

Namibia Red Cross Society (Incorporated Association not for gain)
(Registration number 21/1979/0115)
Annual financial statements
for the year ended 31 December 2021

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(Registration number 21/1979/0115)
Annual Financial Statements for the year ended 31 December 2021

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Conduct all services relating to human and medical relief and welfare in general
Directors	Hon. Jhonny Hakaye (NGB Chairperson) Ms Albertina Shihepo (NGB 1st Vice Chairperson) Mr Innocent Mahoto (NGB 2nd Vice Chairperson) Ms Delores Amporo (NGB Treasurer) Ms Nondumiso Mbidi Mr Thys Blauw Dr Glynis Harrison (Secretary General) Ms Melitte Mathe Dr Kwasi Yeboah Mr Fillemon Namesho Mr Salom Iimene Mr Innocent Madonsa Mr Lameck Mutirua Mr Simaata Mubonda Mr Godfried Tukauke Mr Celestinus Ndongi
Registered office	No 2128 Independence Avenue Katutura Windhoek Namibia
Business address	No 2128 Independence Avenue Katutura Windhoek Namibia
Postal address	P. O. Box 1571 Windhoek Namibia
Bankers	Standard Bank Namibia Limited Bank Windhoek Limited Ned Bank Namibia
Auditors	Saunderson & Co Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	PWC Advisory Services Namibia (Pty) Ltd (Resigned)
Company registration number	21/1979/0115

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 28 of 2004, as amended 2007 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the society as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

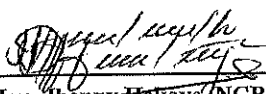
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the society and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the society and all employees are required to maintain the highest ethical standards in ensuring the society's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the society is on identifying, assessing, managing and monitoring all known forms of risk across the society. While operating risk cannot be fully eliminated, the society endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

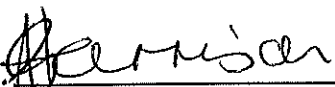
The directors have reviewed the society's cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the society has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the society's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 20, which have been prepared on the going concern basis, were approved by the on 12 September 2023 and were signed on their behalf by:

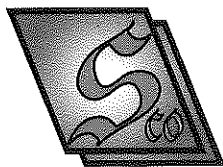


Hon. Johnny Hakaya (NGB Chairperson)



Dr Glynis Harrison (Secretary General)

12 September 2023



Independent Auditor's Report

To the Shareholder of Namibia Red Cross Society (Incorporated Association not for gain)

Qualified Opinion

We have audited the annual financial statements of Namibia Red Cross Society (Incorporated Association not for gain) (the company) set out on pages 7 to 20, which comprise the statement of financial position as at 31 December 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the annual financial statements present fairly, in all material respects, the financial position of Namibia Red Cross Society (Incorporated Association not for gain) as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 28 of 2004, as amended 2007.

Basis for Qualified Opinion

The society did not maintain adequate accounting records and internal controls relating to financial information as stated below.

1. We could not verify the existence, rights and obligation and valuation of property, plant and equipment due to the following

1.1 No title deeds were provided for verification of rights to land and buildings on erf 1243 & 1244 Rundu, erf 575 Katima Mulilo, erf 1580 Oshakati, erf 39 Oluno- Ondangwa and erf 987 Omuthiya with the a total of N\$7,250,000.

1.2 Previously unrecorded furniture and fixtures and IT equipment accounted for in the current year with the value of N\$177,451 as these value were only estimated, without a defined valuation method and calculation to refer to. Refer to note 3.

2. We could not verify the completeness, right and obligation for the donations received amounting to N\$2,100,511, in the absence of the donation agreement for WHO, German red cross and Icelandic. We alternatively send out donor confirmations to these respective donors and these were not responded to.

3. We could not verify the accuracy, completeness and occurrence of expenses recorded in the society's books amounting to N\$863,766, due to the invoices not being made available for inspection.

Owing to the inadequate record keeping no other alternative procedures could be carried out to verify the above mentioned.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

In common with similar organisations, it is not feasible for the society to institute accounting controls over income of a voluntary nature prior to the entry of the collection in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Independent Auditor's Report

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Namibia Red Cross Society (Incorporated Association not for gain) annual financial statements for the year ended 31 December 2021", which includes the Directors' Responsibilities and Approval and the supplementary information as set out on pages 29 to 31. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 28 of 2004, as amended 2007, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are 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 the directors either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 annual 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 company to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Saunderson & Co

Saunderson & Co
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Edington Tafirenyika
Partner

12 September 2023
Windhoek

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Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Namibia Red Cross Society (Incorporated Association not for gain) for the year ended 31 December 2021.

