FINANCIAL STATEMENTS

ADDU MEEDHOO COOPERATIVE SOCIETY

FOR THE YEAR ENDING 31 DECEMBER 2019

ADDU MEEDHOO COOPERATIVE SOCIETY

STATEMENT OF FINANCIAL POSITION

For The Period Ended 31st December 2019

(All amounts are stated in Maldivian Rufiyaa)

	Note	2019	2018
Revenue	11	2,388,114	2,641,255
Cost of Revenue	12	(2,173,700)	(2,195,337)
Gross Profit		**214,414**	**445,918**
Administrative Expenses	13	(588,813)	(609,623)
Sales & Marketing Expenses	14	(35,118)	(16,075)
Operating Profit/Loss		**(409,517)**	**(179,781)**
Other Gains	15	44,190	472,035
Profit/(Loss) before tax		**(365,327)**	**292,255**
Income Tax	16	-	-
Net Profit/(Loss) for the year		**(365,327)**	**292,255**
Earnings Per Share	18	(271)	217

We draw your attention to accounting policies and notes on page 7 through 13, which are an integral part of the financial statements.

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ADDU MEEDHOO COOPERATIVE SOCIETY
STATEMENT OF FINANCIAL POSITION
As At 31st December 2019

(All amounts are stated in Maldivian Rufiyaa)	Note	2019	2018
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	1,191,333	1,323,945
Deferred Tax Asset	17	-	2,138
		1,191,333	**1,326,082**
Current Assets			
Inventory	5	321,496	303,667
Trade & Other Receivables	6	925,387	830,454
Cash & Cash Equivalents	7	81,646	85,515
		1,328,528	**1,219,636**
TOTAL ASSETS		**2,519,861**	**2,545,718**
EQUITY & LIABILITIES			
Equity & Reserves			
Share Capital	8	117,700	117,700
Retained Earnings		690,499	1,012,009
		808,199	**1,129,709**
Non-Current Liabilities Deferred Grant	10	1,217,513	1,217,513
		1,217,513	**1,217,513**
Current Liabilities Deferred Grant	10	-	-
Trade & Other Payables	9	494,150	198,495
		494,150	**198,495**
TOTAL EQUITY & LIABILITIES		**2,519,862**	**2,545,718**

We draw your attention to accounting policies and notes on page 7 through 13, which are an integral part of the financial stateme

For and on behalf of the Board of Directors:

Name	Signature
HASSAN SHAHID	
SAUDULLA ABDULLA DIDI.	

November 20, 2020

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ADDU MEEDHOO COOPERATIVE SOCIETY

STATEMENT OF CASH FLOWS

For The Period Ended 31st December 2019

(All amounts are stated in Maldivian Rufiyaa)	Note	2019	2018
Operating Profit before Working Capital Changes	19	**(365,327)**	**185,248**
Inventory		(17,829)	(8,237)
Trade & Other Receivables		(94,933)	(192,001)
Trade & Other Payables		295,654	246,357
Net Cash Generated from (Used in) Operating Activities		**(182,435)**	**231,367**
Cash Flows from Investing Activities			
Purchase of Property, Plant & Equipment		(20,675)	(346,627)
Additions to Work in Progress		-	-
Deferred Grant Received		199,240	162,154
Net Cash Used in Investing Activities		**178,565**	**(184,473)**
Cash flows from Financing Activities			
Share Capital		-	-
Dividend Paid		-	-
Net Cash flows from Financing Activities		-	-
Net Increase / (Decrease) in Cash and Cash Equivalents		**(3,869)**	**46,895**
Cash and Cash Equivalents at the Beginning of the Year		85,515	38,620
Cash and Cash Equivalents at the end of the Year		**81,646**	**85,515**

We draw your attention to accounting policies and notes on page 7 through 13, which are an integral part of the financial statements.

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ADDU MEEDHOO COOPERATIVE SOCIETY
STATEMENT OF CHANGES IN EQUITY
As At 31st December 2019
(All amounts are stated in Maldivian Rufiyaa)

	Share Capital	Retained Earnings	Total Equity
Balance as at 1st January 2018	117,700	742,016	859,716
Unreconciled variance	-	54,600	54,600
Dividend Paid	-	-	-
Net Profit for the year	-	292,255	292,255
Balance as at 1st January 2019	117,700	1,088,871	1,206,571
Unreconciled variance	-	-	-
Dividend Paid	-	(33,045)	(33,045)
Net Profit for the year	-	(365,327)	(365,327)
Balance as at 31st December 2019	117,700	690,499	808,199

We draw your attention to accounting policies and notes on page 7 through 13, which are an integral part of the financial statements.

