

Maldivian Democratic Party
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

DN/NJ/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, 2023 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 2023 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.

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)

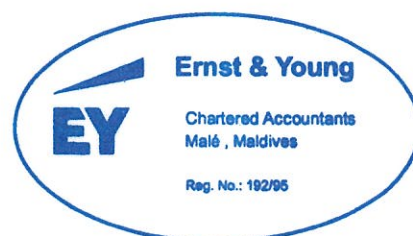
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ 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

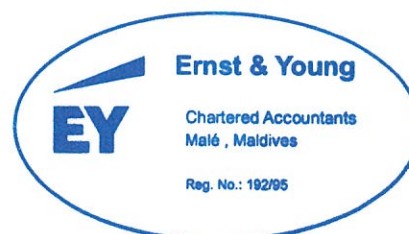
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Maldivian Democratic Party
STATEMENT OF INCOME & EXPENDITURE
Year ended 31 December 2023

	Note	2023 Rf	2022 Rf
Incomes			
Income	3.1	15,554,417	15,282,210
Other income	3.2	-	1,041,502
		<u>15,554,417</u>	<u>16,323,712</u>
Less: Expenditure			
Bank service charges		104,805	5,289
Campaign expenses		5,259,329	10,063,111
Candidate deposit payment		115,500	31,500
Depreciation expenses		182,553	112,070
Dhaairaa expenses		1,837,784	812,152
Electricity		134,587	92,556
Meetings and conferences		190,898	800,084
Printing and stationery		27,064	106,668
Advertising Expenses		294,220	-
Rent		2,635,000	1,860,000
Repair and maintainance		420,767	28,519
Staff salary and allowances		4,396,885	2,321,268
Telephone, fax and internet		314,104	332,908
Travelling expenses		1,835,977	2,995,033
Water Charges		14,390	8,406
Other expenses		487,683	1,517,378
Work permit fees		-	3,500
Audit fee		67,597	69,945
Legal fee		-	12,350
Exchange Gain or Loss		437,902	-
Write off expense		147,487	34,843
		<u>18,904,533</u>	<u>21,207,579</u>
Deficit for the year		<u>(3,350,116)</u>	<u>(4,883,867)</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 2023

	Note	2023 Rf	2022 Rf
Assets			
Non current assets			
Property, plant and equipment	4	424,180	267,023
Current assets			
Other receivables	5	1,211,000	732,000
Cash and cash equivalents	6	444,643	4,227,885
		<u>1,655,643</u>	<u>4,959,885</u>
Total assets		<u><u>2,079,822</u></u>	<u><u>5,226,908</u></u>
Accumulated funds liabilities			
Accumulated surplus		1,781,544	5,131,660
Current liabilities			
Other payables	7	298,278	95,248
Total liabilities and funds		<u><u>2,079,822</u></u>	<u><u>5,226,908</u></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)

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Mr. Ahmed Abdulla

Deputy Chairperson (Finance)

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

28 March 2024

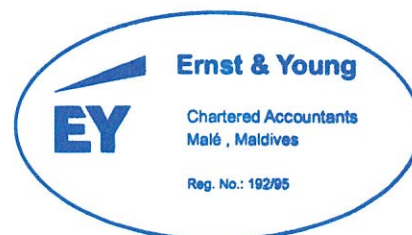
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Maldivian Democratic Party
STATEMENT OF ACCUMULATED SURPLUS
Year ended 31 December 2023

	<u>Total Rf</u>
Surplus as at 01 January 2022	10,015,527
Deficit for the year	(4,883,867)
Surplus as at 31 December 2022	5,131,660
Deficit for the year	(3,350,116)
Surplus as at 31 December 2023	<u>1,781,544</u>

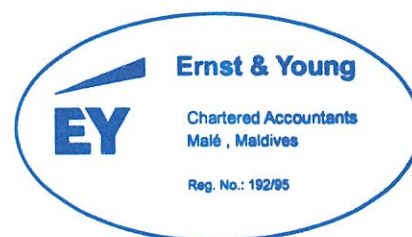
The accounting policies and notes form an integral part of the financial statements.



