



TRANSPARENCY MALDIVES

Audited Financial Statements for the period ended
31st December 2017

Partnership Registration # P-0006/2013

AGO Registration # F0002

MIRA Auditor Registration # AF1011A



MHPA

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MIRA audit firm category: A

PARTNERS

Rifaath Jaleel, CPA
Mohamed Amir, BBA, MBA

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DESIGNS BY: LAM'AAN MOHAMED

27th June 2018

Our Ref. MHPA/55-A/2018

Independent Auditor's Report

To the Members of the Board

We have audited the financial statements of Transparency Maldives (NGO) which comprise the statement of financial position as at 31st December 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

Basis of Opinion

We conducted our audit in accordance with International Standards of Auditing. 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 NGO in accordance with the international Ethics Standards Board for Accountants' Code of Ethics together with the ethical requirements that are relevant to our audit of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the attached financial statements give a true and fair view, in all material respects, of the state of affairs of Transparency Maldives as at 31st December 2017 and, of the results of its operations and its Cash Flows for the period 1st January 2017 to 31st December 2017 in accordance with International Financial Reporting Standard.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error. Management is responsible for assessing the NGO's ability to continue as a going concern. Those charged with governance are responsible for overseeing the NGO's financial reporting process.

Auditors Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements 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 will always detect a material misstatement when it exists.

As part of an audit we exercise professional judgment and maintain professional skepticism throughout. We also:

- Design and perform audit procedures to respond to risks of material misstatement and to obtain audit evidence that is sufficient to provide a basis for our opinion.
- Obtain an understanding of internal control in order to design procedures appropriate to the circumstances.
- Evaluate the appropriateness of the accounting policies used and the accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern. Our conclusions are based on evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NGO to cease to be a going concern.
- Evaluate the overall presentation, structure and content of the financial statements.
- Obtain sufficient appropriate audit evidence to express an opinion on the financial statements.

Yours faithfully,



Rifaath Jaleel, CPA

Registration No: I0006

MHPA LLP

Chartered Accountants & CPAs



27th June 2018

Our Ref. MHPA/55-A/2018

Independent Auditor's Report on Other Legal and Regulatory Requirements

To the executive committee of Transparency Maldives (NGO).

We have audited the financial statements of Transparency Maldives for the year ending 31 December 2017, which comprises of the Statement of Financial Position as at December 31, 2017 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and notes to the financial statements, including summary of significant accounting policies and have issued our report dated 24th June 2018.

Purpose of this report

This report is made solely to express an opinion on the matters specified as per MIRA in their tax ruling no. TR-2018/B63 section 15 (dated 5th April 2018) and therefore should not be distributed or used for any other purposes.

Internal controls over financial reporting

We conducted an audit of the financial statements of the NGO in accordance with the International Standards on Auditing (ISAs). The ISAs requires us to understand and evaluate the internal controls over financial reporting for the purposes of risk assessment and design of the appropriate audit procedures, in order to express an opinion over the financial statements. During the period of our audit we have not found any evidence to indicate that the internal controls of the NGO over its financial reporting are inadequate.

Adequate records as required under section 27 of the Tax Administration Act (Law Number 3/2010) and section 16(g) and (h) of the Regulation

In our audit of the financial statements we were required to inspect and refer to the information and data in the relevant records maintained by the NGO in order to express an opinion over the financial statements. We have not found any evidence to indicate that the NGO has not maintained adequate records as required under section 27 of the Tax Administration Act (Law Number 3/2010 and section 16(g) and (h) of the Regulation, for the financial period 01st January 2017 to 31st December 2017

Management's responsibility for the financial statements & internal controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement





whether due to fraud or error. Those charged with governance are responsible for overseeing the NGO's financial reporting process.

Yours faithfully,



Rifaath Jaleel, CPA

Registration No: I0006

MHPA LLP

Chartered Accountants & CPAs



TRANSPARENCY MALDIVES

Financial Statements - 31 December 2017

Statement of Financial Position

(All Amounts in United States Dollars Unless Otherwise Stated)

	Notes	31 December 2017	31 December 2016
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	3	3,592	2,694
		<u>3,592</u>	<u>2,694</u>
Current Assets			
Receivables	5	4,649	82,362
Cash & Cash Equivalents	4	195,672	1,287
		<u>200,321</u>	<u>83,650</u>
Total Assets		<u>203,913</u>	<u>86,344</u>
EQUITY & LIABILITIES			
Capital & Reserves			
Retained Earnings		203,165	84,001
		<u>203,165</u>	<u>84,001</u>
Current Liabilities			
Payables	6	748	2,343
		<u>748</u>	<u>2,343</u>
Total Equity & Liabilities		<u>203,913</u>	<u>86,344</u>

These financial statements were approved by the Executive Committee as per all pertinent laws,

regulations, and by-laws on 26 June 2018.


