

**MALDIVES ASSOCIATION OF TOURISM INDUSTRY****31 December 2008****Balance sheet**

(all amounts in Maldivian Rufiyaa )

	Note	As at 31 December			
		2008	2008	2007	2007
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	12,737,938		12,954,319	
Receivables and prepayments	6	-		6,537,349	
			12,737,938		19,491,668
<b>Current assets</b>					
Receivables and prepayments	6	1,933,915		1,889,159	
Cash and cash equivalents	7	168,193		52,200	
			2,102,108		1,941,359
<b>Total assets</b>			<b>14,840,046</b>		<b>21,433,027</b>
<b>RESERVES, FUND AND LIABILITIES</b>					
<b>Reserves and funds</b>					
General fund		(450,891)		(307,532)	
Pr campaign and marketing fund	8	13,631		223,610	
Distaster Relief fund	9	-		6,909,638	
			(437,260)		6,825,716
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	10	3,917,568		5,813,532	
Borrowings	11	2,208,000		1,087,582	
			6,125,568		6,901,114
<b>Non-current liabilities</b>					
Borrowings	11	9,151,738		7,706,198	
			9,151,738		7,706,198
<b>Total liabilities</b>			<b>15,277,306</b>		<b>14,607,312</b>
<b>Total funds and liabilities</b>			<b>14,840,046</b>		<b>21,433,027</b>

These financial statements were approved by the Board of Directors on .....

.....) Chairman

.....) General secretary

The notes on pages 7 to 16 are an integral part of these financial statements.

**MALDIVES ASSOCIATION OF TOURISM INDUSTRY****31 December 2008**

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**Income statement**

(all amounts in Maldivian Rufiyaa )

	Note	<b>Year ended 31 December</b>	
		<b>2008</b>	<b>2007</b>
<b>Income</b>			
Subscriptions and contributions	12	1,575,000	1,620,000
Other income	13	<u>2,598,675</u>	<u>204,844</u>
Total income		<u>4,173,675</u>	<u>1,824,844</u>
<b>Expenditure</b>			
Administrative expenses	14	(3,160,613)	(2,084,755)
Finance cost	15	<u>(1,156,422)</u>	<u>(147,263)</u>
Total expenditure		<u>(4,317,034)</u>	<u>(2,232,018)</u>
Excess of expenditure over income		<u>(143,359)</u>	<u>(407,174)</u>

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**MALDIVES ASSOCIATION OF TOURISM INDUSTRY****31 December 2008**

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**Cash flow statement**

(all amounts in Maldivian Rufiyaa )

	Note	<u>Year ended 31 December</u>	
		2008	2007
<b>Cash flow from Operating activities</b>			
Cash (used in) / generated from operations	17	<u>(2,338,648)</u>	<u>3,777,024</u>
Net cash (used in) / generated from operating activities		<u>(2,338,648)</u>	<u>3,777,024</u>
<b>Cash flow from Investing activities</b>			
Purchase of property, plant and equipment	5	<u>(111,318)</u>	<u>(9,070,696)</u>
Net cash used in investing activities		<u>(111,318)</u>	<u>(9,070,696)</u>
<b>Cash flow from financing activities</b>			
Proceed from BML demand loan	11	3,148,219	5,179,080
Repayment during the year	11	<u>(582,259)</u>	<u>-</u>
Net cash generated from financing activities		<u>2,565,960</u>	<u>5,179,080</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		115,993	(114,592)
Cash and cash equivalents at beginning of the year	7	52,200	166,792
Cash and cash equivalents at end of the year	7	<u>168,193</u>	<u>52,200</u>

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The notes on pages 7 to 16 are an integral part of these financial statements.

**MALDIVES ASSOCIATION OF TOURISM INDUSTRY****31 December 2008**

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**Statement of changes in equity**

(all amounts in Maldivian Rufiyaa )

	<b>General Fund</b>	<b>PR Campaign &amp; Marketing Fund</b>	<b>Disaster Relief Fund</b>	<b>Total</b>
<b>Balance as at 1 January 2007</b>	99,642	223,610	6,909,638	7,232,890
Excess of expenditure over income	(407,174)	-	-	(407,174)
<b>Balance as at 31 December 2007</b>	<u>(307,532)</u>	<u>223,610</u>	<u>6,909,638</u>	<u>6,825,716</u>
<b>Balance as at 1 January 2008</b>	(307,532)	223,610	6,909,638	6,825,716
Excess of expenditure over income	(143,359)	-	-	(143,359)
<b>Balance as at 31 December 2008</b>	<u>(450,891)</u>	<u>223,610</u>	<u>6,909,638</u>	<u>6,682,357</u>

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The notes on pages 7 to 16 are an integral part of these financial statements.

