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## **Independent Auditor's Report to the Management**

We have audited the accompanying financial statements of **Pakistan Earthquake Emergency Appeal (05EA022)** of **International Federation of Red Cross and Red Crescent Societies ("IFRC")**, which comprise the income and expenditure statement and related notes for the period from 1 August 2006 to 31 July 2009.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRC accounting policies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the income and expenditure for the period from 1 August 2006 to 31 July 2009 in accordance with IFRC accounting policies.



KPMG Taseer Hadi & Co.

The financial statements of the appeal for the period from 9 October 2005 to 31 July 2006 were audited by another firm of chartered accountants who have expressed a qualified opinion in respect of distribution of relief supplies amounting to CHF 65,388,670 vide their report dated 28 February 2007.

**Date:** 25 MAR 2010

**Karachi**


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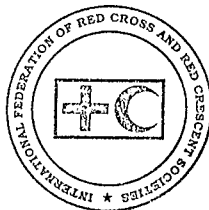
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Mohammad Mahmood Hussain**

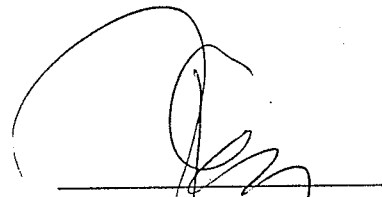
International Federation Of Red Cross and Red Crescent Societies  
 Pakistan Earthquake Emergency Appeal (M05EA022)  
 Income and Expenditure Statement  
 For the period from 1 August 2006 to 31 July 2009

	Note	Amount CHF
<b>INCOME</b>		
Voluntary contributions	3	28,620,927
Other income		764,792
		<u>29,385,719</u>
<b>OPERATING EXPENDITURE</b>		
Supplies	4	16,956,019
Vehicles and equipment		1,523,998
Transport and storage		2,639,568
Personnel expenditure		10,931,400
Workshops and training		555,651
General expenditure		3,432,633
Depreciation		51,235
Programme support		2,510,244
Services and recoveries		49,148
Operational provisions		733,594
		<u>39,383,490</u>
Total operating expenditure		<u>39,383,490</u>
Excess of expenditure over income		<u>(9,997,771)</u>
<b>FUNDS HELD FOR OPERATIONS</b>		
Brought forward		30,622,531
Excess of expenditure over income		(9,997,771)
<b>FUNDS HELD FOR OPERATIONS</b>		<u>20,624,760</u>

The annexed notes 1 to 7 form an integral part of these financial statements.

  
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 Finance Delegate  
 IFRC, Pakistan Delegation



  
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 Head of Delegation  
 IFRC, Pakistan Delegation

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International Federation Of Red Cross and Red Crescent Societies  
Pakistan Earthquake Emergency Appeal (M05EA022)  
Income and Expenditure Statement  
*For the period from 1 August 2006 to 31 July 2009*

1. **ACTIVITIES**

Founded in 1919, the International Federation of Red Cross and Red Crescent Societies (IFRC) is a membership organization comprising 186 member Red Cross and Red Crescent societies governed by a Governing Board and with management support provided by a Secretariat with more than 65 delegations strategically located to support activities around the world.

An earthquake with a magnitude of 7.6 on the Richter scale, centered 95 kilometres north-east of Pakistan's capital, Islamabad struck at 0350 GMT (0850 local time) on 8 October 2005, with tremors felt across the region Kabul to Delhi. The quake has decimated northern Pakistan and northern India, killing over 54,000 people – with some estimates much higher – and injuring some 82,500 people and displacing more than three million people.

On October 9, 2005, the IFRC launched an Emergency Appeal (05EA022) ("the Appeal") for four months seeking CHF 10.8 million in cash, kind and services to assist 30,000 families. A revised emergency and recovery appeal was launched on 28 March 2006 for CHF 227 million to assist over 1,085,000 beneficiaries through the end of 2008. Operations update 31 revised the budget figures to CHF 167.6 million due to adjustments in the values of in-kind donations to the appeal.

The financial statements presented comprise the income and expenditure statement and supporting notes of the Pakistan Earthquake Appeal (appeal M05EA022) and are hereto referred to as the Appeal Financial Statements.

2. **SIGNIFICANT ACCOUNTING POLICIES**

2.1 **Basis of accounting**

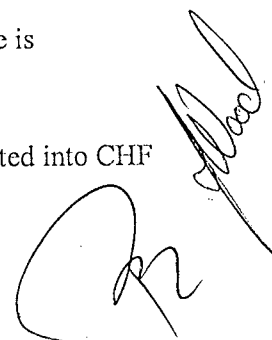
The Appeal Financial Statements are presented in Swiss Francs and have been prepared under the historical cost convention. The information contained herein has been extracted from the Consolidated Financial Statements of the IFRC which are prepared in accordance with International Financial Reporting Standards.

2.2 **Foreign currency transactions**

The presentational and functional currency of the IFRC is the Swiss Franc, since operating cash flows are primarily denominated in and influenced by the Swiss Franc. The IFRC's operations are not concentrated in any one economic environment, but appeals, including the Pakistan Earthquake Appeal (M05EA022) are always launched in Swiss Francs, and expenditure is budgeted and managed in Swiss Francs.