.....
Hussain Siraj
Chairperson


.....
Mohamed Inaz
Financial Controller

The notes on pages 5 to 12 are an integral part of these financial statements



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2017

Statement of Comprehensive Income

(All Amounts in United States Dollars Unless Otherwise Stated)

	Notes	31 December 2017	31 December 2016
Income	7	550,004	445,687
Cost of Sales		-	-
Gross Profit		550,004	445,687
Operating and Administrative Expenses	8	(421,723)	(375,671)
Net Operating Income		128,282	70,015
Finance Income	9	2,659	5,965
Net Income		130,940	75,981

The notes on pages 5 to 12 are an integral part of these financial statements



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2017

Statement of Changes in Equity

(All Amounts in United States Dollars Unless Otherwise Stated)

	Retained Earnings	Total
Balance at 1 January 2016	8,020	8,020
Profit for the Year	75,981	75,981
Balance at 31 December 2016	<u>84,001</u>	<u>84,001</u>
Balance at 1 January 2017	84,001	84,001
Profit for the Year	130,940	130,940
Prior Year Adjustments	<u>(11,776)</u>	<u>(11,776)</u>
Balance at 31 December 2017	<u>203,165</u>	<u>203,165</u>

The notes on pages 5 to 12 are an integral part of these financial statements



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2017

Statement of Cash Flows

(All Amounts in United States Dollars Unless Otherwise Stated)

	Notes	31 December 2017	31 December 2016
Operating Activities			
Profit / (Loss) for the year		130,940	75,981
Adjustments for:			
Depreciation (Note 3)	3	2,014	1,188
Finance Income	9	(2,659)	(5,965)
		130,296	71,204
Changes in Working Capital			
Receivables	5	77,714	(82,362)
Payables	6	(1,594)	2,343
Cash Used in Operations		206,415	(8,816)
Investing Activities			
Purchase of Property, Plant & Equipment	3	(4,323)	1,084
Disposal of Property, Plant & Equipment		1,411	-
Prior Year Adjustments		(11,776)	
Net Cash used in Investing Activities		(14,689)	1,084
Financing Activities			
Finance Income	9	2,659	5,965
Net Cash Generated (Used in) Financing Activities		2,659	5,965
Increase / (Decrease) in Cash and Cash Equivalents		194,384	(1,766)
Movement in cash and cash equivalents			
At Start of the Year		1,287	3,054
Increase / (Decrease)		194,384	(1,766)
At End of the Year	4	195,672	1,287

The notes on pages 5 to 12 are an integral part of these financial statements



TRANSPARENCY MALDIVES

Financial Statements - 31 December 2017

Notes to the Financial Statements

1 General Information

These financial statements relate to TRANSPARENCY MALDIVES, a non profit organisation, for the year 2017. The principal activities of the organisation are to promote, collaborate, initiate good governance and eliminate corruption from the daily lives of people. Transparency Maldives is the National Contact of Transparency International (TI) in the Maldives. It aims to be a constructive force in the Maldives by working with all sectors, including government, media, business, and other NGOs.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of Preparation

The financial statements of Transparency Maldives have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention.

2.2 Foreign currency translation

Foreign currency transactions are translated at the exchange rates prevailing at the date of the transactions; at balance sheet date monetary assets and liabilities are translated at the exchange rates then prevailing; gains and losses resulting from the settlement of such transactions are recognized in the income statement.

2.3 Property, Plant & Equipment

Property, plant and equipment is stated at historical cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Office Equipment	3 years
Furniture and Fittings	5 years
Software & Licenses	3 years

Notes to the Financial Statements

2.4 Receivables

Receivables are stated at the amounts they are estimated to realize net of provisions for bad debts, doubtful debts and deductions for any supplier credits.

2.5 Cash & Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.6 Provisions

Provisions are recognised when: the reporting entity has a present legal or constructive obligation as a result of past events; it is possible that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.7 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the reporting entity and the revenue and associated costs incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or net of trade discounts.

a) Sales of goods

Sales are recognised upon delivery of products or customer acceptance, if any, net of discounts.

b) Provision of services

Revenue from rendering services is to be recognized in the accounting period in which the services are rendered or performed.

