

MYANMAR RED CROSS SOCIETY (MRCS)

FINANCIAL STATEMENTS

31 DECEMBER 2023

Currency – Myanmar Kyats

**WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

**MYANMAR RED CROSS SOCIETY (MRCS)
FINANCIAL STATEMENTS
31 DECEMBER 2023**

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ဖက်စ်

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အီးမေးလ်

- president@redcross.org.mm

- secretarygeneral@redcross.org.mm

STATEMENT OF MANAGEMENT'S RESPONSIBILITY MYANMAR RED CROSS SOCIETY (MRCS)

It is the responsibility of the management to prepare the financial statements which gives a true and fair view of the financial position of Myanmar Red Cross Society (the Organization) as at 31 December 2023 and the income statement, statement of changes in society's equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes. In preparing the financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently; and
- Make judgement and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Organization. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Organization and to prevent and detect fraud and other irregularities.

On behalf of Management

President
Myanmar Red Cross Society (MRCS)

Director of Finance
Myanmar Red Cross Society (MRCS)

14 June 2024



ဝင်းသင်နှင့်အဖွဲ့လီမိတက်

WIN THIN & ASSOCIATES LTD

CERTIFIED PUBLIC ACCOUNTANTS

Room (2B/2C) 1st Floor, Rose Condominium, No. 182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon Region, Myanmar. Tel: 95-1-8201798, 8296164, Fax: 95-1-8245671 Email: info@winthinassociates.com

Ref: 176/ M- 170/ December 2023

INDEPENDENT AUDITOR'S REPORT

To the management of Myanmar Red Cross Society (MRCS)

Opinion

We have audited the accompanying financial statements of **Myanmar Red Cross Society** (“the Organization”), which comprise the statement of financial position as at 31 December 2023 and the income statement, changes in society’s equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Myanmar Red Cross Society (the Organization) as of 31 December 2023 and the results of its operation for the year 31 December 2023 then ended in accordance with Accounting Policies and Procedure Manual and Generally Accepted Accounting Practices in Myanmar.

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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management’s Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Policies and Procedure Manual and generally accepted accounting practices in Myanmar. and for such internal control as management determines is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities for the audit of the financial statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is 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 always detects 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

We communicate with the management, 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.



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Engagement Partner

WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Firm Registration No. ACC 008

Room (2B/2C) 1st Floor, Rose Condominium,

No. 182/194, Batahtaung Pagoda Road,

Pazundaung Township,

Yangon Region, Myanmar



14 June 2024

MYANMAR RED CROSS SOCIETY (MRCS)**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2023**

Currency – Myanmar Kyats

| | Note | 2023 | 2022 |
|-------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Non-current Assets | | | |
| Property and equipment | 3 | 2,687,315,652.00 | 2,658,600,552.00 |
| | | 2,687,315,652.00 | 2,658,600,552.00 |
| Current Assets | | | |
| Cash and cash equivalent | 4 | 3,138,550,609.07 | 2,800,207,929.77 |
| Advance and other receivable | 5 | 985,036,581.99 | 997,910,502.63 |
| Project core cost recoverable | 6 | 475,914,586.51 | 312,476,437.55 |
| Inventories | 7 | 6,060,000.00 | – |
| | | 4,605,561,777.57 | 4,110,594,869.95 |
| | | 7,292,877,429.57 | 6,769,195,421.95 |

FUNDS, LIABILITIES AND PROVISIONS**Funds**

| | | | |
|-----------------|---|------------------|------------------|
| General Fund | 8 | 6,295,385,982.01 | 5,808,444,930.39 |
| Ear Marked fund | 9 | 879,166,137.49 | 879,166,137.49 |
| | | 7,174,552,119.50 | 6,687,611,067.88 |

Current Liabilities

| | | | |
|----------------------|----|------------------|------------------|
| Sundry Creditors | 10 | 262,000.00 | 260,000.00 |
| Deposits received | 11 | 67,549,067.20 | 30,467,140.00 |
| Advances and payable | 12 | 50,514,242.87 | 50,857,214.07 |
| | | 118,325,310.07 | 81,584,354.07 |
| | | 7,292,877,429.57 | 6,769,195,421.95 |

