

SOCIAL DEMOCRATIC LIBERAL PARTY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

Contents:

Statement by the Executive Committee

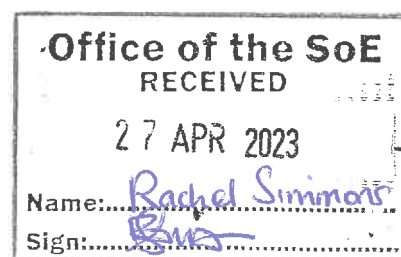
Independent Audit Report

Schedule 1: Statement of Income and Expenditure

Schedule 2: Statement of Financial Position

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Schedule 4: Notes to and forming part of the Financial Statements



SOCIAL DEMOCRATIC LIBERAL PARTY

EXECUTIVE COMMITTEE STATEMENT

In accordance with the resolution of the Executive Committee of the Social Democratic Liberal Party we state that in our opinion:

- (i) the accompanying statement of income and expenditure of the party is drawn up so as to give a true and fair view of the results of the party for the year ended 31 December 2022;
- (ii) the accompanying statement of financial position of the party is drawn up so as to give a true and fair view of the state of affairs of the party for the year ended 31 December 2022;
- (iii) the accompanying statement of cash flows of the party is drawn up so as to give a true and fair view of the cash flows of the party for the year ended 31 December 2022;

On behalf of the Executive Committee and in accordance with a resolution of the Committee:



.....
Manoa Rarogaca
President



.....
Anare Jale
Vice President

Dated this day of, 2023.



I. NAIVELI & CO.

Chartered Accountants and Business Advisors

Registered Tax Agent, Certified Public Practitioner (CPP), Fellow Member – Association of International Accountants (UK), Member CPA
Australia

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF THE SOCIAL DEMOCRATIC LIBERAL PARTY

Qualified Opinion

We have audited the financial statements of the Social Democratic Liberal Party, which comprise the statement of financial position as at 31 December 2022, and the statement of income and expenditure, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on schedule 4 to 4/3.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified opinion paragraph, the accompanying financial statements present fairly, in all material aspects, of the financial position of the Party and the financial performance and cash flows of the Party as at 31 December 2022 for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Enterprises.

Basis for Qualified Opinion

Due to the nature of the transactions inherent in any political party, the completeness of contributions and other income and expenses is not susceptible to satisfactory audit verification. Accordingly, the evidence available to us regarding income, our audit procedures with respect to income from fundraising and donations, had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether income obtained from these sources is complete.

Based on our audit procedures and examination of the party's inventory records, it was determined that no physical stock take was performed during the year under review. Additionally, we noted that the party did not maintain stock worksheets or controls to verify sales, purchases, or the closing balance of stock at the end of the year. As a result, we were unable to obtain sufficient appropriate audit evidence to support the existence, completeness, accuracy, and valuation of inventory.

Based on our audit procedures and examination of the party's records, it was determined that there was a lack of sufficient appropriate evidence regarding certain payables such as candidates' incentives payables and amounts owing to women and youth. Specifically, we were unable to obtain confirmations of balances from relevant third parties, and noted the absence of worksheets or controls to verify the movements in these payables and whether the obligations still exist at the end of the year under review. As a result, we were unable to obtain sufficient appropriate audit evidence to support the completeness, accuracy, and valuation of these payables.

Based on our audit procedures and examination of the party's records, we were unable to obtain a response from the solicitor in relation to the audit confirmation letter sent during the course of the audit. As a result, we were unable to obtain sufficient appropriate audit evidence to confirm the completeness and accuracy of legal claims or contingencies, commitments, guarantees, legal requirements, agreements, or contracts disclosed by the political party in its financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Party in accordance with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other 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 except for the matters noted under the qualification paragraphs.



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Responsibilities of the management for the Financial Statements

The management are responsible for the preparation of the financial statements in accordance with International Accounting Standards, and for such internal control as the management determine 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, the management are responsible for assessing the Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Party or to cease operations, or have no realistic alternative but to do so.

The management are responsible for overseeing the Party's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Party's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 Party's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Party to cease to continue as a going concern.
- We communicate with the management 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.



I. NAIVELI & CO.

Chartered Accountants and Business Advisors

Registered Tax Agent, Certified Public Practitioner (CPP), Fellow Member – Association of International Accountants (UK), Member CPA
Australia

Emphasis of Matter

Without qualifying our opinion expressed above, we draw attention on the following matter:

Continuation as a Going Concern

The Party incurred significant payables in the recent months. During the year ended 31 December 2022, the Party incurred a liabilities to the amount of \$297,431. There is uncertainty with the Party generating adequate cash flows to meet all its commitments and obligations as and when they fall due.

