

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

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

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**PRICEWATERHOUSECOOPERS** 

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PricewaterhouseCoopers  
P.O. Box 2124  
02 - 03, 2nd Floor  
Aage'  
12, Boduthakurfaanu Magu  
Male'  
Republic of Maldives  
Telephone: (960) 3318342, 3336046  
Facsimile: (960) 3314601

## **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 Maldives 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.

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

The Organization is responsible for preparing and presenting these financial statements in conformity with accounting principles generally accepted in the Maldives. 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.

**Basis for qualified opinion**

The audit procedures on the financial statements were limited to testing the income and expenditure booked in relation to the Tsunami projects implemented in Maldives by the organization during the year ended 31 December 2005. We have therefore not audited the opening balance of funds held for the Maldives projects as at 1 January 2005 totaling CHF 180,082.

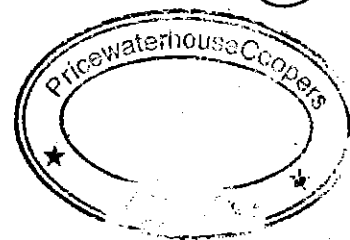
**Opinion**

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 180,082, 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 Maldives 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 Maldives.

9 March 2007

MALE'

*PricewaterhouseCoopers*  
CHARTERED ACCOUNTANTS



## INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES

## STATEMENT OF INCOME AND EXPENDITURE OF PROJECTS IMPLEMENTED IN MALDIVES

For the year ended 31 December 2005

(Expressed in Switzerland Francs)

	Note ref	
<b>Total INCOME</b>	3	<u>26,473,603</u>
<b>OPERATING EXPENDITURE</b>	4	
Supplies		7,963,333
Equipment		579,546
Transport and storage		1,011,211
Personnel expenditure		1,116,119
Workshops and training		3,164
General expenditure		344,798
Programme support		702,836
Operational provisions		2,052
<b>Total OPERATING EXPENDITURE</b>		<u>11,723,059</u>
<b>EXCESS OF INCOME OVER EXPENDITURE</b>		<u>14,750,544</u>

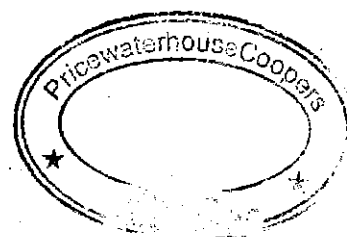
## BALANCE SHEET OF PROJECTS IMPLEMENTED IN MALDIVES

As at 31 December 2005

(Expressed in Switzerland Francs)

	Note ref	
<b>ASSETS</b>		
Total assets of Maldives delegation	5	2,305,241
Amounts receivable by Maldives projects	6	12,822,754
<b>TOTAL ASSETS</b>		<u>15,127,995</u>
<b>LIABILITIES</b>		
Total liabilities of Maldives delegation	7	197,369
<b>TOTAL LIABILITIES</b>		<u>197,369</u>
<b>FUNDS HELD FOR MALDIVES PROJECTS</b>		
Brought forward		180,082
Excess of income over expenditure in the year		14,750,544
<b>FUNDS HELD FOR MALDIVES PROJECTS</b>	8	<u>14,930,626</u>

Palomella NMA



**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 Maldives 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**

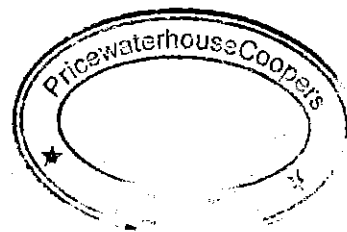
Expenditure is recorded on the accruals basis.

**Note 5 – Total assets of Maldives delegation**

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

	CHF
Petty cash	13,618
Bank accounts	1,990,572
Accounts receivable	301,051
Total Assets	<u>2,305,241</u>

*Paloma Vira* *MMA*



**Note 6 – Amounts receivable by Maldives projects**

Donations received for the implementation of projects in Maldives 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 Maldives delegation and not yet spent are shown in Note 5. The amounts receivable by Maldives projects represents the balance of income not yet transferred to Maldives or spent in other locations on the implementation of the Maldives projects, and hence charged as project expenditure.

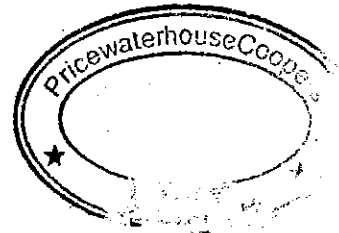
**Note 7 – Total liabilities of Maldives delegation**

Liabilities incurred by the Maldives delegation include the following:

	CHF
Accruals	29,708
Provisions	<u>167,661</u>
Total Liabilities	<u>197,369</u>

**Note 8 – Funds held for Maldives projects**

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



*Palomera M. Neri*

