

**International Federation of Red Cross
and Red Crescent Societies, Geneva**

Independent Auditors' Report

Consolidated Financial Statements 2010



KPMG SA
Audit
111, rue de Lyon
CH-1203 Geneva

P.O. Box 347
1211 Geneva 13

Telephone +41 22 704 15 15
Fax +41 22 347 73 13
Internet www.kpmg.ch

Independent Auditor's Report

International Federation of Red Cross and Red Crescent Societies, Geneva

We have audited the accompanying consolidated financial statements of the International Federation of Red Cross and Red Crescent Societies ("the Federation"), which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statements of comprehensive income, changes in reserves and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Federation as at 31 December 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG SA



Pierre Henri Pigeon
Auditor in Charge



Christine Fox

Geneva, 8 April 2011

INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES, GENEVA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER

ASSETS	Note	2010 CHF 000s	2009 CHF 000s
Current Assets			
Cash and cash equivalents	5	128,825	139,416
Short-term investments	6	160,000	110,000
Financial assets at fair value through profit or loss	7	97,733	20,497
Accounts receivable, net	8	115,016	135,220
Prepayments and other receivables	9	5,303	8,046
Inventories, net	10	1,811	1,301
Other assets	11	204	181
Total Current Assets		<u>508,892</u>	<u>414,661</u>
Non-Current Assets			
Property, net	12.1	3,330	3,381
Vehicles, net	12.2	24,323	14,503
Other equipment	12.3	1,363	1,747
Intangible assets, net	12.4	2,818	3,778
Retirement benefit asset	25	2,762	4,536
Total Non-Current Assets		<u>34,596</u>	<u>27,945</u>
Total ASSETS		<u>543,488</u>	<u>442,606</u>
LIABILITIES AND RESERVES			
Current Liabilities			
Accounts payable	13	25,749	16,613
Accrued expenses	14	10,320	3,992
Employee benefit liabilities	15	4,073	6,189
Provisions	16	21,226	21,285
Deferred income and prepaid contributions	17	44,483	44,248
Total Current Liabilities		<u>105,851</u>	<u>92,327</u>
Non-Current Liabilities			
Deferred income	17	3,408	1,818
Total Non-Current Liabilities		<u>3,408</u>	<u>1,818</u>
Total LIABILITIES		<u>109,259</u>	<u>94,145</u>
RESTRICTED RESERVES			
Funds held for field operations	18	365,800	280,984
Total RESTRICTED RESERVES		<u>365,800</u>	<u>280,984</u>
UNRESTRICTED RESERVES			
Designated Reserves			
Self-insurance	19	1,175	1,060
Statutory meetings		1,140	840
Actuarial valuations		2,762	4,536
Specific projects		829	-
Total Designated Reserves		<u>5,906</u>	<u>6,436</u>
Other Unrestricted Reserves			
Retained surplus		62,523	61,041
Total UNRESTRICTED RESERVES		<u>68,429</u>	<u>67,477</u>
Total RESERVES		<u>434,229</u>	<u>348,461</u>
Total LIABILITIES and RESERVES		<u>543,488</u>	<u>442,606</u>

The notes on pages 5 to 34 are an integral part of these consolidated financial statements.

INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES, GENEVA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

		Unrestricted 2010 CHF 000s	Restricted 2010 CHF 000s	Total 2010 CHF 000s	Total 2009 CHF 000s
CONTINUING OPERATIONS	Note				
CONTRIBUTIONS					
Statutory contributions		36,102	-	36,102	36,015
Voluntary contributions, net	20	3,631	501,693	505,324	289,029
Contribution to other organisation reimbursed	21	-	7,036	7,036	-
Total CONTRIBUTIONS		<u>39,733</u>	<u>508,729</u>	<u>548,462</u>	<u>325,044</u>
SUPPLEMENTARY SERVICES INCOME	2.16 (e)	<u>-</u>	<u>41,299</u>	<u>41,299</u>	<u>33,001</u>
OTHER INCOME	22	<u>331</u>	<u>6,345</u>	<u>6,676</u>	<u>17,605</u>
Total INCOME		<u>40,064</u>	<u>556,373</u>	<u>596,437</u>	<u>375,650</u>
OPERATING EXPENDITURE					
Employee benefits	24	46,792	107,468	154,260	150,202
Relief supplies		(84)	174,726	174,642	107,690
Transportation and storage		124	36,719	36,843	16,940
Equipment		669	9,056	9,725	20,981
Travel		2,731	10,812	13,543	12,986
Communications		1,554	3,948	5,502	5,268
Workshops & training		861	22,821	23,682	22,930
Information		1,295	7,507	8,802	9,909
Legal, professional and consultancy fees		3,774	12,555	16,329	14,160
Administration, office and general		3,164	13,094	16,258	16,278
Depreciation and amortisation	26	1,977	3,800	5,777	5,192
Voluntary contributions reimbursed to donors	18	-	5,153	5,153	1,747
Provision for outstanding pledges		(181)	(167)	(348)	746
Provision for unpaid statutory contributions		(158)	-	(158)	(1,341)
Provisions for operations	27	137	840	977	6,027
Contributions to national societies	27	65	31,680	31,745	83,009
Contributions to other organisations		821	3,034	3,855	4,584
Total OPERATING EXPENDITURE		<u>63,541</u>	<u>443,046</u>	<u>506,587</u>	<u>477,308</u>
OTHER EXPENDITURE					
Programme and service support recovery	32	(24,661)	24,661	-	-
Project deficit provision and write off	16	450	(1,723)	(1,273)	1,219
Other expenditure	33	(2,266)	2,266	-	-
Total OTHER EXPENDITURE		<u>(26,477)</u>	<u>25,204</u>	<u>(1,273)</u>	<u>1,219</u>
RESULT BEFORE FINANCING ACTIVITIES		<u>3,000</u>	<u>88,123</u>	<u>91,123</u>	<u>(102,877)</u>
FINANCE EXPENSE, NET					
Finance income	28	(1,382)	(139)	(1,521)	(14,513)
Finance expense	28	3,169	3,707	6,876	294
NET FINANCE EXPENSE/(INCOME)		<u>1,787</u>	<u>3,568</u>	<u>5,355</u>	<u>(14,219)</u>
RESULT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,213</u>	<u>84,555</u>	<u>85,768</u>	<u>(88,658)</u>
Attributable to:					
Restricted reserves		-	84,555	84,555	(94,345)
Unrestricted reserves		1,213	-	1,213	5,687
		<u>1,213</u>	<u>84,555</u>	<u>85,768</u>	<u>(88,658)</u>

