AUDITED FINANCIAL STATEMENTS
ADDU MEEDHOO CO-OPERATIVE SOCIETY

FOR THE YEAR ENDING 31st DECEMBER 2012

ADDU MEEDHOO CO-OPERATIVE SOCIETY

STATEMENT OF FINANCIAL POSITION
Year ended 31st DECEMBER 2012

	Note	Year Ended 31.12.2012 MVR	(13 Months) 31.12.2011 MVR
ASSETS			
Non-Current Assets			
Property Plant and Equipment	9	30,061	42,471
			-
Current Assets			
Trade Receivables	10	1,279,677	336,559
Cash & Bank Balances	11	(157,622)	404,828
Total Assets		1,152,116	783,858
EQUITY & LIABILITIES			
Share Capital & Reserves			
Share Capital	12	499,644	97,700
Accumulated Profit		607,340	598,065
		1,106,985	695,765
Current Liabilities			
Trade and Other Payables	13	45,131	80,604
Tax Liability			7,489
		45,131	88,093
Total Equity and Liabilities		1,152,116	783,858

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed on behalf of the Board by

Director: Ahmed Shathir, Chairman

Director: Ahmed Najeeb, Vice chairman

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Date: October 27, 2013

The Accounting policies and Notes on the Page 6 through 8 form an integral part of the Financial Statements.
Directors of the Company are responsible for preparation and presentation of these financial statements.

ADDU MEEDHOO CO-OPERATIVE SOCIETY

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31st DECEMBER 2012

	Note	Year Ended 31.12.2012 MVR	(13 Months) 31.12.2011 MVR
Revenue	3	2,831,829	3,585,774
Cost of Sales	4	(2,029,130)	(2,670,355)
Gross Profit		802,699	915,419
Other Income		-	-
Less : Expenditure			
Payroll Expenses	5.1	268,590	-
Administrative Expense	5.2	308,160	309,865
Selling and Distribution	6	-	-
Rent Expense	7	31,000	-
Depreciation	9	12,410	-
Total Expenditure		620,160	309,865
Profit Before Tax		**182,538**	**605,554**
Less: Business Profit Tax @ 15%	14	-	7,489
Profit After Tax		**182,538**	**598,065**

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ADDU MEEDHOO CO-OPERATIVE SOCIETY

STATEMENT OF CHANGES IN EQUITY
Year ended 31st DECEMBER 2012

	Share Capital MVR	Accumulated Profits/(Losses) MVR	Total MVR
Balance as at 1st Janurary 2012	499,644	424,802	924,446
Net Profit/(Loss) for the Year	-	182,538	182,538
Dividend Paid	-	-	-
Balance as at 31st DECEMBER 2012	499,644	607,340	1,106,985

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STATEMENT OF CASH FLOWS
Year ended 31st DECEMBER 2012

	Year Ended 31.12.2012 MVR	Year Ended 31.12.2011 MVR
Cash Flows from Operating Activities		
Net Profit/(Loss) for the Year	182,538	606,259
Adjustments for:		
Depreciation	12,410	-
Operating Profit before Working Capital Changes	194,949	606,259
(Increase)/Decrease in Trade and Other Receivables	(722,303)	(336,559)
(Increase)/Decrease in Closing Stock	-	-
Increase/(Decrease) in Trade and Other Payables	(36,362)	80,604
Increase/(Decrease) Tax Liability	-	7,489
Cash (used in)/generated from Operations	(563,717)	357,793
Net Cash from/(used in) Operating Activities	**(563,717)**	**357,793**
Cash Flows used in Investing Activities		
Purchase of Property, Plant & Equipment	-	(50,665)
Increase in Deferred Tax Asset	1,266	
Proceeds From Sale of Property, Plant & Equipment		-
Net Cash used in Investing Activities	1,266	(50,665)
Cash Flows from/(used in) Financing Activities		-
Dividend	-	-
Share Capital	-	97,700
Net Cash from/(used in) Financing Activities	-	97,700
Net Increase in Cash & Cash Equivalents	(562,450)	404,828
Cash and Cash Equivalents at the Beginning of the Year	404,828	-
Cash & Cash Equivalents at the End of the Year (Note 11)	**(157,622)**	**404,828**

