

MALDIVIAN DEMOCRATIC PARTY

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017



Ernst & Young
Chartered Accountants
G. Shafag, 2nd Floor
Rahdhebai Magu
Malé
Republic of Maldives

Tel: +960 332 0742
Fax: +960 332 0748
eymv@lk.ey.com
ey.com

Reg. No: C-192/95

KR/LDJS

Independent auditor's report

To the Executive committee of Maldivian Democratic Party

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maldivian Democratic Party (the "Party"), which comprise the statement of financial position as at December 31 2017, and the statement of income and expenditure, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Our audit work has been undertaken so that we might state to the executive committee those matters we required to state to them in an auditor's report and for no other purpose. Therefore, we do not accept or assume responsibility to anyone other than the executive committee, for our audit work, for this report, or for the opinion's we have formed.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Party as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Party in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of executive committee for the financial statements

Executive committee is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as executive committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, executive committee is responsible for assessing the Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless executive committee either intends to liquidate the Party or to cease operations, or has no realistic alternative but to do so.

The Executive committee is responsible for overseeing the Party's financial reporting process.

Continue....

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

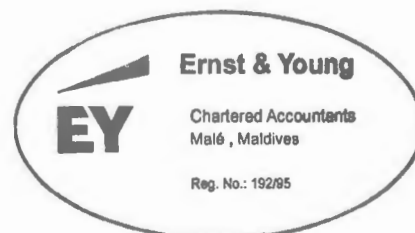
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Party's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by executive committee.
- ▶ Conclude on the appropriateness of executive committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Party's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Party to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



15 April 2018
Malé



Maldivian Democratic Party
STATEMENT OF INCOME & EXPENDITURE
Year ended 31 December 2017

	Note	2017 Rf	2016 Rf
Income	3	8,951,487	10,036,749
Less: Expenditure			
Bank service charges		5,270	4,125
Campaign expenses		3,468,011	1,092,410
Cleaning and maintenance		-	205
Depreciation		313,115	262,778
Dhaairaa expenses		766,669	480,402
Electricity		117,117	128,706
Meetings and conferences		227,368	188,149
Printing and stationery		76,090	166,433
Rent		1,440,000	851,670
Repairs		14,402	14,845
Staff salary and allowances		1,569,800	1,253,375
Website development		70,000	-
Telephone, fax and internet		147,674	172,421
Travelling expenses		1,513,348	-
Water		29,970	35,996
Other expenses		693,366	1,264,873
Audit fee		53,430	48,573
Legal fee		64,500	100,440
Exchange losses		1,506	-
		<u>10,571,636</u>	<u>6,065,401</u>
Surplus/(deficit) for the year		<u><u>(1,620,149)</u></u>	<u><u>3,971,348</u></u>


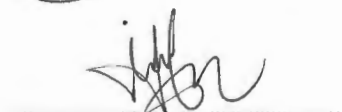
The accounting policies and notes on pages 07 through 09 form an integral part of the financial statements.

Maldivian Democratic Party
STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 Rf	2016 Rf
Assets			
Non current assets			
Property, plant and equipment	4	111,236	391,076
Current assets			
Other receivables	5	745,500	977,500
Cash and cash equivalents	6	4,210,897	5,501,170
		<u>4,956,397</u>	<u>6,478,670</u>
Total assets		<u><u>5,067,633</u></u>	<u><u>6,869,746</u></u>
Accumulated surplus and liabilities			
Accumulated surplus		2,743,064	4,363,213
Current liabilities			
Other payables	7	2,324,569	2,506,533
		<u>5,067,633</u>	<u>6,869,746</u>

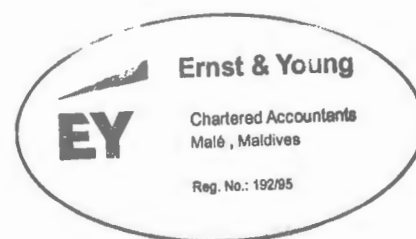
The Executive Committee is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Executive Committee by,

Name	Designation	Signature
Mr. Ali Niyaz	Deputy Chairperson	
Mr. Mohamed Shifaz	Vice President	

The accounting policies and notes on pages 07 through 09 form an integral part of the financial statements.

