ADDU MEEDHOO CO-OPERATIVE SOCIETY
STATEMENT OF FINANCIAL POSITION
as of 31 December 2014
(All amounts are in Maldivian Rufiyaa)

	Note	31-Dec-14 MVR	31-Dec-13 MVR
ASSETS			
Non-Current Assets			
Property Plant and Equipment	3	15,068	17,650
Deferred Tax Asset	12	2,665	-
		17,733	**17,650**
Current Assets			
Inventory	4	101,174	187,169
Trade & Other Receivables	5	604,613	968,630
Cash & Cash Equivalents	6	275,962	442,114
Total Assets		**999,482**	**1,615,562**
EQUITY & LIABILITIES			
Share Capital & Reserves			
Share Capital	7	110,700	499,644
Retained Earnings		704,697	947,709
		815,397	**1,447,353**
Current Liabilities			
Trade & Other Payables	8	184,085	168,209
Total Equity and Liabilities		**999,482**	**1,615,562**

We draw your attention to accounting policies and notes on page 7 through 20, which are an integral part of the financial statements.

For and on behalf of the Corporative Society

Name	Designation	Signature
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ADDU MEEDHOO CO-OPERATIVE SOCIETY
STATEMENT OF COMPREHENSIVE INCOME
for the Year ended 31 December 2014
(All amounts are in Maldivian Rufiyaa)

	Note	31-Dec-14 MVR	31-Dec-13 MVR
Revenue	9	4,057,318	2,005,487
Cost of Revenue	10	(3,266,749)	(903,871)
Gross Profit/(Loss)		**790,570**	**1,101,616**
Administrative Expenses	11	(572,843)	(761,246)
Operating Profit/(Loss) before Tax		**217,727**	**340,370**
Income Tax Expenses	12	2,665	-
Net Profit/(Loss) for the year		**220,392**	**340,370**
Earnings Per Share	13	205	316

We draw your attention to accounting policies and notes on page 7 through 20, which are an integral part of the financial statements.

ADDU MEEDHOO CO-OPERATIVE SOCIETY
STATEMENT OF CASH FLOWS
for the Year ended 31 December 2014
(All amounts are in Maldivian Rufiyaa)

		31-Dec-14 MVR	31-Dec-13 MVR
Operating Profit/(Loss) before Working Capital Changes	14	**(232,227)**	**352,780**
Inventory		85,995	(187,169)
Trade & Other Receivables		364,017	311,047
Trade & Other Payables		15,876	123,078
Net Cash from Generated/(Used in) Operating Activities		**233,660**	**599,737**
Cash Flows from Investing Activities			
Purchase of Property, Plant & Equipment		(10,868)	-
Net Cash Used in Investing Activities		**(10,868)**	**-**
Cash flows from Financing Activities			
Share Capital		(388,944)	-
Net Cash flows from Financing Activities		**(388,944)**	**-**
Net Increase / (Decrease) in Cash and Cash Equivalents		**(166,151)**	**599,737**
Cash and Cash Equivalents at the Beginning of the Year		442,114	(157,623)
Cash and Cash Equivalents at the end of the Year		**275,962**	**442,114**

We draw your attention to accounting policies and notes on page 7 through 20, which are an integral part of the financial statements.

ADDU MEEDHOO CO-OPERATIVE SOCIETY
STATEMENT OF CHANGES IN EQUITY
for the Year ended 31 December 2014
(All amounts are in Maldivian Rufiyaa)

	Share Capital MVR	Retained Earnings MVR	Total Equity MVR
Balance as at 1st January 2014	110,700	947,709	1,058,409
Retained Earnings Adjustment	-	(463,404)	(463,404)
Revised Balance as at 1st January 2014	110,700	484,305	595,005
Net Profit / (Loss) for the year	-	220,392	220,392
Balance as at 31st December 2014	**110,700**	**704,697**	**815,397**

We draw your attention to accounting policies and notes on page 7 through 20, which are an integral part of the financial statements.

ADDU MEEDHOO CO-OPERATIVE SOCIETY

Accounting policies for the year ended 31 December 2014

1. General information

Addu Meedhoo Co-operative Society is incorporated in accodance with co-operative society Act No. 2/2007 as a co-oporative society in Republic of Maldives on 29th November 2010 bearing CS-0006/2010. Its registered office is located in Mala, Meedhoo, Addu City, Republic of Maldives. The main aim of the society is working for the economic and social development and improving the agriculture of the island.

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue from the sale of goods is recognised when the goods are delivered and titles have passed. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

2.4 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Society as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the society's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the society's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Society as lessee

Assets held under finance leases are initially recognised as assets of the society at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the society's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.5 Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.7 Government grants

Government grants are not recognised until there is reasonable assurance that the society will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the society recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the society should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2.7 Government grants (Cont…)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the society with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The society's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the society expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9 Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical amounts, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the society's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

	Rate
Furniture & Fittings	20%
Office Equipment	25%
Other Assets	25%

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.10 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.11 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.12 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the society reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the society estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.14 Provisions

Provisions are recognised when the society has a present obligation (legal or constructive) as a result of a past event, it is probable that the society will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when the society becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.16 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the society has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including [trade and other receivables, bank balances and cash, and others [describe]) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

The society derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the society neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the society recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the society retains substantially all the risks and rewards of ownership of a transferred financial asset, the society continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.17 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the society are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the society are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The society derecognises financial liabilities when, and only when, the society's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3 Property, Plant & Equipment

