

**MALDIVIAN RED CRESCENT**

**AUDITORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2015**



Building a better  
working world

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Reg. No: C-192/95

KR/RHH

## **Independent auditors' report to the Members of Maldivian Red Crescent**

We have audited the accompanying financial statements of Maldivian Red Crescent ("the Society") which comprise the statement of financial position as at 31st December 2015 and the statement of income and expenditure, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' report and for no other purpose. Therefore, we do not accept or assume responsibility to anyone other than the Society and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Governing board's responsibility for the financial statements**

The Governing board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Governing board, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

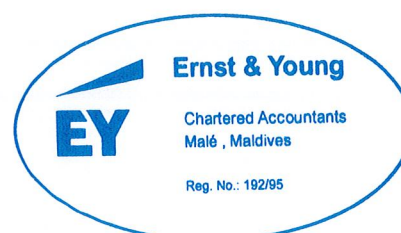


27 March 2016  
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**Maldivian Red Crescent**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**Year ended 31 December 2015**

	Note	2015 Rf	2014 Rf
<b>Income</b>			
Subscription income	3	24,310	30,720
Donation income	4	18,063,524	24,331,087
Other income	5	1,465,092	975,464
		<u>19,552,926</u>	<u>25,337,271</u>
<b>Less: Expenditure</b>			
Personnel costs	6	8,203,960	8,098,342
Workshops and training		3,810,881	5,882,171
Volunteer incentives		-	2,171
Travelling expenses		1,079,470	927,803
Information and public relations		784,172	1,410,336
Office maintenance		2,031,263	1,933,420
Consultancy fees		441,895	569,950
Communication costs		606,458	601,595
Professional fees		157,269	163,909
Office supplies		60,040	124,329
Depreciation		957,592	977,736
Amortisation		24,443	87,833
Finance charges		30,673	63,465
Other expenditure		414,661	119,644
		<u>18,602,777</u>	<u>20,962,704</u>
<b>Income over expenditure</b>		<u>950,149</u>	<u>4,374,567</u>

The accounting policies and notes on pages 6 through 13 form an integral part of the financial statements.






**Maldivian Red Crescent**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2015**


	Note	2015 Rf	Restated 2014 Rf
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	7	5,235,595	5,839,863
Work in progress	7	1,518,000	-
Intangible asset	8	126,296	51,504
		<u>6,879,891</u>	<u>5,891,367</u>
Current assets			
Inventories	9	1,356,409	1,363,688
Receivables	10	552,751	797,647
Cash and cash equivalents	11	3,912,297	2,997,755
		<u>5,821,457</u>	<u>5,159,090</u>
Total assets		<u>12,701,348</u>	<u>11,050,457</u>
<b>FUNDS AND LIABILITIES</b>			
Funds			
Donation fund	12	86,090	86,090
Accumulated funds		7,703,775	6,753,626
MRC emergency response fund	13	222,821	222,821
Total funds		<u>8,012,686</u>	<u>7,062,537</u>
Current Liabilities			
Project advances from donors	14	3,397,870	3,385,318
Accruals and other payables	15	1,290,792	602,602
Total current liabilities		<u>4,688,662</u>	<u>3,987,920</u>
Total funds and liabilities		<u>12,701,348</u>	<u>11,050,457</u>

The accounting policies and notes on pages 6 through 13 form an integral part of the financial statements.

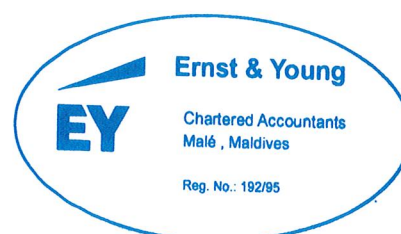
These financial statements were approved by the Governing Board and signing on its behalf by;

