(Loss)/ gain on sale of property, plant and equipment	(4,947)	38,437
Proceeds from sale of property, plant and equipment	350	41,874



Notes to the financial statements (continued)

**20 Contingencies**

*Contingent liabilities*

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

*Contingent assets*

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

**21 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.

**22 Related party transaction**

**Directors' remuneration:**

During the year ended 31 December 2017, total remuneration paid to Directors including the Chief Executive Officer was MVR 1,356,586 (2016: MVR 1,152,446).

**23 Events subsequent to reporting date**

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