**Notes to the financial statements**

**1 General information**

These financial statements relate to Maldives Association of Tourism Industry (MATI), which was registered on 10 April 1994 with Ministry of Home Affairs under Law No. 26/82. MATI is a non-profit, non-governmental organization created to fulfill the role of a proactive private sector organisation to address the issues and meet the challenges in the tourism industry and promote Maldives as a tourist destination.

The address of its registered office is, 3rd Floor, Gadhamoo Building, Boduthakurufaanu Magu, Male', Republic of Maldives.

**2 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**2.1 Basis of preparation**

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards. The financial statements are prepared under the historical cost convention.

**2.2 Foreign currency translation**

*a) Functional and presentation currency*

Items included in the financial statements of the Association are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa, which is the Association's functional and presentation currency.

*b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where hedge accounting is applied.

**2.3 Property, plant and equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values, over their estimated useful life, commencing from the date on which the assets were put to use up to the date of disposal, as follows:

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**Notes to the financial statements (continued)**

**2.3 Property, plant and equipment (continued)**

Furniture, fixtures and fittings	6 - 10 years
Office equipment	4 years
Air conditioners	5 years
Vehicles	5 years
Buildings	50 years

The charge for the depreciation commences from the date on which the asset is put to use and charged up to the date of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining excess of income over expenditure.

**2.4 Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.5 Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'selling and marketing costs'.

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**Notes to the financial statements (continued)**

**2.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

**2.7 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**2.8 Provisions**

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

**2.10 Revenue recognition**

**Unrestricted subscription**

Subscriptions are recognized as income as and when they fall due for a given year. Unrestricted income is recognised on the following basis:

Subscriptions	:	on accrual
Interest	:	on accrual

**Restricted subscription**

Accordingly, any surplus receipts over expenditure on member restricted activities is treated as liability in the financial statements and shown as part of designated funds. Where receipts are lower than expenditure and additional subscriptions are received to cover the excess expenditure, revenue is reflected as amounts receivable.

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**Notes to the financial statements (continued)**

**2.10 Operating leases**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income and expenditure statement on a straight- line basis over the period of the leases.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

**3 Financial risk management**

**3.1 Financial risk factors**

The Association's activities expose it to a variety of financial risks : market risk (including foreign exchange risk), liquidity risk and cash flow risk. The Association's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Association's financial performance.

*(a) Liquidity risk*

The Association aims to maintain liquidity by obtaining funds from the Subscribers.

*(b) Cash flow risk*

The Association's income and operating cash flows are substantially independent of changes in market rates.

**3.2 Fair value estimation**

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

**4 Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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**MALDIVES ASSOCIATION OF TOURISM INDUSTRY**

**31 December 2008**

**5 Property, plant and equipment**

	<b>Furniture and fittings</b>	<b>Office equipment</b>	<b>Air conditioner</b>	<b>Vehicle</b>	<b>Building</b>	<b>Capital work-in progress</b>	<b>Total</b>
<b>At 31 December 2006</b>							
Cost	171,924	661,906	58,730	1,350	68,715	3,850,786	4,813,411
Accumulated depreciation	(136,249)	(620,409)	(49,834)	(762)	(3,478)	-	(810,732)
Net book amount	35,675	41,497	8,896	588	65,237	3,850,786	4,002,679
<b>Year ended 31 December 2007</b>							
Opening net book amount	35,675	41,497	8,896	588	65,237	3,850,786	4,002,679
Additions	6,320	19,400	9,900	-	-	9,035,076	9,070,696
Transfer from capital-work-in progress	-	-	-	-	12,885,862	(12,885,862)	-
Depreciation charge (Note 14)	(10,183)	(39,173)	(3,627)	(270)	(65,803)	-	(119,056)
Closing net book amount	31,812	21,724	15,169	318	12,885,296	-	12,954,319
<b>At 31 December 2007</b>							
Cost	178,244	681,306	68,630	1,350	12,954,577	12,885,862	13,884,107
Accumulated depreciation	(146,432)	(659,582)	(53,461)	(1,032)	(69,281)	-	(929,788)
Net book amount	31,812	21,724	15,169	318	12,885,296	12,885,862	12,954,319
<b>Year ended 31 December 2008</b>							
Opening net book amount	31,812	21,724	15,169	318	12,885,296	-	12,954,319
Additions	2,590	43,940	25,000	16,980	22,808	-	111,318
Depreciation charge (Note 14)	(11,517)	(50,769)	(8,540)	(1,166)	(255,706)	-	(327,699)
Closing net book amount	22,885	14,895	31,629	16,132	12,652,398	-	12,737,938
<b>At 31 December 2008</b>							
Cost	180,834	725,246	93,630	18,330	12,977,385	-	13,995,425
Accumulated depreciation	(157,949)	(710,351)	(62,001)	(2,198)	(324,987)	-	(1,257,487)
Net book amount	22,885	14,895	31,629	16,132	12,652,398	-	12,737,938