1. Nature of business

Namibia Red Cross Society (Incorporated Association not for gain) was incorporated in Namibia with interests in the conducting all services relating to human, medical relief and welfare in general.

There have been no material changes to the nature of the society's business from the prior year.

2. Directorate

The directors in office at the date of this report are as follows:

Directors

Hon. Jhonny Hakaye	National Governing Board (NGB) Chairperson
Ms Albertina Shihepo	NGB 1st Vice Chairperson
Mr Innocent Mahoto	NGB 2nd Vice Chairperson
Ms Delores Amporo	NGB Treasurer
Ms Nondumiso Mbidi	NGB Legal Advisor
Mr Thys Blauw	NGB National Youth Chairperson
Dr Glynis Harrison	Board Secretariat/ Secretary General
Ms Melitte Mathe	Khomas Regional Board Chairperson and member of NGB
Dr Kwasi Yeboah	Erongo Regional Board Chairperson and member of NGB
Mr Fillemon Namesho	Oshikoto Regional Board Chairperson and member of NGB
Mr Salom Iimene	Ohangwena Regional Board Chairperson and member of NGB
Mr Innocent Madonsa	Otjozondjupa Regional Board Chairperson and member of NGB
Mr Lameck Mutirua	Kunene Regional Board Chairperson and member of NGB
Mr Simaata Mubonda	Zambezi Regional Board Chairperson and member of NGB
Mr Godfried Tukauke	Kavango Regional Board Chairperson and member of NGB
Mr Celestinus Ndongi	Omusati Regional Board Chairperson and member of the NGB

3. Events after the reporting period

In 2022, Mr. Thamasanqa Makhulumo the acting finance manager left the employment of the society.

There were also changes to board members in 2021 as follows:

The former chairperson, Dr Rosa Persendt, resigned in August 2021 from the board, and Hon Johnny Hakaye, the first vice chairperson continued as interim chairperson of the board until his confirmation by re-election at the General Assembly of the members of the society in April 2022 for the new 3 year cycle.

The former treasurer of the board Mr Alfred Goliath also resigned from the board in August 2021, and thereafter the board requested Mr. Mabuku Kingsley Kwenani, the regional board chairperson of the Khomas region to serve as an interim treasurer, until the election of the new treasurer at the General Assembly in April 2022.

The former legal advisor also vacated his co-opted position on the board in August 2022, and there was no legal advisor until one was co-opted from the Khomas region membership at the general assembly of April 2022.

The term of the board that was elected into place between November 2019 for the 3 year period until end of 2021, officially came to an end in April 2022, when the new boards was elected at the general assembly for the next 3 year period.

Beside the events reported above Management is not aware of any material events which occurred after the reporting date and up to the date of this report

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Directors' Report

4. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

The directors believe that the society has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the society is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the society. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the society.

5. Secretary

The company secretary was PWC Advisory Services Namibia (Pty) Ltd (Resigned).

Postal address: P. O. Box 1571
Windhoek
Namibia

Business address: 344 Independence Avenue
Windhoek
Namibia

6. Terms of appointment of the auditors

Saunderson & Co are the appointed auditors of the company for 2021 financial year.

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Statement of Financial Position as at 31 December 2021

	Note(s)	2021 N\$	2020 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	3	25 589 932	38 001 864
Current Assets			
Loans to directors, managers and employees	4	5 000	-
Trade and other receivables	5	149 267	573 487
Cash and cash equivalents	6	6 784 749	15 894 094
		6 939 016	16 467 581
Total Assets		32 528 948	54 469 445
Equity and Liabilities			
Equity			
Retained income		30 725 289	50 481 517
Liabilities			
Current Liabilities			
Trade and other payables	8	1 540 682	3 987 928
Provisions		262 977	-
		1 803 659	3 987 928
Total Equity and Liabilities		32 528 948	54 469 445

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Statement of Surplus or Deficit and Other Comprehensive Income

	Note(s)	2021 N\$	2020 N\$
Revenue	9	21 700 035	43 275 992
Cost of sales	10	3 530	(57 262)
Gross profit		21 703 565	43 218 730
Other operating income	11	(304 176)	14 807 009
Other operating gains (losses)	12	(12 893 860)	(296 455)
Other operating expenses		(28 262 860)	(41 490 715)
Operating (deficit) surplus	13	(19 757 331)	16 238 569
Investment income	14	1 102	15 488
Total comprehensive (deficit) surplus for the year		(19 756 229)	16 254 057