2.8 Expenditure Recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the organisation and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

TRANSPARENCY MALDIVES
Financial Statements - 31 December 2017

3 Property, Plant & Equipment

(All Amounts in United States Dollars Unless Otherwise Stated)

	Office Equipment	Software & Licenses	Furniture and Fittings	Total
Year Ended 31 December 2016				
Opening Net Book Amount	953		-	953
Additions	1,845		1,084	2,929
Disposals	-			-
Current Year Depreciation Charge	(917)		(271)	(1,188)
Closing Net Book Amount	<u>1,881</u>	<u>-</u>	<u>813</u>	<u>2,694</u>
As at 31 December 2016				
Cost	3,669		1,084	4,754
Accumulated Depreciation	(1,789)		(271)	(2,060)
Net Book Amount	<u>1,881</u>	<u>-</u>	<u>813</u>	<u>2,694</u>
Year Ended 31 December 2017				
Opening Net Book Amount	1,881		813	2,694
Additions	3,352	971		4,323
Disposals				-
Adjustments to Cost	(872)		(539)	(1,411)
Current Year Depreciation Charge	(1,622)	(324)	(69)	(2,014)
Closing Net Book Amount	<u>2,739</u>	<u>647</u>	<u>206</u>	<u>3,592</u>
As at 31 December 2017				
Cost	11,979	971	343	13,293
Accumulated Depreciation	(9,240)	(324)	(137)	(9,700)
Net Book Amount	<u>2,739</u>	<u>647</u>	<u>206</u>	<u>3,592</u>

TRANSPARENCY MALDIVES
Financial Statements - 31 December 2017

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

4 Cash & Cash Equivalents

	2017	2016
TM-USD-20201	192,759	(1,371)
TM-MVR-20206	2,512	2,750
07 · BML - MVR	402	
Cash in hand	(0)	(92)
	<u>195,672</u>	<u>1,287</u>

5 Receivables

	2017	2016
Receivable from Donor		80,066
Receivable from Project Staff		429
Cash Advances		98
Advance Rent Deposit		1,769
Security Deposits Asset	4,649	
	<u>4,649</u>	<u>82,362</u>

6 Payables

	2017	2016
Account Payables	748	1,323
Accrued Expenses		1,020
	<u>748</u>	<u>2,343</u>

7 Income

7.1 Income from Grants and Contracts

	2017	2016
Multilateral Institutions		3,243
Other NGOs, Institutes	3,965	
Foundations and Trusts	4,746	38,069
Gov't, Embassies, Commissions	161,396	281,622
Transparency Int'l. Secretariat	363,240	117,442
	<u>533,347</u>	<u>440,375</u>

7.2 Direct Public Support

	2017	2016
Gifts in kind	5,453	-
	<u>5,453</u>	<u>-</u>

TRANSPARENCY MALDIVES
Financial Statements - 31 December 2017

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

7.3 Other Income

	2017	2016
Individual & Business Contributions	370	458
Paid Consultancies, Fees, etc.	1,540	4,004
Miscellaneous Revenue		7
Travel Reimbursements	4,926	126
Invigilation Fees	229	503
Membership Fees	92	128
Sale of Donor Assets	229	85
Service Revenue	3,818	
	<u>11,205</u>	<u>5,311</u>

8 Operating and Administrative Expenses

		2017	2016
Operating Expenses	8.1	65,081	53,780
Program Expenses	8.2	74,168	87,529
Contract Services	8.3	28,664	37,775
Personnel Expenses	8.4	251,548	195,176
Other Expenses	8.5	2,262	1,412
		<u>421,723</u>	<u>375,671</u>

8.1 Operating Expenses

	2017	2016
Office Rent	26,309	21,727
Utilities	2,285	1,314
Property Insurance	459	
Communication	2,670	5,235
Printing & Copying	8,384	8,354
Office & Computer Supplies	4,153	7,149
Repairs and Maintenance	3,183	724
Housekeeping Services	49	
Advertising & Recruitment		239
Postage and Mailing Expense	135	260
International Travel Expenses	13,734	6,120
Transportation Costs	23	49
Depreciation	2,014	1,188
Audit Fees	1,060	954
Bank Charges	624	466
	<u>65,081</u>	<u>53,780</u>