# MALDIVES ASSOCIATION OF TOURISM INDUSTRY

31 December 2008

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## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa )

### 5 Property, plant and equipment (continued)

(a) The Association operates from premises owned by a third party for which a sum of Rf 318,000 (31 December 2007 : Rf 318,000) has been included as annual operating lease rental.

(b) Property, plant and equipment amounting to Rf 666,742 (2007:Rf 666742) were fully depreciated as at the balance sheet date.

(c) Building wholly represents the construction cost incurred, to build a compound wall, design cost and door. Building is constructed on a land taken on lease from the Government of Maldives, for which no rent is payable.

### 6 Receivables and prepayments

	2008	2007
Subscription receivable	1,200,945	1,120,728
Receivable towards PR campaign and marketing fund	265,200	265,200
Receivable towards Disaster Relief Fund	25,000	25,000
Other receivables & deposits	357,372	357,372
Rent receivable	40,800	-
Prepayments	44,598	120,859
Bank of Maldives Plc-LRP Fund	-	6,537,349
Receivables and prepayments -Total	<u>1,933,915</u>	<u>8,426,508</u>
Less: Non-Current receivable		
Bank of Maldives Plc-LRP Fund	-	(6,537,349)
Receivable and prepayment-current	<u>1,933,915</u>	<u>1,889,159</u>

Maldives Association of Tourism Industry together with Maldives National Chamber for Commerce and Industries have entered into a Memorandum of Understanding with Bank of Maldives Plc. to manage and administer a loan scheme namely; Livelihood Revitalization Programme Fund (LRP) to provide financial assistance to revive economic activities for the benefit of individual (s), community based organisations and business enterprises from Tsunami affected islands. The realisation of the receivables depends upon realisation of loan to be disbursed by the Bank. The Association had provided the fund to the Bank on 22 December 2005, This fund had not been disbursed to the prospective beneficiaries as at the year end.

# MALDIVES ASSOCIATION OF TOURISM INDUSTRY

31 December 2008

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa )

### 7 Cash and cash equivalents

For the purpose of cash flow statement, the year end cash and cash equivalents comprise the following :

	<b>2008</b>	<b>2007</b>
Cash at bank and in hand	168,193	52,200

### 8 PR campaign and marketing fund

Movement in the account is given below:

	<b>2008</b>	<b>2007</b>
At beginning of year	223,610	223,610
Amount transferred to miscellaneous income	(209,979)	
At end of year	13,631	223,610

### 9 Disaster Relief Fund

	<b>2008</b>	<b>2007</b>
At beginning of year	6,909,638	6,909,638
Paid to T-sunami beneficiaries	(6,537,349)	-
Amount transferred to miscellaneous income	(372,289)	-
At end of the year	-	6,909,638

### 10 Trade and other payables

	<b>2008</b>	<b>2007</b>
Accrued expenses	1,281,594	973,124
Subscription advance	713,659	390,268
Disaster Relief Fund	196,911	196,911
Other payables	1,725,404	4,253,230
	3,917,568	5,813,532

Other payables mainly includes interest payable on demand loan amounting to Mrf 1,144,836 (2007:Mrf 707,549 ), rent deposit amounting to Mrf 192,000 (2007: 80,000), payable to Rasheed carpentry and construction pvt ltd Mrf Nil (2007:Mrf 3,412,018) counter rent deposited amounting to Mrf 3,663 (2007:Mrf3,663), arrangement fee amounting to Mrf 50,000 (2007:Mrf 50,000) and amount payable to Sim I Mohamed Mrf 334,905.

### 11 Borrowings

	<b>2008</b>	<b>2007</b>
<b>Current</b>		
Demand loan from BML Plc	2,208,000	1,087,582
<b>Non-current</b>		
Demand loan from BML Plc	9,151,738	7,706,198
<b>Total borrowings</b>	11,359,738	8,793,780

# MALDIVES ASSOCIATION OF TOURISM INDUSTRY

31 December 2008

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa )

### 11 Borrowings (continued)

During the year 2008, the Association obtained a revised amount on demand loan from BML Plc amounted to Mrf 3,500,000 to settle the outstanding amount of Rasheed carpentry for construction of a new building at "G.Fathuruvehi".