As at 31 December 2022, total liabilities of the League exceed total assets resulting in net deficiency in assets of \$251,685. The current liabilities exceed the current assets by \$312,997. Furthermore, the Party may require funding to meet its working capital and capital expenditure requirements.

The above conditions indicate the existence of a material uncertainty that may cast significant doubt about the Party's ability to continue as a going concern.

The appropriateness of the going concern assumption on which the financial statements are prepared is critically dependent on the Party member's support and its ability to secure adequate financial backing without violating the regulations that govern the Party.

.....
I. Naiveli & Co
Chartered Accountants and Business Advisors

.....
Akisi Rabulimasei Naiveli
(Registered Auditor)
(Under Companies Act 2015)
Lot 4 Ratu Dovi Road Laucala Beach Nasinu

26 April 2022

**SOCIAL DEMOCRATIC LIBERAL PARTY
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

Schedule 1

		2022	2021
		\$	\$
INCOME	Note		
Donation		107,691	61,253
Fundraising		37,068	250
Parliamentary grant		90,700	315,000
Membership fee - Constituency Council and Branches		5,293	1,322
MP Levy		129,475	33,500
Sale of merchandise		2,530	10,082
TC Relief Income		6,506	-
Women's Forum		11,400	-
Youth Forum		1,133	-
Refund		6,686	-
Others		47,534	5,285
TOTAL INCOME	(refer schedule 5)	<u>446,015</u>	<u>426,692</u>
Less: Expenditure	(refer schedule 5/2)	(666,823)	(575,952)
Net (Deficit)/Surplus	(refer schedule 2)	<u>(220,808)</u>	<u>(149,259)</u>

The accompanying notes should be read in conjunction with the notes to and forming part of the financial statements.

**SOCIAL DEMOCRATIC LIBERAL PARTY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

Schedule 2

	Notes	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	2	566	86,380
TOTAL CURRENT ASSETS		<u>566</u>	<u>86,380</u>
NON CURRENT ASSETS			
Inventory		9,198	9,198
Property, plant and equipment	3	52,114	61,951
TOTAL NON CURRENT ASSETS		<u>61,312</u>	<u>71,149</u>
TOTAL ASSETS		<u>61,878</u>	<u>157,529</u>
CURRENT LIABILITIES			
Creditors and Accruals	4	8,500	3,270
Women's and Youth		212	212
Candidate incentive		7,420	7,420
FNPF	5	19,144	-
Fijian Teachers Association		8,500	-
RICOH Business Centre	6	92,283	-
Amount owed to Vulivou Partnership		177,505	-
TOTAL CURRENT LIABILITIES		<u>313,563</u>	<u>10,902</u>
TOTAL LIABILITIES		<u>313,563</u>	<u>10,902</u>
NET ASSETS		<u>(251,685)</u>	<u>146,627</u>

**SOCIAL DEMOCRATIC LIBERAL PARTY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

Schedule 2/2

	Notes	2022 \$	2021 \$
ACCUMULATED FUNDS			
Opening balance		146,627	295,887
Add: Excess of expenditure over income	(refer schedule 1)	(220,808)	(149,259)
Add: Prior year adjustment	7	(177,505)	-
TOTAL ACCUMULATED FUNDS		<u>(251,685)</u>	<u>146,627</u>

The accompanying notes should be read in conjunction with the notes to and forming part of the financial statements.

The financial statements are approved in accordance with a resolution of the Management board.

For and on behalf of the Executive Committee and Management board:



.....
Manoa Rarogaca
President



.....
Anare Jale
Vice President

Dated this 26th day of April, 2023.

**SOCIAL DEMOCRATIC LIBERAL PARTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Schedule 3

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts of grant, fundraising income		455,140	425,698
Payments to members, suppliers and employees		<u>(540,955)</u>	<u>(585,379)</u>
Net cash provided from operating activities	6(b)	<u>(85,814)</u>	<u>(159,681)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>-</u>	<u>(18,694)</u>
Net cash provided from investing activities		<u>-</u>	<u>(18,694)</u>
Net increase/(decrease) in cash held		(85,814)	(178,375)
Cash at the beginning of the year		<u>86,380</u>	<u>264,755</u>
Cash at the end of the year	6(a)	<u>566</u>	<u>86,380</u>

The accompanying notes should be read in conjunction with the notes to and forming part of the financial statements.

SOCIAL DEMOCRATIC LIBERAL PARTY
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Schedule 4

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted by the Social Democratic Liberal Party are to assist in the general understanding of these financial statements. These policies have been consistently applied except as otherwise indicated.