Income received and expenditures incurred in Pakistan and outside Pakistan are translated into CHF at transaction date using monthly rates prescribed by Head Office, Geneva.

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## 2.3 Income

Income comprises contributions in cash or in-kind from donors, sundry income from the sale of goods and income from services.

Earmarked cash contributions are recognized as income when a confirmed written pledge has been received from the donor.

In-kind contributions of goods (comprising relief supplies) and services (in the form of staff or transport) are recognized on the date of receipt of the goods or service and are reported as equal contributions and expenses in the Income and Expenditure Statement. In-kind goods and services received in response to appeals are measured at fair value.

The fair value of in-kind goods is taken as the donor indication of the value. This value is tested for reasonableness and adjusted accordingly, by comparing it to the cost that would be incurred by the IFRC if it were to buy similar goods for the same intended use in the open market.

## 2.4 Accounting period

The financial statements cover 36 month period from August 2006 to 31 July 2009.

3. Voluntary contributions	Note	Cash	Outstanding pledges (revalued)	Goods in-kind	Services in-kind	Total
-----Amount in CHF-----						
American Red Cross		1,811,876		12,219	8,946	1,833,041
American Red Cross (from United States -Private Donors)		1,678,101				1,678,101
Australian Red Cross		471,491			59,839	531,330
Belgium Red Cross (Flanders)	3.1	(14,768)		(226,689)		(241,457)
British Red Cross		2,621,480	(459,800)		299,747	2,461,427
British Red Cross (from - British Government)	3.2	(104,528)				(104,528)
Canadian Red Cross		1,590,010				1,590,010
China RC, Hong Kong Branch		562,985				562,985
Danish Red Cross		(17,332)		(152,846)	(21,590)	(191,768)
Finnish Red Cross (from - Finnish Government)		234,438	22,682			257,120
France (Private Donors)		150,063				150,063
German Red Cross		472,249				472,249
Irish Government		395,000				395,000
Irish Red Cross		164,942			220,339	385,281
Japanese Red Cross		6,915,401	42,684		144,760	7,102,845
Korea Republic Red Cross		3,399,396				3,399,396
Netherlands Red Cross		2,493,684		1,128,040	176,147	3,797,871
New Zealand Red Cross		9,165			137,760	146,925
Norwegian Red Cross		780,385			42,860	823,245
OPEC Fund for Int - I Development		898,440	(739,800)			158,640
Singapore Red Cross (from Singapore Government)		359,892	835,000			1,194,892
Sweden Red Cross		1,842,182				1,842,182
Sweden Red Cross ( from Swedish Government)		292,995	86,407			379,402
Other		897,310	(237,633)	(679,309)	16,307	(3,325)
		<u>27,904,857</u>	<u>(450,460)</u>	<u>81,415</u>	<u>1,085,115</u>	<u>28,620,927</u>

*Same for*

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- 3.1 When In-Kind goods are received in the field, valuation of actual amount is updated in the HLS Logs system which creates reversal of the entry.
- 3.2 Pledge of CHF 4 million received in previous accounting period from British Government, the negative amount during this period is the foreign exchange difference on the outstanding portion (between GBP versus CHF)

4. **Supplies**

Supplies include medical expenses amounting to CHF 852,515 pertaining to 23 health facilities under health and care project. Records of medical expenses of 6 (six) health facilities, detailed medical expense records were maintained with patient information and based on legal advice, these records were destroyed to protect patient confidentiality. The remaining 17 health facilities were in areas outside of those directly affected by the earthquake and detailed medical expense information in relation to these facilities is maintained only by PRCS

5. **Programme Support Recovery.**


In accordance with IFRC standard policy, a charge is made to the budget of each operation as a contribution to the costs of support for operations in the field. This support includes services essential for an operation's success such as human resources, finance, logistics, information technology and other support.

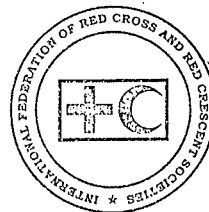
6. **Services and Recoveries**

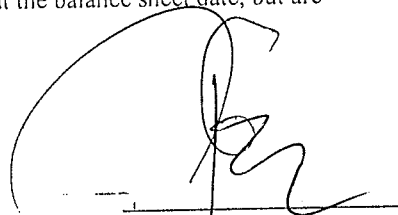
Services and recoveries comprise fees charged to the Appeal by the IFRC Logistic's department (including the Regional Logistics Units) for procurement services provided to the operation. Fees are charged based on the value of the procurement.

7. **Operational Provisions**

Operational provisions in the Income and Expenditure account represent the value of working advances made to National Societies which have not yet been reported on by the recipient National Societies. Detailed breakdowns of the expenditure incurred by the National Societies are therefore not known at the balance sheet date, but are normally reported on shortly thereafter.

  
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Finance Delegate  
IFRC, Pakistan Delegation



  
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Head of Delegation  
IFRC, Pakistan Delegation

