

MALDIVIAN RED CRESCENT

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2018

KR/GN

Independent auditor's report to the Members of Maldivian Red Crescent

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maldivian Red Crescent (the Society), which comprise the statement of financial position as at December 31 2018, and the statement of income & expenditure, statement of changes in fund 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 Society financial statements give a true and fair view of the financial position of the Society as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles and the International Financial Reporting Standards.

Basis for 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 Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state to the Society's 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 the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Responsibilities of governing board for the financial statements

Governing board is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles and the International Financial Reporting Standards, and for such internal control as governing board determines 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, governing board is responsible for assessing the Society'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 governing board either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

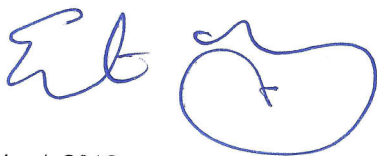
Auditor's responsibilities for the audit of the financial statements

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 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.

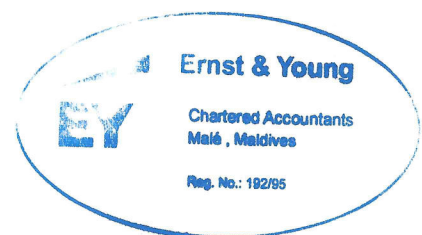
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ 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 Society's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by governing board.
- ▶ Conclude on the appropriateness of governing board'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 Society'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 Society to cease to continue as a going concern.
- ▶ 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.

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.



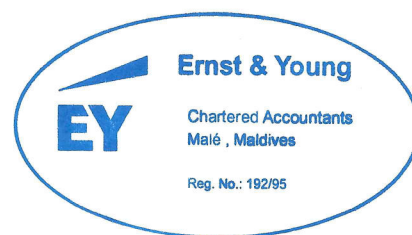
28 March 2019
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Maldivian Red Crescent
STATEMENT OF INCOME AND EXPENDITURE
Year ended 31 December 2018

	Note	2018 MVR	2017 MVR
Income			
Subscription income	3	106,860	16,465
Donation income	4	11,745,445	13,956,952
Other income	5	1,175,838	1,153,952
		<u>13,028,143</u>	<u>15,127,369</u>
Less: Expenditure			
Personnel costs	6	3,459,874	3,522,133
Workshops and training		1,435,990	1,500,403
Cost of goods distribution		1,132,335	1,070,814
Travelling expenses		406,667	306,568
Information and public relations		806,534	365,693
Office maintenance		830,649	1,060,281
Consultancy fees		145,829	271,153
Communication costs		185,024	250,731
Professional fees		158,545	152,541
Office supplies		108,134	102,737
Depreciation		2,077,034	790,507
Amortisation		35,572	36,020
Finance charges		171,914	14,260
Other expenditure		122,184	137,319
		<u>11,076,285</u>	<u>9,581,161</u>
Income over expenditure		<u><u>1,951,858</u></u>	<u><u>5,546,208</u></u>

The accounting policies and notes on pages 7 through 13 form an integral part of the financial statements.



Maldivian Red Crescent
STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	2018 MVR	2017 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	7	11,866,634	11,012,673
Work in progress	7.1	1,518,000	1,591,200
Intangible asset	8	32,077	35,425
		<u>13,416,711</u>	<u>12,639,298</u>
Current assets			
Inventories	9	798,168	426,096
Receivables	10	650,716	410,719
Cash and cash equivalents	11	2,192,972	3,583,683
		<u>3,641,856</u>	<u>4,420,498</u>
Total assets		<u>17,058,567</u>	<u>17,059,796</u>
FUNDS AND LIABILITIES			
Funds			
Donation fund	12	86,090	86,090
Accumulated funds		15,535,059	13,583,201
MRC emergency response fund	13	142,774	172,343
Total funds		<u>15,763,923</u>	<u>13,841,634</u>
Current Liabilities			
Project advances from donors	14	555,518	2,647,764
Accruals and other payables	15	739,126	570,398
Total current liabilities		<u>1,294,644</u>	<u>3,218,162</u>
Total funds and liabilities		<u>17,058,567</u>	<u>17,059,796</u>

The accounting policies and notes on pages 7 through 13 form an integral part of the financial statements.

