
MALDIVIAN RED CRESCENT

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017



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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 2017, 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 2017 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.

Partners:

W R H Fernando FCA FCMA M P D Cooray FCA FCMA H M A Jayasinghe FCA FCMA A P A Gunasekera FCA FCMA
D K Hulangamuwa FCA FCMA LLB (Lond) A Herath FCA

Resident Partners: A H Fawzy FCA FCMA FCCA M Rengaraj FCA ACMA

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Auditor's responsibilities for the audit of the financial statements

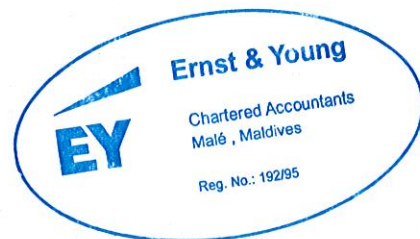
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.



24 April 2018
Male'



Maldivian Red Crescent
STATEMENT OF INCOME AND EXPENDITURE
Year ended 31 December 2017

	Note	2017 MVR	2016 MVR
Income			
Subscription income	3	16,465	78,870
Donation income	4	13,956,952	12,389,657
Other income	5	1,153,952	714,364
		<u>15,127,369</u>	<u>13,182,891</u>
Less: Expenditure			
Personnel costs	6	3,522,133	5,721,326
Workshops and training		1,500,403	1,929,658
Cost of Goods distribution		1,070,814	-
Travelling expenses		306,568	514,436
Information and public relations		365,693	346,710
Office maintenance		1,060,281	2,005,163
Consultancy fees		271,153	416,224
Communication costs		250,731	448,711
Professional fees		152,541	157,232
Office supplies		102,737	135,377
Depreciation		790,507	908,619
Amortisation		36,020	54,851
Finance charges		14,260	31,518
Other expenditure		137,319	179,848
		<u>9,581,161</u>	<u>12,849,673</u>
Income over expenditure		<u>5,546,208</u>	<u>333,218</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 2017**

	Note	2017 MVR	2016 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	7	11,012,673	4,238,153
Work in progress	7.1	1,591,200	2,164,529
Intangible asset	8	35,425	71,445
		<u>12,639,298</u>	<u>6,474,127</u>
Current assets			
Inventories	9	426,096	1,560,228
Receivables	10	410,719	223,520
Cash and cash equivalents	11	3,583,683	3,723,262
		<u>4,420,498</u>	<u>5,507,010</u>
Total assets		<u><u>17,059,796</u></u>	<u><u>11,981,137</u></u>
FUNDS AND LIABILITIES			
Funds			
Donation fund	12	86,090	86,090
Accumulated funds		13,583,201	8,036,993
MRC emergency response fund	13	172,343	187,983
Total funds		<u>13,841,634</u>	<u>8,311,066</u>
Current Liabilities			
Project advances from donors	14	2,647,764	2,995,273
Accruals and other payables	15	570,398	674,798
Total current liabilities		<u>3,218,162</u>	<u>3,670,071</u>
Total funds and liabilities		<u><u>17,059,796</u></u>	<u><u>11,981,137</u></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

24 April 2018
Male'

**Maldivian Red Crescent
STATEMENT OF CHANGES IN FUNDS
Year ended 31 December 2017**

	Donation Fund MVR	Accumulated Funds MVR	MRC Emergency Fund MVR	Total MVR
As at 1st January 2016	86,090	7,703,775	222,821	8,012,686
Income over expenditure for the year	-	333,218	-	333,218
Utilized for the year (Note 13)			(34,838)	(34,838)
As at 31 December 2016	86,090	8,036,993	187,983	8,311,065
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

