

MALDIVES ASSOCIATION OF TOURISM INDUSTRY**31 December 2010****Balance sheet**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	As at 31 December			
		2010	2010	2009	2009
ASSETS					
Non-current assets					
Property, plant and equipment	5	<u>12,723,516</u>		<u>12,978,102</u>	
			12,723,516		12,978,102
Current assets					
Receivables and prepayments	6	1,256,460		1,242,164	
Cash and cash equivalents	7	<u>90,814</u>		<u>311,506</u>	
			1,347,274		1,553,670
Total assets			<u>14,070,790</u>		<u>14,531,772</u>
RESERVES, FUND AND LIABILITIES					
Reserves and funds					
General fund		(994,154)		(980,905)	
PR campaign and marketing fund	8	<u>13,631</u>		<u>13,631</u>	
			(980,523)		(967,274)
LIABILITIES					
Non-current liabilities					
Borrowings	11	<u>8,533,915</u>		<u>9,927,931</u>	
			8,533,915		9,927,931
Current liabilities					
Trade and other payables	9	5,006,968		4,128,997	
Borrowings	11	<u>1,510,431</u>		<u>1,442,117</u>	
			6,517,399		5,571,114
Total liabilities			<u>15,051,314</u>		<u>15,499,045</u>
Total funds and liabilities			<u>14,070,790</u>		<u>14,531,772</u>

These financial statements were approved by the Board of Directors on

.....) Chairman

.....) General secretary

The notes on pages 7 to 17 are an integral part of these financial statements.

MALDIVES ASSOCIATION OF TOURISM INDUSTRY**31 December 2010**

Statement of income and expenditure

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2010	2009
Income			
Subscriptions and contributions	11	2,292,500	1,577,250
Other income	12	<u>2,268,687</u>	<u>2,270,200</u>
Total income		<u>4,561,187</u>	<u>3,847,450</u>
Expenditure			
Salaries,wages and related expenses	13	(1,222,318)	(1,172,525)
Administrations expenses	13	(1,688,595)	(1,429,536)
Provisions for doubtful receivbles	13	(384,941)	(647,572)
Bad debts written-off	13	(278,911)	-
Finance cost	14	<u>(999,670)</u>	<u>(1,127,831)</u>
Total expenditure		<u>(4,574,436)</u>	<u>(4,377,464)</u>
Excess of expenditure over income		<u>(13,249)</u>	<u>(530,014)</u>

The notes on pages 7 to 17 are an integral part of these financial statements.

MALDIVES ASSOCIATION OF TOURISM INDUSTRY**31 December 2010**

Statement of changes in equity

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	General Fund	PR Campaign & Marketing Fund	Total
Balance as at 1 January 2009	(450,891)	13,631	(437,260)
Excess of expenditure over income	(530,014)	-	(530,014)
Balance as at 31 December 2009	(980,905)	13,631	(967,274)
Balance as at 1 January 2010	(980,905)	13,631	(967,274)
Excess of expenditure over income	(13,249)	-	(13,249)
Balance as at 31 December 2010	(994,154)	13,631	(980,523)

The notes on pages 7 to 17 are an integral part of these financial statements.

MALDIVES ASSOCIATION OF TOURISM INDUSTRY**31 December 2010**

Cash flow statement

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Year ended 31 December	
		2010	2009
Cash flow from operating activities			
Cash generated from operations	17	1,170,451	1,779,446
Net cash generated operating activities		1,170,451	1,779,446
Cash flow from investing activities			
Purchase of property, plant and equipment	5	(65,439)	(555,967)
Net cash used in investing activities		(65,439)	(555,967)
Cash flow from financing activities			
Repayment of borrowings during the year	11	(1,325,703)	(1,080,167)
Net cash used in financing activities		(1,325,703)	(1,080,167)
Net (decrease)/ increase in cash and cash equivalents		(220,692)	143,312
Cash and cash equivalents at beginning of the year	7	311,506	168,193
Cash and cash equivalents at end of the year	7	90,814	311,506

The notes on pages 7 to 17 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 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 Going concern

During the year, the expenditure of the Association exceeded its income of MRf 10,249 (2009 : MRf 530,014). At that date, the Association's current liabilities exceeded its current assets by MRf 6,947,862 (2009: MRf 5,170,125). The financial statements have nevertheless been prepared on the basis of the Association being a going concern on the assumption that the members will continue to fund working capital requirements, and will provide support for the continued operation of the Association.