*See accompanying Notes to Financial Statements***Authenticated by:**President
Myanmar Red Cross Society (MRCS)Director of Finance
Myanmar Red Cross Society (MRCS)

MYANMAR RED CROSS SOCIETY (MRCS)
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023
Currency – Myanmar Kyats

| | Note | 2023 | 2022 |
|--|------|-------------------------|-------------------------|
| INCOME | | | |
| Income | 13 | 449,886,639.50 | 321,996,840.50 |
| Other income | 14 | 1,474,847,627.68 | 1,327,908,583.72 |
| Total income | | 1,924,734,267.18 | 1,649,905,424.22 |
| EXPENSES | | | |
| Programs and relief services | 15 | 46,736,924.84 | 42,376,508.56 |
| Support services and other administrative expenses | 16 | 1,391,056,289.72 | 1,080,151,058.66 |
| Total expenses | | 1,437,793,214.56 | 1,122,527,567.22 |
| Total surplus/ (Deficit) for the year | | 486,941,052.62 | 527,377,857.00 |

See accompanying Notes to Financial Statements

Authenticated by:



President
Myanmar Red Cross Society (MRCS)



Director of Finance
Myanmar Red Cross Society (MRCS)

MYANMAR RED CROSS SOCIETY (MRCS)
STATEMENT OF CHANGES IN SOCIETY'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Currency – Myanmar Kyats

| | 2023 | 2022 |
|-----------------------|-------------------------|-------------------------|
| Opening general fund | 5,808,444,930.39 | 5,282,948,265.00 |
| Prior year adjustment | (1.00) | (1,881,191.61) |
| Surplus for the year | 486,941,052.62 | 527,377,857.00 |
| | 6,295,385,982.01 | 5,808,444,930.39 |

MYANMAR RED CROSS SOCIETY (MRCS)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2023
Currency – Myanmar Kyats

| | 2023 | 2022 |
|--|-------------------------|-------------------------|
| Cash flow from operating activities | | |
| Net profit/(loss) before tax | 486,941,052.62 | 527,377,857.00 |
| Adjustment | (1.00) | (1,881,191.61) |
| Operating profit before working capital changes | 486,941,051.62 | 525,496,665.39 |
| Working Capital Changes | | |
| Advance and other receivable | 12,873,920.64 | (855,340,603.63) |
| Project core cost recoverable | (163,438,148.96) | 75,567,314.45 |
| Inventories | (6,060,000.00) | – |
| Sundry creditors | 2,000.00 | 201,867.00 |
| Deposits received | 37,081,927.20 | 20,764,596.00 |
| Advances and payable | (342,971.20) | (61,213,681.93) |
| Net cash flow from operating activities | 367,057,779.30 | (294,523,842.72) |
| Cash flow from investing activities | | |
| Purchase of Fixed assets | (28,715,100.00) | (3,156,400.00) |
| Net cash flow from investing activities | (28,715,100.00) | (3,156,400.00) |
| Cash flow from financing activities | | |
| Increase / (Decrease) in Ear Marked Fund | – | 22,904,418.49 |
| Net cash flow from financing activities | – | 22,904,418.49 |
| Net increase/(decrease) in cash and cash equivalent | 338,342,679.30 | (274,775,824.23) |
| Cash and cash equivalent at beginning of year | 2,800,207,929.77 | 3,074,983,754.00 |
| Cash and cash equivalent at end of year (Note-4) | 3,138,550,609.07 | 2,800,207,929.77 |

MAR RED CROSS SOCIETY (MRCS)
NOTES TO FINANCIAL STATEMENTS
Currency – Myanmar Kyats

1. General

Myanmar Red Cross Society (MRCS) was established in 1920 by the Governor of British-ruled Burma.

Myanmar Red Cross Society Act was enacted in 1959 and is amended from time to time.

The Law Amending the Myanmar Red Cross Society Law (The Phyidaungsu Hluttaw Law No. 18, 2018) The 9th Waxing Day of First Waso, 1380 M.E.21 June,2018.

