

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)**

**FINANCIAL STATEMENTS
AS AT
31ST DECEMBER 2011**

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO 8 OF 2009)**

FINANCIAL STATEMENTS

AS AT

31ST DECEMBER 2011



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(Chartered Accountants)
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Independent Auditors' Report

To the Board of Directors of Maldives Pension Administration Office

We have audited the accompanying financial statements of Maldives Pension Administration Office ("MPAO"), which comprises the statement of financial position as at 31st December 2011, and the statement of income and expenditure, changes in Accumulated Funds and cash flows for the period then ended and related notes exhibited in pages 3 to 17.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to MPAO's preparation and fair presentation of the financial statements 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 MPAO's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As explained in Note 7 to the financial statements, MPAO has recognized the management fee income of MRf. 4,041,100/- from Maldives Retirement Pension Scheme for the year ended 31st December 2011 and same amount has been recognized as Management fee receivable as disclosed in Note 10 to the financial statements. However, this management fee income does not include the assets management fee income of MRf 655,476/- which was applicable for the month of December 2011. As a result, the management fee income and income over expenses for the year ended 31st December 2011 has been understated by MRf. 655,476/- and management fee receivables as at 31st December 2011 has been understated by MRf. 655,476/-.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis of Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of MPAO as at 31st December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Chartered Accountants**

18th April 2013
Male'

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
INCOME AND EXPENDITURE STATEMENT**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2011 MRf	2010 MRf
Income			
Grants Received			
Management Fee	6	28,581,864	18,096,753
Total Income	7	<u>4,041,100</u>	<u>468,841</u>
		<u>32,622,964</u>	<u>18,565,594</u>
Expenditure			
Salaries and allowances	8	6,482,491	4,901,977
Stationery and Office Requisites		386,706	196,623
Other Administrative Supplies		227,816	91,122
Communication		528,384	343,023
Publication and Announcement		1,027,866	172,724
Carriage and Conveyance		117,639	125,167
Travel, Training and Seminars		645,585	435,397
Professional Services Fees		92,745	67,540
Maintenance and Repair		428,450	8,650
Electricity		499,109	158,856
Rent		520,000	390,000
Bank Charges		549,935	390,540
Depreciation		340,159	146,764
Total Expenditure		<u>11,846,885</u>	<u>7,428,383</u>
Income over expenses for the year		<u>20,776,079</u>	<u>11,137,211</u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MPAO set out on pages 7 to 17. The Report of the Auditors is given in pages 1 and 2

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER

	Note	2011 MRf	2010 MRf
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	9	2,514,693	888,341
Intangible Assets	11	5,088,600	
Total Non-Current Assets		<u>7,603,293</u>	<u>888,341</u>
Current Assets			
Prepayment and Other Receivables	10	4,581,263	510,727
Cash and Cash Equivalents	12	10,772,967	11,064,863
Total Current Assets		<u>15,354,230</u>	<u>11,575,590</u>
Total Assets		<u>22,957,523</u>	<u>12,463,931</u>
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated Funds			
Accumulated Funds		22,120,122	11,530,269
Total Accumulated Funds Surplus		<u>22,120,122</u>	<u>11,530,269</u>
Current Liabilities			
Accrued Expenses and Other Payables	13	837,401	933,662
Total Current Liabilities		<u>837,401</u>	<u>933,662</u>
Total Accumulated Funds and Liabilities		<u>22,957,523</u>	<u>12,463,931</u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MPAO set out on pages 7 to 17. The Report of the Auditors is given in pages 1 and 2

For and on behalf of the Board;

Name of the Director

IYAZ WAHEED

MUGUTHABA SALEEL

MOHAMMED HUSSAIN MANIKU

Signature

18th April 2013

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
STATEMENT OF CHANGES IN EQUITY**

FOR THE PERIOD ENDED 31ST DECEMBER 2011

	<u>Accumulated Funds MRf</u>
Balance as at 1st January 2010	393,058
Net Income over Expenditure for the year	11,137,211
Balance as at 31st December 2010	<u>11,530,269</u>
Balance as at 1st January 2011	11,530,269
Net Income over Expenditure for the year	20,776,079
Refund the Privies year excess funds	(10,186,226)
Balance as at 31st December 2011	<u><u>22,120,122</u></u>

Figures in bracket indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MPAO set out on pages 7 to 17. The Report of the Auditors is given in pages 1 and 2