If the Association is not a going concern, adjustments would have to be made to reduce the value of assets to their estimated recoverable amounts, to provide for any further liabilities that may arise in winding up, and fixed assets and long term liabilities will have to be re-classified as current assets and current liabilities.

2.3 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.

Notes to the financial statements (continued)

2.3 Foreign currency translation (continued)

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.

2.4 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:

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.

Notes to the financial statements (continued)

2.5 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.

2.6 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.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks.

2.8 Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.9 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 Association has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Notes to the financial statements (continued)

2.10 Provisions

Provisions are recognised when: the Association 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.

2.11 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

Surplus of 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.

2.12 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.

Notes to the financial statements (continued)

3 Financial risk management

3.1 Financial risk factors

The Association's activities expose it to a variety of financial risks : 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 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.

MALDIVES ASSOCIATION OF TOURISM INDUSTRY

31 December 2010

5 Property, plant and equipment

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Furniture and fittings	Office equipment	Air conditioner	Vehicle	Building	Total
At 31 December 2008						
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
Year ended 31 December 2009						
Opening net book amount	22,885	14,895	31,629	16,132	12,652,398	12,737,938
Additions	14,250	18,096	14,075	15,000	494,546	555,967
Depreciation charge (Note 14)	(13,266)	(19,419)	(11,355)	(4,166)	(267,597)	(315,803)
Closing net book amount	23,869	13,572	34,349	26,966	12,879,347	12,978,102
At 31 December 2009						
Cost	195,084	743,342	107,705	33,330	13,471,931	14,551,392
Accumulated depreciation	(171,215)	(729,770)	(73,356)	(6,364)	(592,584)	(1,573,290)
Net book amount	23,869	13,572	34,349	26,966	12,879,347	12,978,102
Year ended 31 December 2010						
Opening net book amount	23,869	13,572	34,349	26,966	12,879,347	12,978,102
Additions	18,150	30,350	16,939	-	-	65,439
Depreciation charge (Note 14)	(13,851)	(22,483)	(11,928)	(4,166)	(267,597)	(320,025)
Closing net book amount	28,167	21,439	39,360	22,800	12,611,750	12,723,516
At 31 December 2010						
Cost	213,234	773,692	124,644	33,330	13,471,931	14,616,831
Accumulated depreciation	(185,067)	(752,253)	(85,284)	(10,530)	(860,181)	(1,893,315)
Net book amount	28,167	21,439	39,360	22,800	12,611,750	12,723,516

MALDIVES ASSOCIATION OF TOURISM INDUSTRY

31 December 2010

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

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 (2009 : MRf 318,000) has been paid as annual operating lease rental.

(b) Property, plant and equipment amounting to MRf 790,795 (2009: MRf 681,637) were fully depreciated as at the balance sheet date.

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

6 Receivables and prepayments

	2010	2009
Subscription receivable	1,423,033	1,195,871
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	50,000	-
Prepayments	168,368	46,293
Less: provision for doubtful receivables	(1,032,513)	(647,572)
Receivables and prepayments -Total	<u>1,256,460</u>	<u>1,242,164</u>

7 Cash and cash equivalents

Cash and cash equivalent include the following for the purpose of cash flow statements :

	2010	2009
Cash at bank and in hand	<u>90,814</u>	<u>311,506</u>

8 PR campaign and marketing fund

Movement in the account is given below:

	2010	2009
At beginning of year	<u>13,631</u>	<u>13,631</u>
At end of year	<u>13,631</u>	<u>13,631</u>

MALDIVES ASSOCIATION OF TOURISM INDUSTRY**31 December 2010****Notes to the financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

9 Trade and other payables

	2010	2009
Accrued expenses	1,378,554	1,468,656
Subscription advance	1,856,140	941,068
Disaster Relief Fund	196,911	196,911
Other payables	1,575,363	1,522,362
	<u>5,006,968</u>	<u>4,128,997</u>

Other payables mainly include rent deposit of MRf 89,200 (2009: MRf 201,200), counter rent deposit of MRf 3,663 (2009: MRf 3,663), and other payables to Mr Ibrahim Noordee of MRf 75,000 (2009: MRf 75,000), Mr M.U Manik of MRf 320,000 (2009: MRf 330,000) Mr Nazeer of MRf 962,500(2009 :MRf 912,500), Mr Hussain Afeef MRf 75,000 (2009: Nil) and Mr Abullah Saeed of MRf 50,000 (2009: Nil).

