

**THE DEMOCRATS**

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2023**

DN/NJ/HS

## **Independent auditor's report To the Executive Council of The Democrats Report on the audit of the financial statements**

### **Opinion**

We have audited the financial statements of The Democrats (the "Party") which comprise the statement of financial position as at 31 December 2023, and the statement of income and expenditure, statement of accumulated funds and statement of cash flows for the period from inception on 12 July 2023 to 31 December 2023, 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 period from inception on 12 July 2023 to 31 December 2023, 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 Company 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 IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Executive Council's responsibility 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 the 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

17 September 2024  
Male'



**THE DEMOCRATS**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**From inception on 12 July 2023 to 31 December 2023**

	<b>Note</b>	<b>2023 MVR</b>
<b>Income</b>		
Donations	3	4,997,532
		<b>4,997,532</b>
<b>Less: Expenditure</b>		
Transports charges		1,235,438
Campaign expenses		1,634,506
Rent expenses		340,000
Salaries and wages		372,300
Printing charges		314,171
Food and accomodations		204,740
Materials and supplies		280,475
Media and Subscription		280,106
Audit fee		93,324
Call center		99,124
Sound and lighth setup		56,600
Stationaries		29,444
Candidates deposit fee		6,000
Electricity charges		25,970
Hall hire charges		7,328
Internet and telephone charges		61,066
Office expenses		10,723
Depreciation		111
		<b>5,051,425</b>
<b>Deficit for the period</b>		<b>(53,893)</b>

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



**THE DEMOCRATS**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2023**

	<b>Note</b>	<b>2023 MVR</b>
<b>Assets</b>		
<b>Non - current assets</b>		
Property plant and equipment	4	15,479
		<b>15,479</b>
<b>Current assets</b>		
Cash and cash equivalent	5	40,917
		<b>40,917</b>
<b>Total assets</b>		<b>56,396</b>
<b>Accumulated fund and liabilities</b>		
<b>Accumulated funds</b>		
Accumulated deficit		(53,893)
		<b>(53,893)</b>
<b>Current liabilities</b>		
Payables and accrued expenses	6	110,289
		<b>110,289</b>
<b>Total liabilities and funds</b>		<b>56,396</b>

The Executive Council is responsible for these financial statements.

Signed for and on behalf of the Executive Council by,



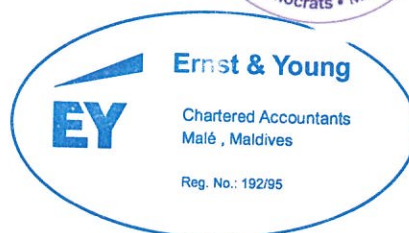
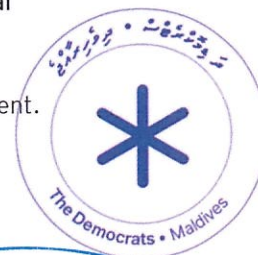
Hassan Latheef  
President



Ali Razzan  
Secretary General

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

17 September 2024  
Male'



**THE DEMOCRATS**  
**STATEMENT OF ACCUMULATED FUNDS**  
**From inception on 12 July 2023 to 31 December 2023**

	<b>Total MVR</b>
Deficit for the period	(53,893)
<b>Accumulated deficit as at 31 December 2023</b>	<b>(53,893)</b>

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



**THE DEMOCRATS**  
**STATEMENT OF CASH FLOWS**  
From inception on 12 July 2023 to 31 December 2023

	<b>Note</b>	<b>2023 MVR</b>
<b>Operating activities</b>		
Deficit for the period		(53,893)
		<b>(53,893)</b>
Depreciation		111
<b>Non-cash adjustments</b>		
Increase in payables	6	110,289
<b>Cash flows used in operating activities</b>		<b>56,507</b>
<b>Investing activities</b>		
Acquisition of plant and equipment		(15,590)
<b>Net cash flows used in investing activities</b>		<b>40,917</b>
<b>Net increase in cash and cash equivalents</b>		<b>40,917</b>
<b>Cash and cash equivalents at 31 December</b>	5	<b>40,917</b>

The accounting policies form an integral part of the financial statement.





