

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

**FINANCIAL STATEMENTS OF
TSUNAMI PROJECTS
IMPLEMENTED IN INDONESIA**

31 DECEMBER 2005



**International Federation
of Red Cross and Red Crescent Societies
Indonesia Delegation**



**MANAGEMENT'S STATEMENT
REGARDING THE RESPONSIBILITY FOR
THE FINANCIAL STATEMENTS AS AT
AND FOR YEAR ENDED 31 DECEMBER 2005**

**THE SECRETARIAT OF THE INTERNATIONAL FEDERATION OF RED CROSS AND RED
CRESCENT SOCIETIES – PROJECTS IMPLEMENTED IN INDONESIA**

We undersigned here:

Name: Robert J. McKerrow
Office address: C/o Palang Merah Indonesia, Jl. Jend. Gatot Subroto, Kav. 96.,
Jakarta 12790., Indonesia
Domicile as stated in the ID: Dalam No. 80, Jl. Bangka VII, Pela Mampang, Jakarta
Telephone: 021-79191841
Position: Head of Delegation


Name: Pradeep Mittal
Office address: C/o Palang Merah Indonesia, Jl. Jend. Gatot Subroto, Kav. 96.,
Jakarta 12790., Indonesia
Domicile as stated in the ID: 1205-E, Apartment Taman Rasuna, Jl. H.R. Rasuna Said, Jakarta
Telephone: 021-79191841
Position: Finance Delegate

Declare that:


1. We are responsible for the preparation and presentation of financial statements of the Secretariat of the International Federation of Red Cross and Red Crescent Societies – Projects implemented in Indonesia;
2. The financial statements of the Secretariat of the International Federation of Red Cross and Red Crescent Societies – Projects implemented in Indonesia have been prepared and presented in accordance with the generally accepted accounting principles in Indonesia;
3. a. All information in the financial statements of the Secretariat of the International Federation of Red Cross and Red Crescent Societies – Projects implemented in Indonesia has been fully disclosed in a complete and truthful manner;
b. The financial statements of the Secretariat of the International Federation of Red Cross and Red Crescent Societies – Projects implemented in Indonesia do not contain false material information or facts; nor do they not omit material information or acts;

We are responsible for the internal control system of the Secretariat of the International Federation of Red Cross and Red Crescent Societies – Projects implemented in Indonesia.

Jakarta, 11 December 2006


Head of Delegation




Finance Delegate

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**Independent Auditors' Report
to the Head of the Risk Management and Audit Department
of International Federation of the Red Cross and Red Crescent Societies**

We have audited the accompanying balance sheet and statement of income and expenditure of the tsunami projects implemented in Indonesia by the International Federation of Red Cross and Red Crescent Societies (the "Organisation") as at and for the year ended 31 December 2005. The financial statements are the responsibility of the Organisation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards issued by Indonesian Institute of Accountants. These 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. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the opening funds balance as at 1 January 2005 of CHF 924,051 which represents 2.1% and 2.3% of total assets and total funds held for Indonesia projects as at 31 December 2005, respectively.

In our opinion, except for the impact of the matter disclosed in the preceding paragraph, if any, the financial statements of the tsunami projects implemented in Indonesia by the Organisation referred to above present fairly, in all material respects, the financial position and results of operations as at and for the year ended 31 December 2005 in conformity with the accounting principles generally accepted in Indonesia.

JAKARTA
11 December 2006



Drs. Muhammad Jusuf Wibisana, M.Ec., Ak
License of Public Accountant No.98.1.0189

The accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. Accordingly the accompanying balance sheet and related statement of income and expenditure and their utilisation are not designed for those who are not informed about Indonesian accounting principles, procedures and practices.

The standards, procedures and practices utilised in Indonesia to audit such financial statements may differ from those generally accepted in countries and jurisdictions other than Indonesia.

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

Schedule 1

**BALANCE SHEET OF TSUNAMI PROJECTS IMPLEMENTED IN INDONESIA
AS AT 31 DECEMBER 2005**
(Expressed in Switzerland Francs)

	Notes	<u>31 December 2005</u>
ASSETS		
Total assets of Indonesia Delegation	4	5,099,505
Amounts receivable by Indonesia projects	5	39,709,413
TOTAL ASSETS		<u>44,808,918</u>
LIABILITIES		
Total liabilities of Indonesia Delegation	6	4,284,091
TOTAL LIABILITIES		<u>4,284,091</u>
FUNDS HELD FOR INDONESIA PROJECTS		
Brought forward		924,051
Excess of income over expenditure in the year		39,600,776
FUNDS HELD FOR INDONESIA PROJECTS - RESTRICTED	7	<u>40,524,827</u>

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

Schedule 2

**STATEMENT OF INCOME AND EXPENDITURE OF TSUNAMI PROJECTS IMPLEMENTED IN INDONESIA
FOR THE YEAR ENDED 31 DECEMBER 2005**

(Expressed in Switzerland Francs)

		<u>Restricted</u> <u>31 December 2005</u>
	Notes	
TOTAL INCOME	2c	<u>150,077,019</u>
OPERATING EXPENDITURE	2d	
Supplies	3.1	63,474,845
Transport and storage	3.2	26,733,869
Personnel expenditure	3.3	7,959,200
Programme support	3.4	5,428,170
Vehicles and equipment	3.5	3,676,461
General expenditure	3.6	2,367,334
Workshops and training		477,821
Operational provisions		358,543
TOTAL OPERATING EXPENDITURE		<u>110,476,243</u>
EXCESS OF INCOME OVER EXPENDITURE		<u>39,600,776</u>

**NOTES TO THE FINANCIAL STATEMENTS OF TSUNAMI PROJECTS IMPLEMENTED IN
INDONESIA**

31 DECEMBER 2005

(Expressed in Switzerland Francs)

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 main activities of the IFRC Indonesia Delegation are the recovery and reconstruction including the building of permanent homes and the reconstruction of basic infrastructure such as schools and health clinics; the provision of safe water and sanitation; psychological support to survivors; and rebuilding and enhancing livelihoods. With a longer-term outlook, a strong emphasis has been placed on increasing the disaster management capacities of the Indonesian Red Cross Society ("PMI"), so that they are better able to protect the population against future hazards. Moreover, it has taken steps to strengthen its learning and accountability within tsunami recovery programmes, with an eye to improving its performance in future such operations.

