

MALDIVIAN DEMOCRATIC PARTY

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2019

KR/DN

**Independent auditor's report
To the Executive Council 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, 2019 and the statement of income and expenditure, statement of accumulated surplus and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Party as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs).

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

Our audit work has been undertaken so that we might state to the executive council 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 council, for our audit work, for this report, or for the opinion's we have formed.

Responsibilities of executive council for the financial statements

Executive council is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as executive council 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 council 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 council either intends to liquidate the Party or to cease operations, or has no realistic alternative but to do so.

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

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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.

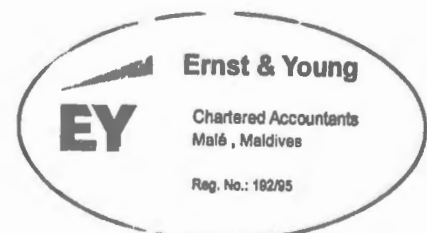
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ 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 council.
- ▶ Conclude on the appropriateness of executive council'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 council 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.



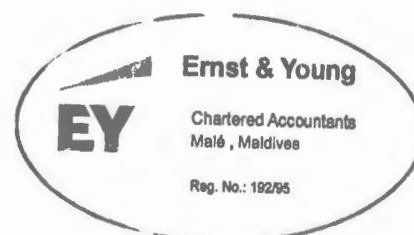
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Maldivian Democratic Party
STATEMENT OF INCOME & EXPENDITURE
Year ended 31 December 2019

	Note	2019 Rf	2018 Rf
Income	3	20,092,348	13,196,553
Less: Expenditure			
Bank service charges		6,702	5,203
Campaign expenses		6,881,153	3,344,192
Depreciation		76,608	86,934
Dhaairaa expenses		1,066,250	231,647
Electricity		308,391	162,673
Meetings and conferences		470,576	774,788
Printing and stationery		107,514	212,434
Rent		1,845,000	1,745,000
Repairs		110,601	102,372
Staff salary and allowances		2,691,209	1,987,847
Website development		-	40,000
Telephone, fax and internet		225,397	341,454
Travelling expenses		2,155,731	1,732,705
Water		18,402	25,737
Other expenses		1,465,894	1,410,318
Audit fee		60,076	53,970
Legal fee		105,040	89,070
		<u>17,594,544</u>	<u>12,346,344</u>
Surplus for the year		<u><u>2,497,804</u></u>	<u><u>850,209</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 2019

	Note	2019 Rf	2018 Rf
Assets			
Non current assets			
Property, plant and equipment	4	280,267	215,313
Current assets			
Other receivables	5	408,500	781,500
Cash and cash equivalents	6	6,514,080	3,696,182
		<u>6,922,580</u>	<u>4,477,682</u>
Total assets		<u><u>7,202,847</u></u>	<u><u>4,692,995</u></u>
Accumulated surplus and liabilities			
Accumulated surplus		6,091,077	3,593,273
Current liabilities			
Other payables	7	1,111,770	1,099,722
		<u>7,202,847</u>	<u>4,692,995</u>

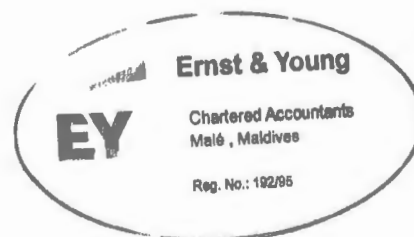
The Executive Committee is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Executive Committee by,

Name	Designation	Signature
Mr. Hassan Latheef	Chairperson	
Mr. Ahmed Abdulla	Deputy Chairperson	

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

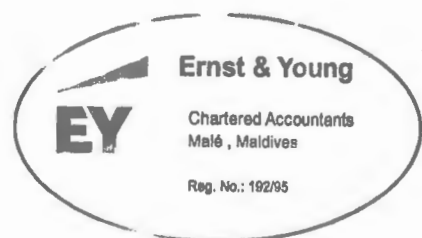
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Maldivian Democratic Party
STATEMENT OF ACCUMULATED SURPLUS
Year ended 31 December 2019

	2019 Rf
Surplus as at 01 January 2018	2,743,064
Surplus for the year	850,209
Surplus as at 31 December 2018	<u>3,593,273</u>
Surplus for the year	2,497,804
Surplus as at 31 December 2019	<u><u>6,091,077</u></u>

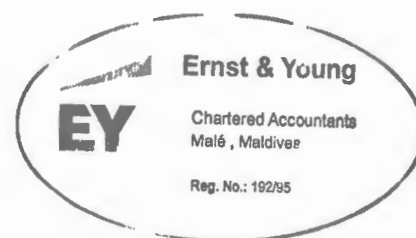
The accounting policies and notes on pages 07 through 09 form an integral part of the financial statements.



Maldivian Democratic Party
STATEMENT OF CASH FLOWS
Year ended 31 December 2019

	Note	2019 Rf	2018 Rf
Operating activities			
Donations received	3	20,092,348	12,006,990
Cash paid for employees, suppliers and service providers		(17,505,888)	(12,305,113)
Rent deposit received/(made) during the year		373,000	(36,000)
Net cash flows used in operating activities		2,959,460	(334,123)
Investing activities			
Purchase of property, plant and equipment	4.1	(141,561)	(180,592)
Net cash flows used in investing activities		(141,561)	(180,592)
Net decrease in cash and cash equivalents		2,817,898	(514,715)
Cash and cash equivalents as at 01 January		3,696,182	4,210,897
Cash and cash equivalents as at 31 December	6	6,514,080	3,696,182

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 2019

1.0 Party information

1.1 General

The Maldivian Democratic Party is a registered political party in the Republic of Maldives under the rules and regulations issued by the Elections Commission. The political party receives funds mainly from Elections Commission and through donations.

