

**MALDIVIAN RED CRESCENT**

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2020**

KR/DN

## **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 31 December 2020, 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 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs").

#### **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 the IFRS for SMEs, 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.

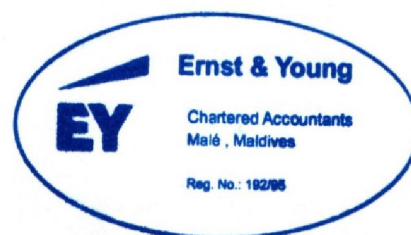
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ 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 Governing Board 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.



04 April 2021  
Male'



**Maldivian Red Crescent**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**Year ended 31 December 2020**

	Note	2020 MVR	2019 MVR
Income			
Subscription income	3	6,050	115,430
Donation income	4	11,432,515	5,105,760
Other income	5	666,488	1,957,139
		<u>12,105,053</u>	<u>7,178,329</u>
Less: Expenditure			
Personnel costs	6	3,758,771	3,133,609
Workshops and training		398,434	1,783,576
Cost of goods distribution		72,782	9,196
Travelling expenses		169,189	831,989
Information and public relations		528,778	374,156
Office maintenance		1,586,964	758,229
Consultancy fees		452,592	244,168
Communication costs		434,737	169,250
Professional fees		37,757	41,197
Office supplies		319,164	183,404
Depreciation		2,242,847	2,181,361
Amortisation		10,770	10,741
Finance charges		12,146	14,552
Other expenditure		2,544,673	364,097
WIP written off		-	1,518,000
Inventory written off		274,274	1,450
Receivable written off		202,011	-
		<u>13,045,889</u>	<u>11,618,975</u>
Deficit for the year		<u>(940,836)</u>	<u>(4,440,646)</u>

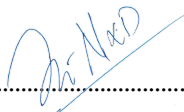
The accounting policies and notes on pages 7 through 13 form an integral part of the financial statements.

**Maldivian Red Crescent**  
**STATEMENT OF FINANCIAL POSITION**  
**Year ended 31 December 2020**

	Note	2020 MVR	2019 MVR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	8,518,662	9,775,400
Intangible asset	8	10,566	21,336
		<b>8,529,228</b>	<b>9,796,736</b>
<b>Current assets</b>			
Inventories	9	440,466	787,522
Receivables	10	973,869	1,165,085
Cash and cash equivalents	11	6,696,699	3,281,676
		<b>8,111,034</b>	<b>5,234,283</b>
<b>Total assets</b>		<b>16,640,262</b>	<b>15,031,019</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Donation fund	12	86,090	86,090
Accumulated funds		10,153,577	11,094,413
MRC emergency response fund	13	1,575,653	345,343
<b>Total funds</b>		<b>11,815,320</b>	<b>11,525,846</b>
<b>Current Liabilities</b>			
Project advances from donors	14	3,547,283	2,747,915
Accruals and other payables	15	1,277,659	757,258
<b>Total current liabilities</b>		<b>4,824,942</b>	<b>3,505,173</b>
<b>Total funds and liabilities</b>		<b>16,640,262</b>	<b>15,031,019</b>


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



  
 Fathimath Himya Abdul Majeed  
 Secretary General

  
 Fathimath Rukshana  
 Treasurer

04 April 2021  
 Male'

**Maldivian Red Crescent**  
**STATEMENT OF CHANGES IN FUNDS**  
Year ended 31 December 2020

	Donation Fund	Accumulated Funds	MRC Emergency Fund	Total
	MVR	MVR	MVR	MVR
As at 01 January 2019	86,090	15,535,059	142,774	15,763,923
Income over expenditure for the year	-	(4,440,646)	-	(4,440,646)
Fund received			261,873	261,873
Utilized for the year (Note 13)	-	-	(59,304)	(59,304)
As at 31 December 2019	<u>86,090</u>	<u>11,094,413</u>	<u>345,343</u>	<u>11,525,846</u>
Income over expenditure for the year	-	(940,836)	-	(940,836)
Fund received	-	-	1,449,638	1,449,638
Utilized for the year (Note 13)	-	-	(219,328)	(219,328)
As at 31 December 2020	<u>86,090</u>	<u>10,153,577</u>	<u>1,575,653</u>	<u>11,815,320</u>

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 2020**

	Note	2020 MVR	2019 MVR
Cash flows from operating activities			
Deficit for the year		(940,836)	(4,440,646)
<i>Adjustments for:</i>			
Depreciation	7	2,242,847	2,181,361
Amortisation of intangible asset	8	10,770	10,741
Interest income	5	(1,803)	(1,797)
WIP written off		-	1,518,000
Inventory written off		274,274	1,450
Receivable written off		202,011	-
Operating income / (deficit) before working capital changes		1,787,263	(730,890)
Changes in working capital			
Decrease in inventories		72,782	9,196
Increase in receivables		(10,796)	(514,369)
Increase in project advances from donors		799,368	2,192,397
Increase in accruals and payables		520,401	18,132
Net cash from operating activities		3,169,018	974,465
Cash flows in investing activities			
Acquisition of property, plant and equipment	7	(986,108)	(90,127)
Interest income received		1,803	1,797
Net cash used in investment activities		(984,305)	(88,330)
Cash flows in financing activities			
Contributions received from MRC Emergency response fund		1,230,310	202,569
Net cash from financing activities		1,230,310	202,569
Net increase in cash and cash equivalents		3,415,023	1,088,704
Cash and cash equivalents at beginning of the year		3,281,676	2,192,972
Cash and cash equivalents at end of the year		6,696,699	3,281,676

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 2020**

**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 2<sup>nd</sup> floor, plot no. 11493, Hithigas Magu, Hulhumale', 23000, 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 the International Financial Reporting Standards for Small and Medium-sized Entities.

