Crowe Horwath

INDEPENDENT AUDITOR'S REPORT

Addu Meedhoo Co-operative Society

31st December 2015

Crowe Horwath.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS
ADDU MEEDHOO CO-OPERATIVE SOCIETY

Opinion

We have audited the financial statements of Addu Meedhoo Co-operative, which comprise the statement of financial position as at December 31, 2015, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Except for the effect of matters described in basis for qualified opinion paragraph below, the financial statements have been properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the co-operative society as at 31st December 2015 and of their financial performance and cash flows for the year then ended.

Basis for Qualified Opinion

1. The co-operative society has filed GST returns in accordance with Goods and Services Tax Act of Maldives. We were unable to reconcile the tax calculated based on the taxable revenue with the tax declared as per GST returns for the year ended 30th September 2015.

Other Regulatory Matters

The co-operative society has not paid pension during the year as per the Maldives Pension Administration Act.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards for SME's (IFRS for SME's) and Law of Jurisdiction of Republic of Maldives, 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.

In preparing the financial statements, management is responsible for assessing the Organization '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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

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 skepticism 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 Organization'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 Organization'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 Organization to cease to continue as a going concern.

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.

Report on Other Legal and Regulatory Requirements

Report on Internal Controls over Financial Reporting

A organization 's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards for SME's (IFRS for SME's). A organization's internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the organization ;
(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards for SME's (IFRS for SME's), and that receipts and expenditures of the organization are being made only in accordance with authorizations of management and directors of the organization ; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the organization 's assets that could have a material effect on the financial statements

In our opinion, the Organization maintained, adequate internal controls over financial reporting as of December 31, 2015.

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Report on compliance to Tax Administration Act Section 27 and Business Profit Tax Regulation Section 16

In our opinion, the Organization has maintained adequate accounting records for the period ended 31 December 2015 as required in Section 27 of Tax Administration Act (Law Number 3/2010) and Section 16 of Business Profit Tax Regulation.

Agreement of Financial Statements with Underlying Accounting Records

In our opinion, based on our audit procedures the financial statements agree with, the underlying accounting records for the period ended December 31, 2015.

6 July 2017

Crowe Horwath Maldives LLP
Reg no. P-02/2008

....
Hassan Mohamed, FCCA
Managing Partner
MIRA Reg. AF1009A

ADDU MEEDHOO CO-OPERATIVE SOCIETY
STATEMENT OF FINANCIAL POSITION
as of 31st December 2015
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-15 MVR	31-Dec-14 MVR
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	8,989	15,068
Deferred Tax Asset	16	2,138	2,665
		11,126	**17,733**
Current Assets			
Inventory	5	334,445	101,174
Trade & Other Receivables	6	505,161	604,613
Cash & Cash Equivalents	7	67,546	275,962
		907,152	**981,749**
TOTAL ASSETS		**918,278**	**999,482**
EQUITY & LIABILITIES			
Equity & Reserves			
Share Capital	8	129,200	110,700
Receivable for Issued Shares		(17,800)	-
Retained Earnings		726,408	704,697
		837,808	**815,397**
Non-Current Liabilities			
Current Liabilities			
Trade & Other Payables	9	80,470	184,085
		80,470	**184,085**
TOTAL EQUITY & LIABILITIES		**918,278**	**999,482**

We draw your attention to accounting policies and notes on page 8 through 23, which are an integral part of the financial statements.

For and on behalf of the Board of Directors:

Name	**Signature**
1. HASSAN HAMEED	
2. SAUDHULLA ABDULLA DIDI	

Addu Meedhoo Cooperative Society AMCS Proudly Supporting Maldivian Farmers

ADDU MEEDHOO CO-OPERATIVE SOCIETY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2015
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-15 MVR	31-Dec-14 MVR
Revenue	10	3,224,617	4,057,318
Cost of Revenue	11	(2,588,636)	(3,266,749)
Gross Profit/(Loss)		**635,981**	**790,570**
Administrative Expenses	12	(609,356)	(572,843)
Sales & Marketing Expenses	13	(10,405)	-
Profit/(Loss) before tax		**16,220**	**217,727**
Income Tax	15	(528)	2,665
Net Profit/(Loss) for the year		**15,692**	**220,392**
Earnings Per Share	17	12	205

We draw your attention to accounting policies and notes on page 8 through 23, which are an integral part of the financial statements.