3.1	**Cost**	**Balance As at 01.01.2011**	**Additions**	**Disposals**	**Balance As at 31.12.2011**
	Office Equipment	31,275	3,499	-	34,774
	Furnitures & Fittings	5,120	4,869	-	9,989
	Other Equipments	14,270	2,500	-	16,770
		50,665	**10,868**	**-**	**61,533**

3.2	**Depreciation**	**Balance As at 01.01.2011**	**Charge for the Year**	**Disposals**	**Balance As at 31.12.2011**
	Office Equipment	21,893	8,395	-	30,288
	Furnitures & Fittings	2,560	991	-	3,551
	Other Equipments	8,562	4,064	-	12,626
		33,015	**13,450**	**-**	**46,465**
	Net Book Value	**17,650**			**15,068**

		31-Dec-14 MVR	**31-Dec-13 MVR**
4	**Inventory**		
	Inventory for Resale	101,174	187,169
		101,174	**187,169**
5	**Trade & Other Receivables**		
	Accounts Receivable	604,613	968,630
		604,613	**968,630**
6	**Cash & Cash Equivalents**		
	Cash at Bank	266,414	294,024
	Cash in Hand	9,548	148,090
		275,962	**442,114**

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

Cash & Cash Equivalents	275,962	442,114
	275,962	**442,114**

		31-Dec-14	31-Dec-13
		MVR	MVR
7	**Share Capital**		
	Issued share capital 1,107 Ordinary Shares of MVR 100 each	110,700	499,644
		110,700	**499,644**

The society has an authorized share capital of MVR 5,000,000 divided into 50,000 ordinary shares of Rf 100 each.

8	**Trade & Other Payables**		
	Accounts Payable	148,609	168,209
	GST Payables	25,936	-
	Audit Fee Payables	9,540	-
		184,085	**168,209**
9	**Revenue**		
	Sales Income	4,057,318	2,005,487
		4,057,318	**2,005,487**

The main business of the society is buying agricultural products from farmers at a contracted price and selling the products to hotels and resorts in Addu Atoll. Revenue from sale of goods is recognised when the products were sold and title has passed.

10	**Cost of Revenue**		
	Cost of Goods Sold	3,138,981	782,615
	Carriage Outward	127,767	121,256
		3,266,749	**903,871**

Cost of sales include costs paid to farmers for the products purchased from them. The society does not carry any inventory of finished agricultural products.

11	**Administrative Expenses**		
	Depreciation	13,450	12,410
	Bank Charges	1,200	-
	Management Committee Allowance	10,900	6,900
	Electricity	69,438	51,140
	labour work	23,890	-
	Rental Expenses	44,920	26,250
	Office Expenses	14,887	10,335
	Salary & Other Benefits	319,357	460,973
	Fees & Licenes	2,000	-
	Repairs & Maintenance	20,566	-
	Software Maintenance	-	5,120
	Tools	-	12
	Telephone Expense	16,616	13,699
	Travel Expense	1,400	-
	Exchange Gain or Loss	14	-
	Other expenses	25,205	167,407
	Audit Fee	9,000	7,000
		572,843	**761,246**

10.1 Management Committee Allowance

A meeting allowance of MVR 100 per meeting attended was paid to management committee members during the year.

12 Taxation

12.1 Income tax

(Increase)/decrease of deferred tax asset	(2,665)
Income tax	**(2,665)**

12.1.1 Deferred Tax Asset

Deferred tax asset brought forward	-
Increase/(decrease) of deferred tax asset	(2,665)
Deferred tax asset carried forward	**(2,665)**
Total deferred tax asset	**(2,665)**

12.2 Current Tax Computation

Accounting Profit for the year	217,727
Total disallowed expenses	24,350
Total allowable amount	9,209
Specified profit	**232,868**
Allowable director's remunerations	10,900
Allowable donations	-
Taxable Profit	**221,968**
Tax-free threshhold	221,968
Profit Subjected to Tax	-
Current Tax on profits for the year	-
Total current tax	**-**
Deferred tax Asset	
Carrying Value of Assets	15,068
Asset Tax Base	32,836
Temporary difference	(17,769)
Deferred Tax Asset	**(2,665)**

The Business Profit Tax Act (5/2011) of the Maldives was effective from 18 July 2011. As per the tax act businesses profit is subject to tax of 15% on profits exceeding tax free threshold limit MVR 500,000 for any tax year.

13 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Net Profit/(Loss) for the year	220,392	340,370
Weighted Average number of Ordinary Shares	1,077	1,077
Earning per Share	**205**	**316**

14 Operating Profit/(Loss) before Working Capital Changes

Net Profit/(Loss) for the year	217,727	340,370
Depreciation	13,450	12,410
Retained Earnings Adjustment	(463,404)	-
	(232,227)	**352,780**

15 Financial Instruments

15.1 Financial risk management objectives

The society's management co-ordinates access to banks and other financial institutions, monitors and manages the financial risks relating to the operations of the society through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

15.2 Foreign currency risk management

The society undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

15.3 Interest rate risk management

The society is not exposed to interest rate risk because the society borrow funds at fixed interest rates.

15.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the society. The society has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient guarantee, where appropriate, as a means of mitigating the risk of financial loss from defaults.

15.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the society's short-, medium- and long-term funding and liquidity management requirements. The society manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

16 Dividends declared and paid

No dividend was declared and paid for the year.

17 Events after the reporting period

There are no significant events after the balance sheet date which warrants disclosure.

18 Approval of financial statements

The financial statements were approved by the board of members and authorised for issue on 9th June 2015.