  
 Ali Nashid  
 President

  
 Abdul Razak Ibrahim  
 Secretary General

  
 Abdul Raheem Nashid Abdul Latheef  
 Treasurer

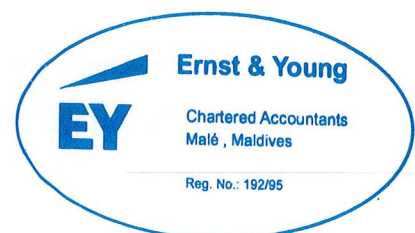
27 March 2016



**Maldivian Red Crescent**  
**STATEMENT OF CHANGES IN FUNDS**  
**Year ended 31 December 2015**

	Donation Fund	Accumulated Funds	MRC Emergency Fund	Total
	Rf	Rf	Rf	Rf
Balance as at 1 January 2014	86,090	1,879,059	152,545	2,117,694
Retrospective restatement of prior year's error (Note 18)	-	500,000	-	500,000
<b>Restated balance as at 1 January 2014</b>	<b>86,090</b>	<b>2,379,059</b>	<b>152,545</b>	<b>2,617,694</b>
Income over expenditure for the year	-	4,374,567	-	4,374,567
Contributions for the year (Note 13)	-	-	70,276	70,276
<b>Restated balance as at 31 December 2014</b>	<b>86,090</b>	<b>6,753,626</b>	<b>222,821</b>	<b>7,062,537</b>
Income over expenditure for the year	-	950,149	-	950,149
<b>As at 31 December 2015</b>	<b>86,090</b>	<b>7,703,775</b>	<b>222,821</b>	<b>8,012,686</b>

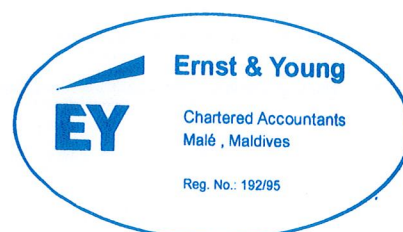
The accounting policies and notes on pages 6 through 13 form an integral part of the financial



**Maldivian Red Crescent**  
**STATEMENT OF CASH FLOWS**  
**Year ended 31 December 2015**

	Note	2015 Rf	2014 Rf
Cash flows from operating activities			
Income over expenditure		950,149	4,374,567
<b>Adjustments for:</b>			
Depreciation	7	956,299	977,736
Amortisation of intangible asset	8	24,443	87,833
Interest income	5	(3,317)	(14,126)
<b>Operating profit before working capital changes</b>		<b>1,927,574</b>	<b>5,426,010</b>
<b>Changes in working capital</b>			
Decrease/ (Increase) in inventories		7,279	(1,363,688)
Change in subscription received in advance		-	-
Increase/ (decrease) in project advances from donors		12,552	(1,145,979)
Decrease/ (increase) in receivables		244,896	(420,224)
Increase in accruals and payables		688,190	440,159
<b>Net cash from operating activities</b>		<b>2,880,491</b>	<b>2,936,278</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	7	(1,870,031)	(3,682,074)
Acquisition of intangible asset	8	(99,235)	(58,825)
Interest received		3,317	14,126
<b>Net cash used in investment activities</b>		<b>(1,965,949)</b>	<b>(3,726,773)</b>
<b>Cash flows from financing activities</b>			
Contributions received from MRC Emergency response fund	13	-	70,276
<b>Net Cash from Financing Activities</b>		<b>-</b>	<b>70,276</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>		<b>914,543</b>	<b>(720,219)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>		<b>2,997,755</b>	<b>3,717,974</b>
<b>Cash and Cash Equivalents at End of the Year</b>	11	<b>3,912,297</b>	<b>2,997,755</b>

The accounting policies and notes on pages 6 through 13 form an integral part of the financial





**Maldivian Red Crescent**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2015**

**1. General information**

Maldivian Red Crescent (the "Society") was formed on 16<sup>th</sup> August 2009 in the Republic of Maldives in accordance with the Maldivian Red Crescent Law No. of 2009. The registered office of the Society is situated at 4 Floor, Maldives Post Limited Building, Boduthakuru Faanu Magu, Male', Republic of Maldives.

**Principal activities and nature of operations**

The Society is engaged in providing humanitarian aid to civil and military victims and also responds to humanitarian emergencies in the Republic of Maldives.

**2. Other information**

**Basis of preparation**

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and the International Financial Reporting Standards. No adjustments are made for inflationary factors affecting these accounts.

**Revenue recognition**

(a) Subscription income - Subscription fee of the members are accounted on an accrual basis.

(b) Donation income - Donation income has been recognised to income when funds being utilized to intended project or activity. Until received money/goods shall recognise under project advances.

**Expenditure recognition**

All expense incurred in the running of the society and in maintaining the capital asset in a state of efficiency has been charged to Statement of income and expenditure for the year.

Expense acquiring expanding or improving asset of a permanent nature by means of which to carry on the society or for the purpose of increasing the utilization capacity of the society has been treated as capital expense.

**Income tax expense**

The society is exempt from income tax under section 15(a) 3 to the Business Profit Tax Act No. 5 of 2011.

**Taxation**

The society is exempt from income tax under section 15(a) 3 to the Business Profit Tax Act No. 5 of 2011.