Maldivian Democratic Party
STATEMENT OF CASH FLOWS
Year ended 31 December 2023

	Note	2023 Rf	2022 Rf
Operating activities			
Donations received	3	15,554,417	15,282,210
Cash paid for employees, suppliers and service providers		(18,518,950)	(21,203,664)
Rent deposit made during the year		(479,000)	7,700
Net cash flows used in operating activities		(3,443,533)	(5,913,754)
Investing activities			
Purchase of property, plant and equipment	4.1	(339,709)	(127,420)
Net cash flows used in investing activities		(339,709)	(127,420)
Net decrease in cash and cash equivalents		(3,783,242)	(6,041,174)
Cash and cash equivalents as at 01 January		4,227,885	10,269,059
Cash and cash equivalents as at 31 December	6	444,643	4,227,885

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 2023

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 2023 were authorized for issue dated 28 March 2024.

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.



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

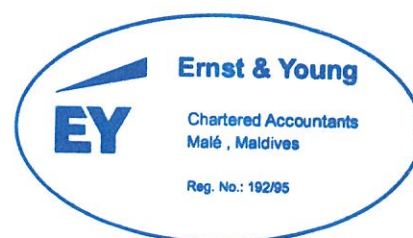
Income of the Party includes contribution from its members and contribution from Elections Commission. Income is recognised at the point of cash received from the members of the Party and the Elections Commission.

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 2023

		2023 Rf	2022 Rf
3 Income			
3.1 Donations		1,341,626	258,200
Funds received from Elections Commission		14,212,791	15,024,010
		15,554,417	15,282,210
3.2 Other Income			
Other income		-	1,041,502
		-	1,041,502

4 Propety, plant and equipment	Balance as at 01.01.2023	Additions	Disposals for the year	Balance as at 31.12.2023
4.1 Gross carrying amount	Rf	Rf	Rf	Rf
At cost				
Computers and accessories	1,507,390	32,000	-	1,539,390
Furniture and fittings	116,870	262,902	-	379,772
Machineries and equipment	122,768	44,807	-	167,575
	1,747,028	339,709	-	2,086,737
4.2 Depreciation	Balance as at 01.01.2023	Charge for the year	Disposals for the year	Balance as at 31.12.2023
At cost	Rf	Rf	Rf	Rf
Computers and accessories	1,363,279	80,085	-	1,443,364
Furniture and fittings	60,854	56,437	-	117,292
Machineries and equipment	55,871	46,031	-	101,903
	1,480,005	182,553	-	1,662,558
4.3 Net book value	267,023			424,180

	2023 Rf	2022 Rf
5 Other receivables		
Deposit and advance	1,211,000	732,000
	1,211,000	732,000
6 Cash and cash equivalents		
Cash in hand	79,225	6,509
Cash at bank	365,418	4,221,376
	444,643	4,227,885
7 Other payables		
Accrued expenses	298,278	95,248
	298,278	95,248

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 2023.

Maldivian Democratic Party
SUPPLIMENTARY NOTES
Year ended 31 December 2023

I Donations			
- Direct Debit			
Received from		2023	2022
		Rf	Rf
Thoha Mohamed		12,000	12,000
Hamid Abdul Gafoor		12,000	11,000
Mariya Mohamed Didi		6,000	6,000
Ali Shiyam		12,000	12,000
Iliyas Labeeb		6,000	8,000
Adam Rasheed Ahmed		-	100
Ali Hilmy		1,200	1,200
Ali Shareef		400	2,400
Moosa Haneef		1,200	1,200
Moosa Fathhee		1,000	300
Aslam Mohamed Shakir		2,000	4,000
Mohamed Rasheed Hussain		100,000	200,000
Ibrahim Waheed		323,824	-
Farih Qasim		252	-
Ali Nizar		1,750	-
Ahmed Shujau		2,000	-
Mohamed Rasheed		10,000	-
J Line Maldives Private Limited		350,000	-
Salted Fibre Works		250,000	-
Tree X Private Limited		250,000	-
Total direct debit		1,341,626	258,200
II Funds received			
Received from		Rf	Rf
Elections Commission		14,212,791	15,024,010
		14,212,791	15,024,010
Total income for the year		15,554,417	15,282,210