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Statement of Changes in Equity

	Retained income N\$	Total equity N\$
Balance at 01 January 2020	34 227 460	34 227 460
Total comprehensive surplus for the year	16 254 057	16 254 057
Balance at 01 January 2021	50 481 518	50 481 518
Total comprehensive Deficit for the year	(19 756 229)	(19 756 229)
Balance at 31 December 2021	30 725 289	30 725 289

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Statement of Cash Flows

	Note(s)	2021 N\$	2020 N\$
Cash flows from operating activities			
Cash receipts from customers		21 820 079	58 179 526
Cash paid to suppliers and employees		(29 756 408)	(49 308 111)
Cash (used in)/generated from operations	18	(8 113 780)	8 871 415
Interest income	14	1 102	15 488
Net cash from operating activities		(8 112 678)	8 886 903
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1 222 537)	(1 305 382)
Proceeds from sale of property, plant and equipment	3	230 870	-
Cash payments of loans to directors, managers and employees	4	(5 000)	-
Net cash from investing activities		(996 667)	(1 305 382)
Total cash movement for the year		(9 109 345)	7 581 521
Cash and cash equivalents at the beginning of the year		15 894 094	8 312 573
Cash and cash equivalents at the end of the year	6	6 784 749	15 894 094

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Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 28 of 2004, as amended 2007.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 Years
Furniture and fixtures	Straight line	3 - 5 Years
Motor vehicles	Straight line	5 - 12 Years
Office equipment	Straight line	3 - 15 Years
IT equipment	Straight line	3 - 5 Years

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Accounting Policies

1.3 Property, plant and equipment (continued)

Land	Straight line	Nil
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The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the society are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the society, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

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Accounting Policies

1.4 Financial instruments (continued)

Note 20 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 5).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the society becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The society recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The society measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

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Accounting Policies

1.4 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 8), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the society becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note).

Trade and other payables expose the society to liquidity risk and possibly to interest rate risk. Refer to note 20 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.5 Tax

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Impairment of assets

The society assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the society estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the society also:

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1.6 Impairment of assets (continued)

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the society's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.8 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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Accounting Policies

1.8 Provisions and contingencies (continued)

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

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Accounting Policies

1.9 Revenue from contracts with customers

The society recognises revenue from the following major sources:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The society recognises revenue when it transfers control of a product or service to a customer.

Donation Income

The society receive donation income from different donors to impletement project on the donors' behalf. Some donors have donation agreement with the society which stipulate how much the donor is committed to donate, how the donation will be disbursed. Revenue is recognised in point in time when the money is paid by the donor and some are over time.

Rental Income

Rent income is received based on the agreement in place with the tenants, under operating lease agreement over the period of lease. The revenue is received over time.

Management Fees

Management fees is chargerd on the management of the projects on behalf of the donors, when the society sign an agreement there is percentage of management income they are entitled to received. Some revenue are received at a point in time some are received over time as the society sent an expenditure report to the donor and they charge a percent of the management income.

Bicycle Sales

The society receive income from the sales of bicycle from the bicycle shop in Opuwo. This revenue is recognised in point in time when the customer receives and is satisfied with the bicycle.

First Aid Income

The revenue is received at a point in time when the society render service on the first aid training.

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	2021	2020
	N\$	N\$

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the society has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021	There will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021	Unlikely there will be a material impact
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	Unlikely there will be a material impact

2.2 Standards and interpretations not yet effective

The society has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the society's accounting periods beginning on or after 01 January 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2009	Unlikely there will be a material impact
• Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be a material impact
• Initial application of IFRS 17 and IFRS 9 - Comparative information	01 January 2023	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact

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2. New Standards and Interpretations (continued)

- | | | | |
|---|-----------------|--|--|
| • Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16 | 01 January 2022 | | Unlikely there will be a material impact |
| • Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37 | 01 January 2022 | | Unlikely there will be a material impact |
| • Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41 | 01 January 2022 | | Unlikely there will be a material impact |

3. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	23 336 000	-	23 336 000	36 403 250	-	36 403 250
Furniture and fixtures	390 259	(236 119)	154 140	270 885	(213 327)	57 558
Motor vehicles	3 441 606	(2 089 018)	1 352 588	2 910 402	(1 853 090)	1 057 312
Office equipment	1 009 679	(656 772)	352 907	797 426	(550 697)	246 729
IT equipment	659 804	(265 507)	394 297	386 523	(149 508)	237 015
Total	28 837 348	(3 247 416)	25 589 932	40 768 486	(2 766 622)	38 001 864

