

TRANSPARENCY MALDIVES

Audited Financial Statements for the year ended
31st December 2018



MHPA

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Category 'A' auditor

PARTNERS

Rifaath Jaleel, CPA
Mohamed Shifau Ibrahim, ACCA

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Partnership Registration #: P-0006/2013 | AGO Registration #: F0002 | MIRA Auditor Registration #: AF1011A

DESIGNS BY: LAM'AAN MOHAMED

June 29, 2019

Our Ref. MHPA-95-A/2019

INDEPENDENT AUDITOR'S REPORT

To the members of the board of Transparency Maldives,

Opinion

We have audited the financial statements of Transparency Maldives (NGO), which comprise the statement of financial position as at December 31, 2018, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NGO as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of 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 NGO in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled other ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the NGO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the NGO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the NGO's financial reporting process.

Auditors Responsibility for the Audit of the Financial Statements

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. Misstatements can arise from fraud or error and are considered material if, individually or on the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 NGO's internal control.
- Conclude on the appropriateness of management'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 NGO'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 NGO to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance 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.



Rifaath Jaleel, CPA

Registration No: I0006

MHPA LLP

Chartered Accountants & CPAs



MALDIVES BUSINESS AWARDS 2018
EXCELLENCE IN PROFESSIONAL SERVICES

29th June 2019

Our Ref. MHPA-95-A/2019

Independent Auditor's Report on Other Legal and Regulatory Requirements

To the members of the board of Transparency Maldives (NGO),

We have audited the financial statements of Transparency Maldives for the year ending 31 December 2018, which comprises of the Statement of Financial Position as at December 31, 2018 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 29th June 2019.

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 company 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 company 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 company in order to express an opinion over the financial statements. We have not found any evidence to indicate that the company 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 2018 to 31st December 2018.

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 company's financial reporting process.



Rifaath Jaleel, CPA

Registration No: I0006

MHPA LLP

Chartered Accountants & CPAs



MALDIVES BUSINESS AWARDS 2018
EXCELLENCE IN PROFESSIONAL SERVICES

TRANSPARENCY MALDIVES
Financial Statements - 31 December 2018

Statement of Financial Position

(All Amounts in United States Dollars Unless Otherwise Stated)

	Notes	31 December 2018	31 December 2017
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	3	6,242	3,592
		<u>6,242</u>	<u>3,592</u>
Current Assets			
Prepaid Expenses		7,690	-
Receivables	5	66,496	4,649
Cash & Cash Equivalents	4	163,603	195,672
		<u>237,789</u>	<u>200,321</u>
Total Assets		<u>244,031</u>	<u>203,913</u>
EQUITY & LIABILITIES			
Capital & Reserves			
Retained Earnings		203,830	203,165
		<u>203,830</u>	<u>203,165</u>
Current Liabilities			
Payables	6	40,201	748
		<u>40,201</u>	<u>748</u>
Total Equity & Liabilities		<u>244,031</u>	<u>203,913</u>

These financial statements were approved by the Executive Committee as per all pertinent laws, regulations, and by-laws on 30 June 2019.



Najiya Hameed
Acting Chairperson



Mohamed Inaz
Financial Controller

The notes on pages 5 to 13 are an integral part of these financial statements



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2018

Statement of Comprehensive Income

(All Amounts in United States Dollars Unless Otherwise Stated)

	Notes	31 December 2018	31 December 2017
Income	7	558,087	550,004
Cost of Sales		-	-
Gross Profit		558,087	550,004
Operating and Administrative Expenses	8	(519,953)	(421,723)
Net Operating Income		38,134	128,281
Finance Income	9	-	2,659
Net Income		38,134	130,940

The notes on pages 5 to 13 are an integral part of these financial statements



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2018

Statement of Changes in Equity

(All Amounts in United States Dollars Unless Otherwise Stated)

	Retained Earnings	Total
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>
Balance at 1 January 2018	203,165	203,165
Profit for the Year	38,134	38,134
Prior Year Adjustments	<u>(37,469)</u>	<u>(37,469)</u>
Balance at 31 December 2018	<u>203,830</u>	<u>203,830</u>

The notes on pages 5 to 13 are an integral part of these financial statements

TRANSPARENCY MALDIVES
Financial Statements - 31 December 2018

Statement of Cash Flows

(All Amounts in United States Dollars Unless Otherwise Stated)

	Notes	31 December 2018	31 December 2017
Operating Activities			
Profit / (Loss) for the year		38,134	130,940
Adjustments for:			
Depreciation (Note 3)	3	4,346	2,014
Finance Income	9	-	(2,659)
		42,480	130,295
Changes in Working Capital			
Receivables	5	(61,847)	77,714
Payables	6	39,453	(1,594)
Cash Used in Operations		20,086	206,415
Investing Activities			
Purchase of Property, Plant & Equipment	3	(6,995)	(4,323)
Disposal of Property, Plant & Equipment			1,411
Prior Year Adjustments		(37,469)	(11,776)
Net Cash used in Investing Activities		(44,464)	(14,689)
Financing Activities			
Finance Income	9	-	2,659
Net Cash Generated (Used in) Financing Activities		-	2,659
Increase / (Decrease) in Cash and Cash Equivalents		(24,378)	194,385
Movement in cash and cash equivalents			
At Start of the Year		195,672	1,287
Increase / (Decrease)		(24,378)	194,385
At End of the Year	4	171,294	195,672