10 Borrowings

	2010	2009
Current		
Demand loan from Bank of Maldives Plc	<u>1,510,431</u>	<u>1,442,117</u>
Non-current		
Demand loan from Bank of Maldives Plc	<u>8,533,915</u>	<u>9,927,931</u>
Total borrowings	<u>10,044,346</u>	<u>11,370,048</u>

The bank borrowing is secured by mortgaging of "G.Fathuruvehi" building and 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 (MRf 2,500,000), 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 Association's borrowings are as follows:

Total borrowings:

	2010	2009
- at fixed rates	<u>10,044,346</u>	<u>11,370,048</u>
	2010	2009
Maturity of non-current borrowings:		
Between 1 and 2 years	3,485,458	2,800,262
Between 2 and 5 years	5,048,457	7,127,669
	<u>8,533,915</u>	<u>9,927,931</u>

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

MALDIVES ASSOCIATION OF TOURISM INDUSTRY**31 December 2010****Notes to the financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

10 Borrowings (continued)

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

	Carrying amounts		Fair value	
	2010	2009	2010	2009
Bank borrowings	8,533,915	9,927,931	8,618,311	10,005,997

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

11 Subscriptions and contributions

	2010	2009
Membership Subscription	2,292,500	1,577,250

12 Other income

	2010	2009
Rent income from G.Fathuruvehi building	2,256,000	2,266,200
Entrance fees	7,000	4,000
Miscellaneous income	5,687	-
	<u>2,268,687</u>	<u>2,270,200</u>

13 Expenses by nature

	2010	2009
Salaries, wages and bonus	1,180,173	1,133,301
Staff welfare	42,144	39,224
Meeting and entertainment expenses	34,850	7,775
Postage and telecommunication	191,169	161,599
Printing and stationery	68,169	64,497
Electricity charges	103,220	81,422
Local and foreign travelling expenses	23,441	23,434
Office rent	318,000	333,000
Audit fee	16,191	13,492
Insurance	64,908	39,640
Professional charges	203,101	104,324
Repairs and maintenance	152,319	75,745
Newspaper and periodicals	3,732	17,575
C/f	<u>2,401,416</u>	<u>2,095,027</u>

MALDIVES ASSOCIATION OF TOURISM INDUSTRY

31 December 2010

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

13 Expenses by nature

	2010	2009
B/f	2,401,416	2,095,027
Subscription	2,156	3,007
Depreciation charge (Note 5)	320,025	315,803
General expenses	48,231	61,350
AGM expenses	56,673	70,820
HR expenses	74,333	55,530
Internet charges	7,710	-
Provision for doubtful receivables (Note 6)	384,941	647,572
Bank documentation charges	369	524
Bad debts written-off	278,911	-
	<u>3,574,765</u>	<u>3,249,633</u>

The above expenses are summarised as follows:

Salaries, wages and related expenses	1,222,318	1,172,525
Administrations expenses	1,688,595	1,429,536
Provisions for doubtful receivables	384,941	647,572
Bad debts written-off	278,911	-
	<u>3,574,765</u>	<u>3,249,633</u>

14 Finance cost

	2010	2009
- Interest on bank borrowings	998,418	1,127,831
- Exchanges Loss	1,252	-
	<u>999,670</u>	<u>1,127,831</u>

15 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.

MALDIVES ASSOCIATION OF TOURISM INDUSTRY

31 December 2010

Notes to the financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

16 Cash generated from operations :

Reconciliation of expenditure over income to cash generated from operations:

	2010	2009
Excess of expenditure over income	(13,249)	(530,014)
Adjustments for:		
Depreciation (Note 5)	320,025	315,803
Changes in working capital:		
- Receivables and prepayments	(14,296)	691,749
- Payables	877,970	1,301,908
Cash generated from operations	<u>1,170,451</u>	<u>1,779,446</u>

17 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.

18 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.

19 Related party transactions

There were no related parties or related party transactions for the year ended 31 December 2010.

20 Post balance sheet events

i) During the year the exchange rate of Maldivian Rufiyaa against United States Dollar was pegged to 1 US\$ = MRf 12.85. However with effect from 10 April 2011, the government declared a managed float of the currency within a 20% band (1 US\$ = MRf 10 to MRf 15.42).

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