1.1 BASIS OF ACCOUNTING

The accounts have been prepared using the accrual basis of accounting. The financial statement have also been prepared under historical cost convention which permits revaluations of non-current assets but, otherwise, has no regard to changes in the levels of prices.

1.2 INCOME

Income is accounted for when received which includes candidates levy, parliamentary office resourcing, soli and other income categorized and accounted for when received.

1.3 UNUSUAL EVENTS DURING THE YEAR

On the 26 April 2021, the government declared a national lockdown in light of the pandemic breakdown within the Country. Consequently, the office of the Party remained close for most part of the year and Party activities were limited as a result of the strict COVID Protocols to limit the spread of the virus. Pandemic protocols became less restrictive as the Country achieved herd immunity status and activities of the party slowly transitioned to normalcy after September 2022.

2. CASH AND CASH EQUIVALENTS

The amount represents:

	2022	2021
	\$	\$
Cash on hand	445	445
Cash at bank ANZ # 11720039	131	76,019
Cash at bank ANZ # 12647841	(10)	9,916
	<u>566</u>	<u>86,380</u>

SOCIAL DEMOCRATIC LIBERAL PARTY
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Schedule 4/2

	2022	2021
	\$	\$
3. PROPERTY, PLANT AND EQUIPMENT		
Motor Vehicle	47,400	47,400
Addition	-	-
Less: Accumulated depreciation	<u>(32,080)</u>	<u>(26,392)</u>
	<u>15,320</u>	<u>21,008</u>
Equipment	79,899	56,353
Addition	-	18,694
Less: Accumulated depreciation	<u>(43,105)</u>	<u>(34,104)</u>
	<u>36,794</u>	<u>40,943</u>
Total Fixed assets at fair value	127,299	122,447
Less: Accumulated depreciation	<u>(75,185)</u>	<u>(60,496)</u>
Total fixed assets at written down value	<u>52,114</u>	<u>61,951</u>

4. CREDITORS AND ACCRUALS

I. Naiveli & Company	8,500	3,270
	<u>8,500</u>	<u>3,270</u>

5. FNPF	<u>19,144</u>	<u>-</u>
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The above refers to the total amount owed to the Fund by the Party which includes interest of \$11,300.

6. RICOH Business Center	<u>92,283</u>	<u>-</u>
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This amount relates to the printing of campaign material for the 2022 General Elections.

7. Prior Year Adjustments	<u>177,505</u>	<u>-</u>
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The above relates to the amount owed by the Party Executives to Vulivou Partnership from 2020.

SOCIAL DEMOCRATIC LIBERAL PARTY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Schedule 4/3

	2022	2021
8. NOTES TO STATEMENT OF CASH FLOWS	\$	\$

(a) **Reconciliation of cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, investments in money markets, net of outstanding bank overdrafts. Cash at the end of the reporting year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	<u>566</u>	<u>86,380</u>
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(b) **Reconciliation of net cash provided by operating activities to operating profit**

Operating profit/(loss)	(220,808)	(149,259)
Adjustment for non-cash items		
Depreciation	14,689	14,106
Change in assets and liabilities:		
(Increase)/decrease in assets	(4,852)	3,684
Increase/(decrease) in liabilities	<u>124,874</u>	<u>-</u>
Net cash provided by operating activities	<u>(86,098)</u>	<u>(159,681)</u>

7. **RELATED PARTIES**

The Social Democratic Liberal Party has a related party relationship with its Committee Members.

(a) Management Board Members	<u>19,536</u>	<u>26,107</u>
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(b) Executive Committee:

Manoa Rarogaca - President
 Filimoni Soqeta - Vice President
 Anare Jale - Vice President
 Avenito Kolikata - Vice President
 Lenaitasi Duru - General Secretary

8. **CONTINGENT LIABILITIES**

There were no contingent liabilities at balance date (2021 - \$Nil).

9. **CAPITAL COMMITMENTS**

There were no capital commitments at balance date (2021 - \$Nil).

DISCLAIMER

FINANCIAL INFORMATION

FOR MANAGEMENT PURPOSES ONLY

The additional financial data presented on schedule 5 are in accordance with the books and records of the Party, which have been subjected to normal auditing procedures applied in audit of the Party for the year ended 31 December 2022. It will be appreciated that our audit did not cover all details of the additional data. Accordingly we do not express an opinion on this financial information and no warranty of accuracy or reliability is given.