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals +	# Previously unrecorded furniture and fixtures and IT equipment accounted for in current year	Depreciation	Total
Buildings	36 403 250	-	(13 067 250)	-	-	23 336 000
Furniture and fixtures	57 558	-	-	119 374	(22 792)	154 140
Motor vehicles	1 057 312	778 903	(49 540)	-	(434 087)	1 352 588
Office equipment	246 729	228 431	(7 940)	-	(114 313)	352 907
IT equipment	237 015	215 203	-	58 077	(115 998)	394 297
	38 001 864	1 222 537	(13 124 730)	177 451	(687 190)	25 589 932

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	* Other changes, movements	Depreciation	Total
Buildings	23 681 000	-	12 722 250	-	36 403 250
Furniture and fixtures	82 090	-	-	(24 532)	57 558
Motor vehicles	1 572 026	963 939	(1 064 555)	(414 098)	1 057 312
Office equipment	274 277	73 436	-	(100 984)	246 729
IT equipment	42 972	268 006	-	(73 963)	237 015
	25 652 365	1 305 381	11 657 695	(613 577)	38 001 864

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	2021 N\$	2020 N\$
3. Property, plant and equipment (continued)		
Other changes, movements		
* Land and building that were acquired by the society during previous years some were not recorded in the book, they were only brought in the books during 2020 financial year.		
* Motor vehicles accumulated depreciation as per 2019 signed Annual Financial statement which is the opening balance for 2020 was N\$374,437 and as per fixed assets register opening balance is N\$1,440,452 which result in the movement of N\$1,066,015 and additional movement of N\$1,461.		
# Previously unrecorded furniture and fixtures and IT equipment accounted for in current year after the society did the physical verification of assets and noted that these assets were never in the books, they were brought in using the estimated cost of the similar assets.		
+ Disposal of assets, only N\$230,870 was received on the motor vehicles and IT equipments that were disposed, land and building that was disposed on a loss the proceed was paid to DBN to cover for the loan that was taken by Red Investments (Pty) Ltd and the society was the surety.		
4. Loans to directors, managers and employees		
Schedule of loans to directors, managers and employees		
Fabian Tuhafeni	5 000	-
Loans to directors, managers and employees		
Advances	5 000	-
Split between non-current and current portions		
Current assets	5 000	-
5. Trade and other receivables		
Financial instruments:		
Trade receivables	149 267	324 453
Other receivables	-	84 990
Working Advances	-	164 044
Total trade and other receivables	149 267	573 487
Split between non-current and current portions		
Current assets	149 267	573 487
Financial instrument and non-financial instrument components of trade and other receivables		
At amortised cost	149 267	573 487
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		

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	2021 N\$	2020 N\$
6. Cash and cash equivalents (continued)		
Cash on hand	-	10 381
Bank balances	6 784 749	14 445 713
Short-term deposits	-	1 438 000
	6 784 749	15 894 094

7. Provisions

Reconciliation of provisions - 2021

	Current year leave provision	Total
Provision for leave days	- 262 977	262 977

8. Trade and other payables

Financial instruments:

Trade payables	1 463 839	1 758 761
PAYE Liability	-	1 886 806
GRN Accrual account	11 484	-

Non-financial instruments:

VAT	65 359	342 361
	1 540 682	3 987 928

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	1 475 324	3 645 567
Non-financial instruments	65 359	342 361
	1 540 683	3 987 928

9. Revenue

Revenue from contracts with customers

Bicycle sales	78 239	-
Donation received	18 393 671	39 850 206
Management income	160 575	486 162
Rental Income	3 067 550	2 939 624
	21 700 035	43 275 992

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	2021 N\$	2020 N\$
9. Revenue (continued)		
Disaggregation of revenue from contracts with customers		
Revenue from external customers is derived from donation received, rental income, sales of bicycles, first aid income and management income.		
The society disaggregates revenue from customers as follows:		
Timing of revenue recognition		
At point in time		
Sale of goods		
Bicycle sales	78 239	-
Rendering of services		
Rental Income	3 067 550	2 939 624
Other revenue		
Donation received	18 393 671	39 850 206
Management income	160 575	486 162
	18 554 246	40 336 368
Total revenue from contracts with customers	21 700 035	43 275 992
10. Cost of sales		
Sale of goods	-	57 262
Discount received	(3 530)	-
Sale of goods		
Sale of goods - Bicycle shop	-	57 262
11. Other operating income		
Sundry Income	561 145	5 525 466
Clearing prior years accounting mistakes #	(1 042 773)	9 281 543
Previously unrecorded furniture and fixtures and IT equipment accounted for in current year*	177 452	-
	(304 176)	14 807 009
# These are accounts that were written off in 2021 financial period, e.g call accounts OPM, rental call account, workings advances.		
*These are assets that were only brought in the society's books in 2021, after the society did a physical verification of assets and noted that these assets were never in the books.		
12. Other operating gains (losses)		
Gains (losses) on disposals, scrappings and settlements		
Property Plant and equipment	(12 893 860)	(296 455)