The strategic goals of MRCS include the following:

- a. Reduce deaths, illnesses, injuries and impact from disasters and new emerging and re-emerging diseases and public health emergencies.
- b. Promote understanding and respect for Red Cross principles, diversity, human dignity, and reduce intolerance, discrimination and social exclusion.
- c. MRCS is well-structured, organised and resourced at all levels so that it may deliver quality community-based services.

The office of the Organization is at No. 42, Strand Road, Botahtaung Township, Yangon, Myanmar.

The Financial Statements relate to the year from 1 January 2023 to 31 December 2023.

2. Summary of significant accounting policies

Basis of preparation

The accompanying financial statements are prepared in accordance with Accounting Policies and Procedure Manual and generally accepted accounting practices in Myanmar and are based on historical cost convention.

Property and equipment

Property and equipment are stated at cost.

Foreign Currency Translations

Functional and presentation currency

Items included in the financial statements of the organization are measured using the currency of primary economic environment in which the entities operate (the “functional currency”). The financial statements are presented in Myanmar Kyats, which is the presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency by applying the approved exchange rate (Ks 2,078). Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rate of reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

3. Properties and equipment

The details of this account are as follows:

| | 2022 | Addition | 2023 |
|--------------------------------|-------------------------|----------------------|-------------------------|
| Original Cost | | | |
| Land (Head Office Nay Pyi Taw) | 70,257,910.00 | – | 70,257,910.00 |
| Office building | 2,415,717,844.00 | – | 2,415,717,844.00 |
| Motor vehicle | 29,700,017.00 | – | 29,700,017.00 |
| Other office equipment | 45,567,546.00 | 570,000.00 | 46,137,546.00 |
| Furniture | 10,277,000.00 | – | 10,277,000.00 |
| Electrical fittings | 68,107,100.00 | 25,254,100.00 | 93,361,200.00 |
| Donated IT equipment | 617,000.00 | – | 617,000.00 |
| Donated office equipment | 1,087,000.00 | – | 1,087,000.00 |
| Other computer equipment | 12,004,745.00 | – | 12,004,745.00 |
| Projector | 5,264,390.00 | – | 5,264,390.00 |
| Telephone | – | 2,891,000.00 | 2,891,000.00 |
| | 2,658,600,552.00 | 28,715,100.00 | 2,687,315,652.00 |

4. Cash and cash equivalent

The above consist of:

| | 2023 | 2022 |
|---------------------|-------------------------|-------------------------|
| Cash on hand | | |
| Kyats | 38,000,452.00 | 15,475,802.00 |
| Cash at bank | | |
| Kyats | 2,886,008,193.07 | 2,607,983,821.66 |
| US\$ | 214,541,964.00 | 176,748,306.11 |
| | 3,138,550,609.07 | 2,800,207,929.77 |

5. Advance and other receivable

The above consist of:

| | 2023 | 2022 |
|---------------------------|-----------------------|-----------------------|
| Accounts receivable | 270,525,313.82 | 21,648,179.14 |
| Program advances to staff | 26,037,083.00 | 380,500.00 |
| Prepaid expense | 128,368,345.83 | 30,378,521.79 |
| Accrued bank interest | 98,424,118.34 | 76,852,066.70 |
| Loan to projects | 461,681,721.00 | 868,651,235.00 |
| | 985,036,581.99 | 997,910,502.63 |

6. Project core cost recoverable (Ks 475,914,586.51)

The above represents the receivable core cost income that was calculated at 7% of all donor funded programmes' expenditures during the financial year.

7. Inventories (Ks 6,060,000)

This includes the tote bag, the notebook, lanyard, water bottle, umbrella, and teak key chain for fundraising activities.

8. General fund

The above consist of:

| | 2023 | 2022 |
|----------------------|-------------------------|-------------------------|
| Opening general fund | 5,808,444,930.39 | 5,282,948,265.00 |
| Adjustment | (1.00) | (1,881,191.61) |
| Surplus for the year | 486,941,052.62 | 527,377,857.00 |
| | 6,295,385,982.01 | 5,808,444,930.39 |

9. Ear marked fund

The above consist of:

| | 2023 | 2022 |
|--------------------------|-----------------------|-----------------------|
| EM fund | 727,671,735.65 | 727,671,735.65 |
| National Solidarity fund | 151,494,401.84 | 151,494,401.84 |
| | 879,166,137.49 | 879,166,137.49 |

10. Sundry creditors (Ks 262,000)

The above represents payable to staffs for insurance fee.