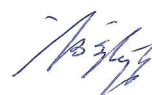
These financial statements were approved by the Governing Board and signing on its behalf by;



Ali Nashid
President

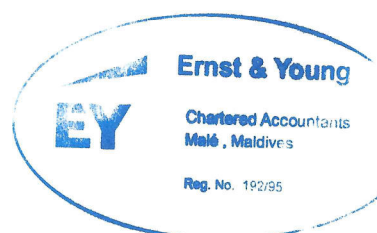


Aishath Noora Mohamed
Secretary General



Abdul Haleem Abdul Latheef
Treasurer

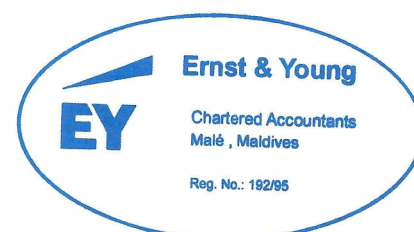
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Maldivian Red Crescent
STATEMENT OF CHANGES IN FUNDS
Year ended 31 December 2018

	Donation Fund	Accumulated Funds	MRC Emergency Fund	Total
	MVR	MVR	MVR	MVR
As at 01 January 2017	86,090	8,036,993	187,983	8,311,066
Income over expenditure for the year		5,546,208	-	5,546,208
Utilized for the year (Note 13)		-	(15,640)	(15,640)
As at 31 December 2017	86,090	13,583,201	172,343	13,841,634
Income over expenditure for the year		1,951,858	-	1,951,858
Utilized for the year (Note 13)		-	(29,569)	(29,569)
As at 31 December 2018	86,090	15,535,059	142,774	15,763,923

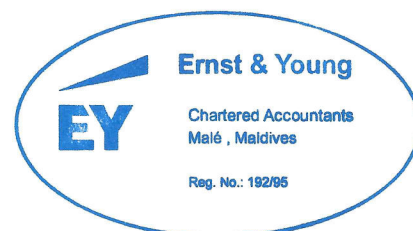
The accounting policies and notes on pages 7 through 13 form an integral part of the financial statements.



**Maldivian Red Crescent
STATEMENT OF CASH FLOWS
Year ended 31 December 2018**

	Note	2018 MVR	2017 MVR
Cash flows from operating activities			
Income over expenditure		1,951,858	5,546,208
<i>Adjustments for:</i>			
Depreciation	7	2,077,034	790,507
Amortisation of intangible asset	8	35,572	36,020
Loss on disposal of property, plant and equipment		54,400	-
Interest income	5	(3,058)	(1,129)
Operating profit before working capital changes		<u>4,115,806</u>	<u>6,371,606</u>
Changes in working capital			
Decrease/ (Increase) in inventories		(372,072)	1,134,132
Increase/ (decrease) in project advances from donors		(2,092,246)	(347,509)
Decrease/ (increase) in receivables		(239,997)	(187,199)
Increase in accruals and payables		168,728	(104,400)
Net cash from operating activities		<u>1,580,219</u>	<u>6,866,630</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(2,945,094)	(6,991,698)
Proceeds from disposal of property, plant and equipment		675	-
Interest income received		3,058	1,129
Net cash used in investment activities		<u>(2,941,361)</u>	<u>(6,990,569)</u>
Cash flows from financing activities			
Contributions received / (paid) from MRC Emergency response fund		(29,569)	(15,640)
Net Cash Used in Financing Activities		<u>(29,569)</u>	<u>(15,640)</u>
Net (Decrease)/ Increase in Cash and Cash Equivalents		<u>(1,390,711)</u>	<u>(139,579)</u>
Cash and cash equivalents at beginning of the year		<u>3,583,683</u>	<u>3,723,262</u>
Cash and cash equivalents at end of the year		<u><u>2,192,972</u></u>	<u><u>3,583,683</u></u>

The accounting policies and notes on pages 7 through 13 form an integral part of the financial statements.



