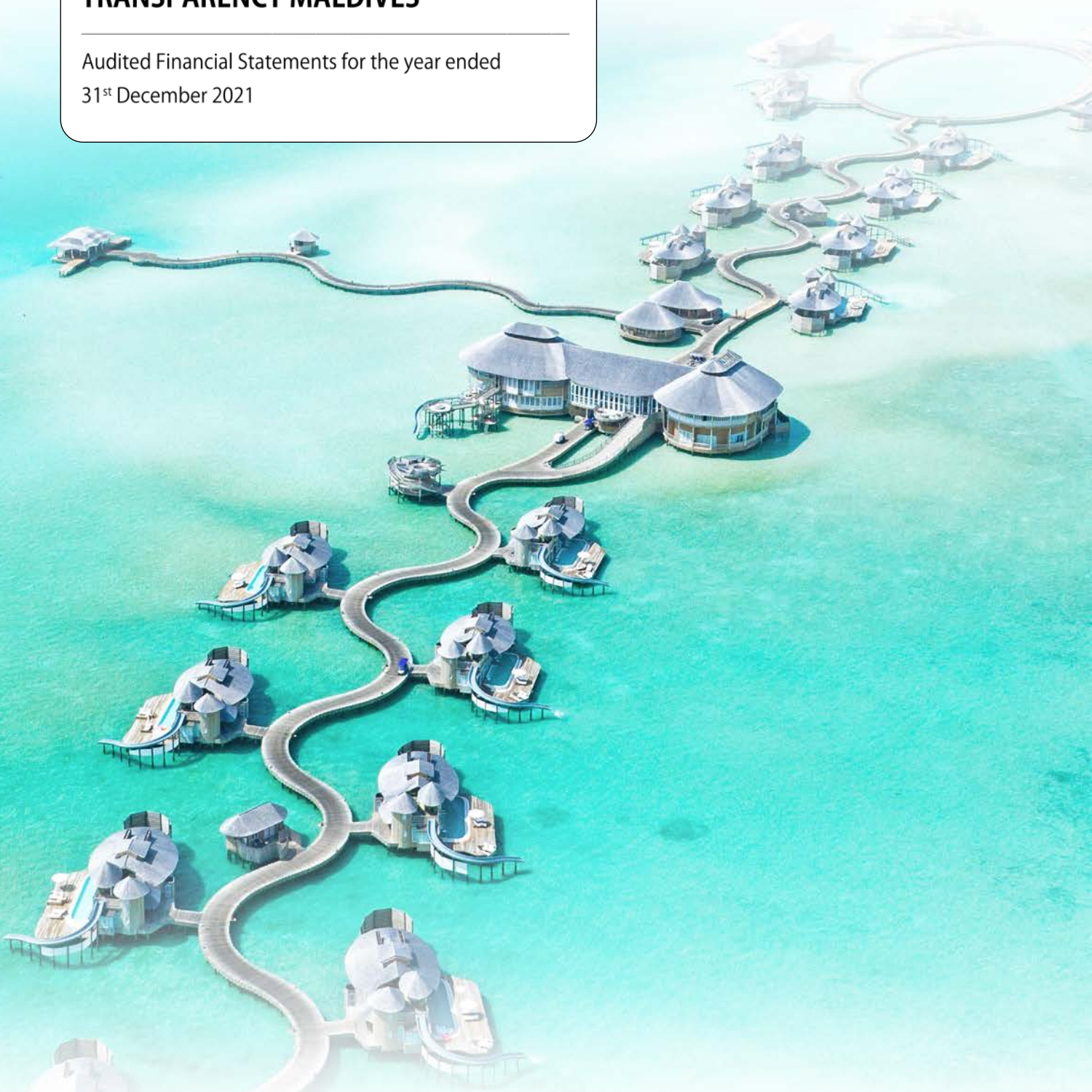


TRANSPARENCY MALDIVES

Audited Financial Statements for the year ended
31st December 2021



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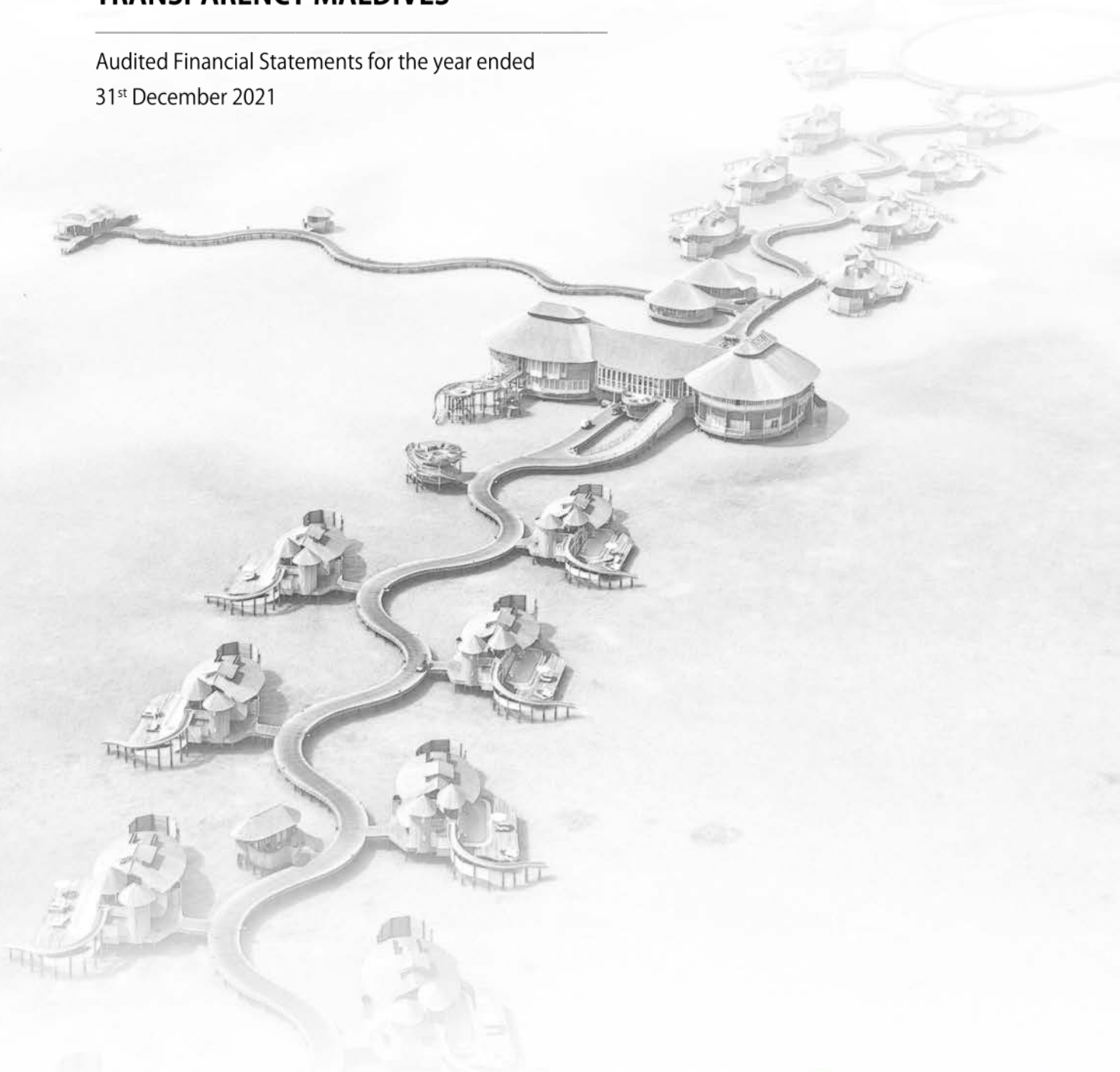
PARTNERS

Rifaath Jaleel, CPA
Shamoon Adam, ACCA
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TRANSPARENCY MALDIVES

Audited Financial Statements for the year ended
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GLOBAL - MEMBER FIRM

Partnership Registration #: P-T0006/2013

AGO Registration #: F0002

MIRA Auditor Registration #: FA0009

PHOTOGRAPH BY: ISHAN @SEEFROMTHESKY

DESIGNS BY: LAM'AAN MOHAMED @LAMAAN.DESIGN

June 5, 2022

MHPA-156-A/2021

INDEPENDENT AUDITOR'S REPORT

To the board of directors of Transparency Maldives,

Opinion

We have audited the financial statements of Transparency Maldives), which comprise the statement of financial position as at December 31, 2021, 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 organization as at December 31, 2021, 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 organization 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 organization'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 management either intends to liquidate the organization or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 in 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 judgment 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 organization'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 organization'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 organization 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, FCA
License No: ICAM-IL-DHD
MHPA LLP