The bank borrowing is secured by mortgaging the same building and also on the personal guarantee of the following members namely: Mr Mohamed Umar Maniku, M. Rukkara (Mrf 2,500,000), Mr Hussain Afeef, Ma.champa villa (Mrf 2,500,000), Mr Ahmed Nazeer, Chaandhanege, B.Eydhafushi (Mrf2,500,000), Mr Ahmed Mujuthaba, G.Funfen (Mrf1,000,000), Mr Ibrahim Noordeen, Ma.Maandhooge (Mrf1,000,000) and Mr Ahmed Siyam Mohamed, G.Sunset (Mrf1,000,000).

The exposure of the Company's borrowings are as follows:

Total borrowings:

	<b>2008</b>	<b>2007</b>
- at fixed rates	11,359,738	8,793,780
	<b>2008</b>	<b>2007</b>
Maturity of non-current borrowings:		
Between 1 and 2 years	2,208,000	1,082,563
Between 2 and 5 years	6,943,738	6,623,635
	<u>9,151,738</u>	<u>2,886,605</u>

The effective interest rates at the balance sheet date was 9.5% per annum.

The carrying amounts and fair values of the non-current borrowings are as follows :

Bank borrowings	<b>Carrying amounts</b>		<b>Fair value</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	9,151,738	7,706,198	9,151,738	7,706,198

The carrying amount of the Company's total borrowings are denominated in Maldivian Rufiyaa.

### 12 Subscriptions and contributions

	<b>2008</b>	<b>2007</b>
Membership Subscription	1,575,000	1,620,000

### 13 Other income

	<b>2008</b>	<b>2007</b>
Rent income from G.Fathuruvehi building	2,012,800	133,330
Entrance fees	2,000	-
Miscellaneous income	583,875	71,514
	<u>2,598,675</u>	<u>204,844</u>

**MALDIVES ASSOCIATION OF TOURISM INDUSTRY****31 December 2008****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa )

**14 Expenses by nature**

	<b>2008</b>	<b>2007</b>
Salaries, wages and bonus	1,182,101	560,752
Staff welfare	60,937	58,786
Meeting and entertainment expenses	5,901	45,522
Postage and telecommunication	272,337	205,494
Printing and stationery	100,740	100,772
Electricity charges	56,369	51,122
Local and foreign travelling expenses	100,110	101,936
Office rent	318,650	324,600
Audit fee	12,850	12,850
Insurance	42,386	1,825
Professional charges	342,945	120,525
Repairs and maintenance	33,097	77,088
Newspaper and periodicals	73,901	35,581
Subscription	2,673	17,600
Depreciation charge (Note 5)	327,699	119,056
General expenses	39,600	31,522
AGM expenses	53,489	-
HR expenses	53,500	219,724
Internet charges	31,300	-
Bank documentation charges	50,030	-
	<u>3,160,613</u>	<u>2,084,755</u>

**15 Finance cost**

	<b>2008</b>	<b>2007</b>
Interest on BML Plc demand loan	<u>1,156,422</u>	<u>147,263</u>

**16 Taxation**

There is no incidence of taxation on profits and income earned in the Republic of Maldives. The Association is not liable to income tax on profits and income earned in the Republic of Maldives.

**17 Cash (used in) / generated from operations**

Reconciliation of expenditure over income to cash (used in) / generated from operations:

	<b>2008</b>	<b>2007</b>
Excess of expenditure over income	(143,359)	(407,174)
Adjustments for:		
Depreciation (Note 5)	327,699	119,056
Amount written back from Disaster relief fund( Note 9)	(372,289)	-
Amount written back from PR Campaign fund( Note 8)	(209,979)	-
Changes in working capital:		
- Receivables and prepayments	(44,756)	(312,461)
- Payables	(1,895,964)	4,377,603
Cash (used in) / generated from operations	<u>(2,338,648)</u>	<u>3,777,024</u>

**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa )

**18 Contingencies**

*Contingent liabilities*

There were no material contingent liabilities outstanding recognised at the balance sheet date.

*Contingent assets*

There were no material contingent assets recognised at the balance sheet date.

**19 Commitments**

*Capital commitments*

There were no material capital commitments at the balance sheet date.

*Operating lease commitments*

There were no material operating lease commitments at the balance sheet date.

*Financial commitments*

There were no material financial commitments at the balance sheet date.

**20 Related party transactions**

There were no related parties or related party transactions for the year ended 31 December 2008.

**21 Post balance sheet events**

No events have occurred since the balance sheet date which would require adjustments to, or disclosure in, the financial statements.

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