ADDU MEEDHOO CO-OPERATIVE SOCIETY
STATEMENT OF CASH FLOWS
for the year ended 31st December 2015
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-15 MVR	31-Dec-14 MVR
Operating Profit/(Loss) before Working Capital Changes	18	**28,668**	**(232,227)**
Inventory		(233,272)	85,995
Trade & Other Receivables		99,452	364,017
Due from Related Parties		-	-
Trade & Other Payables		(103,614)	15,876
Due to Related Parties		-	
Net Cash Generated from (Used in) Operating Activities		**(208,766)**	**233,660**
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		700	(388,944)
Dividend Paid		(350)	-
Net Cash flows from Financing Activities		**350**	**(388,944)**
Net Increase / (Decrease) in Cash and Cash Equivalents		**(208,416)**	**(166,151)**
Cash and Cash Equivalents at the Beginning of the Year		275,962	442,114
Cash and Cash Equivalents at the end of the Year		**67,546**	**275,962**

We draw your attention to accounting policies and notes on page 8 through 23, which are an integral part of the financial statements.

ADDU MEEDHOO CO-OPERATIVE SOCIETY
STATEMENT OF CHANGES IN EQUITY
as of 31st December 2015
All amounts are stated in Maldivian Rufiyaa

	Share Capital MVR	Retained Earnings MVR	Total Equity MVR
Balance as at 1st January 2014	110,700	484,305	595,005
Net Profit	-	220,392	220,392
Balance as at 1st January 2015	**110,700**	**704,697**	**815,397**
Unreconciled Retained Earnings Variance	-	6,369	6,369
Revised Balance as at 1st January 2015	**110,700**	**711,066**	**821,766**
Dividend Paid	-	(350)	(350)
New issue	18,500	-	18,500
Receivable for Issued Shares	(17,800)		(17,800)
Net Profit/(Loss) for the year	-	15,692	15,692
Balance as at 31st December 2015	**111,400**	**726,408**	**837,808**

We draw your attention to accounting policies and notes on page 8 through 23, which are an integral part of the financial statements.

Notes to the financial statements

For the year ended 31 December 2015

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. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs affecting amounts reported in the current year (and/or prior years)

The following new and revised IFRSs have been applied in the current year and have affected the amounts reported in these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material effect on the financial statements are set out in section 2.2.

New and revised IFRSs affecting presentation and disclosure only

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements.

IAS 24 Related Party Disclosures (as revised in 2009)

IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

New and revised IFRSs affecting the reported financial performance and/or financial position

2.2 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have also been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 3 Business Combinations

As part of Improvements to IFRSs issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, IFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquirer's employees. Specifically, the amendments specify that share-based payment transactions of the acquire that are not replaced should be measured in accordance with IFRS 2 Share-based Payment at the acquisition date ('market-based measure').

Amendments to IAS 32 Classification of Rights Issues

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments.

Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement

IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Organization 's financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognized in profit or loss.

The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Organization has not entered into any transactions of this nature.

Improvements to IFRSs issued in 2010

Except for the amendments to IFRS 3 and IAS 1 described earlier in section 2.1, the application of Improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in the financial statements.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures.

IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venture's has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2012.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions.

3. Significant accounting policies

3.1 Statement of compliance

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

3.2 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.

3.3 Investments in associates

An associate is an entity over which the Organization has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Co-operative's share of the profit or loss and other comprehensive income of the associate. When the Co-operative's share of losses of an associate exceeds the Co-operative's interest in that associate (which includes any long-term interests that, in substance, form part of the Co-operative's net investment in the associate), the Co-operative discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Co-operative has incurred legal or constructive obligations or made payments on behalf of the associate.