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 2017**

	Note	2017 MVR	2016 MVR
Cash flows from operating activities			
Income over expenditure		5,546,208	333,218
<i>Adjustments for:</i>			
Depreciation	7	790,507	908,619
Amortisation of intangible asset	8	36,020	54,851
Loss on Disposal of Property, Plant and Equipment	8	-	134,730
Interest income	5	(1,129)	(850)
Operating profit before working capital changes		<u>6,371,606</u>	<u>1,430,568</u>
Changes in working capital			
Decrease/ (Increase) in inventories		1,134,132	(203,819)
Increase/ (decrease) in project advances from donors		(347,509)	(402,596)
Decrease/ (increase) in receivables		(187,199)	329,231
Increase in accruals and payables		(104,400)	(615,994)
Net cash from operating activities		<u>6,866,630</u>	<u>537,389</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(6,991,698)	(706,261)
Proceeds from Disposal of Property, Plant and Equipment		-	13,825
Interest income received		1,129	850
Net cash used in investment activities		<u>(6,990,569)</u>	<u>(691,586)</u>
Cash flows from financing activities			
Contributions received / (paid) from MRC Emergency response fund		(15,640)	(34,838)
Net Cash Used in Financing Activities		<u>(15,640)</u>	<u>(34,838)</u>
Net (Decrease)/ Increase in Cash and Cash Equivalents		(139,579)	(189,035)
Cash and Cash Equivalents at the Beginning of the Year		<u>3,723,262</u>	<u>3,912,297</u>
Cash and Cash Equivalents at End of the Year		<u><u>3,583,683</u></u>	<u><u>3,723,262</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 2017

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. 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.

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

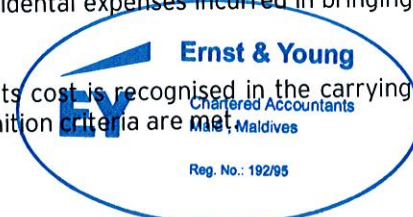
All foreign currency transactions are converted to Maldivian Rufiyaa, which is the reporting currency at the rates of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are retranslated to Maldivian Rufiyaa at the rate of 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 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.



Maldivian Red Crescent
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

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%

Property, plant and equipment (Continued)

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 2017

Funds

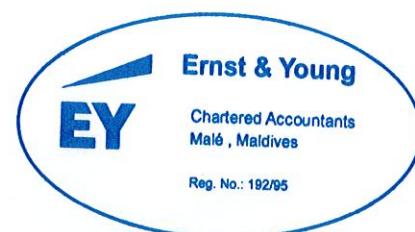
This fund was established by utilizing the proceeds from commercial first aid Programme conducted by volunteers. Funds should be recognized as an income when funds being utilized to activity or project.

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 2017

	2017 MVR	2016 MVR
3 Subscription income		
Individual Membership Fees	16,465	78,870
	<u>16,465</u>	<u>78,870</u>
4 Donation income		
International Federation of Red Cross and Crescent Societies (4.1)	9,092,999	8,478,694
Canadian Red Cross Society	1,303,583	1,516,351
International Committee of the Red Cross	1,368,857	280,977
Australian Red Cross	282,480	1,330,016
Singapore Red Cross	3,360	90,322
Other	1,292,142	360,532
Int Org for Migration (IOM)	-	160,151
Universal Foundation	215,291	172,614
World Health Organization	398,240	-
	<u>13,956,952</u>	<u>12,389,657</u>
4.1 International Federation of Red Cross and Crescent		
Donations received in Kind	-	26,587
Donations received in Cash	9,092,999	8,452,107
	<u>9,092,999</u>	<u>8,478,694</u>
5 Other income		
Commercial first aid income	722,429	494,450
Project income	97,577	41,943
Rental income	41,250	60,703
Interest income	1,129	850
Foreign exchange gain	-	11
Donation box collections	92,157	33,521
Patient transport and support service	58,320	33,760
Sundry income	141,090	49,126
	<u>1,153,952</u>	<u>714,364</u>
6 Personnel costs		
Salaries and wages	3,087,240	5,015,874
Staff allowances	218,817	335,971
Contributions for defined contribution plan	216,076	369,481
	<u>3,522,133</u>	<u>5,721,326</u>