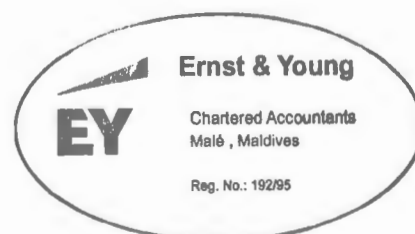
15 April 2018
Male'



Maldivian Democratic Party
STATEMENT OF ACCUMULATED SURPLUS
Year ended 31 December 2017

	<u>2017</u> Rf	<u>2016</u> Rf
Balance as at 1 January	4,363,213	391,865
Surplus/(deficit) for the year	(1,620,149)	3,971,348
Balance as at 31 December	<u>2,743,064</u>	<u>4,363,213</u>

The accounting policies and notes on pages 07 through 09 form an integral part of the financial statements.



Maldivian Democratic Party
STATEMENT OF CASH FLOWS
Year ended 31 December 2017

	Note	2017 Rf	2016 Rf
Operating activities			
Donations received	3	8,951,487	10,036,749
Cash paid for employees, suppliers and service providers		(10,440,485)	(5,796,573)
Rent deposit received/(made) during the year		240,000	(470,000)
Salary advance paid to employees		(8,000)	(50,000)
Net cash flows from/(used in) operating activities		<u>(1,256,998)</u>	<u>3,720,176</u>
Investing activities			
Purchase of property, plant and equipment	4.1	(33,275)	(4,523)
Net cash flows used in investing activities		<u>(33,275)</u>	<u>(4,523)</u>
Net increase/(decrease) in cash and cash equivalents		(1,290,273)	3,715,653
Cash and cash equivalents as at 01 January		5,501,170	1,785,517
Cash and cash equivalents as at 31 December	6	<u><u>4,210,897</u></u>	<u><u>5,501,170</u></u>

The accounting policies and notes on pages 07 through 09 form an integral part of the financial statements.

Maldivian Democratic Party
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

01. Party Information

The Maldivian Democratic Party is a registered political party in the Republic of Maldives under the rules and regulations issued by the Commissioner of Elections.

02. Basis of preparation

The financial statements of the party comprises the statements of income and expenditure, statement of financial position, statement of cash flows and statement of accumulated surplus together with accounting policies and notes.

The financial statements are prepared under the historical cost convention in accordance with International Financial Reporting Standards. The financial statements are presented in Maldivian Rufiyaa (Rf) and all values are rounded to the nearest integer except when otherwise indicated. No adjustments are made for inflationary factors affecting these accounts.

Comparative information

The accounting policies have been consistently applied by the party and are consistent with those used in the previous year. Further, comparative information is reclassified wherever necessary to comply with the current year presentation.

Going concern

The Executive committee has made an assessment of the party's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

Summary of significant accounting policies

Foreign currency translation

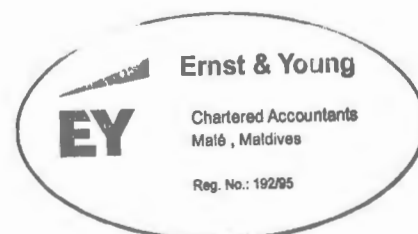
The financial statements are presented in Maldivian Rufiyaa (Rf), which is the party's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are accounted for in the statement of income and expenditure.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of income and expenditure as incurred.

Depreciation is provided on all property, plant and equipment on straight-line basis, at rates calculated to write off the cost of each asset evenly over its expected useful life.