3.3 Investments in associates (continued...)

Any excess of the cost of acquisition over the Co-operative's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Co-operative's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

3.4 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.

3.4.1 Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Co-operative has transferred to the buyer the significant risks and rewards of ownership of the goods;

- The Co-operative retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- The amount of revenue can be measured reliably;

- It is probable that the economic benefits associated with the transaction will flow to the Co-operative; and

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.4.2 Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognized by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;

- Servicing fees included in the price of products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold; and

- Revenue from time and material contracts is recognized at the contractual rates as labour hours and direct expenses are incurred.

3.4.3 Dividend and interest income

Dividend income from investments is recognised when the Co-operative's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Co-operative and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Co-operarative and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.4.4 Rental income

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.

3.5 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.

3.6 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Co-operative 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 Co-operative recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Co-operative 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.

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

3.8 Taxation

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

3.8.1 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 Co-operative's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.8.2 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 Co-operative 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.9 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 revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

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 Co-operative'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.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

3.9 Property, plant and equipment (continued...)

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.

3.10 Intangible assets

3.10.1 Intangible assets acquired separately

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.

3.10.2 Derecognition of intangible assets

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.

3.11 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Co-operative 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 Co-operative 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.11 Impairment of tangible and intangible assets other than goodwill (continued...)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.12 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.

3.13 Provisions

Provisions are recognised when the Co-operative has a present obligation (legal or constructive) as a result of a past event, it is probable that the Co-operative 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.

3.14 Financial instruments

Financial assets and financial liabilities are recognised when the Co-operative 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.

3.15 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.

3.15.1 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.

3.15.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Co-operative 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.

3.15.3 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.

Listed redeemable notes held by the Co-operative that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Co-operative also has investments in unlisted shares that are not traded in an active market but that are also classified as Co-operative financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Co-operative's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

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.

3.15.4 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 are measured at amortised cost using the effective interest method, less any impairment.

3.15.4 Loans and receivables (continue...)

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

3.15.5 Impairment of financial assets

Financial assets 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.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Co-operative's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3.15.6 De-recognition of financial assets

The Co-operative de-recognises 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 Co-operative neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Co-operative recognises its

3.15.6 De-recognition of financial assets (continued...)

retained interest in the asset and an associated liability for amounts it may have to pay. If the Co-operative retains substantially all the risks and rewards of ownership of a transferred financial asset, the Co-operative continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3.16 Financial liabilities and equity instruments

3.16.1 Financial liabilities

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

3.16.2 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.

3.16.3 Other financial liabilities

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

3.16.4 Derecognition of financial liabilities

The Co-operative derecognises financial liabilities when, and only when, the Co-operative'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.

ADDU MEEDHOO CO-OPERATIVE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2015
All amounts are stated in Maldivian Rufiyaa

4 Property, Plant & Equipment

4.1 Cost	Balance As at 01.01.2015	Additions	Disposals	Balance As at 31.12.2015
Furnitures & Fittings	9,989	-	-	9,989
Office Equipment	34,774	-	-	34,774
Other Equipments	16,770	-	-	16,770
	61,533	**-**	**-**	**61,533**

4.2 Depreciation	Balance As at 01.01.2015	Charge for the Year	Disposals	Balance As at 31.12.2015
Furnitures & Fittings	3,551	875	-	4,427
Office Equipment	30,288	2,438	-	32,726
Other Equipments	12,626	2,766	-	15,392
	46,465	**6,079**	**-**	**52,544**
Net Book Value	**15,068**			**8,989**