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GLOBAL BUSINESS MAGAZINE
GLOBAL AWARDS WINNER 2020



MALDIVES BUSINESS AWARDS 2018
EXCELLENCE IN PROFESSIONAL SERVICES



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2021

Statement of Financial Position

(All Amounts in United States Dollars Unless Otherwise Stated)

	Notes	31 December 2021	31 December 2020
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	3	58,409	280
		<u>58,409</u>	<u>280</u>
Current Assets			
Prepaid Expenses	5	8,522	5,586
Receivables	7	100,203	103,581
Cash & Cash Equivalents	4	204,609	309,029
Advances & Deposits	6	8,800	28,141
		<u>322,134</u>	<u>446,337</u>
Total Assets		<u>380,543</u>	<u>446,617</u>
EQUITY & LIABILITIES			
Capital & Reserves			
Reserves		212,394	232,646
		<u>212,394</u>	<u>232,646</u>
Current Liabilities			
Payables	8	93,963	38,887
Deferred Income	11	74,186	175,084
		<u>168,149</u>	<u>213,971</u>
Total Equity & Liabilities		<u>380,543</u>	<u>446,617</u>

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

regulations, and by-laws on 01st June 2022

Ahd. Muizzu

.....
 Ahmed Muizzu
 Chairperson

Inaz Mohamed

.....
 Inaz Mohamed
 Financial Controller



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2021

Statement of Comprehensive Income

(All Amounts in United States Dollars Unless Otherwise Stated)

	Notes	31 December 2021	31 December 2020
Income	9	912,012	400,745
Total Operating Income		912,012	400,745
Operating and Administrative Expenses	10	(936,954)	(375,942)
Net Operating Income		(24,942)	24,803
Finance Income		-	-
Net Surplus / (Deficit)		(24,942)	24,803



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2021

Statement of Changes in Reserves

(All Amounts in United States Dollars Unless Otherwise Stated)

	Reserves	Total
Balance at 1 January 2020	207,843	207,843
Surplus / (Deficit) for the Year	24,803	24,803
Prior Year Adjustments	-	-
	<hr/>	<hr/>
Balance at 31 December 2020	232,646	232,646
	<hr/>	<hr/>
Balance at 1 January 2021	232,646	232,646
Surplus / (Deficit) for the Year	(24,942)	(24,942)
Prior Year Adjustments	4,690	4,690
	<hr/>	<hr/>
Balance at 31 December 2021	212,394	212,394
	<hr/>	<hr/>



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2021

Statement of Cash Flows

(All Amounts in United States Dollars Unless Otherwise Stated)

	Notes	<u>31 December</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
Operating Activities			
Surplus / (Deficit) for the year		(24,942)	24,803
Adjustments for:			
Depreciation (Note 3)	3	31,547	2,540
Accumulated Depreciation		-	-
		<u>6,605</u>	<u>27,343</u>
Changes in Working Capital			
Prepaid Expenses	5	(2,936)	(2,763)
Receivables	7	3,378	(14,828)
Advances & Deposits	6	19,341	(24,408)
Payables	8	55,076	4,192
Deferred Income	11	(100,898)	175,084
Cash Used in Operations		<u>(19,434)</u>	<u>164,620</u>
Investing Activities			
Purchase of Property, Plant & Equipment	3	(60,568)	(420)
Prior Year Adjustments		(24,416)	-
Net Cash used in Investing Activities		<u>(84,984)</u>	<u>(420)</u>
Increase / (Decrease) in Cash and Cash Equivalents		<u>(104,419)</u>	<u>164,200</u>
Movement in cash and cash equivalents			
At Start of the Year		309,029	144,829
Increase / (Decrease)		(104,419)	164,200
At End of the Year	4	<u>204,609</u>	<u>309,029</u>



TRANSPARENCY MALDIVES

Financial Statements - 31 December 2021

Notes to the Financial Statements

1 General Information

These financial statements relate to TRANSPARENCY MALDIVES, a non profit organisation, for the year 2021. 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



TRANSPARENCY MALDIVES

Financial Statements - 31 December 2021

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 2021

3 Property, Plant & Equipment

(All Amounts in United States Dollars Unless Otherwise Stated)