Computers and Accessories	20%
Furniture and Fittings	20%
Machineries and Equipment	20%



Maldivian Democratic Party
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

Other receivables

Other receivables are stated at the amounts that they are estimated to realise.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and cash in hand.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Liabilities

Liabilities classified as current liabilities in the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date.

Provisions

Provisions are recognised when the party has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the party expects some or all of the provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the re-imbursement is virtually certain. The expense relating to any provision is presented in the statement of income and expenditure net of any re-imbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate the risk specific to the liability. Where discounting is used any change in the provision resulting from the unwinding effect is dealt in the statement of income and expenditure.

Income recognition

Income of the party includes donations from members and fund received from Elections Commission.

Income is recognised to the extent that is probable that the economic benefits will realise and the income can be reliably measured. Income is measured at the fair value of the consideration received or receivable.

Expenditure recognition

Expenses are recognised in the statement of income and expenditure on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in maintaining the property, plant and equipment in state of efficiency has been charged to income and expenditure statement in arriving at the surplus/(deficit) of the year.

Maldivian Democratic Party
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

3	Income	2017 Rf	2016 Rf
	Donations	1,457,942	2,702,685
	Funds received from Elections Commission	7,493,545	7,334,064
		<u>8,951,487</u>	<u>10,036,749</u>
4	Property, plant and equipment	Balance as at 01.01.2017 Rf	Balance as at 31.12.2017 Rf
4.1	Gross carrying amount At cost	Rf	Rf
	Computers and accessories	1,116,132	1,149,407
	Furniture and fittings	49,963	49,963
	Machineries and equipment	389,272	389,272
		<u>1,555,367</u>	<u>1,588,642</u>
4.2	Depreciation At cost	Balance as at 01.01.2017 Rf	Charge for the year Rf
	Computers and accessories	809,378	225,264
	Furniture and fittings	45,310	9,997
	Machineries and equipment	309,603	77,854
		<u>1,164,291</u>	<u>313,115</u>
4.3	Net book value	<u>391,076</u>	<u>111,236</u>
5	Other receivables	2017 Rf	2016 Rf
	Deposit and advance	<u>745,500</u>	<u>977,500</u>
6	Cash and cash equivalents		
	Cash in hand	461	5,450
	Cash at bank	4,210,436	5,495,720
		<u>4,210,897</u>	<u>5,501,170</u>
7	Other payables		
	Payables for goods and service providers	2,237,425	2,288,835
	Accrued expenses	87,144	217,698
		<u>2,324,569</u>	<u>2,506,533</u>

8 Events occurring after the balance sheet date

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

9 Capital commitments and contingent liabilities

The party had no significant capital commitments or contingent liabilities as at 31 December 2017.