**The Democrats**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**From Inception on 12<sup>th</sup> July 2023 to 31 December 2023**

**1.0 Party information**

**1.1 General**

The Democrats 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 through donations. The Party was incorporated on 12<sup>th</sup> July 2023.

**1.2 Date of authorization for issue**

The financial statements of the Democrats for the year ended 31 December 2023 were authorized for issue dated 17 September 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**

There are no comparative information available since the Party was incorporated on 12 July 2023.

**2.4 Going concern**

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

**2.5 Summary of other 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 affected. 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.



**The Democrats**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**From Inception on 12<sup>th</sup> July 2023 to 31 December 2023**

**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.

Office equipment	20%
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**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. Income is recognised at the point of cash received from the members of the Party.

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.



**THE DEMOCRATS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**From inception on 12 July 2023 to 31 December 2023**

	<b>2023</b>
<b>3 Donations</b>	<b>MVR</b>
<u>Donation received from Companies:</u>	
HANDY SOLUTIONS PRIVATE LIMITED	5,000
<u>Donation received from individuals:</u>	
ADAM IBRAHIM	500
AHMED AZHEEM ADAM	5,000
AHMED IHUTHISAAM	5
AHMED MAUSOOM	750,000
AHMED NAJAH	100,000
AHMED SABAH	200,000
AHMED SHAHID	638,500
AHMED ZAHIR	10,000
AHMED ZAREER	20,000
AISHATH JENNIFER	200,000
ALI AZIM	100,000
AYESHA MANIKE	60,000
FATHMATH SUAD	2,000
FAYAZ MANSOOR	1,500
HASSAN LATHEEF	305,000
HASSAN SHAZLY	50,303
HUSEN AMRU MOHAMED RASHAD	49,500
HUSSAIN SHAMIN	500
IBRAHIM AMIR	1,000
IBRAHIM ASHRAF	500
IBRAHIM MOHAMED	500
IBRAHIM NASEEM RIZA	1,000
ILYAS LABEEB	487,000
ISMAIL NOORDEEN	30,000
ISMAIL SHAFEEU	500,000
MARIYAM NAFEESA	2000
MARIYAM WAHEEDA	500
MARYAM NAZIMA MOHAMED FAIZ	1,000
MOHAMED LOOTH FAUZY	1
MOHAMED MUMTHAZ	5,000
MOHAMED SHAANIZ	555
MOHAMED SHAAZ	500,000
Mohamed Shifaz	391,000
MOHAMED SHUHAIL	1,000
MOHAMED ZULAAL	1,000
MUFEEED ABDULLA	10,000
SHAFEEA ZUBAIR	10,000
SHAFFAAN MOHAMED SHAFEEG	1
THOHA RAFEEU	550,000
ZEENAD ABDUL WAHID	5,000
AHMED SHAHID	2,159
HASSAN SHAZLY	509
<b>Total Donations</b>	<b>4,997,532</b>

**THE DEMOCRATS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
From inception on 12 July 2023 to 31 December 2023

<b>4</b>	<b>Property, plant and equipment</b>		<b>Balance as at</b>
	<b>At cost</b>	<b>Additions</b>	<b>31.12.2023</b>
		<b>MVR</b>	<b>MVR</b>
	Office equipment	15,590	15,590
		<b>15,590</b>	<b>15,590</b>
	<b>Depreciation</b>	<b>Charge for the</b>	<b>Balance as at</b>
		<b>period</b>	<b>31.12.2023</b>
		<b>MVR</b>	<b>MVR</b>
	Office equipment	111	111
		<b>111</b>	<b>111</b>
	<b>Net book value</b>		<b>15,479</b>
<b>5</b>	<b>Cash and cash equivalents</b>		
	Cash at bank		40,917
			<b>40,917</b>
<b>6</b>	<b>Payables and accrued expenses</b>		
	Accrued expenses		110,289
			<b>110,289</b>
<b>7</b>	<b>Capital commitments and contingent liabilities</b>		
	The Party had no significant capital commitments or contingent liabilities as at 31 December 2023.		
<b>8</b>	<b>Events occurring after the reporting period</b>		
	There have been no material events occurring after the reporting period that require adjustments to or disclosure in the financial statements.		