	<u>Office Equipment</u>	<u>Software & Licenses</u>	<u>Furniture and Fittings</u>	<u>Total</u>
Year Ended 31 December 2020				
Opening Net Book Amount	2,332	-	68	2,400
Additions	420	-	-	420
Current Year Depreciation Charge	(2,472)	-	(68)	(2,540)
Closing Net Book Amount	280	-	-	280
As at 31 December 2020				
Cost	19,394	971	343	20,708
Accumulated Depreciation	(19,114)	(971)	(343)	(20,428)
Net Book Amount	280	-	-	280
Year Ended 31 December 2021				
Opening Net Book Amount	280	-	-	280
Additions	46,638	4,038	9,892	60,568
Adjustments	-	-	29,107	29,107
Current Year Depreciation Charge	(22,009)	(1,669)	(7,868)	(31,547)
Closing Net Book Amount	24,910	2,368	31,131	58,409
As at 31 December 2021				
Cost	66,032	5,009	39,342	110,384
Accumulated Depreciation	(41,123)	(2,641)	(8,211)	(51,975)
Net Book Amount	24,910	2,368	31,131	58,409



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2021

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

4 Cash & Cash Equivalents

	2021	2020
SBI-USD-20201	184,004	290,164
SBI-MVR-20206	19,576	18,039
BML-MVR-50049	895	826
Petty Cash	134	-
	<u>204,609</u>	<u>309,029</u>

5 Prepaid Expenses

	2021	2020
Prepaid Expenses	8,522	5,586
	<u>8,522</u>	<u>5,586</u>

6 Advances & Deposits

	2021	2020
Bottle Deposits	-	68
Advance for Purchase of Asset	-	23,673
Security Deposits Asset	8,800	4,400
	<u>8,800</u>	<u>28,141</u>

7 Receivable from Donors

	2021	2020
PRIME - USAID	64,807	-
PFM - DAI	7,941	-
SIMD - IFES	41	-
STRONGG - TI	27,394	-
CLIMATE - TI	-	13,646
EU AC - TI	-	14,955
ANEV - CIPE	-	5,065
ESCO - USSD	-	18,442
BAARU - TI	-	50,671
Other receivables	20	802
	<u>100,203</u>	<u>103,581</u>

8 Payables

	2021	2020
Payables	93,963	38,874
Other Payables	-	13
	<u>93,963</u>	<u>38,887</u>



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2021

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

9 Income

9.1 Income from Grants and Contracts

	2021	2020
Multilateral Institutions (a)	19,063	25,310
Gov't, Embassies, Commissions (b)	804,799	242,247
Transparency Int'l. Secretariat (c)	86,320	128,393
	<u>910,182</u>	<u>395,950</u>

a *Multilateral Institutions*

	2021	2020
United Nations Development Programme (UNDP Maldives)	-	25,310
SIMD - IFES	19,063	-
	<u>19,063</u>	<u>25,310</u>

b *Gov't, Embassies, Commissions*

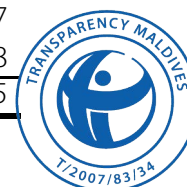
	2021	2020
US Agency for International Development	-	228,685
ANEV - CIPE	68,795	13,562
PRIME - USAID	677,736	-
LCE'22 - NDI	38,000	-
EPBI - CIPE	20,268	-
	<u>804,799</u>	<u>242,247</u>

c *Transparency Int'l. Secretariat*

	2021	2020
STRONGG	27,394	32,304
Climate	43,963	33,344
EU-AC	1,448	62,745
Baaru	2,360	-
GACC	742	-
SANCUS	10,414	-
	<u>86,320</u>	<u>128,393</u>

9.2 Other Income

	2021	2020
Paid Consultancies, Fees, etc.	-	3,500
Membership Fees	92	287
Foreign Exchange Gain	1,738	1,008
	<u>1,830</u>	<u>4,795</u>



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2021

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

10 Operating and Administrative Expenses

		2021	2020
Operating Expenses	10.1	130,794	9,281
Program Expenses	10.2	190,432	51,333
Contract Services	10.3	165,982	81,349
Personnel Expenses	10.4	449,746	233,979
		<u>936,954</u>	<u>375,942</u>