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	2021 N\$	2020 N\$
12. Other operating gains (losses) (continued)		
13. Operating profit (loss)		
Operating (deficit) surplus for the year is stated after charging (crediting) the following, amongst others:		
Auditor's remuneration - external		
Audit fees	-	580 637
IEC Materials	125 894	123 146
Remuneration, other than to employees		
Consulting and professional services	1 944 001	1 074 211
Employee costs		
Salaries, wages, bonuses and other benefits	7 079 798	5 511 931
Expenses by nature		
The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:		
Changes in inventories of finished goods and work in progress	(3 530)	57 262
Employee costs	7 079 798	5 511 931
Lease expenses	37 500	160 272
Depreciation, amortisation and impairment	687 190	613 577
Volunteers incentives, Cash Distribution to beneficiaries, Consulting fees, Water point rehabilitations, repairs and maintenance and local travel	20 458 372	35 204 935
	28 259 330	41 547 977
14. Investment income		
Interest income		
Investments in financial assets:		
Bank and other cash	1 102	15 488
Investment income on financial instruments which are available for sale or held to maturity are only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning current reporting period, which is the date of adoption of IFRS 9 Financial Instruments. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.		
15. Other non-operating gains (losses)		
16. Employee costs		
Employee costs		
Basic, wages, bonuses and other benefits	7 079 798	5 511 931
17. Depreciation, amortisation and impairment losses		

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	2021 N\$	2020 N\$
17. Depreciation, amortisation and impairment losses (continued)		
Depreciation		
Property, plant and equipment	687 190	613 577
18. Cash (used in)/generated from operations		
Loss before taxation	(19 756 229)	16 254 057
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	687 190	613 577
Losses on sale of assets and liabilities	12 893 860	296 455
Movements in provisions	262 977	-
Previously unrecorded furniture and fixtures and IT equipment accounted for in current year	(177 451)	-
Adjust for items which are presented separately:		
Interest income	(1 102)	(15 488)
Changes in working capital:		
(Increase) decrease in trade and other receivables	424 220	81 037
Increase (decrease) in trade and other payables	(2 447 245)	3 595 929
	(8 113 780)	20 825 567

19. Related parties

Relationships

Federation body constitute of all Red Cross
 Fellow Red Cross Societies

International Federation of Red Cross
 British Red Cross
 German Red Cross
 Japanese Red Cross

Members of key management

Dr Glynis Harrison (Secretary General)
 Mr Justus Kautjirue (Programmes and operations Manager)
 Ms Ebben Kalondo (Resources mobilisation, communications and partnership manager)
 Mr Erven Haimbodi (Accountant)

Related party balances

Donation received from related parties (Car)

British Red Cross	778 904	-
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Related party transactions

Donation received from related parties

British Red Cross	2 906 288	-
German Red Cross	1 867 124	-

Remuneration paid to key management

Short- term employee benefits	1 214 353	-
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20. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

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		2021 N\$	2020 N\$	
20. Financial instruments and risk management (continued)				
2021				
	Note(s)	Amortised cost	Total	Fair value
Loans to directors, managers and employees	4	5 000	5 000	-
Trade and other receivables	5	149 267	149 267	149 267
Cash and cash equivalents	6	6 784 749	6 784 749	6 784 749
		6 939 016	6 939 016	6 934 016
2020				
	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	5	573 487	573 487	573 487
Cash and cash equivalents	6	15 894 094	15 894 094	-
		16 467 581	16 467 581	573 487
Categories of financial liabilities				
2021				
	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	8	1 475 324	1 475 324	-
2020				
	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	8	3 645 567	3 645 567	-
Capital risk management				
Trade and other payables			8 1 540 683	3 987 928
Cash and cash equivalents			6 (6 784 749)	(15 894 094)
Net borrowings			(5 244 066)	(11 906 166)
Equity			30 725 287	50 481 517
Gearing ratio			(17)%	(24)%

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	2021	2020
	N\$	N\$

20. Financial instruments and risk management (continued)

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the society if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:

Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2021

	Less than 1 year	Total	Carrying amount
Current liabilities			
Trade and other payables	1 475 324	1 475 324	1 475 324

2020

	Less than 1 year	Total	Carrying amount
Current liabilities			
Trade and other payables	8 3 645 567	3 645 567	3 645 567

Foreign currency risk

The society is exposed to the foreign currency transactions as its main donations come from countries that do not have same monetary as Namibia e.g Euro and CHF.