1.2 Date of authorization for issue

The financial statements of Maldivian Democratic Party for the year ended 31 December 2019 were authorized for issue dated 11 March 2020.

2.0 Significant accounting policies

2.1 Statement of compliance

The Party initially adopted International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) from 01 January 2019 but it does not have a material effect on the Party's financial statements and therefore, these financial statements have not been restated to reflect the requirements of IFRS for SMEs.

2.2 Basis of preparation

Financial statements are prepared under the historical cost basis in accordance with IFRS for SMEs. The financial statements are presented in Maldivian Rufiyaa (Rf.) and all values are rounded to the nearest integer except when otherwise indicated. No adjustment is made for inflationary factors affecting these financial statements.

2.3 Comparative Information

The accounting policies and estimates adopted by the Party are consistent with those of the previous financial year.

2.4 Going concern

These financial statements are prepared on the assumption that the Party is going concerns.

2.5 Significant accounting policies

Foreign currency translations

All foreign currency transactions are converted to Maldivian Rufiyaa, which is the reporting currency at the rates of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are retranslated to Maldivian Rufiyaa at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities are translated using exchange rates which existed when values were determined. The resulting gains and losses are accounted for in the Statement of Income and Expenditure.

Property, plant and equipment

Cost

All items of property, plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition or construction. All property, plant and equipment are stated at historical cost less depreciation and/or accumulated impairment losses, if any.

Maldivian Democratic Party
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2019

Subsequent costs

The cost of replacing a component 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 the Party and its cost can be measured reliably.

Depreciation

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. Depreciation is charged to the statement of Income and Expenditure when assets are available for use over their estimated useful lives.

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

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

Surplus Funds

Surplus funds are those that are available for use by the Party at the discretion of the members, in furtherance of the general objectives of the Party and which are not designated for any specific purpose.

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.

All known liabilities have been accounted for in preparing the financial statements.

Income recognition

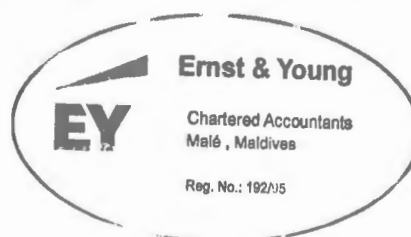
Income of the Party includes contribution from its members and contribution from Elections Commission. Income is recognised at the point of cash received from the members of the Party and the Elections Commission.

All the funds received (including donations/ received from Elections Commission) in respect of a particular financial year are treated as income in that financial accounting year.

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 Statement of Income and Expenditure in arriving at the surplus of the year.

The Party has adopted the "Nature of Expenses" method to present fairly the elements of the Party's activities in its Statements of Income and Expenditure.



Maldivian Democratic Party
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2019

		2019	2018
		Rf	Rf
3	Income		
	Donations	7,343,157	4,520,257
	Funds received from Elections Commission	12,749,191	7,486,733
		<u>20,092,348</u>	<u>12,006,990</u>
	Payables written back	-	1,189,563
		<u>20,092,348</u>	<u>13,196,553</u>
4	Propety, plant and equipment		
4.1	Gross carrying amount		
	At cost		
	Balance as at 01.01.2019	Rf	Rf
	Additions	Rf	Rf
	Adjustments	Rf	Rf
	Balance as at 31.12.2019	Rf	Rf
	Computers and accessories	1,273,696	84,249
	Furniture and fittings	92,766	24,312
	Machineries and equipment	402,772	33,000
		<u>1,769,234</u>	<u>141,561</u>
		-	-
		-	-
		-	-
		<u>1,910,795</u>	<u>1,910,795</u>
4.2	Depreciation		
	At cost		
	Balance as at 01.01.2019	Rf	Rf
	Charge for the year	Rf	Rf
	Adjustments	Rf	Rf
	Balance as at 31.12.2019	Rf	Rf
	Computers and accessories	1,124,120	49,108
	Furniture and fittings	52,970	13,374
	Machineries and equipment	376,831	14,125
		<u>1,553,921</u>	<u>76,607</u>
		-	-
		-	-
		-	-
		<u>1,630,528</u>	<u>1,630,528</u>
4.3	Net book value	<u>215,313</u>	<u>280,267</u>
5	Other receivables		
	Deposit and advance	408,500	781,500
		<u>408,500</u>	<u>781,500</u>
6	Cash and cash equivalents		
	Cash in hand	120	1,420
	Cash at bank	6,513,960	3,694,762
		<u>6,514,080</u>	<u>3,696,182</u>
7	Other payables		
	Payables for goods and service providers	1,041,502	1,041,502
	Accrued expenses	70,268	58,220
		<u>1,111,770</u>	<u>1,099,722</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 2019.

Maldivian Democratic Party
SUPPLIMENTARY NOTES
Year ended 31 December 2019

I Donations

- Direct Debit

Received from	Amount (Rf)
Adam Rasheed Ahmed	300
Ali Shiyam	12,000
Hamid Abdul Gafoor	12,000
Ilyas Labeeb	9,000
Mariya Ahmed Didi	6,000
Thoha Mohamed	12,000
Total direct debit	51,300

II - Other donations

Received from	Amount (Rf)
Abdulla Ali	50,000
Ahmed Zareer	300,000
Dhigufaru Investment Pvt Ltd	800,000
Hassan Waheed	600,000
Ibrahim Ahmed	2,368,002
Ismail Shafeeu	1,813,855
Mukhuthar Hassan	800,000
Muni Enterprises	60,000
Thoha Mohamed	500,000
Total other donations	7,291,857

III Funds received

Received from	Amount (Rf)
Elections Commission	12,749,191
	12,749,191
Total income for the year	20,092,348