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2011 MRf	2010 MRf
Cash Flows From Operating Activities			
Income Over Expenditure for the year		20,776,079	11,137,211
<i>Adjustments for</i>			
Depreciation for the Year		340,159	146,764
Operating Surplus before Work in Capital Changes		<u>21,116,238</u>	<u>11,283,975</u>
<i>Working capital change</i>			
Change in Prepayment and Other Receivables	10	(4,070,536)	(510,727)
Changes in Payables		(96,261)	909,110
Net Cash Flow from Operating Activities		<u>16,949,441</u>	<u>11,682,358</u>
Cash Flows from Investment Activities			
Acquisition of Property, Plant and Equipment	9	(1,966,511)	(618,358)
Acquisition of Intangible Assets		(5,088,600)	-
Net Cash Flow Used in Investment Activities		<u>(7,055,111)</u>	<u>(618,358)</u>
Cash Flows from Financing Activities			
Refund the Privies year excess funds		(10,186,226)	-
Net Cash from Financing Activities		<u>(10,186,226)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents		(291,896)	11,064,000
Cash and Cash Equivalents at Beginning of the Year		11,064,863	863
Cash and Cash Equivalents at End of the Year	11	<u>10,772,967</u>	<u>11,064,863</u>

Figures in bracket indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MPAO set out on pages 7 to 17. The Report of the Auditors is given in pages 1 and 2

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS**

1. REPORTING ENTITY

Maldives Pension Administration Office (“MPAO”) was formed on 13th May 2009 under Maldives Pension Act No 8/2009. The registered office is located at Ameene Magu, Republic of Maldives. MPAO is an independent legal entity with perpetual succession and with a separate seal under the Act.

The principal activities of MPAO are;

- Administering the Pension Schemes established under the Act.
- Providing the Maldives Retirement Pension.
- Formulating regulations, standards and guidelines to operate the schemes established under the Act.
- Paying Maldives Old-Age Basic Pensions established under the Act.
- Conducting public awareness programmes on the pension schemes established under the Act.
- Taking measures considered necessary by the Pension Office in order to discharge its functions under the Act.

2 BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is MPAO’s functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in MPAO’s financial statements is included in the respective notes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the relevant notes.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by MPAO.

3.1 Foreign Currency Transactions

Transactions in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognized in the income and expenditure statement.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

3.2 Financial Instruments

(i) Financial Assets (Non-derivative)

MPAO initially recognises receivables and deposits on the date that they are originated.

MPAO derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by MPAO is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, MPAO has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

MPAO has the following financial assets (non-derivative):

- Receivables
- Cash and Cash Equivalent

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise management fee receivables and other receivable.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

(i) Financial Assets (Non-derivative) (Continued)

Cash and cash equivalents comprise cash in hand and balance with banks.

(ii) Financial Liabilities (Non-derivative)

MPAO recognizes financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which MPAO becomes a party to the contractual provisions of the instrument. MPAO derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, MPAO has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

MPAO has other payables as non-derivative financial liabilities. This financial liability is recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3.3 Property, Plant and Equipment

(i) Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, Plant and Equipment (Continued)

(ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to MPAO, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that MPAO will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Computers and communication equipment	3-5 years
Office equipment	3-5 years
Furniture and fittings	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the depreciation commences from the month on which the property, plant and equipments are ready for use.

3.4 Impairment

(i) Financial Assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

MPAO considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Impairment (Continued)

(i) Financial Assets (including receivables) (Continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

(ii) Non-financial Assets

The carrying amounts of the Society's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.5 Provisions

A provision is recognized if, as a result of a past event, MPAO has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Income

Government and other grants are recognized only to the extent of the amount received. Income derived from Management fees has been recognized on accrual basis.

3.7 Events Occurring After the Reporting Date

The materiality of the events occurring after the balance sheet date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

4. DETERMINATION OF FAIR VALUES

A number of MPAO's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Receivables

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(ii) Financial liabilities (Non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. NEW STANDARDS AND INTERPRATATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2012. None of these is expected to have a significant effect on the financial statements MPAO.

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER

6 GRANTS RECEIVED	2011 MRf	2010 MRf
Grants Received from the Government	23,493,264	18,096,753
Grants Received from Pension and Social Administration Project (Note 11.1)	5,088,600	-
Total Grant Received	<u>28,581,864</u>	<u>18,096,753</u>

7 MANAGEMENT FEE	2011 MRf	2010 MRf
Management fee	4,041,100	468,841
	<u>4,041,100</u>	<u>468,841</u>

Management Fee Income is the income recognized for managing the assets of Maldives Retirement Pension Scheme (MRPS). Management fee has been accounted for on accrual basis based on the daily asset value of the Fund at the rate of 1% per annum.

