

MALDIVIAN DEMOCRATIC PARTY

AUDITORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2015

KR/FS

Independent auditors' report to the Executive Council of Maldives Democratic Party

We have audited the accompanying financial statements of Maldivian Democratic Party which comprise the statement of financial position as at 31 December 2015 and the statement of income and expenditure and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Our audit work has been undertaken so that we might state to the Executive Council those matters we are required to state to them in an auditors' 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 opinions we have formed.

Executive Council's Responsibility for the Financial Statements

Executive Council 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 misstatement whether due to fraud or error; selecting and 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 ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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

Party has not registered and made pension contributions for its staff under Maldives Retirement Pension Scheme operated by Maldives Pension Administration Office. Accordingly, expenses and liabilities have been understated in these financial statements.

(Continued)

Qualified opinion

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the party as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



22 May 2016
Malé

**MALDIVIAN DEMOCRATIC PARTY
STATEMENT OF INCOME & EXPENDITURE
Year ended 31 December 2015**

	Note	2015 Rf	2014 Rf
Donations	3	11,643,134	7,209,372
Other income		-	2,306
		<u>11,643,134</u>	<u>7,211,678</u>
Less: Expenditure			
Bank service charges		1,230	1,508
Campaign expenses		2,737,730	911,548
Broadcasting and advertising expenses		-	25,017
Cleaning and maintenance		-	2,274
Depreciation		260,292	255,219
Dhaairaa expenses		365,938	791,461
Electricity		147,827	190,892
Food expenses		-	29,024
Meetings and conferences		558,432	180,519
SMS, postage and delivery		27,704	181,819
Printing and stationery		563,095	51,994
Rent		936,951	800,000
Repairs		45,609	86,003
Staff salary and allowances		1,113,420	1,238,948
Telephone, fax and internet		198,886	137,838
Travelling expenses		93,653	158,486
Water		58,113	20,297
Other expenses		1,308,036	25,721
Material and suppliers		-	-
Assets written off		-	50,049
Audit fee		47,166	47,166
Legal fee		225,774	13,600
Receivable written off		-	1,333,533
Subscription and membership fees		-	32,165
		<u>8,689,856</u>	<u>6,565,081</u>
Surplus / deficit for the year		<u><u>2,953,279</u></u>	<u><u>646,597</u></u>

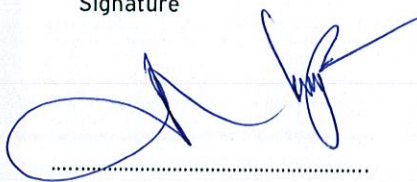
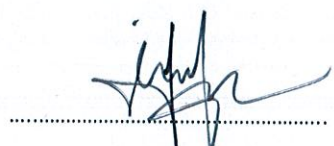
The accounting policies and notes on pages 07 through 10 form an integral part of the financial statements.

**MALDIVIAN DEMOCRATIC PARTY
STATEMENT OF FINANCIAL POSITION
As at 31 December 2015**

	Note	2015 Rf	2014 Rf
Assets			
Property, plant and equipment	4	649,330	874,425
Current assets			
Receivables	5	612,500	637,500
Cash and bank balances	6	1,785,517	92,585
		<u>2,398,017</u>	<u>730,085</u>
		<u><u>3,047,347</u></u>	<u><u>1,604,510</u></u>
Accumulated deficit and liabilities			
Accumulated deficit		391,864	(2,561,414)
Current Liabilities			
Payables and accrued expenses	7	2,655,483	4,165,925
		<u>2,655,483</u>	<u>4,165,925</u>
		<u><u>3,047,347</u></u>	<u><u>1,604,511</u></u>

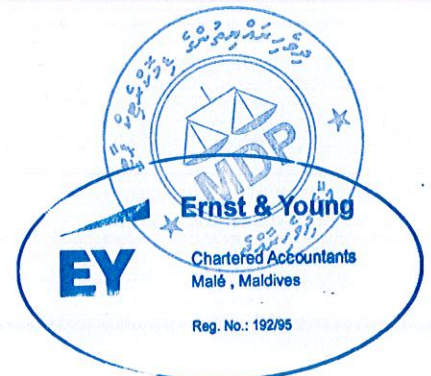
The Executive Committee is responsible for the preparation and presentation of these financial statements.

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 10 form an integral part of the financial statements.

