بسم الله الرحمن الرحيم

AccruPlus

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

We have audited the Balance Sheet of Addu Meedhoo Co-operative Society as at 31st December, 2013 and the related statements of Income, Changes in Equity and Cash Flows for the year then ended together with the Accounting Policies and Notes to the financial statements.

This report is made solely to the shareholders of the company in accordance with section 71 of the Companies Act (Act No. 10/1996). Our audit work has been undertaken so that we might state to the shareholders, 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 shareholders of the company, for our audit work, for this audit report, or for the opinion we have formed.

Management Responsibility for the Financial Statement

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Companies Act 1996 of Maldives or in accordance with the International Financial Reporting Standards for SMEs. 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 misstatement.

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.

Basis of Opinion

For the year ending 31 December 2013, Addu Meedhoo Co-operative Society had recorded revenue of MVR2,005,487.00. In the absence of adequate financial records, we were unable to verify the accuracy and complertness of recorded revenue and we were unable to perform alternative procedures to satisfy ourselves that the recorded figures were fairly stated.

For the year ending 31 December 2013, Addu Meedhoo Co-operative Society's gross profit was increased by 118% in comparison with the year ended 31st December 2012. Due to the absence of adequate financial records we were unable to verify the costs of goods sold figure and we were unable to satisfy ourselves the completeness and accuracy of the reported cost of goods sold figure by alternative means.

Opinion

Because of the significance of the matters described in the Basis of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

AccruPlus L.L.P
31 October 2014
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AccruPlus L.L.P
P-0021/2014
Rep. of Maldives

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31 October 2014

Board of Directors,
Addu Meedhoo Co-operative Society,
Meedhoo, Addu City.

Dear Sirs,

Management letter for the year ended 31 December 2013

We have recently completed our audit of Addu Meedhoo Co-operative Society which we conducted in accordance with International Standards on Auditing (ISAs). Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatements but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit is conducted to enable us to form and express an opinion on the financial statements that have been prepared by management with the oversight of the Board of Directors. The audit of the financial statements does not relieve management or the Board of Directors of their responsibilities.

However, in accordance with our normal practice, we write to draw your attention to certain matters which we identified during our audit of the financial statements of Addu Meedhoo Co-operative Society for the year ended 31 December 2013. Following are the matters that came to our attention.

Issues in the system	Recommendations
The Society logs all its transactions and update Quick Books on a regular basis however, no stamp is used to identify whether the data arising from manual transactions are entered to the Quickbooks as suggested in 2013.	AMCS needs to ensure that all data relating to manual transactions are entered to the Accounting System and its vouchers are stamped to indicate staff involved in entering data, date of data entry and signature of staff.
April 2013 telephone expense figure was incorrectly entered as RF200,039.19 while the actual figure is MVR20,039.19	AMCS needs to adopt a check and balance system where duties of voucher preparation and payment are handled by different staff.
Staff sign in regularly, however, the Manger did not sign the attendance since July and it seems that it was normal behavior to write everything at once.	It is recommended that manager being the most senior person not to override the existing controls in AMCS. Such behavior could promote unethical practices.

Management responses have been provided through the coordination of the Finance Department. We would like to thank the management and staff members of AMCS for their assistance and co-operation during the audit.

We would be pleased to provide any clarification that you may require on the issues raised in this report.

Yours faithfully,

AccruPlus L.L.P

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P-0021/2014
Rep. of Maldives

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full commercial impact before they are implemented. This report has been prepared solely for your use as directors and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purposes.