There were no discontinued operations and no other comprehensive income during the year.

The notes on pages 5 to 34 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER**

	<u>Restricted</u>	<u>Unrestricted</u>		<u>Total</u>
	Funds held for field operations CHF 000s	Designated reserves CHF 000s	Other CHF 000s	CHF 000s
2010				
Balance at 1 January	280,984	6,436	61,041	348,461
Transfers relating to prior years	261	-	(261)	-
Transfers to/from reserves				
Decrease of field operations with temporary deficit financing	(1,573)	-	-	(1,573)
Increase in donor-restricted contributions for specific operations	86,128	-	-	86,128
Unrestricted income for the year	-	-	1,213	1,213
Result and total comprehensive income for the year	84,555	-	1,213	85,768
Used during the year	-	(1,902)	1,902	-
Allocations during the year	-	1,372	(1,372)	-
Balance at 31 December	<u>365,800</u>	<u>5,906</u>	<u>62,523</u>	<u>434,229</u>
	<u>Restricted</u>	<u>Unrestricted</u>		<u>Total</u>
	Funds held for field operations CHF 000s	Designated reserves CHF 000s	Other CHF 000s	CHF 000s
2009				
Balance at 1 January	377,254	9,561	52,229	439,044
Reclassify as accruals and deferred income	(1,925)	-	-	(1,925)
Transfers to/from reserves				
Decrease of field operations with temporary deficit financing	(45)	-	-	(45)
Increase in donor-restricted contributions for specific operations	(94,300)	-	-	(94,300)
Unrestricted income for the year	-	-	5,687	5,687
Result and total comprehensive income for the year	(94,345)	-	5,687	(88,658)
Used during the year	-	(4,208)	4,208	-
Allocations during the year	-	1,083	(1,083)	-
Balance at 31 December	<u>280,984</u>	<u>6,436</u>	<u>61,041</u>	<u>348,461</u>

The notes on pages 5 to 34 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER**

	2010	2009
	CHF 000s	CHF 000s
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income for the year	85,768	(88,658)
<u>Adjustment for:</u>		
Interest income	(6,580)	(3,102)
Depreciation and amortisation of property, plant, equipment and intangibles	5,777	5,192
Gain from disposals of property, plant and equipment, net	(462)	(137)
Impairment loss in intangible assets	273	150
Contributed assets	(160)	(106)
Donated assets	14	-
Movement in fair value of financial assets through profit and loss	(236)	(10,374)
Movement in non-cash pension asset	1,774	2,720
Net movement in provisions	(59)	6,328
	<u>341</u>	<u>671</u>
Operating (deficit)/surplus before changes in working capital	86,109	(87,987)
<u>Changes in working capital</u>		
Decrease/(increase) in accounts receivable, net	20,204	30,368
Decrease in prepayments and sundry receivables	2,743	(804)
(Increase)/decrease in inventories	(510)	1,521
Increase/(decrease) in accounts payable and accrued expenses	15,464	(3,278)
Increase/(decrease) in deferred income and prepaid contributions	1,825	(35,119)
(Decrease)/increase in short-term employee benefit liabilities	(2,116)	2,197
Net change in working capital	<u>37,610</u>	<u>(5,115)</u>
CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	123,719	(93,102)
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Acquisition of property, plant, equipment and intangibles	(15,849)	(7,044)
(Acquisition) of global bond fund	(77,000)	-
Proceeds from disposals of property, plant and equipment	1,982	3,028
Proceeds from disposal of global bond fund	-	77,858
Net increase in short-term investments	(50,000)	(133,337)
Bank interest received, net	1,026	1,588
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	<u>(139,841)</u>	<u>(57,907)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(16,122)	(151,009)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	139,416	288,886
Effect of exchange rate fluctuations on cash held	5,531	1,539
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>128,825</u></u>	<u><u>139,416</u></u>

The notes on pages 5 to 34 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1 Activities

Founded in 1919, the International Federation of Red Cross and Red Crescent Societies (IFRC) is a membership organisation 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 60 delegations strategically located to support activities around the world. The Secretariat headquarters' address is 17, Chemin des Crêts, Geneva, Switzerland.

