

**INTERNATIONAL FEDERATION OF RED CROSS AND  
RED CRESCENT SOCIETIES (IFRC) - SRI LANKA**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2005 FOR TSUNAMI PROJECTS  
IMPLEMENTED IN SRI LANKA**

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**PRICEWATERHOUSECOOPERS** 

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31 DECEMBER 2005 FOR TSUNAMI PROJECTS IMPLEMENTED IN SRI LANKA**

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Head of the Risk Management and Audit Department of International Federation of Red Cross and Red Crescent Societies**

We have audited the accompanying financial statements of the tsunami projects implemented in Sri Lanka by the International Federation of Red Cross and Red Crescent Societies, (the "Organization") which comprise the balance sheet as at 31 December 2005, and the statement of income and expenditure for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Respective Responsibilities of the Organization and Auditors**

The Organization is responsible for preparing and presenting these financial statements in conformity with accounting principles generally accepted in Sri Lanka. Our responsibility is to express an opinion on these financial statements based on our audit.

#### **Basis of Opinion**

Except as discussed in the following paragraph, we conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in conformity with accounting principles generally accepted in Sri Lanka. We believe that our audit provides a reasonable basis for our opinion.

#### **Limitation on Scope**

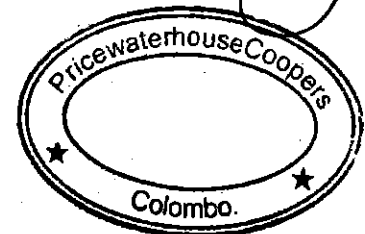
The audit procedures on the financial statements were limited to testing the income and expenditure booked in relation to the Tsunami projects implemented in Sri Lanka by the organization during the year ended 31 December 2005. We have therefore not audited the opening balance of funds held for the Sri Lanka projects as at 1 January 2005 totaling CHF 64,118.

**Opinion**

In our opinion, except for the effect of such adjustment, if any, that might have been found to be necessary had we audited the opening fund balance of CHF 64,118, referred to in the paragraph above, the financial statements give a true and fair view of the financial position of the tsunami projects implemented in Sri Lanka by the Organization as at 31 December 2005 and results of operations of the projects for the year then ended in conformity with accounting principles generally accepted in Sri Lanka.

9 March 2007  
COLOMBO

*PricewaterhouseCoopers*  
CHARTERED ACCOUNTANTS



**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES**

**STATEMENT OF INCOME AND EXPENDITURE OF PROJECTS IMPLEMENTED IN SRI LANKA**

For the year ended 31 December 2006

(Expressed in Switzerland Francs)

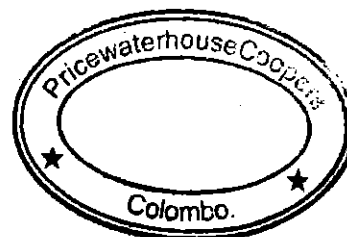
|  | Note ref |                          |
|--|----------|--------------------------|
| <b>Total INCOME</b>                      | <b>3</b> | <b><u>65,716,000</u></b> |
| <b>OPERATING EXPENDITURE</b>             | <b>4</b> |                          |
| Supplies                                 |          | 24,796,881               |
| Vehicles and equipment                   |          | 1,668,785                |
| Transport and storage                    |          | 8,784,749                |
| Personnel expenditure                    |          | 4,439,246                |
| Workshops and training                   |          | 310,174                  |
| General expenditure                      |          | 1,430,245                |
| Depreciation                             |          | 6,275                    |
| Programme support                        |          | 2,135,339                |
| Operational provisions                   |          | 1,237,660                |
| <b>Total OPERATING EXPENDITURE</b>       |          | <b><u>44,809,354</u></b> |
| <b>EXCESS OF INCOME OVER EXPENDITURE</b> |          | <b><u>20,906,646</u></b> |

**BALANCE SHEET OF PROJECTS IMPLEMENTED IN SRI LANKA**

As at 31 December 2006

(Expressed in Switzerland Francs)

|   | Note ref |                          |
|---|----------|--------------------------|
| <b>ASSETS</b>                                 |          |                          |
| Total assets of Sri Lanka delegation          | 5        | 4,268,708                |
| Amounts receivable by Sri Lanka projects      | 6        | 18,070,507               |
| <b>TOTAL ASSETS</b>                           |          | <b><u>22,339,215</u></b> |
| <b>LIABILITIES</b>                            |          |                          |
| Total liabilities of Sri Lanka delegation     | 7        | 1,496,687                |
| <b>TOTAL LIABILITIES</b>                      |          | <b><u>1,496,687</u></b>  |
| <b>FUNDS HELD FOR SRI LANKA PROJECTS</b>      |          |                          |
| Brought forward                               |          | -64,118                  |
| Excess of income over expenditure in the year |          | 20,906,646               |
| <b>FUNDS HELD FOR SRI LANKA PROJECTS</b>      | <b>8</b> | <b><u>20,842,528</u></b> |



