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**MALDIVIAN DEMOCRATIC PARTY**

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

NJ/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, 2021 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 2021 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 (including International Independence Standards) (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 of financial statements that give a true and fair view in accordance with IFRS for SMEs, 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.

#### **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.

### **Auditor's responsibilities for the audit of the financial statements (continued)**

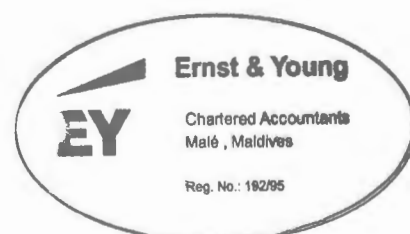
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ 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.

EY

27 April 2022  
Male'



**Maldivian Democratic Party**  
**STATEMENT OF INCOME & EXPENDITURE**  
**Year ended 31 December 2021**

	Note	2021 Rf	2020 Rf
Income	3	15,252,917	15,073,994
<b>Less: Expenditure</b>			
Bank service charges		2,002	2,335
Campaign expenses		4,967,843	4,631,132
Candidate deposit payment		2,404,500	-
Medical expenses		39,368	-
Depreciation expenses		99,588	82,047
Dhaairaa expenses		649,216	442,888
Electricity		105,596	72,631
Meetings and conferences		92,708	27,591
Printing and stationery		14,326	40,736
Rent		1,954,000	1,940,000
Repair and maintenance		37,947	7,816
Staff salary and allowances		2,077,571	1,697,662
Telephone, fax and internet		774,399	526,219
Travelling expenses		1,281,735	958,385
Water		7,589	16,908
Other expenses		669,447	611,535
Work permit fees		3,500	-
Audit fee		66,075	72,166
Legal fee		5,000	20,000
		<u>15,252,410</u>	<u>11,150,051</u>
<b>Surplus for the year</b>		<u><b>507</b></u>	<u><b>3,923,943</b></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 2021**

	Note	2021 Rf	2020 Rf
<b>Assets</b>			
Non current assets			
Property, plant and equipment	4	261,521	242,271
Current assets			
Other receivables	5	739,700	5,832,232
Cash and cash equivalents	6	10,269,059	5,068,037
		<u>11,008,759</u>	<u>10,900,269</u>
<b>Total assets</b>		<u><b>11,270,280</b></u>	<u><b>11,142,540</b></u>
<b>Accumulated surplus and liabilities</b>			
Accumulated surplus		10,015,527	10,015,020
Current liabilities			
Other payables	7	1,254,753	1,127,520
		<u><b>11,270,280</b></u>	<u><b>11,142,540</b></u>

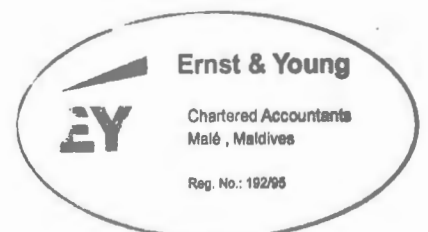
The Executive Committee is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Executive Committee by,

Name	Designation	Signature
Mr. Ali Niyaz	Deputy Chairperson (Admin)	
Mr. Ahmed Abdulla	Deputy Chairperson (Finance)	

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

27 April 2022  
Male'



**Maldivian Democratic Party**  
**STATEMENT OF ACCUMULATED SURPLUS**  
**Year ended 31 December 2021**

	<u>Total Rf</u>
Surplus as at 01 January 2020	6,091,077
Surplus for the year	3,923,943
Surplus as at 31 December 2020	<u>10,015,020</u>
Surplus for the year	507
Surplus as at 31 December 2021	<u><u>10,015,527</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 2021**

	Note	2021 Rf	2020 Rf
<b>Operating activities</b>			
Donations received	3	15,252,917	15,073,994
Cash paid for employees, suppliers and service providers		(15,025,588)	(11,052,254)
Rent deposit made / (received) during the year		5,092,532	(5,423,733)
<b>Net cash flows from / (used in) operating activities</b>		<b>5,319,861</b>	<b>(1,401,993)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	4.1	(118,838)	(44,050)
<b>Net cash flows used in investing activities</b>		<b>(118,838)</b>	<b>(44,050)</b>
<b>Net Increase / (decrease) in cash and cash equivalents</b>		<b>5,201,023</b>	<b>(1,446,043)</b>
Cash and cash equivalents as at 01 January		5,068,037	6,514,080
<b>Cash and cash equivalents as at 31 December</b>	6	<b>10,269,059</b>	<b>5,068,037</b>

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 2021**

**1.0 Party information**

**1.1 General**

The Maldivian Democratic Party ("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 2021 were authorized for issue dated 27 April 2022.

