

**MALDIVIAN DEMOCRATIC PARTY**  
**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

NJ/DN/HS

## **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, 2022 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 2022 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**

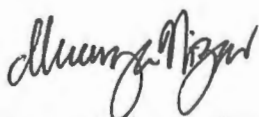
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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:

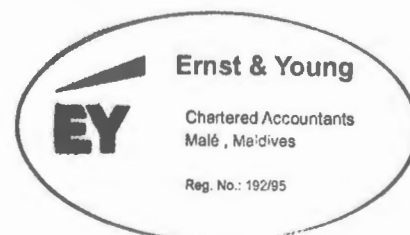
- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.



For and on behalf of Ernst & Young  
Partner: Dhunya Nizar  
Licensed Auditor: ICAM-IL-Z73

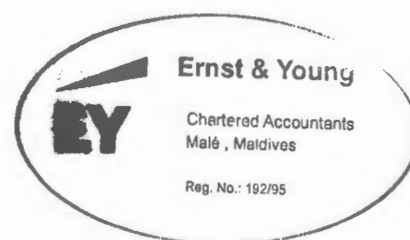
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**Maldivian Democratic Party**  
**STATEMENT OF INCOME & EXPENDITURE**  
**Year ended 31 December 2022**

	2022	2021
Note	Rf	Rf
<b>Incomes</b>		
Income	15,282,210	15,136,797
Other income	1,041,502	116,120
	<u>16,323,712</u>	<u>15,252,917</u>
<b>Less: Expenditure</b>		
Bank service charges	5,289	2,002
Campaign expenses	10,063,111	4,967,843
Candidate deposit payment	31,500	2,404,500
Medical expenses	-	39,368
Depreciation expenses	112,070	99,588
Dhaairaa expenses	812,152	649,216
Electricity	92,556	105,596
Meetings and conferences	800,084	92,708
Printing and stationery	106,668	14,326
Rent	1,860,000	1,954,000
Repair and maintenance	28,519	37,947
Staff salary and allowances	2,321,268	2,077,571
Telephone, fax and internet	332,908	774,399
Travelling expenses	2,995,033	1,281,735
Water Charges	8,406	7,589
Other expenses	1,517,378	669,447
Work permit fees	3,500	3,500
Audit fee	69,945	66,075
Legal fee	12,350	5,000
Write off expense	34,843	-
	<u>21,207,579</u>	<u>15,252,410</u>
<b>Deficit / Surplus for the year</b>	<u><b>(4,883,867)</b></u>	<u><b>507</b></u>

The accounting policies and notes form an integral part of the financial statements.



**Maldivian Democratic Party**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**

	Note	2022 Rf	2021 Rf
Assets			
Non current assets			
Property, plant and equipment	4	267,023	261,521
Current assets			
Other receivables	5	732,000	739,700
Cash and cash equivalents	6	4,227,885	10,269,059
		<u>4,959,885</u>	<u>11,008,759</u>
<b>Total assets</b>		<u><b>5,226,908</b></u>	<u><b>11,270,280</b></u>
Accumulated funds liabilities			
Accumulated surplus		5,131,660	10,015,527
Current liabilities			
Other payables	7	95,248	1,254,753
<b>Total liabilities and funds</b>		<u><b>5,226,908</b></u>	<u><b>11,270,280</b></u>

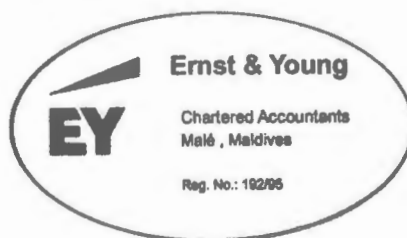
The Executive Committee is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Executive Council by,

Name	Designation	Signature
Mr. Ibrahim Waheed	Deputy Chairperson (Admin)	
Mr. Ahmed Abdulla	Deputy Chairperson (Finance)	

The accounting policies and notes form an integral part of the financial statements.

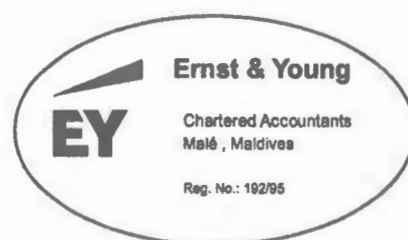
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**Maldivian Democratic Party**  
**STATEMENT OF ACCUMULATED SURPLUS**  
**Year ended 31 December 2022**

	<b>Total Rf</b>
<b>Surplus as at 01 January 2021</b>	<b>10,015,020</b>
Surplus for the year	507
<b>Surplus as at 31 December 2021</b>	<b>10,015,527</b>
Deficit for the year	(4,883,867)
<b>Deficit as at 31 December 2022</b>	<b>5,131,660</b>

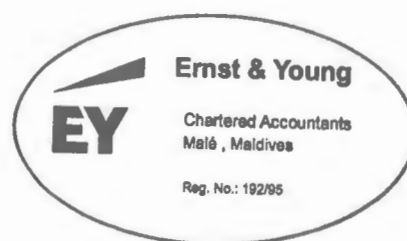
The accounting policies and notes form an integral part of the financial statements.