11. Deposits received (Ks 67,549,067.20)

The above represents the 5% or 10% deposit received from contractors for the construction of a new warehouse, branch office, warehouse extension, and office renovation.

12. Advances and payable

The above consist of:

| | 2023 | 2022 |
|---|----------------------|----------------------|
| Income tax payable against staff salary | 40,608,231.00 | 28,627,816.00 |
| Tax settlement | (40,608,231.00) | (29,099,710.00) |
| Expenses payable | 28,227,488.77 | 39,463,908.07 |
| Volunteer insurance payable | 9,792,000.00 | 9,792,000.00 |
| Advance income for office rent | 12,494,754.10 | 2,073,200.00 |
| | 50,514,242.87 | 50,857,214.07 |

13. Income

The above consist of:

| | 2023 | 2022 |
|--------------------------|-----------------------|-----------------------|
| Membership fees received | 2,520,000.00 | 1,070,000.00 |
| Fundraising | 17,819,771.00 | 5,550,441.00 |
| Rental income | 336,206,006.16 | 270,195,772.64 |
| Donations | 13,340,862.34 | 2,680,626.86 |
| Contributions | 30,000,000.00 | 30,000,000.00 |
| Trading income | 50,000,000.00 | 12,500,000.00 |
| | 449,886,639.50 | 321,996,840.50 |

14. Other income

The above consist of:

| | 2023 | 2022 |
|------------------------|-------------------------|-------------------------|
| Interest and dividends | 129,334,700.99 | 132,296,932.96 |
| Project core cost | 1,062,074,766.58 | 962,603,199.44 |
| Exchange gain | 5,801,346.29 | 156,386,395.80 |
| Other income | 277,636,813.82 | 76,622,055.52 |
| | 1,474,847,627.68 | 1,327,908,583.72 |

15. Programs and relief services

The above consist of:

| | 2023 | 2022 |
|---------------------------------|----------------------|----------------------|
| Construction material | - | 973,000.00 |
| Clothing and textile | - | 2,265,000.00 |
| Food | 4,617,000.00 | - |
| Medical and first aid | 998,250.00 | - |
| Other supplies and services | 991,000.00 | - |
| Vehicles | 217,000.00 | 21,500.00 |
| Computers and telecom | 16,448,774.84 | 11,971,908.56 |
| Office furniture /equipment | 2,428,700.00 | 1,873,900.00 |
| Storage and warehousing | 3,232,300.00 | 3,727,050.00 |
| Program transportation /vehicle | 8,961,900.00 | 5,851,200.00 |
| Volunteers expenses | 2,842,000.00 | 320,000.00 |
| Branch support | 6,000,000.00 | 8,000,000.00 |
| Total event room expense | - | 7,372,950.00 |
| | 46,736,924.84 | 42,376,508.56 |

16. Support services and other administrative expenses

The above consist of:

| | 2023 | 2022 |
|---------------------------------------|-------------------------|-------------------------|
| Support services | | |
| Staff salary and benefits | 862,081,049.90 | 777,114,764.00 |
| Workshops and training | 8,175,324.00 | 4,783,075.00 |
| Travelling | 104,530,250.00 | 23,191,010.36 |
| Administrative expenses | | |
| Information and communication | 13,968,595.00 | 6,669,885.00 |
| Office administration and maintenance | 330,092,273.11 | 198,330,200.24 |
| Legal and professional fee | 53,482,129.00 | 58,330,000.00 |
| Financial charges | 996,254.89 | 981,973.54 |
| Membership fee paid | 13,290,263.40 | 10,750,150.52 |
| General expense | 4,440,150.42 | - |
| | 1,391,056,289.72 | 1,080,151,058.66 |

17. Authorization of Financial Statements

The financial statements of the Organization for the year ended 31 December 2023 were authorized for issue on 14 June 2024.