*Palomera* *MAY*

**Note 1 – Activities**

Founded in 1919, the International Federation of Red Cross and Red Crescent Societies (IFRC) is a membership organisation comprising 183 member Red Cross and Red Crescent societies, governed by a Governing Board and with management support provided by a Secretariat with more than 70 delegations strategically located to support activities around the world.

The IFRC's mission is to improve the lives of vulnerable people by mobilizing the power of humanity. Its principal activities include:

- promoting individual and community humanitarian principles and values
- responding to disasters by trying to provide assistance to around 30 million people annually from refugees to victims of natural disasters
- disaster preparedness activities which aim to make National Societies and communities more aware of the risks they face, how to reduce their vulnerability, and how to cope when disaster strikes
- health and community care activities to enable communities to reduce their vulnerability to disease, and prepare for and respond to public health crises
- guiding and supporting the development of National Societies to enable them to fulfil their responsibilities in providing humanitarian services in their own countries.

The financial statements presented comprise the Income and Expenditure and Balance Sheet of projects implemented by the IFRC in Sri Lanka during 2005 and supporting Notes.

**Note 2 – Foreign currency transactions**

Monetary assets and liabilities denominated in foreign currencies are translated into Swiss francs (CHF) using the month end exchange rate. Foreign currency transactions are translated into Swiss francs (CHF) using the month end exchange rate prevailing prior to the dates of the transactions. Exchange gains and losses resulting from the settlement of foreign currency transactions and from translation are included under general expenditure.

**Note 3 – Income**

Income comprises donations in cash or kind from donors and income from services.

Unearmarked cash contributions are recognised when a confirmed pledge has been received from the donor. All earmarked contributions are recognised as income when a confirmed pledge has been received from the donor unless either they are earmarked for a future accounting period, in which case they are booked as deferred income and taken to the Income and Expenditure Statement in the period for which they were earmarked, or in the case of earmarked contributions made which are subject to a specific service contract, in which case income is recognised as the contractual obligations are fulfilled and expenditure incurred.

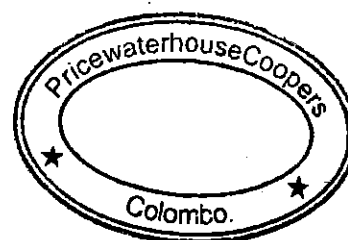
**Note 4 – Expenditure**

Expenditure is recorded on the accruals basis.

**Note 5 – Total assets of Sri Lanka delegation**

Parts of the donations received by the IFRC in order to implement projects in Sri Lanka had been transferred to the Sri Lanka delegation as at 31 December 2005, and are represented as follows:

|                     | CHF              |
|---------------------|------------------|
| Petty cash          | 28,170           |
| Bank accounts       | 2,704,285        |
| Accounts receivable | <u>1,536,253</u> |
| Total Assets        | <u>4,268,708</u> |



*Paloma Vaz* *MACEY*

**Note 6 – Amounts receivable by Sri Lanka projects**

Donations received for the implementation of projects in Sri Lanka are recorded as income on the respective projects, as soon as the pledge or donation is received. Funds are transferred to the in-country delegation or other delegations responsible for implementing the projects as the requirements arise. The amounts transferred to Sri Lanka delegation and not yet spent are shown in Note 5. The amounts receivable by Sri Lanka projects represents the balance of income not yet transferred to Sri Lanka or spent in other locations on the implementation of the Sri Lanka projects, and hence charged as project expenditure.