8 SALARIES AND ALLOWANCES	2011 MRf	2010 MRf
Directors' Remuneration	978,210	957,000
Retirement Contribution Obligations	304,885	116,542
Employee Insurance	100,694	39,545
Salaries and Wages	5,098,702	3,788,890
	<u>6,482,491</u>	<u>4,901,977</u>

9 PROPERTY, PLANT AND EQUIPMENT

Please refer page no 14

10 OTHER RECEIVABLES	2011 MRf	2010 MRf
Asset Management fee Receivables	4,509,941	510,727
Prepayments	71,322	-
	<u>4,581,263</u>	<u>510,727</u>

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

AS AT 31ST DECEMBER 2011

9 PROPERTY, PLANT AND EQUIPMENT

Cost

Opening Balance

Additions during the year

Closing Balance

Accumulated Depreciation

Opening Balance

Charge for the year

Closing Balance

Net Carrying Value

As at 31st December 2011

As at 31st December 2010

MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER

11	INTANGIBLE ASSETS	2011	2010
		MRf	MRf
	Intangible Assets Work in Progress		
	Balance as at 1st January	-	-
	Additions during the year	5,088,600	-
	Balance as at 31st December	<u>5,088,600</u>	<u>-</u>
11.1	As per the agreement signed between the Government of Maldives and Karvy Computershare Private Limited on 30th September 2010, Maldives Pension Administration office has contracted Karvy Computershare Private Limited to supply, customization Installation implementation of off the shelf pension system called "Karvy System". Intangible Assets Work in Progress represent the cost incurred by Maldives Pension and Social Protection Administration Project on behalf of Maldives Pension Administration Office up to 31st December 2011 to develop this system. The same amount has been recognized as a grant received from Maldives Pension and Social Protection Administration Project to Maldives Pension Administration Office during the year ended 31st December 2011.		
12	CASH AND CASH EQUIVALENTS	2011	2010
		MRf	MRf
	Cash at Bank	10,767,539	11,024,615
	Cash in Hand	5,428	40,248
		<u>10,772,967</u>	<u>11,064,863</u>
13	ACCRUED EXPENSES AND OTHER PAYABLES	2011	2010
		MRf	MRf
	Accrued Expenses	586,213	864,433
	Other Payables	251,188	69,229
		<u>837,401</u>	<u>933,662</u>
14	FINANCIAL INSTRUMENTS AND RISK MANAGEMENT		

(i) Overview

The MPAO has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the MPAO's exposure to each of the above risks, MPAO's objectives, policies and processes for measuring and managing risk, and MPAO's management of capital. Further, quantitative disclosures are included throughout these MPAO's financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the MPAO's risk management framework.

FOR THE YEAR ENDED 31ST DECEMBER

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Credit risk

Credit risk is the risk of financial loss to MPAO if a debtor fails to meet its contractual obligations, and arises principally from MPAO's receivables from members and other third parties.

	<u>Carrying Amount</u>	
	2011	2010
	MRf	MRf
Other Receivables	4,581,263	510,727
	<u>4,581,263</u>	<u>510,727</u>

The MPAO exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.

Impairment Losses

	<u>2011</u>		<u>2010</u>	
	Gross MRf	Impairment MRf	Gross MRf	Impairment MRf

The aging of trade and other receivables at the reporting date was:

Not Past Due				
Past Due 0-30 days	4,581,263	-	510,727	-
	<u>4,581,263</u>	<u>-</u>	<u>510,727</u>	<u>-</u>

(iv) Liquidity risk

Liquidity risk is the risk that MPAO will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. MPAO's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to MPAO's reputation.

31st December 2011

	<u>Carrying Amount MRf</u>	<u>0-6 Months MRf</u>	<u>6-12 Months MRf</u>	<u>More than 01 Years MRf</u>
Financial Liabilities (Non- Derivative)				
Accrued Expenses and Other Payables	837,401	837,401	-	-
	<u>837,401</u>	<u>837,401</u>	<u>-</u>	<u>-</u>

31st December 2010

	<u>Carrying Amount MRf</u>	<u>0-6 Months MRf</u>	<u>6-12 Months MRf</u>	<u>More than 01 Years MRf</u>
Financial Liabilities (Non- Derivative)				
Accrued Expenses and Other Payables	933,662	933,662	-	-
	<u>933,662</u>	<u>933,662</u>	<u>-</u>	<u>-</u>

FOR THE YEAR ENDED 31ST DECEMBER

14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect MPAO's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

15 CAPITAL COMMITMENTS

There were no material capital commitments approved or contracted as at the date of the financial position.

16 CONTINGENT LIABILITIES

There were no contingent liabilities which require adjustments to / or disclosure in the financial statements as at the date of the financial position.

17 EVENTS AFTER REPORTING DATE

No circumstances have arisen since date of the financial position which require adjustments to / or disclosure in the financial statements.

18 COMPARATIVE INFORMATION

Comparative information of the financial statements have been reclassified whenever necessary to confirm with the current year's presentation.

18 RELATED PARTY TRANSACTIONS

18.1 Transactions with Key Management Personnel

The Board of Directors of MPAO are members of the key management personnel. The Company has paid an amount of MRf. 978,210/- as emoluments to the key management personnel during the year ended 31st December 2011 (2010 : MRf. 957,000/-).