

The Democratic Party

Annual report

For the period ending 14 October 2020

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Report of the Executive Council

Registration

The Democratic Party applied under the Financing of Political parties Act, 2015 (Cap. 544) for registration on 4 July 2016. This application was acknowledged on 5 July 2016 and was officially confirmed by the Electoral Commission as a Political Party on 1 December 2016.

Executive Council and Party Officials

Timothy Alden	Leader
Mark Zerafa	General Secretary
Carmel Asciak	Treasurer
Duncan Bonnici	Member
Marcus Lauri	Member
Martina Caruana	Member
Matthew Mizzi	Member
Raymond Azzopardi	Member
Sandra Gauci	Member

Registered address:

28, Tower Road,
Qrendi,
Malta.

Structure of the party

The party is made up of an Executive Council which is made up of nine officials. The party operations fall under the responsibility of the Executive Committee.

Scope of financial statement

The Executive Council has resolved to prepare the party's financial statements for the year ended 31 December 2018 in accordance with the in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU ("IFRS") and the requirements of the Financing of Political Parties Act (Chapter 544).

Performance review

As at the 14 October 2020, the party incurred a loss of €876 (2019 surplus of: €3,660) while the accumulated fund amounted to €4,538 (2019: €5,414).

Dissolution

On 14 October 2020 a vote was taken where it was concluded that The Democratic Party will be dissolved and that it will merge with Alternattiva Demokratika. It was agreed that assets belonging to The Democratic Party would be transferred to the merged party.

Report of the Executive Council- continued

Covid-19

Since early 2020, the world is experiencing an unprecedented crises caused by the COVID-19 pandemic. Whilst this is a non-adjusting post balance sheet event, the uncertainty surrounding the duration of this situation is making the way towards recovery unclear.

The crises has not resulted in the temporary cessation in the party's activities. The overall impact of COVID-19 on the party is therefore expected to be relatively contained in the context of the party's financial resources and accordingly the Executive Council consider it to be appropriate to prepare these financial statements on a going concern basis.

Auditor

The auditor, Charles Scerri, has intimated his willingness to continue in office. A resolution proposing his re-appointment will be put before the members at the next annual general meeting.

Approved by the executive committee on 20 September 2021 and signed by:



Timothy Alden
Leader



Carmel Asciak
Treasurer

Statement of Executive Council's responsibilities

The Financing of Political Parties Act, 2015 (Cap. 544) (the "Act") requires the Executive Council to prepare financial statements for each financial year which give a true and fair view of the financial position of the party as at the end of the financial year and of the surplus or deficit of the party for that year in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU ("IFRS") and the requirements of the Financing of Political Parties Act (Chapter 544).

In preparing such financial statements, the Act requires the committee to:

- select suitable accounting policies and apply them consistently from one accounting year to another;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year on the accruals basis;
- value separately the components of asset and liability items on a prudent basis; and
- adopt the going concern basis unless it is inappropriate to presume that the party will continue in business.

The committee is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the party and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Act.

The committee is responsible for safeguarding the assets of the party and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The committee is responsible to ensure that the party establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

In determining which controls to implement to prevent and detect fraud, management considers the risks that the financial statements may be materially misstated as a result of fraud.

Signed on 20 September 2021 by:



Timothy Alden
Leader



Carmel Asciak
Treasurer

CHARLES SCERRI

INDEPENDENT AUDITOR'S REPORT

To the Executive Council of The Democratic Party

Report on the audit of the financial statements

Opinion

In my opinion:

- The Democratic Party's financial statements (the "financial statements") give a true and fair view of the Party's financial position as at 14 October 2020, and of the Party's financial performance for the period then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Financing of Political Parties Act (Chapter 544).

What I have audited

The Democratic Party's financial statements, set out on pages 9 to 14, comprise of:

- the statement of financial position as at 14 October 2020;
- the income statement for the period then ended;
- the cash flow statement for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence

I am independent of the Party in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to my audit of the financial statements in Malta. I have fulfilled my other ethical responsibilities in accordance with these Codes.

Emphasis of Matter – Voluntary dissolution

Without qualifying my opinion, I draw attention to Note 1.1 of these financial statements which refers to voluntary dissolution of the party. These financial statements have therefore been prepared on a break-up basis of accounting.

CHARLES SCERRI

INDEPENDENT AUDITOR'S REPORT

To the Executive Council of The Democratic Party

Other information

The Executive Council is responsible for the other information. The other information comprises of the report to the Executive Council (but does not include the financial statements and my auditor's report thereon).

My opinion on the financial statements does not cover the other information, including the report to the Executive Council.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the report to the Executive Council, I also considered whether the report to the Executive Council includes the disclosures required by the Financial Administration and Audit Act.

Based on the work I have performed, in my opinion:

- The information given in the report to the Executive Council for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The report to the Executive Council has been prepared in accordance with the Financial Administration and Audit Act.

In addition, in light of the knowledge and understanding of the party and its environment obtained in the course of the audit, I am required to report if I have identified material misstatements in the report to the Executive Council and other information. I have nothing to report in this regard.