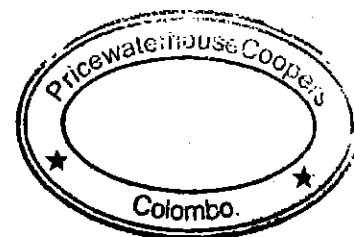
**Note 7 – Total liabilities of Sri Lanka delegation**

Liabilities incurred by the Sri Lanka delegation include the following:

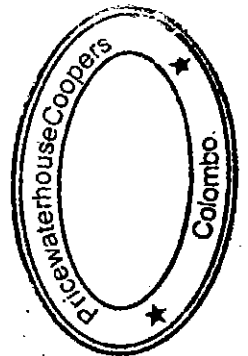
|                   | CHF              |
|-------------------|------------------|
| Accruals          | 22,002           |
| Provisions        | <u>1,474,685</u> |
| Total Liabilities | <u>1,496,687</u> |

**Note 8 – Funds held for Sri Lanka projects**

The cumulative excess of donations received and earmarked by donors for use on projects implemented in Sri Lanka, over operating expenditure already booked, is separately recorded as funds held for Sri Lanka projects.



*Palomka M/101*



INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES

STATEMENT OF INCOME AND EXPENDITURE OF PROJECTS SUPPLEMENTED IN SRI LANKA  
For the year ended 31 December 2008  
(Expressed in Swiss Francs)

|  | Notes ref | Company 00 (audited by PwC-Geneva) (Swiss Franc) | Other Income | PwC Sri Lanka Responsibility | Total (audited) |
|--|-----------|--|--------------|------------------------------|-----------------|
| <b>TOTAL INCOME</b>                      | 3         | 65,208,918                                       | 8,026        | 500,000                      | 66,716,944      |
| <b>OPERATING EXPENDITURE</b>             | 4         |  |              |                              |                 |
| Supplies                                 |           | 26,177,281                                       |              | 4,419,989                    | 30,597,270      |
| Vehicles and equipment                   |           | 1,498,783  |              | 1,229                        | 1,499,992       |
| Transport and storage                    |           | 6,784,749  |              | 176,637                      | 6,961,386       |
| Personnel expenditure                    |           | 4,408,086  |              | 5,205,988                    | 9,614,074       |
| Workshops and training                   |           | 3,181,174  |              | 2,427,818                    | 5,608,992       |
| General expenditure                      |           | 1,470,243  |              | 3,297                        | 1,473,540       |
| Depreciation                             |           | 6,429  |              | 1,361,277                    | 1,367,706       |
| Programme support                        |           | 2,175,319  |              | 0                            | 2,175,319       |
| Operational provisions                   |           | 1,237,699  |              | 0                            | 1,237,699       |
| <b>Total OPERATING EXPENDITURE</b>       |           | 44,882,234                                       | 609          | 12,817,190                   | 57,700,033      |
| <b>EXCESS OF EXPENDITURE OVER INCOME</b> |           | 18,326,676                                       | 4,917        | 12,816,581                   | 31,148,274      |

Intercompany transfers from company 00 to other Trustant projects

Less opening balance on funds held for Sri Lanka projects  
Closing funds held for Sri Lanka projects

BALANCE SHEET OF PROJECTS SUPPLEMENTED IN SRI LANKA  
As at 31 December 2008  
(Expressed in Swiss Francs)

|   | Notes ref | Company 00 (audited by PwC-Geneva) (Swiss Franc) | Other Income | PwC Sri Lanka Responsibility | Total (audited) |
|---|-----------|--|--------------|------------------------------|-----------------|
| <b>ASSETS</b>                                 |           |  |              |                              |                 |
| Total assets of Sri Lanka delegation          | 5         | 4,208,708  |              | 4,208,708                    | 4,208,708       |
| Amounts receivable by Sri Lanka projects      | 6         | 18,299,507                                       |              | 0                            | 18,299,507      |
| <b>TOTAL ASSETS</b>                           |           | 22,508,215                                       |              | 4,208,708                    | 26,716,923      |
| <b>LIABILITIES</b>                            |           |  |              |                              |                 |
| Total liabilities of Sri Lanka delegation     | 7         | 1,486,687  |              | 1,486,687                    | 1,486,687       |
| <b>TOTAL LIABILITIES</b>                      |           | 1,486,687  |              | 1,486,687                    | 1,486,687       |
| <b>FUNDS HELD FOR SRI LANKA PROJECTS</b>      |           |  |              |                              |                 |
| Brought forward                               |           | 20,842,528                                       |              | 0                            | 20,842,528      |
| Excess of income over expenditure in the year |           | 44,118   |              | 0                            | 44,118          |
| <b>FUNDS HELD FOR SRI LANKA PROJECTS</b>      | 8         | 20,886,646                                       |              | 0                            | 20,886,646      |
| <b>Total</b>                                  |           | 22,508,215                                       |              | 4,208,708                    | 26,716,923      |

NOTE: 2,772,001 - Net Assets of Sri Lanka  
5,072,001

*Palomeva MUSA*