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		Year Ended 31.12.2012 MVR	(13 Months) 31.12.2011 MVR
3	**REVENUE**		
	Income from Ordinary activities	2,831,829	3,585,774
		2,831,829	3,585,774
4	**COST OF SALES**		
	Fertlizers and raw material	14,548	-
	Handling Charges	32,468	-
	Freight Charges	24,913	-
	Cost of Sales	1,957,201	2,622,201
		2,029,130	2,622,201
5	**ADMINISTRATIVE EXPENSES**		
5.1	Staff Salaries and Wages	268,590	129,988
		268,590	129,988
5.2	Electricity	51,313	17,688
	Repair and maintenance	5,674	8,069
	Bank Charges	174	550
	Carriage outwards	52,622	48,154
	Office Expenses	71,725	11,158
	Telephone and Internet Expenses	42,390	13,735
	Software Maintenance	4,500	-
	Tools	11,247	12,991
	IT Expenses	1,888	-
	Audit Fee	9,139	8,000
	Inventory written down	6,820	-
	Management Committee Allowance	18,200	2,900
	Labour Works	32,468	43,843
	Fuel Costs	-	514
	Meals and Entertainment	-	11,140
	Miscellaneous Expenses	-	5,805
	Postage and Delivery	-	9,706
	Hydrophonics Expenses	-	925
	Annual Fee	-	300
	Provision for Doubtful Debts	-	3,560
		308,160	199,038
6	**Rent Expense**		
	Rent	31,000	20,800
		31,000	20,800

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8 EARNINGS PER SHARE

	Year Ended 31.12.2012 MVR
Amount used as Numerator	
Profit for the Period / Year	182,538
Number of Ordinary Shares used as Denominator	Number
Weighted Average number of Ordinary Shares in issue applicable to basic Earnings Per Share	97,700

9 PROPERTY, PLANT & EQUIPMENT

9.1 Cost/ Valuation

	Balance As at 01.01.2012 Rf	Additions/ Disposals Rf	Disposals during the year Rf	Balance As at 31.12.2012 Rf
Furniture and Fittings	5,120	-	-	5,120
Office Equipment	31,275	-	-	31,275
Other Equipment	14,270	-	-	14,270
		-	-	-
	50,665	-	-	50,665

9.2 Depreciation

	Balance As at 01.01.2012 Rf	Charge for the year Rf	Disposal/ transferred during the year Rf	Balance As at 31.12.2012 Rf
Furniture and Fittings	512	1,024	-	1,536
Office Equipment	6,255	7,819	-	14,074
Other Equipment	1,427	3,568	-	4,995
		-	-	-
	8,194	12,410	-	20,604
Net Book Value of Depreciable Assets	42,471			30,061

Depreciation of Non-Current Assets is charged on straight line basis as follows to write off the cost over the estimated useful life of the asset as follows

Furniture and Fittings	20%
Office Equipments	25%
Other Equipment	25%

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		Year Ended 31.12.2012 MVR	(13 Months) 31.12.2011 MVR
10	**TRADE AND OTHER RECEIVABLES**		
	Trade Receivables	1,279,677.41	336,559
		1,279,677	336,559
11	**CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT**		
	Bank Overdraft	(1,266,559)	-
	Cash in Hand	1,108,937	404,828
		(157,622)	404,828
12	**SHARE CAPITAL**		
	Issued Share Capital	499,644	97,700
13	**TRADE & OTHER PAYABLES**		
	Accounts Payable	45,131	80,604
	Business profit tax payable		7,489
		45,131	88,093
14	**TAXATION**		
	Business profit tax	-	-
	Deferred Tax	-	-
		-	-
15	**DIVIDEND**		
	Dividend Paid	-	-
			-
			-
		-	-

16 **EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There have been no material events occuing after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.

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1.0 CORPORATE /INFORMATION

1.1 General

Addu Meedhoo Co-operative Society was incorporated under the Co-operative Society Act No. 2/2007 of the Maldives. Registered office is located in Mala, S. Meedhoo. The main objective of the Society is to contribute for the economic and social development of the Island and to improving the agriculture of the island.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Society were selling agricultural products to the nearby tourist resorts. Apart from trading, the Society had played an important role in the development of local agricultural farms.