**Maldivian Democratic Party**  
**STATEMENT OF CASH FLOWS**  
**Year ended 31 December 2022**

	2022	2021
Note	Rf	Rf
<b>Operating activities</b>		
Donations received	3 15,282,210	15,252,917
Cash paid for employees, suppliers and service providers	(21,203,664)	(15,025,588)
Rent deposit made during the year	7,700	5,092,532
<b>Net cash flows (used in)/ from operating activities</b>	<b>(5,913,754)</b>	<b>5,319,861</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	4.1 (127,420)	(118,838)
<b>Net cash flows used in investing activities</b>	<b>(127,420)</b>	<b>(118,838)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(6,041,174)</b>	<b>5,201,023</b>
Cash and cash equivalents as at 01 January	10,269,059	5,068,037
<b>Cash and cash equivalents as at 31 December</b>	<b>6 4,227,885</b>	<b>10,269,059</b>

The accounting policies and notes form an integral part of the financial statements.



**Maldivian Democratic Party**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**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 2022 were authorized for issue dated 21 March 2023.

**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.

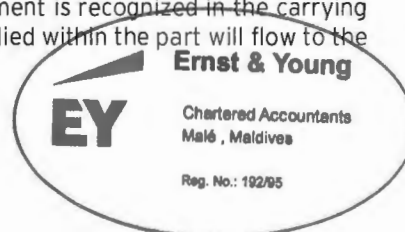
**Property, plant and equipment**

**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.

**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.





**Maldivian Democratic Party**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2022**

**2.5 Significant accounting policies (continued)**

**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**

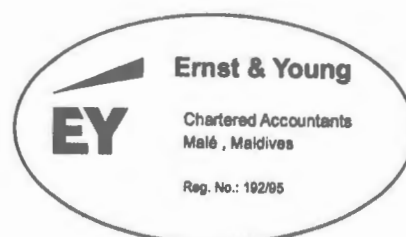
Income of the Party includes contribution from its members and contribution from Elections Commission. Income is recognised at the point of cash received from the members of the Party and the Elections Commission.

All the funds received (including donations and funds 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 2022**

	2022 Rf	2021 Rf
<b>3 Income</b>		
Donations	258,200	127,100
Funds received from Elections Commission	15,024,010	15,009,697
Other income	1,041,502	116,120
	<b>16,323,712</b>	<b>15,252,917</b>

3.1 Other income for the year 2022 includes write-off of payables of Rf 1,041,502/-

<b>4 Propety, plant and equipment</b>	<b>Balance as at</b>		<b>Disposals for</b>	<b>Balance as at</b>
<b>4.1 Gross carrying amount</b>	<b>01.01.2022</b>	<b>Additions</b>	<b>the year</b>	<b>31.12.2022</b>
<b>At cost</b>	<b>Rf</b>	<b>Rf</b>	<b>Rf</b>	<b>Rf</b>
Computers and accessories	1,458,495	48,895		1,507,390
Furniture and fittings	124,278	42,555	(49,963)	116,870
Machineries and equipment	490,910	35,970	(404,112)	122,768
	<b>2,073,683</b>	<b>127,420</b>	<b>(454,075)</b>	<b>1,747,028</b>
<b>4.2 Depreciation</b>	<b>Balance as at</b>	<b>Charge for</b>	<b>Disposals for</b>	<b>Balance as at</b>
<b>At cost</b>	<b>01.01.2022</b>	<b>the year</b>	<b>the year</b>	<b>31.12.2022</b>
	<b>Rf</b>	<b>Rf</b>	<b>Rf</b>	<b>Rf</b>
Computers and accessories	1,293,047	70,232	-	1,363,279
Furniture and fittings	94,401	16,416	(49,963)	60,854
Machineries and equipment	424,714	25,421	(394,264)	55,871
	<b>1,812,162</b>	<b>112,070</b>	<b>(444,227)</b>	<b>1,480,005</b>
<b>4.3 Net book value</b>	<b>261,521</b>			<b>267,023</b>

	2022 Rf	2021 Rf
<b>5 Other receivables</b>		
Deposit and advance	732,000	739,700
	<b>732,000</b>	<b>739,700</b>
<b>6 Cash and cash equivalents</b>		
Cash in hand	6,509	51,271
Cash at bank	4,221,376	10,217,788
	<b>4,227,885</b>	<b>10,269,059</b>
<b>7 Other payables</b>		
Payables for goods and service providers	-	1,041,502
Accrued expenses	95,248	213,074
	<b>95,248</b>	<b>1,254,576</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 2022.

**Maldivian Democratic Party**  
**SUPPLIMENTARY NOTES**  
**Year ended 31 December 2022**

I Donations	2022	2021
- Direct Debit	Rf	Rf
<u>Received from</u>	<u>Rf</u>	<u>Rf</u>
Thoha Mohamed	12,000	12,000
Hamid Abdul Gafoor	11,000	11,000
Mariya Mohamed Didi	6,000	6,000
Ali Shiyam	12,000	12,000
Ilyas Labeeb	8,000	6,000
Adam Rasheed Ahmed	100	400
Ali Hilmy	1,200	-
Ali Shareef	2,400	-
Moosa Haneef	1,200	-
Moosa Fathhee	300	-
Aslam Mohamed Shakir	4,000	-
Mohamed Falah	-	3,000
Ikram Hassan	-	3,000
Aishath Jennifer	-	2,500
Hussain Ziyad	-	2,000
Ahmed Mahloof	-	4,500
Mohamed Rasheed Hussain	200,000	10,000
Ahmed Simal	-	2,500
Mohamed Jaish Ibrahim	-	3,000
Ahmed Mujuthaba	-	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>258,200</b>	<b>127,100</b>
II Funds received	Rf	Rf
<u>Received from</u>	<u>Rf</u>	<u>Rf</u>
Elections Commission	15,024,010	15,009,697
	15,024,010	15,009,697
<b>Total income for the year</b>	<b>15,282,210</b>	<b>15,136,797</b>