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ADDU MEEDHOO COOPORATIVE SOCIETY

Accounting Policies for the year ended 31 December 2019

1. General information

Addu Meedhoo Cooperative Society is a co-operative society incorporated in the Republic of Maldives on 29th November 2010 bearing registration no. CS-0006/2010. The address of its registered office and principal place of business is Mala, Meedhoo, Addu City, and 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. Summary of Significant Accounting Policies

This set of financial statements prepared by Sirius Enterprises Private Limited is in accordance with the 'IFRS for Small and Medium-sized Entities' issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting

Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board. They are presented in the Maldivian Rufiyaa (MVR).

2.2 Revenue recognition

Revenue from sales of goods is recognized when the goods are delivered and title has passed. Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government of Maldives.

2.3 Borrowing costs

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

2.4 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

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The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

	Rate
Furniture & Fittings	10%
Motor Vehicles	20%
Speed Boats	20%
Plant & Machinery	20%
Office Equipment	20%
Leasehold Rights	Over lease period

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

2.6 Impairment of assets

At each reporting date, property, plant and equipment, intangible assets, and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories),

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but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.7 Leases

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

Rights to assets held under finance leases are recognized as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. 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 charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

2.8 Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method.

2.9 Trade and other receivables

Most sales are made on normal short-term credit terms. Trade receivables in respect of such sales are measured at the undiscounted amount of cash expected to be received less any impairment. For sales made on terms that extend beyond normal credit terms, receivables are initially measured at the present value of future receipts discounted at a market rate of interest and are subsequently measured at amortized cost using the effective interest method.

2.10 Impairment of financial assets

At the end of each reporting period, the carrying amounts of financial assets that are not measured at fair value are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognized immediately in profit or loss and the carrying amount of trade receivables is reduced accordingly.

2.11 Trade payables

Trade payables are obligations that have arisen by purchasing goods and services under normal short-term credit terms. Trade payables are measured at the undiscounted amount of cash to be paid. The company buys some goods from overseas suppliers. Trade payables denominated in a foreign currency are translated into MVR using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

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2.12 Bank loans and overdrafts

Loans are measured at amortized cost using the effective interest method. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

3. Information about key sources of estimation uncertainty and judgments

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future.

3.1 Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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Note 04 - Property, Plant and Equipment

Note 04.1 - Cost

	Balance as at 01.01.2019 MVR	Additions during the year MVR	Balance as at 31.12.2019 MVR
Buildings	965,145	21,375	986,520
Furniture & Fittings	18,360	-	18,360
Office Equipment	107,224	(700)	106,524
Other Equipment	18,570	-	18,570
Motor Vehicle	580,880	-	580,880
	1,690,179	**20,675**	**1,710,853**

Note 04.2 - Depreciation

	Balance as at 01.01.2019 MVR	Additions during the year MVR	Balance as at 31.12.2019 MVR
Buildings	135,500	49,326	184,826
Furniture & Fittings	7,767	1,836	9,603
Office Equipment	63,222	2,130	65,352
Other Equipment	16,642	3,714	20,356
Motor Vehicle	189,383	50,000	239,383
	412,514	**107,006**	**519,520**
Net Book Value	**1,277,665**		**1,191,333**

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(All amounts are stated in Maldivian Rufiyaa)

Note 05 - Inventories

	2019	2018
Inventory for Resale	321,496	303,667
Inventory of Packing Materials		
Total	**321,496**	**303,667**

Note 06 - Trade & Other Receivables

	2019	2018
Accounts Receivable	1,048,403	929,917
Less: Provision for Doubtful Debts	(124,005)	(100,452)
	924,398	829,466
Other Receivables	988	988
Total	**925,387**	**830,454**

Note 07 - Cash & Cash Equivalent

	2019	2018
Cash At Bank	56,470	73,559
Cash In Hand	25,176	11,956
Total	**81,646**	**85,515**

Note 08 - Share Capital

	2019	2018
Issued share capital: 1355 Ordinary Shares of MVR 100 each	135,500	135,500
Receivable for Issued Shares	(17,800)	(17,800)
Total	**117,700**	**117,700**

The total authorised number of ordinary shares is 50,000 shares (2016: 50,000 shares) with a par value of MVR 100 per share (2016: MVR 100 per share). All issued shares are not fully paid and have equal rights to vote at general meetings and receive dividends.