**SOCIAL DEMOCRATIC LIBERAL PARTY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2022**

Schedule 5

INCOME	2022 \$	2021 \$
Donation	107,691	61,253
Fundraising	37,068	250
Parliamentary grant	90,700	315,000
Membership fee - Constituency Council and Branches	5,293	1,322
Candidates Levy	129,475	33,500
Sale of merchandise	2,530	10,082
TC Relief	6,506	-
Women's Forum	11,400	-
Youth Forum	1,133	-
Refund	6,686	-
Others	47,534	5,285
TOTAL INCOME	<u>446,015</u>	<u>426,692</u>
 EXPENDITURE		
Awareness team	32,415	51,264
Advertisement	3,873	5,848
Audit fees	8,500	3,270
Accounting fees	-	3,039
Arbiter	1,000	-
Bad debts	-	1,482
Bank Charges	503	316
Box rental	-	42
Campaign Cost	171,113	-
Candidates Levy - Fiji Elections Office	55,000	-
Candidate induction expenses	15,227	-
Cost of goods sold	-	6,302
Depreciation	14,689	14,106
Electricity	5,500	2,243
FNPF	29,682	11,729
Forum expenses	12,364	-
Fundraising expenses	10,837	-
General expenses	255	550
Human resources	-	4,306
Legal fees	13,317	59,503
Meetings - Management Board/Working Committee	19,536	26,107
Merchandise	1,466	40
	<u>395,277</u>	<u>190,148</u>

**SOCIAL DEMOCRATIC LIBERAL PARTY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2022**

Schedule 5/2

	2022	2021
	\$	\$
EXPENDITURE (CONT'D)	395,277	190,148
Motor vehicle repairs and maintenance	3,073	15,223
MP's Parliamentary advocacy allowance	-	10,000
Other expenses	675	1,264
Office Supplies	12,316	8,134
PAYE	1,039	4,379
Printing and stationaries	7,157	4,305
Refund of candidate levies to objected candidates	-	7,000
Reguregu	5,740	4,250
Rent	37,500	27,000
Salaries and allowances	166,030	291,532
Social media	1,108	9,470
Secretariat support staff and allowance	-	495
Telephone	879	2,065
Travelling	11,885	40
Transfer to operation account	23,506	-
Water bill	640	521
Workshop expenses	-	125
TOTAL EXPENDITURE	<u>666,823</u>	<u>575,952</u>
EXCESS OF EXPENDITURE OVER INCOME	(220,808)	(149,259)
	(refer schedule 1)	

To be read in conjunction to the disclaimer on page 10.

DISCLAIMER
FINANCIAL INFORMATION
FOR MANAGEMENT PURPOSES ONLY

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SOCIAL DEMOCRATIC LIBERAL PARTY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2022

Schedule 5

	2022	2021
	\$	\$
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Fundraising	37,068	250
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Women's Forum	11,400	-
Youth Forum	1,133	-
Refund	6,686	-
Others	47,534	5,285
TOTAL INCOME	<u>446,015</u>	<u>426,692</u>
EXPENDITURE		
Awareness team	32,415	51,264
Advertisement	3,873	5,848
Audit fees	8,500	3,270
Accounting fees	-	3,039
Arbiter	1,000	-
Bad debts	-	1,482
Bank Charges	503	316
Box rental	-	42
Campaign Cost	170,830	-
Candidates Levy - Fiji Elections Office	55,000	-
Candidate induction expenses	15,227	-
Cost of goods sold	-	6,302
Depreciation	14,689	14,106
Electricity	5,500	2,243
FNPF	29,682	11,729
Forum expenses	12,364	-
Fundraising expenses	10,837	-
General expenses	255	550
Human resources	-	4,306
Legal fees	13,317	59,503
Meetings - Management Board/Working Committee	19,536	26,107
Merchandise	1,466	40
	<u>394,994</u>	<u>190,148</u>

SOCIAL DEMOCRATIC LIBERAL PARTY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2022

Schedule 5/2

	2022	2021
	\$	\$
EXPENDITURE (CONT'D)	394,994	190,148
Motor vehicle repairs and maintenance	3,073	15,223
MP's Parliamentary advocacy allowance	-	10,000
Other expenses	675	1,264
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Salaries and allowances	166,030	291,532
Social media	1,108	9,470
Secretariat support staff and allowance	-	495
Telephone	879	2,065
Travelling	11,885	40
Transfer to operation account	23,506	-
Water bill	640	521
Workshop expenses	-	125
TOTAL EXPENDITURE	<u>666,540</u>	<u>575,952</u>
EXCESS OF EXPENDITURE OVER INCOME	(220,525)	(149,259)
	(refer schedule 1)	

To be read in conjunction to the disclaimer on page 12.