**Maldivian Red Crescent
NOTES TO THE FINANCIAL STATEMENT
Year ended 31 December 2017**

7 Property, plant and equipment

Cost	Balance as at 01.01.2017	Additions during the year	Disposals during the year	Balance as at 31.12.2017
	MVR	MVR	MVR	MVR
Freehold Land	3,439,690	70,000	-	3,509,690
Buildings	-	7,032,471	-	7,032,471
Furniture and Fittings	523,760	200,588	-	724,348
Office Equipment	537,005	28,000	-	565,005
Computer Equipment	1,340,813	90,439	-	1,431,252
Motor Vehicle	1,957,372	41,805	-	1,999,177
Electrical Fittings	167,670	101,724	-	269,394
Total Value of depreciable assets	7,966,310	7,565,026	-	15,531,337
	Balance as at 01.01.2017	Charged for the year	Disposals during the year	Balance as at 31.12.2017
Depreciations	MVR	MVR	MVR	MVR
Buildings	-	418,315	-	418,315
Furniture and Fittings	224,564	56,419	-	280,983
Office Equipment	434,171	65,581	-	499,752
Computer Equipment	1,185,695	126,860	-	1,312,555
Motor Vehicle	1,821,421	104,420	-	1,925,841
Electrical Fittings	62,306	18,912	-	81,218
	3,728,157	790,507	-	4,518,664
Net book value	4,238,153			11,012,673

7.1 In the course of construction

	Balance as at 01.01.2017	Additions during the year	Disposals/tra nsfers during the year	Balance as at 31.12.2017
	MVR	MVR	MVR	MVR
Building work in progress	2,164,529	6,459,142	7,032,471	1,591,200

Maldivian Red Crescent
NOTES TO THE FINANCIAL STATEMENT
Year ended 31 December 2017

8 Intangible asset	2017 MVR	2016 MVR
Cost		
As at 1st January	375,064	375,064
Additions during the year	-	-
As at 31st December	<u>375,064</u>	<u>375,064</u>
Accumulated Amortisation		
As at 1st January	303,619	248,768
Amortisation for the year	36,020	54,851
As at 31st December	<u>339,639</u>	<u>303,619</u>
Net book value as at 31 December	<u><u>35,425</u></u>	<u><u>71,445</u></u>

8.1 Intangible Assets include softwares purchased by the Society.

9 Inventories

PR Materials	11,900	12,300
First Aid Kits	96,720	158,814
Humanitarian Aid	223,658	197,649
Jerry cans(9.1)	-	1,096,823
Promotion Materials	93,818	94,642
	<u>426,096</u>	<u>1,560,228</u>

9.1 Jerry cans

In 2016, total jerry cans balance MVR.1,294,472/- included Humanitarian Aid amount in MVR.197,649/-.

10 Receivables

Advances	42,356	25,432
Fund Receivable-Canadian Fund for CRCOD Project	72,262	-
Other receivables	296,101	198,088
	<u>410,719</u>	<u>223,520</u>

11 Cash and cash equivalents

Cash in hand	32,453	51,849
Balances with banks	3,551,230	3,671,413
	<u>3,583,683</u>	<u>3,723,262</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 2017

14 Project advances from donors	2017 MVR	2016 MVR
International Federation of Red Cross and Red Crescent Societies (IFRC)	1,106,833	2,135,506
International Committee of Red Cross (ICRC)	1,060,874	93,995
Canadian Fund for CRCOD Project	-	42,451
Singapore Red Cross	-	3,360
Australian Red Cross	10,791	293,272
Universal Foundation	149,109	391,386
Int Org for Migration (IOM)	-	35,303
WA NS	13,863	-
UNICEF Project	306,294	-
	<u>2,647,764</u>	<u>2,995,273</u>
15 Accruals and other payables		
Other Payables	185,001	196,198
Accrued Expenses	385,397	478,600
	<u>570,398</u>	<u>674,798</u>

16 Capital commitments and contingent liabilities

The Society had no significant capital commitments or contingent liabilities as at 31 December 2017.

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.