Maldivian Democratic Party
SUPPLIMENTARY NOTES
Year ended 31 December 2017

I Donations
- Direct Debit

Date	Received from	Amount (Rf)
01/15/2017	ismail Wafir	500
01/15/2017	Hamid Abdul Gafoor	1,000
01/15/2017	Mariya Ahmed Didi	500
01/15/2017	Ali Shiyam	1,000
01/15/2017	Ahmed Shahid	5,000
01/15/2017	Ilyas Labeeb	1,000
01/15/2017	Thoha Mohamed	1,000
01/15/2017	Thoha Mohamed	100
01/15/2017	Ali Niyaz	1,000
01/16/2017	Fasah Ahmed	10,000
02/12/2017	Fasah Ahmed	10,000
02/13/2017	Thoha Mohamed	1,000
02/15/2017	Ahmed Shahid	5,000
02/15/2017	ismail Wafir	500
02/15/2017	Mariya Ahmed Didi	500
02/15/2017	Ilyas Labeeb	1,000
02/15/2017	Ali Shiyam	1,000
02/15/2017	Hamid Abdul Gafoor	1,000
03/13/2017	Thoha Mohamed	1,000
03/15/2017	Mariya Ahmed Didi	500
03/15/2017	ismail Wafir	500
03/15/2017	Ali Shiyam	1,000
03/15/2017	Ilyas Labeeb	1,000
03/15/2017	Hamid Abdul Gafoor	100
03/15/2017	Thoha Mohamed	1,000
03/15/2017	Fasah Ahmed	10,000
03/15/2017	Ahmed Shahid	5,000
03/15/2017	Thoha Mohamed	1,000
04/12/2017	Fasah Ahmed	10,000
04/13/2017	Thoha Mohamed	1,000
04/16/2017	ismail Wafir	500
04/16/2017	Mariya Ahmed Didi	500
04/16/2017	Mariya Ahmed Didi	100
04/16/2017	Ahmed Shahid	5,000
04/16/2017	Ilyas Labeeb	1,000
04/16/2017	Thoha Mohamed	1,000
04/16/2017	Ali Shiyam	1,000
04/16/2017	Hamid Abdul Gafoor	1,000
05/15/2017	Thoha Mohamed	1,000
05/15/2017	Mariya Ahmed Didi	500
05/15/2017	Ahmed Shahid	5,000
05/15/2017	ismail Wafir	500
		90,300

Maldivian Democratic Party
SUPPLIMENTARY NOTES
Year ended 31 December 2017

- Direct Debit (Continued...)

Date	Received from	Amount (Rf)
05/15/2017	Ilyas Labeeb	1,000
05/15/2017	Hamid Abdul Gafoor	1,000
05/15/2017	Ali Shiyam	1,000
05/17/2017	Fasah Ahmed	10,000
06/15/2017	Thoha Mohamed	1,000
06/15/2017	ismail Wafir	500
06/15/2017	Ali Shiyam	1,000
06/15/2017	Mariya Ahmed Didi	500
06/15/2017	Ahmed Shahid	5,000
06/15/2017	Hamid Abdul Gafoor	1,000
06/15/2017	Ilyas Labeeb	1,000
06/21/2017	Fasah Ahmed	20,000
07/13/2017	Thoha Mohamed	1,000
07/16/2017	Mariya Ahmed Didi	500
07/16/2017	Thoha Mohamed	1,000
07/16/2017	Thoha Mohamed	100
07/16/2017	Ali Shiyam	1,000
07/16/2017	ismail Wafir	500
07/16/2017	Hamid Abdul Gafoor	5,000
07/16/2017	Ilyas Labeeb	1,000
08/13/2017	Thoha Mohamed	1,000
08/13/2017	Fasah Ahmed	10,000
08/15/2017	ismail Wafir	500
08/15/2017	Mariya Ahmed Didi	500
08/15/2017	Ali Shiyam	1,000
08/15/2017	Hamid Abdul Gafoor	1,000
08/15/2017	Ilyas Labeeb	1,000
08/15/2017	Ahmed Shahid	5,000
08/15/2017	Ahmed Shahid	100
09/10/2017	Fasah Ahmed	10,000
09/13/2017	Thoha Mohamed	1,000
09/17/2017	ismail Wafir	500
09/17/2017	Hamid Abdul Gafoor	1,000
09/17/2017	Ali Shiyam	1,000
09/17/2017	Mariya Ahmed Didi	500
09/17/2017	Ilyas Labeeb	1,000
10/15/2017	Mariya Ahmed Didi	500
10/15/2017	ismail Wafir	500
10/15/2017	Ilyas Labeeb	1,000
10/15/2017	Hamid Abdul Gafoor	1,000
10/15/2017	Ali Shiyam	1,000
10/15/2017	Thoha Mohamed	1,000
10/16/2017	Fasah Ahmed	10,000
		103,200

Maldivian Democratic Party
SUPPLIMENTARY NOTES
Year ended 31 December 2017

- Direct Debit (Continued...)