Maldivian Red Crescent
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

1. General information

Maldivian Red Crescent (the "Society") was formed on 16th 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. Basis of preparation

2.1 Basis of measurement

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.

2.2 Comparative information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.2 Summary of other significant accounting policies

Income

(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.

Taxation

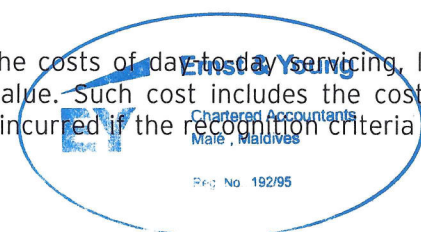
The society is exempt from income tax under section 15(a) 3 to the Business Profit Tax Act No. 5 of 2011.

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.



Maldivian Red Crescent
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

Property, plant and equipment (Continue...)

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 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%
Building	16.66%

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.

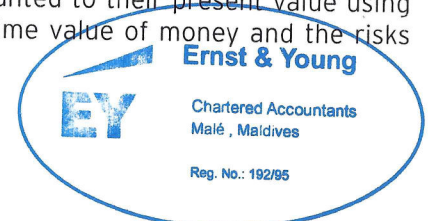
For the purpose of cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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.



Maldivian Red Crescent
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

Impairment of assets (Continue...)

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.

Funds

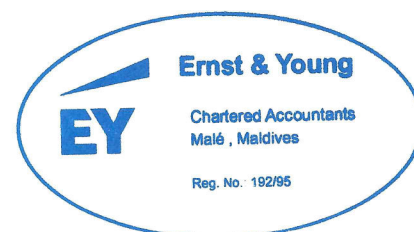
This fund was established by utilizing the proceeds from commercial first aid Programme conducted by volunteers. Funds should be recognized as an income when funds being utilized to activity or project.

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.

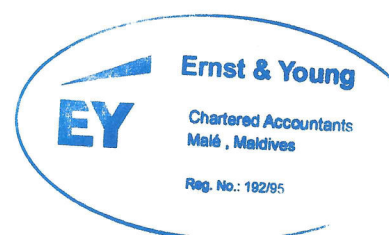
Liabilities

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 2018

	2018 MVR	2017 MVR
3 Subscription income		
Individual membership fees	106,860	16,465
	<u>106,860</u>	<u>16,465</u>
4 Donation income		
International Federation of Red Cross and Crescent Society (4.1)		
Canadian Red Cross Society	2,290,603	9,092,999
International Committee of the Red Cross	684,447	1,303,583
Australian Red Cross	4,117,566	1,368,857
Singapore Red Cross	-	282,480
Other	-	3,360
Universal Foundation	4,476,559	1,292,142
World Heath Organization	176,270	215,291
	-	398,240
	<u>11,745,445</u>	<u>13,956,952</u>
4.1 International Federation of Red Cross and Crescent		
Donations received in cash	2,290,603	9,092,999
	<u>2,290,603</u>	<u>9,092,999</u>
5 Other income		
Commercial first aid income		
Project income	527,071	722,429
Rental income	33,986	97,577
Interest income	489,097	41,250
Donation box collections	3,058	1,129
Patient transport and support service	25,092	92,157
Sundry income	82,100	58,320
	15,434	141,090
	<u>1,175,838</u>	<u>1,153,952</u>
6 Personnel costs		
Salaries and wages		
Staff allowances	3,122,758	3,087,240
Contributions for defined contribution plan	118,068	218,817
	219,048	216,076
	<u>3,459,874</u>	<u>3,522,133</u>



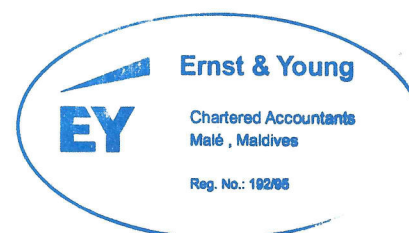
Maldivian Red Crescent
NOTES TO THE FINANCIAL STATEMENT
Year ended 31 December 2018