22 May 2016
Malé



**MALDIVIAN DEMOCRATIC PARTY
STATEMENT OF ACCUMULATED SURPLUS/(DEFICIT)
Year ended 31 December 2015**

	2015 Rf	2014 Rf
Deficit as at 1 January	(2,561,414)	(3,208,011)
Effects of correction of prior periods errors	-	-
Balance as at 1 January (restated)	(2,561,414)	(3,208,011)
Surplus for the year	2,953,279	646,597
Deficit as at 31 December	<u>391,864</u>	<u>(2,561,414)</u>

The accounting policies and notes on pages 07 through 10 form an integral part of the financial statements.

MALDIVIAN DEMOCRATIC PARTY
STATEMENT OF CASH FLOW
Year ended 31 December 2015

	2015 Rf	2014 Rf
Donations received	11,643,134	7,209,372
Other Income received	-	2,306
Cash paid for employees, suppliers and service providers	<u>(8,429,563)</u>	<u>(4,926,280)</u>
	3,213,571	2,285,398
Purchase of property, plant and equipment	(35,198)	(34,662)
Decrease in advances and receivables	25,000	(470,000)
Funds (paid) /received from short term loan	-	(7,328)
Increase in payables	<u>(1,510,442)</u>	<u>(1,993,743)</u>
	<u>(1,520,639)</u>	<u>(2,505,733)</u>
Net increase/(decrease) in cash and cash equivalents	1,692,932	(220,335)
Cash and cash equivalents at the beginning of the year	92,585	312,920
Cash and cash equivalents at the end of the year (Note 6)	<u><u>1,785,517</u></u>	<u><u>92,585</u></u>

The accounting policies and notes on pages 07 through 10 form an integral part of the financial statements.

**MALDIVIAN DEMOCRATIC PARTY
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015**

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. Summary of significant accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles. No adjustments are made for inflationary factors affecting these accounts.

Conversion of foreign currencies

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 balance sheet 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 income and expenditure statement.

Property, plant and equipment

a) Cost

Property plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met

b) Restoration costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognised as an expense when incurred.

c) 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.

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

Receivables

Receivables are stated at the amounts that they are estimated to realise. A provision has been made in the accounts where necessary for impairment of receivables.

MALDIVIAN DEMOCRATIC PARTY
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

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.

Cash flow statement is prepared in "indirect method".

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 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 income and expenditure statement 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 of the year.

MALDIVIAN DEMOCRATIC PARTY
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

	Note	2015 Rf	2014 Rf	
3 INCOME				
Donations	i	4,684,343	2,127,636	
Funds received from Elections Commission	ii	6,958,791	5,081,736	
		<u>11,643,134</u>	<u>7,209,372</u>	
4 PROPERTY, PLANT AND EQUIPMENT				
	Balance as at 01.01.2015	Additions / Transfers	Disposal / Transfers	Balance as at 31.12.2015
At Cost	Rf	Rf	Rf	Rf
Computers and accessories	1,116,132	-	-	1,116,132
Furniture and fittings	49,963	-	-	49,963
Machineries and equipment	349,551	35,198	-	384,749
	<u>1,515,646</u>	<u>35,198</u>	<u>-</u>	<u>1,550,844</u>
Depreciation	Balance as at 01.01.2015	Charge for the year	Disposal / Transfers	Balance as at 31.12.2015
	Rf	Rf	Rf	Rf
Computers and accessories	386,129	212,192	-	598,321
Furniture and fittings	40,465	2,423	-	42,888
Machineries and equipment	214,626	45,678	-	260,304
	<u>641,220</u>	<u>260,293</u>	<u>-</u>	<u>901,513</u>
Net book value	<u>874,425</u>			<u>649,330</u>
5 RECEIVABLES		2015 Rf	2014 Rf	
Deposit and advance		612,500	637,500	
		<u>612,500</u>	<u>637,500</u>	
6 CASH AND CASH EQUIVALENTS				
Favourable cash balances				
Cash in hand		15,234	8,633	
Cash at bank		1,770,283	83,952	
		<u>1,785,517</u>	<u>92,585</u>	

**MALDIVIAN DEMOCRATIC PARTY
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015**

	2015 Rf	2014 Rf
7 SHORTTERM LOAN		
Rilwaan Abdul Rahman	-	-
	<u>-</u>	<u>-</u>
8 PAYABLES AND ACCRUED EXPENSES		
Payables for goods and service providers	2,511,945	4,103,156
Accrued expenses	143,538	62,769
	<u>2,655,483</u>	<u>4,165,925</u>

9 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

10 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The party had no significant capital commitments or contingent liabilities as at 31 December 2015.