The notes on pages 5 to 13 are an integral part of these financial statements

TRANSPARENCY MALDIVES

Financial Statements - 31 December 2018

Notes to the Financial Statements

1 General Information

These financial statements relate to TRANSPARENCY MALDIVES, a non profit organisation, for the year 2018. 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 Chapter 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 2018

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 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>
Year Ended 31 December 2018				
Opening Net Book Amount	2,739	647	206	3,592
Additions	6,995	-	-	6,995
Disposals				-
Adjustments to Cost	-		-	-
Current Year Depreciation Charge	(3,954)	(324)	(69)	(4,346)
Closing Net Book Amount	<u>5,781</u>	<u>324</u>	<u>137</u>	<u>6,242</u>
As at 31 December 2018				
Cost	18,974	971	343	20,288
Accumulated Depreciation	(13,193)	(647)	(206)	(14,046)
Net Book Amount	<u>5,781</u>	<u>324</u>	<u>137</u>	<u>6,242</u>

TRANSPARENCY MALDIVES
Financial Statements - 31 December 2018

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

4 Cash & Cash Equivalents

	2018	2017
TM-USD-20201	135,100	192,759
TM-MVR-20206	28,061	2,512
07 · BML - MVR	442	402
Cash in hand	-	-
	<u>163,603</u>	<u>195,672</u>

5 Receivables

	2018	2017
Receivable from Donor	63,418	-
Receivable from Project Staff	-	-
Cash Advances	-	-
Advance Rent Deposit	-	-
Security Deposits Asset	3,078	4,649
	<u>66,496</u>	<u>4,649</u>

6 Payables

	2018	2017
Account Payables	40,201	748
Accrued Expenses	-	-
	<u>40,201</u>	<u>748</u>

7 Income

7.1 Income from Grants and Contracts

	2018	2017
Multilateral Institutions	17,710	-
Other NGOs, Institutes	17,081	3,965
Foundations and Trusts	-	4,746
Gov't, Embassies, Commissions	214,285	161,396
Transparency Int'l. Secretariat	302,899	363,240
	<u>551,975</u>	<u>533,347</u>

7.2 Direct Public Support

	2018	2017
Gifts in kind	-	-
	-	5,453
	<u>-</u>	<u>5,453</u>

TRANSPARENCY MALDIVES
Financial Statements - 31 December 2018

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

7.3 Other Income

	2018	2017
Individual & Business Contributions	-	370
Paid Consultancies, Fees, etc.	-	1,540
Miscellaneous Revenue	-	-
Travel Reimbursements	3,677	4,926
Invigilation Fees	196	229
Membership Fees	40	92
Sale of Donor Assets	-	229
Service Revenue	-	3,818
Foreign Exchange Gain	2,199	-
	<u>6,112</u>	<u>11,205</u>

8 Operating and Administrative Expenses

	2018	2017
Operating Expenses	8.1 21,576	65,081
Program Expenses	8.2 187,673	74,168
Contract Services	8.3 67,406	28,664
Personnel Expenses	8.4 243,298	251,548
Other Expenses	8.5 -	2,262
	<u>519,953</u>	<u>421,723</u>

8.1 Operating Expenses

	2018	2017
Office Rent	4,898	26,309
Utilities	(1)	2,285
Property Insurance	-	459
Communication	479	2,670
Printing & Copying	36	8,384
Office & Computer Supplies	1,187	4,153
Repairs and Maintenance	(18)	3,183
Housekeeping Services	593	49
Postage and Mailing Expense	136	135
Transportation Costs	8	23
Audit Fees	1,272	1,060
Bank Charges	290	624
Conference, Convention and Meeting Expenses	97	-
International Travel	4,435	13,734
Indirect Cost	3,818	-
Depreciation	4,346	2,014
	<u>21,576</u>	<u>65,081</u>

TRANSPARENCY MALDIVES
Financial Statements - 31 December 2018

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

8.2 Program Expenses

	2018	2017
Office Rent	18,912	-
Utilities	4,968	-
Property Insurance	-	-
Communication	2,755	-
Printing & Copying	3,633	-
Office & Computer Supplies	2,215	-
Repairs and Maintenance	620	-
Housekeeping Services	676	-
Postage and Mailing Expense	-	-
Transportation Costs	5	-
Bank Charges	125	-
Training and Workshop	61,268	43,310
Conference, Convention and Meeting Expenses	60,619	23,963
Election Observation	34,649	1,564
Community Visits	1,047	1,195
Project Audit Fees	-	318
Indirect Costs	(3,197)	3,197
Oversight Costs	(621)	621
	<u>187,673</u>	<u>74,168</u>

8.3 Contract Services

	2018	2017
Outside Contract Services	67,406	28,664
	<u>67,406</u>	<u>28,664</u>

8.4 Personnel Expenses

	2018	2017
Salaries & Wages	229,287	236,375
Pension Contributions	11,655	12,142
Ramazan Bonus	2,356	3,030
	<u>243,298</u>	<u>251,548</u>

8.5 Other Expenses

	2018	2017
Miscellaneous Expenses	-	2,262
Moving Expenses	-	-
	<u>-</u>	<u>2,262</u>

9 Finance Income

	2018	2017
Foreign Exchange Gain	-	2,659
	<u>-</u>	<u>2,659</u>

TRANSPARENCY MALDIVES
Financial Statements - 31 December 2018

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

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.

	2018
1 US\$: Maldivian Rufiyaa	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:

<i>Less than 12 months</i>	2018
Trade & Other Payables	40,201
<i>Over 1 Year</i>	
Long-term Loan	-
<i>TOTAL</i>	40,201