Note 09 - Trade & Other Payables

	2019	2018
Trade Payables	493,791	198,137
Professional Fee Payable		
Accrued Expenses	420	420
Dividends Payable		
Retainer Payables		
GST Payable	(61)	(61)
Total	**494,150**	**198,495**

Note 10 - Deferred Grant

	2019	2018
Non Current		
Deferred Grant received as Property Plant and Equipment	524,498	524,498
Deferred Grant received for Building	693,015	693,015
	1,217,513	1,217,513
Current		
Deferred Grant received as Property Plant and Equipment		
Deferred Grant received for Building		
Deferred Grant received as Packing Materials		
Total	**1,217,513**	**1,217,513**

Grants received from FADIP have been recognized as deferred grant income. The grant income is recognized over the useful life of the asset.

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ADDU MEEDHOO COOPERATIVE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
For The Period Ended 31st December
(All amounts are stated in Maldivian Rufiyaa)

		2019	2018
Note 11 - Revenue			
The breakdown of the revenue is as follows:			
Trading Income			
Pickup Income		1,997,376	2,060,712
Other Income		1,246	1,774
Total		389,492	578,768
		2,388,114	**2,641,255**

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 are recognised when the goods are sold and title has passed. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government of Maldives.

		2019	2018
Note 12 - Cost of Revenue			
Cost of Goods Sold			
Carriage Inward		2,134,140	2,168,288
Total		39,560	27,050
		2,173,700	**2,195,337**

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

		2019	2018
Note 13 - Administrative Expenses			
Bank Charges			
Bad debts written off		300	1,725
Depreciation		-	
Fine and Penalties		107,006	146,279
Management Committee Allowance		3,600	
Professional Fees		-	1,000
Provision for Doubtful Debts		14,886	14,886
Rent		-	
Repairs & Maintenance		10,500	7,500
Meals and Entertainment		-	
Utilities		-	1,992
Telephone Expense		53,952	36,162
Transportation		11,427	14,240
Office Expenses		22,205	16,235
Carraige Expense		7,034	12,210
Salary & Other Benefits	Note 13.1.	88,940	105,841
Other Expense		250,973	233,504
Labour Charges		2,790	
Fees & License		15,200	17,750
Total		-	300
		588,813	**609,623**

		2019	2018
Note 13.1 - Salary & Other Benefits			
Salary & Wages			
Staff Travels		250,973	233,504
Ramazan Allowance			
Pension costs			
Total			
		250,973	**233,504**

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(All amounts are stated in Maldivian Rufiyaa)

	2019	2018
Note 14 - Sales & Marketing Expenses		
Marketing Expnse		
Sales Commission	35,117.60	16,074.90
Total	**35,117.60**	**16,074.90**
Note 15 - Other Income		
Grant Received as Property Plant and Equipment	44,190.00	472,035.46
Total	**44,190.00**	**472,035.46**

Co-operative Society received a total contribution of 2,000,787 from FADIP in the year 2016. The contribution includes packing materials, furnitures, freezers, vehicle and cash receipt of 693,015 to construct an office building in S. Meedhoo. The construction of the building was complete and made available for use on March 2017.

	2019	2018
Note 16 - Taxation		
Income Tax Expense		
(Increase)/decrease of deferred tax asset		
Total	-	-
Note 17 -Deferred Tax Asset		
Deferred tax asset brought forward		
Increase/(decrease) of deferred tax asset		
Deferred tax asset carried forward	-	-
Total deferred tax asset	**2,138**	**2,138**

Note 18 -Earnings/(Losses) Per Share

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

	2019	2018
Profit/(Loss) for the year	(365,327)	292,255
Weighted Average number of Ordinary Shares	1,346	1,346
Earnings/(Losses) Per Share	**(271.42)**	**217.13**
Note 19 -Operating Profit before Working Capital Changes		
Net Profit/(Loss) for the Year		
Depreciation	(365,327.02)	292,254.75
Unreconciled Retained Earnings Variance	(412,514.00)	(107,006.44)
Total	**(777,841.02)**	**185,248.31**

Note 20 - Events after the end of the reporting period

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

Note 21 - Approval of financial statements

These financial statements were approved by the members of the board and authorised for issue on 20 November 2020.

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