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**

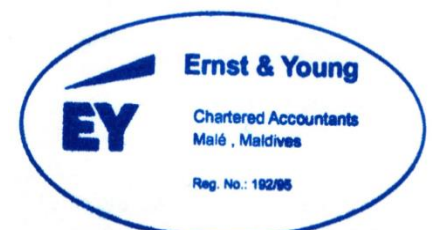
The society is exempt from income tax under section 12(d) to the Income Tax Act of 2019.

**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 2020**

**Property, plant and equipment (continued...)**

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 2020**

**Impairment of assets (continued...)**

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 2020

	2020 MVR	2019 MVR
3 Subscription income		
Individual membership fees	6,050	115,430
	<u>6,050</u>	<u>115,430</u>
4 Donation income		
International Federation of Red Cross and Crescent Society	3,268,629	480,206
International Committee of the Red Cross	2,380,167	2,606,194
In-Kind Donation	1,269,641	-
Government	2,707,866	-
Singapore Red Cross	613,478	610,749
Other	766,342	1,027,662
Universal Foundation	155,204	116,250
UNICEF	271,188	264,700
	<u>11,432,515</u>	<u>5,105,760</u>
5 Other income		
Commercial first aid income	67,063	1,232,996
Rental income	544,000	528,000
Interest income	1,803	1,797
Patient transport and support service	35,450	24,450
Sundry income	18,172	169,896
	<u>666,488</u>	<u>1,957,139</u>
6 Personnel costs		
Salaries and wages	3,330,729	2,811,413
Staff allowances	226,588	129,198
Contributions for defined contribution plan	201,454	192,999
	<u>3,758,771</u>	<u>3,133,609</u>

**Maldivian Red Crescent**  
**NOTES TO THE FINANCIAL STATEMENT**  
**Year ended 31 December 2020**

**7 Property, plant and equipment**

	Balance as at 01.01.2020 MVR	Additions during the year MVR	Disposals during the year MVR	Balance as at 31.12.2020 MVR
<b>Cost</b>				
Freehold land	3,509,690	-	-	3,509,690
Buildings	7,110,085	-	-	7,110,085
Furniture and fittings	707,391	302,100	-	1,009,491
Office equipment	936,635	16,781	-	953,416
Computer equipment	2,822,685	555,045	-	3,377,730
Motor vehicle	2,972,910	-	-	2,972,910
Electrical fittings	269,394	112,182	-	381,576
<b>Total Value of depreciable assets</b>	<b>18,328,790</b>	<b>986,108</b>	<b>-</b>	<b>19,314,898</b>
	Balance as at 01.01.2020 MVR	Charged for the year year MVR	Disposals during the year MVR	Balance as at 31.12.2020 MVR
<b>Depreciations</b>				
Buildings	2,782,298	1,185,297	-	3,967,595
Furniture and fittings	356,359	74,504	-	430,863
Office equipment	704,684	107,743	-	812,427
Computer equipment	2,118,771	590,302	-	2,709,073
Motor vehicle	2,447,077	251,170	-	2,698,247
Electrical fittings	144,200	33,831	-	178,031
	<b>8,553,390</b>	<b>2,242,847</b>	<b>-</b>	<b>10,796,236</b>
<b>Net book value</b>	<b>9,775,400</b>			<b>8,518,662</b>

<b>8 Intangible asset</b>	<b>2020 MVR</b>	<b>2019 MVR</b>
<b>Cost</b>		
As at 1st January	407,288	407,288
Additions during the year	-	-
As at 31st December	<b>407,288</b>	<b>407,288</b>
<b>Accumulated Amortisation</b>		
As at 1st January	385,952	375,211
Amortisation for the year	10,770	10,741
As at 31st December	<b>396,722</b>	<b>385,952</b>
<b>Net book value</b>	<b>10,566</b>	<b>21,336</b>

8.1 Intangible Assets include software purchased by the Society.

**Maldivian Red Crescent**  
**NOTES TO THE FINANCIAL STATEMENT**  
**Year ended 31 December 2020**

9 Inventories

PR Materials	395,234	455,216
First Aid Kits	-	76,625
Humanitarian Aid	67	197,717
Promotion Materials	45,165	57,965
	<u>440,466</u>	<u>787,522</u>

10 Receivables

Advances	143,613	321,029
Security Deposit	73,000	50,000
Other receivables	757,256	794,056
	<u>973,869</u>	<u>1,165,085</u>

11 Cash and cash equivalents

Cash in hand	10,015	14,864
Balances with banks	6,686,684	3,266,812
Cash and cash equivalents in statement of cash flows	<u>6,696,699</u>	<u>3,281,676</u>

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 2020**

14	Project advances from donors	2020 MVR	2019 MVR
	International Federation of Red Cross and Red Crescent Societies (IFRC)	992,538	1,863,459
	United Nations Development Programme (UNDP)	415,438	450,000
	United Nations International Children's Emergency Fund (UNICEF)	806,402	-
	Universal Foundation	-	123,751
	Empress Shoken Fund	269,453	269,453
	Government	792,134	-
	Local donation	9,409	41,253
	Swiss Embassy	261,909	-
		<u>3,547,283</u>	<u>2,747,915</u>
15	Accruals and other payables		
	Other payables	171,872	168,772
	Accrued expenses	1,105,787	588,486
		<u>1,277,659</u>	<u>757,258</u>
16	Capital commitments and contingent liabilities		
	The Society had no significant capital commitments or contingent liabilities as at 31 December 2020.		
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.		