Key management for Indonesian Delegation:

Head of Delegation: Mr. Bob Mckerrow

Finance Officer: Mr Pradeep Mittal

The financial statements presented comprise the Income and Expenditure and Balance Sheet of projects implemented by the Federation Secretariat in Indonesia during 2005 and supporting Notes.

Note 2 – Summary of significant accounting policies

a. Basis of preparation

The financial statements were prepared by management and completed on 11 December 2006, based on accounting principles generally accepted in Indonesia.

b. 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.

**NOTES TO THE FINANCIAL STATEMENTS OF TSUNAMI PROJECTS IMPLEMENTED IN
INDONESIA
31 DECEMBER 2005
(Expressed in Switzerland Francs)**

Note 2 – Summary of significant accounting policies (continued)

c. 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.

d. Expenses

Expenditure is recorded on the accruals basis.

Note 3 – Operating Expenditure

Expenditures are restricted for the purpose of implementing Tsunami projects. A breakdown of the main items on the Operating Expenditure is provided below:

3.1 Supplies

Shelter - Relief	12,743,671
Food	12,403,882
Hygiene Supply and Parcels	8,509,087
FACT/ERU	7,603,260
Baby Parcels	4,542,486
Medical & First Aid	4,468,502
Clothing & textiles	4,240,087
Construction Materials	2,833,700
Utensils & Tools	2,328,324
Water & Sanitation	2,243,414
Family Kits	730,411
Teaching Materials	280,479
Soap & Detergent	138,729
Contracted Services	6,290
Heating/Cooking Fuel	5,234
Machinery & Equipment	461
Other supplies and Services	396,828
Total Supplies	63,474,845

**NOTES TO THE FINANCIAL STATEMENTS OF TSUNAMI PROJECTS IMPLEMENTED IN
INDONESIA**

31 DECEMBER 2005

(Expressed in Switzerland Francs)

Note 3 – Operating Expenditure (continued)

3.2 Transport & Storage

Distribution & Monitoring	21,197,639
Transport & Vehicle Costs	4,469,247
Storage	1,066,983
Total Transport & Storage	26,733,869

3.3 Personnel Expenditures

Delegate Benefits	4,518,576
Delegates Payroll	1,759,212
National Staff	1,226,444
National Society Staff	314,825
Consultants	120,500
Regionally Deployed Staff	19,643
Total Personnel Expenditures	7,959,200

3.4 Programme Support

As a contribution to the cost of support for operation in the field, an additional agreed percentage is added to the actual expenditure incurred by the programme. This support includes services essential for an operation's success such as human resources, finance, logistics, information technology and other support.

3.5 Land, vehicles & equipment

Vehicles	2,252,495
Computers & Telecom	1,037,395
Office/Household Furniture & Equip.	227,566
Land & Buildings	154,119
Others Machinery & Equipment	4,886
Total Land, vehicles & equipment	3,676,461

3.6 General Expenditure

Communications	877,536
Office Costs	840,323
Travel	590,432
Information & Public Relation	195,238
Professional Fees	26,979
Financial Charges, consists of:	
Bank Charges	24,264
Foreign Exchange Gains - net	-236,496
Other General Expenses	49,058
Total General Expenditure	2,367,334

NOTES TO THE FINANCIAL STATEMENTS OF TSUNAMI PROJECTS IMPLEMENTED IN
INDONESIA

31 DECEMBER 2005

(Expressed in Switzerland Francs)

Note 4 – Total assets of Indonesia Delegation

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

Petty cash	99,526
Bank accounts	3,649,159
Accounts receivable	1,777,106
Provision for advances made to NS	<u>(426,286)</u>
Total Assets	<u>5,099,505</u>

Note 5 – Amounts receivable by Indonesia projects

Donations received for the implementation of projects in Indonesia 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 Indonesia Delegation and not yet spent are shown in Note 4. The amount receivable by Indonesia projects represents the balance of income not yet transferred to Indonesia or unspent in other locations on the implementation of the Indonesia projects, and hence not yet charged as project expenditure.

Note 6 – Total liabilities of Indonesia Delegation

Liabilities incurred by the Indonesia Delegation include the accruals for the following:

Doctors incentives	3,265,000
Family kits	649,200
Others	<u>369,891</u>
Total Accruals	<u>4,284,091</u>

Note 7 – Funds held for Indonesia projects

The cumulative excess of donations received and earmarked by donors for use on projects implemented in Indonesia, over operating expenditure already booked, is separately recorded as funds held for Indonesia projects within restricted reserves. In the event that the funds cannot be spent, the IFRC obtain agreement from the donor for reallocation of those funds for a different use, or reimburses them to the donor, in which case they are recognised as a liability until the effective repayment takes place.

Restricted reserves are subject to donor restriction.