	31-Dec-15 MVR	31-Dec-14 MVR
5 Inventories		
Inventory for Resale	334,445	101,174
Total	**334,445**	**101,174**
6 Trade & Other Receivables		
Accounts Receivable	505,161	604,613
	505,161	**604,613**
7 Cash & Cash Equivalent		
Cash at Bank	49,086	266,414
Cash in Hand	18,459	9,548
Total	**67,546**	**275,962**
8 Share Capital		
Issued share capital 1292 Ordinary Shares of MVR 100 each	129,200	110,700
Receivable for Issued Shares	(17,800)	-
Total	**111,400**	**110,700**

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

		31-Dec-15 MVR	31-Dec-14 MVR
9	**Trade & Other Payables**		
	Accounts Payable	42,943	148,609
	GST Payables	14,043	25,936
	Audit Fee Payables	8,480	9,540
	Advance Payments Received	15,005	-
	Total	**80,470**	**184,085**

10 Revenue

The breakdown of the revenue is as follows:

Trading Income	3,179,707	4,057,318
Pickup Income	3,170	-
Other Income	41,740	-
Total	**3,224,617**	**4,057,318**

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.

11 Cost of Revenue

Cost of Goods Sold	2,526,941	3,138,981
Direct cost	15,778	-
Carriage Outward	45,916	127,767
Total	**2,588,636**	**3,266,749**

Cost of goods sold includes all the directly attributable costs including purchase costs, import costs and other costs incurred to bring the goods to a salable condition.

12 Administrative Expenses

Depreciation		6,079	13,450
Bank Charges		2,310	1,200
Management Committee Allowance		4,600	10,900
Electricity		76,928	69,438
labour work		12,450	23,890
Rental Expenses		56,709	44,920
Office Expenses		21,260	14,887
Salary & Other Benefits	Note (12.1)	229,009	319,357
Fees & Licenes		-	2,000
Repairs & Maintenance		4,150	20,566
Transportation		95,540	-
Telephone Expense		28,827	16,616
Travel Expense		-	1,400
Exchange Gain or Loss		-	14
Other expenses		-	25,205
Audit Fee		8,000	9,000
Staff Allowances		8,000	-
Audit Related Expenses		1,543	-
Interest		840	-

		31-Dec-15 MVR	31-Dec-14 MVR
12	**Administrative Expenses (continue...)**		
	Fine and Penalties	18,835	-
	Professional Fees	8,000	-
	Service Expenses	26,278	-
	Total	**609,356**	**572,843**
12.1	**Salary & Other Benefits**		
	Salary & Wages	229,009	-
	Total	**229,009**	**-**
13	**Sales & Marketing Expenses**		
	Marketing	10,405	-
	Total	**10,405**	**-**

14 Management Committee Allowance

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

15	**Taxation**		
	Income Tax Expense		
	(Increase)/decrease of deferred tax asset	528	(2,665)
	Total	**528**	**(2,665)**
16	**Deferred Tax Asset**		
	Deferred tax asset brought forward	(2,665)	-
	Increase/(decrease) of deferred tax asset	528	(2,665)
	Deferred tax asset carried forward	**(2,138)**	**(2,665)**
	Total deferred tax asset	**(2,138)**	**(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.

17 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.

	Profit/(Loss) for the year	15,692	220,392
	Weighted Average number of Ordinary Shares	1,292	1,077
	Earnings Per Share	**12**	**205**
18	**Operating Profit/(Loss) before Working Capital Changes**		
	Net Profit/(Loss)	16,220	217,727
	Depreciation	6,079	13,450
	Unreconciled Retained Earnings Variance	6,369	(463,404)
	Total	**28,668**	**(232,227)**

19 Financial Instruments

19.1 Financial risk management objectives

The organisation's management co-ordinates access to banks and other financial institutions, monitors and manages the financial risks relating to the operations of the organisation 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.

19.2 Foreign currency risk management

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

19.3 Interest rate risk management

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

19.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the organisation. The organisation 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.

19.5 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 organisation's short-, medium- and long-term funding and liquidity management requirements. The organisation 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.

20 Events after the end of the reporting period

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

21 Approval of financial statements

These financial statements were approved by the members of the board and authorised for issue on XX XX XXX.