10.1 Operating Expenses

		2021	2020
Advertising & Recruitment		713	-
Office Rent		51,452	-
Utilities		1,879	-
Property Insurance		372	66
Communication		4,435	99
Printing & Copying		19,138	-
Office & Computer Supplies		4,738	85
Repairs and Maintenance		2,834	2,886
Housekeeping Services		1,257	-
Subscription Services		1,305	-
Transportation Costs		8,193	59
Audit Fees		1,240	750
Bank Charges		1,293	102
Freight & Courier		130	-
Legal Fees		5	-
Training and Workshop		-	172
International Travel		-	2,162
Depreciation		31,547	2,540
Other Expenses		263	360
		<u>130,794</u>	<u>9,281</u>



TRANSPARENCY MALDIVES
Financial Statements - 31 December 2021

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

10.2 Program Expenses

	2021	2020
Cash Awards & Grants	113,738	-
Office Rent	-	24,008
Utilities	-	1,463
Property Insurance	-	414
Communication	-	3,737
Office & Computer Supplies	-	881
Repairs and Maintenance	-	2,474
Housekeeping Services	-	1,500
Postage and Mailing Expense	-	463
Travel Expenses	17,509	-
Transportation Costs	-	1,052
Bank Charges	-	767
Training and Workshop	35,507	(1,125)
Conference, Convention and Meeting Expenses	4,487	14,027
Election Observation	7,968	-
Advertising & Recruitment	-	229
Other Expenses	11,223	1,443
	<u>190,432</u>	<u>51,333</u>

10.3 Contract Services

	2021	2020
Outside Contract Services	165,982	80,921
Legal Fees	-	428
	<u>165,982</u>	<u>81,349</u>

10.4 Personnel Expenses

	2021	2020
Salaries & Wages	417,265	217,956
Pension Contributions	24,227	11,781
Ramazan Bonus	5,681	2,186
Annual Leave Entitlement	2,573	2,056
	<u>449,746</u>	<u>233,979</u>



TRANSPARENCY MALDIVES

Financial Statements - 31 December 2021

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

11 Deferred Income

	2021	2020
Deferred Income	74,186	175,084
	<u>74,186</u>	<u>175,084</u>

From the total funds received from the following projects during 2021, the unspent amount was recorded as unearned/deferred income for the year 2021:

USD 20,233 was received as at 31-12-2021 from Center for International Private Enterprise to implement the activities of *Enhancing the Practice of Business Integrity (EPBI)*, out of these funds an amount of USD 934 was unspent as at 31-12-2021. Thus, the unspent amount was recorded as unearned/deferred income for 2021

USD 164,050 was received as at 31-12-2021 from Transparency International (TI) to implement the activities of Climate Governance Integrity (CLIMATE), out of these funds an amount of USD 25,576 was unspent as at 31-12-2021. Thus, the unspent amount was recorded as unearned/deferred income for 2021.

USD 58,064 was received as at 31-12-2021 from Transparency International (TI) to implement the activities of Strengthening Accountability Networks among Civil Society (SANCUS), out of these funds an amount of USD 47,650 was unspent as at 31-12-2021. Thus, the unspent amount was recorded as unearned/deferred income for 2021



TRANSPARENCY MALDIVES

Financial Statements - 31 December 2021

Notes to the financial statements (continued)

(All Amounts in United States Dollars Unless Otherwise Stated)

12 Contingencies

Contingent Liabilities

1) **High Court Case No: 2021/HC-A/280:** This case was concluded against TM on 09.03.2021 by the Employment Tribunal with compensation payable amounting to USD 25,003.29. However, the Board decided on 16.03.2021 to appeal the verdict to the High Court based on the opinion of TM's lawyers of the positive prospects of such a decision.

TM has appealed this verdict to the High Court and the case is still ongoing as of today. As per TM's legal team, the High Court has only started scheduling the 2021 appeal this year and a hearing would be scheduled soon. No further progress has been made on the case as of today.

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.

	2021
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:

	2021
<i>Less than 12 months</i>	
Trade & Other Payables	93,963
<i>Over 1 Year</i>	
Long-term Loan	-
<i>TOTAL</i>	<u>93,963</u>

About MHPA

MHPA is a Institute of Chartered Accountants of Maldives Licensed 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 in-formation 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 web-site www.mhpaonline.com

Our representative offices are in:

Male' (Maldives) - Colombo (Sri Lanka) - Kuala Lumpur (Malaysia)

Sydney - Wagga Wagga (Australia)

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