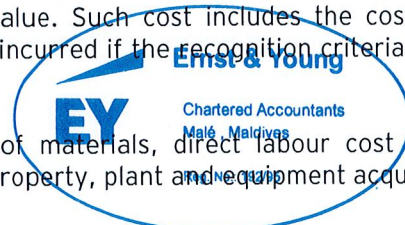
**Conversion of foreign currencies**

All foreign currency transactions are converted to Maldivian Rufiyaa, which is the reporting currency at the rates of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are retranslated to Maldivian Rufiyaa at the rate of exchange ruling at the Balance Sheet date. Non-monetary assets and liabilities are translated using exchange rates which existed when values were determined. The resulting gains and losses are accounted for in the Income and Expenditure Statement.

**Property, plant and equipment**

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

The cost of the self-constructed assets includes the cost of materials, direct labour cost and appropriate proportion of production overheads. The cost of property, plant and equipment acquired





**Maldivian Red Crescent**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2015**

by the company includes cost of acquisition together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

When a major inspection of plant and machinery is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are met.

Depreciation on property plant and equipment of the company is charged on a straight-line basis to write off the cost over the estimated useful life of the assets as follows:

Furniture and fittings	10%
Electrical Fittings	10%
Office Equipment	25%
Computer Equipment	33.33%
Motor Vehicles	25%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

#### **Inventories**

Inventories are valued at the lower of cost or estimated net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realisation and/ or cost of conversion from their existing state to salable condition.

The cost of each category of inventory is determined at actual cost on FIFO basis.

#### **Receivables**

Receivables are stated at the amounts that they are estimated to realize.

#### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise of cash at banks and cash in hand.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

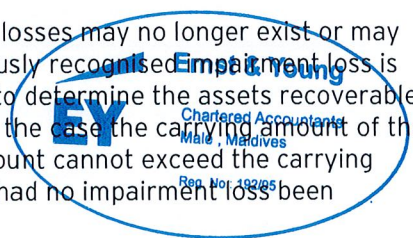
Cash flow statement is prepared in "indirect method".

#### **Impairment of assets**

The carrying amounts of the company's assets, other than inventories, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflects current market assessments of the time value of money and the risks specific to the assets.

If there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the assets in prior years.





**Maldivian Red Crescent**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2015**

**Funds**

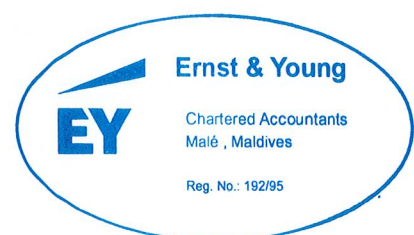
This fund was established by utilizing the proceeds from commercial first aid Programme conducted by volunteers. Funds should be recognized as an income when funds being utilized to activity or project.

**MRC Emergency respond fund**

This fund was established by using funds received from fund raising activities conducted by employees of the organization. The fund has been established for the use of responding emergency situations that could arise such as natural disasters. Funds should be recognized as an income when funds being utilized to intended activity.

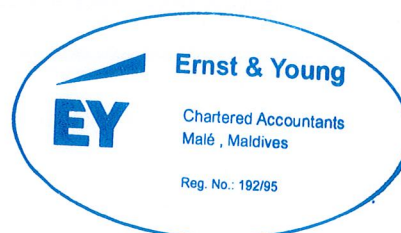
**Liabilities**

Liabilities classified as current liabilities in the statement of financial position are those, which fall due for payment on demand or within one year from the reporting period. All known liabilities have been accounted for in preparing the financial statements.



**Maldivian Red Crescent**  
**NOTES TO THE FINANCIAL STATEMENT**  
**Year ended 31 December 2015**

<b>3</b>	<b>Subscription income</b>	<b>2015</b>	<b>2014</b>
		<b>Rf</b>	<b>Rf</b>
	Individual Membership Fees	24,310	30,720
		<u>24,310</u>	<u>30,720</u>
<b>4</b>	<b>Donation income</b>		
	International Federation of Red Cross and Crescent Societies (IFRC)	9,728,094	14,552,521
	Canadian Red Cross Society	5,142,785	7,708,745
	International Committee of the Red Cross	435,899	204,015
	World Health Organization	161,113	-
	Australian Red Cross	1,223,997	1,444,513
	Singapore Red Cross	346,232	313,675
	Other	529,685	95,561
	UNICEF	495,719	12,057
		<u>18,063,524</u>	<u>24,331,087</u>
<b>4.1</b>	<b>International Federation of Red Cross and Crescent Societies (IFRC)</b>		
	Donations received in Kind	54,636	1,602,519
	Donations received in Cash	9,673,458	12,950,002
		<u>9,728,094</u>	<u>14,552,521</u>
<b>5</b>	<b>Other income</b>		
	Commercial first aid income	542,350	594,546
	Project income	315,849	45,688
	Rental income	31,200	73,456
	Interest income	3,317	14,126
	Foreign exchange gain	398,599	92,588
	Donation box collections	118,132	125,020
	Patient transport and support service	41,600	-
	Sundry income	14,045	30,040
		<u>1,465,092</u>	<u>975,464</u>
<b>6</b>	<b>Personnel costs</b>		
	Salaries and wages	7,203,026	7,152,480
	Staff allowances	478,813	420,773
	Staff incentives	20,698	-
	Contributions for defined Contribution plan	501,423	525,089
		<u>8,203,960</u>	<u>8,098,342</u>