Date	Received from	Amount (Rf)
11/15/2017	Hamid Abdul Gafoor	1,000
11/15/2017	Ali Shiyam	1,000
11/15/2017	Mariya Ahmed Didi	500
11/15/2017	Ilyas Labeeb	1,000
11/15/2017	Thoha Mohamed	1,000
12/13/2017	Hamid Abdul Gafoor	1,000
12/17/2017	Mariya Ahmed Didi	500
12/17/2017	Ali Shiyam	1,000
12/17/2017	Ilyas Labeeb	1,000
12/17/2017	Thoha Mohamed	1,000
		9,000
	Total direct debit	202,500

- Other donations

Date	Received from	Amount (Rf)
01/08/2017	Hawwa Manike	7,000
01/15/2017	Muni Enterprises	10,000
01/15/2017	Muni Enterprises	10,000
02/02/2017	Hawwa Manike	7,000
02/14/2017	Fauziyya	8,472
02/14/2017	Mohamed Ali	75,430
02/19/2017	Muni Enterprises	10,000
03/01/2017	Hawwa Manike	7,000
04/06/2017	Hawwa Manike	7,000
04/10/2017	Muni Enterprises	10,000
04/10/2017	Muni Enterprises	10,000
05/05/2017	Hawwa Manike	7,000
06/04/2017	Hawwa Manike	7,000
06/15/2017	Muni Enterprises	20,000
07/04/2017	Ahmed Nashid	100,000
07/05/2017	Hawwa Manike	7,000
07/13/2017	President Mohamed Nasheed	40,000
07/13/2017	Ahmed Rasheed	20,000
07/18/2017	Muni Enterprises	10,000
07/19/2017	President Mohamed Nasheed	50,000
07/19/2017	Hassan Latheef	50,000
07/24/2017	Ali Niyaz	25,000
08/01/2017	Aminath Jameel	10,000
		507,902

Maldivian Democratic Party
SUPPLIMENTARY NOTES
Year ended 31 December 2017

- Other donations (Continued...)

Date	Received from	Amount (Rf)
08/03/2017	Hawwa Manike	7,000
08/14/2017	Muni Enterprises	10,000
08/15/2017	Ali Niyaz	15,000
08/17/2017	President Mohamed Nasheed	40,000
08/24/2017	Ali Niyaz	20,000
09/05/2017	Ali Niyaz	15,000
09/11/2017	Fathimath Manike	200,000
09/17/2017	Muni Enterprises	10,000
09/26/2017	Hawwa Manike	7,000
10/08/2017	Ahmed Nashid	200,000
10/09/2017	Hassan Latheef	48,000
10/10/2017	Hawwa Manike	7,000
10/11/2017	Hassan Latheef	53,500
10/11/2017	Hassan Latheef	290
10/23/2017	Muni Enterprises	10,000
10/23/2017	Ali Niyaz	30,000
10/23/2017	Ali Niyaz	120
10/31/2017	Ali Niyaz	1,983
11/06/2017	Hawwa Manike	7,000
12/05/2017	Hawwa Manike	7,000
12/26/2017	Muni Enterprises	20,000
02/14/2017	Ahmed Nazim	5,000
03/13/2017	Ali Riza	2,890
03/13/2017	Inthiyaz Fahumee	3,555
03/13/2017	Zifleen Hassan	3,555
03/13/2017	Ahmed Niyaz	2,890
03/21/2017	Ahmed Nazim	4,110
03/21/2017	ibrahim Rasheed Aboobakuru	3,555
03/30/2017	Ibrahim Naseer	2,889
04/30/2017	Aminath Jameel	3,214
10/31/2017	Ahmed Niyaz	2,980
12/03/2017	Meekail Ahmed Naseen	4,010
		747,541
	Total other donations	1,255,442
	Total donations	1,457,942

II Funds received from Elections Commission

- Election commission

Date	Received from	Amount (Rf)
10/22/2017	Elections Commission	7,493,545
	Total funds received from election commission	7,493,545
	Total income for the year	8,951,487