TRANSPARENCY MALDIVES
Financial Statements - 31 December 2017

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

8.2 Program Expenses

	2017	2016
Training and Workshop	43,310	61,833
Conference, Convention and Meeting Expenses	23,963	17,225
Election Observation	1,564	
Local Events		7,821
Community Visits	1,195	333
Project Audit Fees	318	318
Indirect Costs	3,197	
Oversight Costs	621	
	<u>74,168</u>	<u>87,529</u>

8.3 Contract Services

	2017	2016
Outside Contract Services	28,664	37,775
	<u>28,664</u>	<u>37,775</u>

8.4 Personnel Expenses

	2017	2016
Salaries & Wages	236,375	182,784
Pension Contributions	12,142	10,658
Ramazan Bonus	3,030	1,734
	<u>251,548</u>	<u>195,176</u>

8.5 Other Expenses

	2017	2016
Miscellaneous Expenses	2,262	285
Moving Expenses		1,127
	<u>2,262</u>	<u>1,412</u>

9 Finance Income

	2017	2016
Foreign Exchange Gain	2,659	5,965
	<u>2,659</u>	<u>5,965</u>

10 Contingencies

Contingent Liabilities

There are no material contingent liabilities at the balance sheet date.

Contingent Assets

There are no material contingent assets recognized at the balance sheet date.



Notes to the Financial Statements**A Events After Reporting Period**

There have been no material events occurring after the reporting period that requires adjustments to or disclosure in the financial statements.

B Financial Risk Management Objectives and Policies

The reporting entity's principal financial instruments comprise of account receivables and payables.

The main risks arising from the reporting entity's financial instruments are foreign currency risk, credit risk and liquidity risk. The executive board review and agree policies for managing each of these risks and they are summarized below.

i) Foreign Currency Risk

The reporting entity has transactional currency exposures. Such exposures arise from donor grants and purchase in currencies other than the entity's functional currency.

The reporting entity is exposed to currency risks primarily from donor grants receivables that are dominated in United States Dollars (USD). The organisation has no specific policy to deal with the foreign currency risks associated with exchange.

The following significant exchange rates were applied during the year.

1 US\$: Maldivian Rufiyaa

2017

15.28

ii) Credit Risk

Credit risk is the risk that a donor in a transaction may default. The reporting entity's exposure to credit risk is the receivable balances from the donor at the end of the reporting period.

The credit risk of the reporting entity's other financial assets, which comprises the cash and bank balances with a maximum exposure equal to the carrying amounts of these instruments.

iii) Interest rate risk

Interest rate risk is the risk of loss arising from the changes in interest rates. Interest rate risk mainly arises from financial instruments with floating interest rates. The reporting entity had no major financial assets or liabilities with floating interest rates at the end of the reporting period.

iv) Liquidity Risk

Liquidity risk is the risk that the reporting entity may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

The reporting entity monitors its risk to a shortage of funds through management observation. The maturity profile of the reporting entity's financial liabilities as at the end of the reporting period, based on the contracted undiscounted payments, was as follows:

Less than 12 months

Payable	748
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Over 1 Year

Amounts due	-
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TOTAL

	<hr/> <hr/>
	748

About MHPA

MHPA is an Auditor General's Office licensed and MIRA Approved 'A' Category Audit firm registered in the Republic of Maldives providing audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. Initially registered in 2008, MHPA was the first 100% Maldivian owned and operated professional audit firm with qualified professionals to offer specialized professional assurance and advisory services such as Internal Audits, External Audits, Valuation Services, Feasibility Studies and Due Diligence Services to the micro, small and medium sized business enterprises in the country.

MHPA is a firm with a DIFFERENCE. We pride ourselves in knowing exactly what businesses want and need for successful growth. Our trained professional staff keeps up to date with the latest information in legislation, business management practices and technology so your business can be kept fully informed. A one-stop solution for all your financial requirements, MHPA is an extension of your business and that's what makes the difference. With international affiliations, MHPA brings world-class capabilities and deep local expertise to help clients succeed wherever they operate.

MHPA's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from each other. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. MHPA's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

Our people are based throughout Maldives serving clients that range from Maldives' largest companies to smaller businesses with ambition to grow.

MHPA's experts draw on best practice and innovative methodologies from around the world. A long track record and a wealth of international research into the needs of growing organisations has made MHPA one of the country's leading advisor to emerging businesses. For more information about MHPA LLP, visit our website www.mhpa-online.com

Our representative offices are in:

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