7 Property, plant and equipment

Cost	Balance as at 01.01.2018 MVR	Additions during the year MVR	Disposals during the year MVR	Balance as at 31.12.2018 MVR
Freehold land	3,509,690	-	-	3,509,690
Buildings	7,032,471	77,614	-	7,110,085
Furniture and fittings	724,348	17,384	(87,568)	654,164
Office equipment	565,005	391,712	(20,082)	936,635
Computer equipment	1,431,252	1,543,237	(171,094)	2,803,395
Motor vehicle	1,999,177	956,123	-	2,955,300
Electrical fittings	269,394	-	-	269,394
Total Value of depreciable assets	15,531,337	2,986,070	(278,744)	18,238,663
Depreciations	Balance as at 01.01.2018 MVR	Charged for the year MVR	Disposals during the year MVR	Balance as at 31.12.2018 MVR
Buildings	418,315	1,181,899	-	1,600,214
Furniture and fittings	280,983	47,043	(40,999)	287,027
Office equipment	499,752	108,825	(11,575)	597,002
Computer equipment	1,312,555	431,952	(171,095)	1,573,412
Motor vehicle	1,925,841	271,272	-	2,197,113
Electrical fittings	81,218	36,043	-	117,261
	4,518,664	2,077,034	(223,669)	6,372,029
Net book value	11,012,673			11,866,634

In the course of construction

	Balance as at 01.01.2018 MVR	Additions during the year MVR	Disposals/tr ansfers during the year MVR	Balance as at 31.12.2018 MVR
Building work in progress	1,591,200	55,579	(128,779)	1,518,000



Maldivian Red Crescent
NOTES TO THE FINANCIAL STATEMENT
Year ended 31 December 2018

8 Intangible asset	2018 MVR	2017 MVR
Cost		
As at 1st January	375,064	375,064
Additions during the year	32,224	-
As at 31st December	407,288	375,064
Accumulated Amortisation		
As at 1st January	339,639	303,619
Amortisation for the year	35,572	36,020
As at 31st December	375,211	339,639
Net book value as at 31 December	32,077	35,425

8.1 Intangible Assets include software purchased by the Society.

9 Inventories

PR Materials	458,277	11,900
First Aid Kits	84,154	96,720
Humanitarian Aid	197,717	223,658
Promotion Materials	58,020	93,818
	798,168	426,096

10 Receivables

Advances	88,589	42,356
Fund receivable-Canadian Fund for CRCOD Project	-	72,262
Fund receivable-International Federation of Red Cross and Red Crescent Societies (IFRC)	175,618	-
Fund receivable-International Committee of Red Cross (ICRC)	148,418	-
Other receivables	238,091	296,101
	650,716	410,719

11 Cash and cash equivalents

Cash in hand	38,805	32,453
Balances with banks	2,154,167	3,551,230
	2,192,972	3,583,683

12 Donation funds

This fund was established by utilizing the proceeds from commercial first aid programs conducted by volunteers on 14 July 2009.

13 MRC emergency response fund

This fund was established by using funds received from fund raising activities conducted by employees of the organization during the previous years. The fund has been established for the use of responding emergency situations that could arise due to disasters and emergency situations.



Maldivian Red Crescent
NOTES TO THE FINANCIAL STATEMENT
Year ended 31 December 2018

14 Project advances from donors

	2018 MVR	2017 MVR
International Federation of Red Cross and Red Crescent Societies (IFRC)	-	1,106,833
International Committee of Red Cross (ICRC)	-	1,060,874
Australian Red Cross	-	10,791
Universal Foundation	31,454	149,109
WA NS	-	13,863
UNICEF Project	158,840	306,294
Empress Shoken Fund	300,815	-
Local donation	64,409	-
	<u>555,518</u>	<u>2,647,764</u>

15 Accruals and other payables

Other payables	177,093	185,001
Accrued expenses	562,033	385,397
	<u>739,126</u>	<u>570,398</u>

16 Capital commitments and contingent liabilities

The Society had no significant capital commitments or contingent liabilities as at 31 December 2018.

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.