2.0 General Policies

2.1 Basis of Preparation

The financial statements are prepared under the historical cost convention in accordance with International Financial Reporting Standards. No adjustment is made for inflationary factors affecting these Financial Statements.

2.2 Financial Assets

Financial Assets include cash & bank and trade & other receivables. The accounting policies for each financial asset are stated separately.

2.3 Financial Liabilities

Financial Liabilities are classified according to the substance of the contractual arrangements entered in to. Financial Liabilities include interest bearing borrowings and trade & other payables.

2.4 Valuation of Assets and their Measurement Bases

2.4.1 Property, Plant and Equipment

Property Plant and Equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

2.4.2 Receivables

Trade receivables, which generally have 30-90 days, terms, are recognised and carried at original invoice amount less impairment losses on any uncollectible amounts. Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Other receivables and dues from Related Parties are recognised and carried at cost less impairment losses on any uncollectible amounts.

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2.4.3 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise of cash at banks and cash in hand.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Cash flow statement is prepared in "indirect method".

2.5 Liabilities

2.5.1 Liabilities classified as current liabilities in the Balance Sheet are those, which fall due for payment on demand or within one year from the Balance Sheet date

2.5.2 All known liabilities have been accounted for in preparing the Financial Statements.

2.5.3 Trade and Other Payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms, are carried at cost.

Payables to related parties are also carried at cost.

2.6 Revenue and Expenditure Recognition

2.6.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Society and the revenue and associated costs incurred or to be incurred can be reliable measured. Revenue is measured at the fair value of the consideration received or net of trade discounts. The following specific criteria are used for the purpose of recognition of revenue.

2.6.2 Revenue Recognition

a) Sale of Goods

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to buyer, with the Society retained neither continuing managerial involvement to the degree usually associated with ownership, no effective control over the goods sold.

2.6.3 Expenditure recognition

Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

Expenditure incurred for the purpose of acquiring, expanding 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 business has been treated as capital expenditure.

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.7 Current and deferred tax

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The provisions for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Business Profit Tax Act. The company is liable to income tax at rate of 15%, if the taxable profit of the year exceeds MVR 500,000, with effect from 18 July 2011.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ADDU MEEDHOO CO-OPERATIVE SOCIETY

We have audited the Statement of Financial Position of Addu Meedhoo Co-operative Society as at 31st December 2012 and the related statements of Income, Changes in Equity and Cash Flows for the year then ended together with the Accounting Policies and Notes as exhibited on pages 6 to 11.

This report is made solely to the members of Addu Meedhoo Co-operative Society for their request. Our audit work has been undertaken so that we might state to the owners, those matters we required to state to them in an audit report and for no other purpose. Therefore, we do not accept or assume responsibility to anyone other than the owners of the Addu Meedhoo Cooperative Society, for our audit work, for this audit report, or for the opinion we have formed.

Management Responsibility for the Financial Statement

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. These responsibilities include, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that reasonable in the circumstances.

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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity'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 entity'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.

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Basis for Adverse Opinion

1- For the year ending Addu Meedhoo Co-operative Society had recorded revenue of MVR 2,831,829/-, in the absence of adequate financial records we were unable to verify accuracy and completeness of the recorded revenue and were unable to perform alternative audit procedures to satisfy ourselves that the recorded figures are fairly stated.

2- For the year ending 31st December 2012 the Society incurred MVR 2,029,130/- as cost of sales and MVR 620,160/- for expenditures for which the business failed to maintain proper accounting books and documentation, hence there was weak system of internal controls on which we could not rely fully for the purpose of this audit. There are no any other alternative audit procedures we could adopt to satisfy ourselves that the recorded figures were fairly stated.

Disclaimer of Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion in paragraphs 1, and 2, we were unable to form an opinion on the financial statements as of 31 December 2012 and of its financial performance and its cash flows for the year then ended.

WNM Accounting and Consulting
27th October 2013
Male'