Interest rate risk

Interest rate risk, is the risk that may cause the society financial position to fluctuate as a result of change in the interest rates. This risk impact the value of donation received.

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Detailed Income Statement

	Note(s)	2021 N\$	2020 N\$
Revenue			
Donor funding income		18 393 671	39 850 206
Management fee income		160 575	486 162
Rental income		3 067 550	2 939 624
Sale of goods		78 239	-
	9	<u>21 700 035</u>	<u>43 275 992</u>
Cost of sales			
Purchases		-	(57 262)
Discount received		3 530	-
	10	<u>3 530</u>	<u>(57 262)</u>
		21 703 565	43 218 730
Gross profit			
Other operating income			
Assets that were never brought in the books		177 452	-
Clearing prior years accounting mistakes		(1 042 773)	9 281 543
Sundry income		561 145	5 525 466
	11	<u>(304 176)</u>	<u>14 807 009</u>
Other operating gains (losses)			
Losses on disposal of assets or settlement of liabilities		(12 893 860)	(296 455)
		<u>(28 262 860)</u>	<u>(41 490 715)</u>
Expenses (Refer to page 30)			
		<u>(19 757 331)</u>	<u>16 238 569</u>
Operating (loss) profit	13	(19 757 331)	16 238 569
Investment income	14	1 102	15 488
Total comprehensive (loss) income for the year		<u>(19 756 229)</u>	<u>16 254 057</u>

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Detailed Income Statement

	Note(s)	2021 N\$	2020 N\$
Other operating expenses			
Advertising		180 075	159 308
Audit fees		69 565	-
Auditor's remuneration - external audit	13	-	580 637
Bank charges		121 216	156 731
Bicycles		101 732	-
Cash Boxes		24 776	-
Cash Distributions to Beneficiaries		2 712 352	5 088 200
Cleaning		22 846	368 551
Commission paid		20 484	-
Computer expenses		493 580	127 353
Consulting and professional fees		1 835 325	1 042 047
Consulting and professional fees - legal fees		39 111	32 164
Depreciation		687 190	613 577
Donations		-	245 757
Employee costs		7 079 798	5 511 931
Entertainment		1 201	-
Face Shields & Masks		161 458	440 751
First Aid Kits		380 998	458 503
Food Parcels		29 707	1 830 386
Garden Tools		203 364	83 023
General expenses -Gifts		1 000	-
Hand Sanitizers		114 900	1 659 506
Hygiene packs		351 280	415 410
IEC Materials	13	125 894	123 146
IT expenses		57 000	140 169
Insurance		227 775	285 512
Management fee		186 927	484 060
Motor vehicle expenses		980 744	735 297
Municipal expenses - Water and Electricity		722 182	2 212 563
Office Consumables		23 803	39 040
Pitlatrines		15 000	-
Postage		137 342	148 295
Printing and stationery		390 852	710 109
Protective clothing Uniforms and Blankets		120 357	73 271
Refreshment for the Board Members		37 324	-
Rent Paid		37 500	160 272
Remuneration		99 000	-
Repairs and maintenance		1 727 668	790 898
Research and development costs		-	950
Returner fee		47 650	-
Sand bags		79 989	-
School Bags		54 938	-
Security		213 006	198 447
Sitting allowance		103 800	-
Staff welfare		6 550	250

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Detailed Income Statement

	Note(s)	2021 N\$	2020 N\$
Subscriptions		12 112	-
Telephone and fax		390 778	278 969
Transport and storage		(338)	5 875 440
Travel - local & Per Diem		1 858 361	1 443 121
Travel - overseas		27 896	-
Visibility Materials & Tippy Taps		209 895	242 197
Volunteer Incentives		3 257 472	6 046 012
Water Point Rehabilitation Expenses		1 615 218	2 020 477
Workshop Training and Refreshments		864 207	668 385
		28 262 860	41 490 715