**2.0 Significant accounting policies**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs") issued by the International Accounting Standards Board.

**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 2021**

**Property, plant and equipment (continued)**

**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 2021**

<b>3</b>	<b>Income</b>		<b>Rf</b>	<b>Rf</b>
	Donations		127,100	300,400
	Funds received from Elections Commission		15,009,697	14,773,594
	Other income		116,120	-
			<b>15,252,917</b>	<b>15,073,994</b>
<b>4</b>	<b>Property, plant and equipment</b>	<b>Balance as at</b>		<b>Balance as at</b>
<b>4.1</b>	<b>Gross carrying amount</b>	<b>01.01.2021</b>	<b>Additions</b>	<b>31.12.2021</b>
	<b>At cost</b>	<b>Rf</b>	<b>Rf</b>	<b>Rf</b>
	Computers and accessories	1,385,495	73,000	1,458,495
	Furniture and fittings	117,078	7,200	124,278
	Machineries and equipment	452,272	38,638	490,910
		<b>1,954,845</b>	<b>118,838</b>	<b>2,073,683</b>
<b>4.2</b>	<b>Depreciation</b>	<b>Balance as at</b>	<b>Charge for</b>	<b>Balance as at</b>
	<b>At cost</b>	<b>01.01.2021</b>	<b>the year</b>	<b>31.12.2021</b>
		<b>Rf</b>	<b>Rf</b>	<b>Rf</b>
	Computers and accessories	1,226,934	66,113	1,293,047
	Furniture and fittings	79,767	14,634	94,401
	Machineries and equipment	405,873	18,841	424,714
		<b>1,712,574</b>	<b>99,588</b>	<b>1,812,162</b>
<b>4.3</b>	<b>Net book value</b>	<b>242,271</b>		<b>261,521</b>
<b>5</b>	<b>Other receivables</b>		<b>2021</b>	<b>2020</b>
			<b>Rf</b>	<b>Rf</b>
	Deposit and advance		739,700	403,500
	Prepayment		-	2,397,000
	Donation receivable		-	3,031,732
			<b>739,700</b>	<b>5,832,232</b>
<b>6</b>	<b>Cash and cash equivalents</b>			
	Cash in hand		51,271	922
	Cash at bank		10,217,788	5,067,115
			<b>10,269,059</b>	<b>5,068,037</b>
<b>7</b>	<b>Other payables</b>			
	Payables for goods and service providers		1,041,502	1,041,502
	Accrued expenses		213,251	86,018
			<b>1,254,753</b>	<b>1,127,520</b>

**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 2021.

**Maldivian Democratic Party**  
**SUPPLIMENTARY NOTES**  
**Year ended 31 December 2021**

**I Donations**

**- Direct Debit**

<u>Received from</u>	<u>Amount (Rf)</u>
THOHA MOHAMED	12,000
HAMID ABDUL GAFOOR	11,000
MARIYA MOHAMED DIDI	6,000
ALI SHIYAM	12,000
ILIYAS LABEED	6,000
ADAM RASHEED AHMED	400
MOHAMED FALAH	3,000
IKRAM HASSAN	3,000
AISHATH JENNIFER	2,500
HUSSAIN ZIYAD	2,000
AHMED MAHLOOF	4,500
MOHAMED RASHEED HUSSAIN	10,000
AHMED SIMAL	2,500
MOHAMED JAISH IBRAHIM	3,000
AHMED MUJTHABA	2,000
SAUDULLAH AHMED HASSAN DIDI	1,000
AHMED NIYAZ	2,000
HASSAN ZAREER	6,000
HUSEN AMRU MOHAMED RASHAD	5,000
IBRAHIM SUJAU	2,500
HASSAN AFEEF	3,000
IBRAHIM RASHEED	1,000
NAZIRA HASSAN	1,700
AHMED LATHEEF	2,500
MOHAMED SHIFAZ	5,000
IBRAHIM WAHEED	2,500
MOHAMED SHAHID	2,000
HUSSAIN FIRUSHAN	3,000
HASSAN SHIYAN	2,000
MOHAMED WAHEED	3,000
AHMED RASHEED	5,000
<b>Total direct debit</b>	<b>127,100</b>

**II Funds received**

<u>Received from</u>	<u>Amount (Rf)</u>
MINISTRY OF FINANCE AND TREASURY	15,009,697
	<b>15,009,697</b>
<b>Total income for the year</b>	<b>15,136,797</b>