Responsibilities of the Executive Council for the financial statements

The Executive Council is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU, and the Schedule accompanying and forming an integral part of those Regulations, and the requirements of the of the Financing of Political Parties Act (Chapter 544) for such internal control as the Executive Council determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether to due to fraud or error.

In preparing the financial statements the Executive Council responsible for assessing the Party's ability to continue operating in the same manner, disclosing, as applicable, matters related to going concern and using the going concern basis of accountings unless the Executive Council either intends to liquidate the Party or to cease operations, or have no realistic alternative but to do so.

CHARLES SCERRI

INDEPENDENT AUDITOR'S REPORT

To the Executive Council of The Democratic Party

Auditor's responsibility for the audit of the financial statements

My objective is 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 my 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.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 the Executive Council.
- Conclude on the appropriateness of the Executive Council's use of the going concern basis of accounting upon instructions from the government 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 operating in the same manner. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Party's ability to continue operating in the same manner. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Party's activities, customers and suppliers, and the disruption to its business and the overall economy.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Party to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

CHARLES SCERRI

INDEPENDENT AUDITOR'S REPORT

To the Executive Council of The Democratic Party

Report on other Legal and Regulatory Requirements

I also have responsibilities under the Financing of Political Parties Act (Chapter 544) to report to you if, in my opinion:

- Adequate accounting records have not been kept, or that returns adequate for my audit have not been received from branches not visited by me.
- The financial statements are not in agreement with the accounting records and returns.
- I have not received all the information and explanations I require for the audit.

I have nothing to report to you in respect of these responsibilities.


Charles Scerri

Certified Public Accountant

The Penthouse, Carolina Court, Giuseppe Cali Street, Ta' Xbiex XBX 1425

20 September 2021

Statement of financial position

		As at 14 October	As at 31 December
		2020	2019
		€	€
ASSETS	Notes		
Current assets			
Cash and cash equivalents	3	7,016	7,066
Total assets		7,016	7,066
EQUITY AND LIABILITIES			
Accumulated fund		4,538	5,414
Current liabilities			
Trade and other payables	4	2,478	1,652
Total equity and liabilities		7,016	7,066

The notes on pages 12 to 14 are an integral part of these financial statements.

The financial statements on pages 9 to 14 were authorised for issue by the Executive Council on 20 September 2021 and were signed by:



Timothy Alden
Leader



Carmel Asciak
Treasurer

Income Statement

		Period from 1 January to 14 October 2020	Year from 1 January to ended 31 December 2019
		€	€
	Note		
Donation income		355	10,175
Administrative expenses	5	(1,231)	(6,515)
(Deficit)/surplus for the period/year		(876)	3,660

The notes on pages 12 to 14 form an integral part of these financial statements.

Statement of cash flows

	Note	Period from 1 January to 14 October	Year from 1 January to ended 31 December
		2020	2019
		€	€
Cash flows used in operating activities			
Operating (deficit)/surplus		(876)	3,660
Working capital changes			
Movement in trade and other payables		826	826
Net cash flows from operations		(50)	4,486
Net movement in cash and cash equivalents		(50)	4,486
Cash and cash equivalents at beginning of period/year		7,066	2,580
Cash and cash equivalents at end of period/year	3	7,016	7,066

The notes on pages 12 to 14 are an integral part of these financial statements.

Notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

1.1 Basis of preparation

These financial statements have been prepared and presented in accordance with the International Financial Reporting Standards ('IFRSs') as adopted by the EU and the requirements of the Financing of Political Parties Act (Chapter 544).

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. It also requires the executive council to exercise their judgement in the process of applying the party's accounting policies (Note 2 - Critical accounting estimates and judgements).

These financial statements have been prepared under the historical cost convention.

Dissolution

On 14 October 2020 a vote was taken where it was concluded that The Democratic Party will be dissolved and that it will merge with Alternattiva Demokratika. It was agreed that assets belonging to The Democratic Party would be transferred to the merged party. The Executive Council of the party has undertaken to provide support to the party in order for the party to be in a position to pay all its debts as and when they fall due.

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the party's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.3 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1 Summary of significant accounting policies - continued

1.4 Financial liabilities

The party recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The party's financial liabilities are recognised initially at fair value, including transaction costs. These liabilities are subsequently measured at amortised cost. The party derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expires.

1.5 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.6 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the party's activities. Revenue is recognised upon performance of services, and is stated net of sales tax, returns, rebates and discounts.

The party recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the party's activities as described below.

Donations

Donations are recognised when these are received or collected from the party's events and activities. All donations, including donations in kind, are subject to further reporting requirements as described in the Financing of Political Parties Act (Chapter 544).

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Executive Council, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

3 Cash and cash equivalents

	2020	2019
	€	€
Cash in hand	70	-
Cash in bank	6,946	7,066
	<hr/> 7,016	<hr/> 7,066

4 Trade and other payables

	2020	2019
	€	€
Accruals	2,478	1,652
	<hr/> 2,478	<hr/> 1,652

5 Expenses by nature

Auditor's remuneration for the period amounted to €826 (2019: €826).