**Maldivian Red Crescent**  
**NOTES TO THE FINANCIAL STATEMENT**  
**Year ended 31 December 2015**

7	Property, plant and equipment Cost	Restated	Freehold Land		Furniture and Fittings		Office Equipment		Computer Equipment		Motor Vehicle		Electrical Fittings		Total 2015		Total 2014	
			Rf		Rf		Rf		Rf		Rf		Rf		Rf		Rf	
	Balance as at 1st January	3,439,690		726,320		497,541		1,068,925		2,109,343		161,670		8,003,489		4,321,415		
	Additions during the year		8,180		24,464		305,955		7,432		6,000		352,031		3,682,074			
	Balance as at 31st December	3,439,690		734,500		522,005		1,374,880		2,116,775		167,670		8,355,520		8,003,489		
	<b>Accumulated Depreciation</b>																	
	Balance as at 1st January	-	144,525		231,117		650,472		1,108,785		28,727		2,163,626		1,185,890			
	Charge for the year		72,900		114,325		298,507		453,802		16,766		956,299		977,736			
	Balance as at 31st December	-	217,425		345,442		948,979		1,562,587		45,493		3,119,925		2,163,626			
	<b>Net carrying value</b>																	
	As at 31st December 2015	3,439,690	517,075		176,563		425,901		554,188		122,177		5,235,595					
	As at 31st December 2014	2,939,690	581,795		266,424		418,453		1,000,558		132,943				5,839,863			
	<b>7.1 In the course of construction</b>																	
	Building work in progress																	

As at	Disposals/	As at
01.1.2015	transfers	31.12.2015
Rf	Rf	Rf



**Maldivian Red Crescent**  
**NOTES TO THE FINANCIAL STATEMENT**  
**Year ended 31 December 2015**

**14 Project advances from donors**

	2015 Rf	2014 Rf
International Federation of Red Cross and Red Crescent Societies (IFRC)	420,578	-
Community Based Disaster Risk Reduction Project ( CBDRR)	-	787,167
International Committee of Red Cross (ICRC)	22,717	136,155
Canadian Fund for CRCOD Project	1,388,371	369,788
Canadian Red Cross-Violence Prevention Project	-	144,739
Singapore Red Cross	93,682	439,914
Australian Red Cross	1,293,321	1,263,739
Philippines Typhoon Aid	168,773	168,773
Unicef Funds for Low Emission Carbon Resilient Development Program	-	75,043
World Health Organization - Commercial First Aid	10,427	-
Other	-	-
	<u>3,397,870</u>	<u>3,385,318</u>

**15 Accruals and other payables**

Other Payables	1,125,560	490,778
Accrued Expenses	165,232	111,824
	<u>1,290,792</u>	<u>602,602</u>

**16 Capital commitments and contingent liabilities**

The Society had no significant capital commitments or contingent liabilities as at 31 December

**17 Events occurring after the reporting period**

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

**18 Retrospective restatement of errors**

The committee members of the Society has identified an error in financial statements for the year ended 31 December 2013 and adjusted comparative information for one or more prior periods to achieve the comparability with the current period in accordance with IAS 08 Accounting Policies, Changes in Accounting Estimates and Errors.

During the year ended 31 December 2013, due to lack of information, the Society has erroneously omitted to recognise a free hold land (10,000 sqft) worth of Rf. 500,000/- (situated in Noonu Atoll) donated by the Government of Maldives for the use of the MRC branch in said atoll.

Accordingly, the aforementioned error has been identified and corrected in these financial statements as a retrospective restatement of errors, and the summary of the balances affected are as under.

**As presented earlier;**  
**Prior to the restatement**  
 Retained earnings  
 Freehold Land

2014 Rf	2013 Rf
6,562,537	2,117,694
2,939,690	-

**As presented now;**  
**After the restatement**  
 Retained earnings  
 Freehold Land

2015 Rf	2014 Rf	2013 Rf
7,999,797	7,062,537	2,617,694
3,439,690	3,439,690	500,000

**Ernst & Young**  
 Chartered Accountants  
 Malé, Maldives  
 Reg. No.: 192/95