In 1996, the IFRC concluded a Status Agreement with the government of Switzerland which recognised the IFRC's international personality and reconfirmed its exemption from all Swiss taxes. The IFRC has been granted observer status at the United Nations.

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 providing assistance to vulnerable people, 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 General Assembly, composed of delegates from member national societies, is the supreme governing body of the IFRC. The Governing Board, elected by and from among the members of the General Assembly, has authority to govern the IFRC between meetings of the Assembly, including decision authority on certain financial matters. The Finance Commission, comprising nine members and a chairman elected in a personal capacity by the General Assembly, has as its key function to give its advice on all financial questions affecting the IFRC.

The IFRC acts under its own constitution with all rights and obligations of a corporate body with a legal personality. The IFRC is solely responsible, to the exclusion of its member societies, for all its transactions and commitments.

The International Federation of Red Cross and Red Crescent Societies (IFRC) together with National Red Cross and Red Crescent Societies and the International Committee of the Red Cross (ICRC) make up the International Red Cross and Red Crescent Movement.

These financial statements of the IFRC for the year ended 31 December 2010 are consolidated to include activities of the Geneva Secretariat, all IFRC delegations, the International Federation of Red Cross and Red Crescent Societies at the United Nations, Inc. (IFRC at the UN Inc.) and the Foundation for the International Federation of Red Cross and Red Crescent Societies (the Foundation). The IFRC has interests in certain jointly controlled operations which are proportionately consolidated for the purposes of these financial statements (see also note 2.3 c).

The consolidated financial statements presented do not include the results of the member national societies. Each of these has its own legal status separate from that of the IFRC and the IFRC exercises no control over them.

The consolidated financial statements were examined and endorsed for issue on 6 April 2011 by the Finance Commission.

2 Significant accounting policies

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and are presented in accordance with the IFRC's Financial Regulations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Currently, IFRS do not contain specific guidance for non-profit organisations (NPO) and non-governmental organisations (NGO) concerning the accounting treatment and the presentation of financial statements. Where IFRS is silent or does not give guidance on how to treat transactions specific to the not-for-profit sector, accounting policies have been based on the general principles of IFRS, as detailed in the IASB Framework for the Preparation and Presentation of Financial Statements.

2.2 Basis of preparation

(a) Basis of preparation

In accordance with the IFRC's Financial Regulations adopted by the General Assembly, the consolidated financial statements are presented in Swiss Francs, rounded to the nearest thousand.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets which are stated at their fair value. Fair value is the amount for which an asset, liability or financial instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Preparation of the consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may, ultimately, differ from those estimates, and the original estimates and assumptions will be modified, as appropriate, in the year in which the circumstances change. Details of critical accounting estimates and judgements are provided in note 4 to these consolidated financial statements.

(b) Reclassification of comparative figures

Reclassification of certain comparative figures has been made in the consolidated financial statements, in order to be consistent with the current year presentation. In particular, the following specific changes have been made:

- In previous years, reimbursements of voluntary contributions to donors were recognised as reductions of income, in the period during which the reimbursements were paid. In these consolidated financial statements, reimbursements of voluntary contributions to donors are recognised as operating expenditure.
- In previous years, short-term bank deposits with original maturity periods of more than three months were included within cash and cash equivalents. In these consolidated financial statements, short-term bank deposits, with original maturity periods of more than three months, are separately presented as short-term investments.
- In previous years, accrued expenses have been presented together with deferred income and prepaid contributions. In these consolidated financial statements, accrued expenses are presented separately from deferred income and prepaid contributions.
- In previous years, deferred income due more than one year after the period end date was presented together with deferred income due within one year. In these financial statements, deferred income due more than one year after the period end date is presented separately under Non-current liabilities.
- In previous years, the unspent balance of funds received from the Italian government for disaster interventions has been included within restricted reserves under Funds held for field operations. In these consolidated financial statements, the balance of unspent funds is included within Deferred income.

In all of the above cases, comparative figures for 2009 have been reclassified for consistency.

(c) Changes in accounting policies

In preparing these consolidated financial statements, the IFRC has applied new and revised IFRS and IAS that became effective on 1 January 2010. Changes have been made in accordance with the new and revised standards, none of which have had a material impact on these consolidated financial statements.

The following new and revised Standards and Interpretations have been issued, but are not yet effective. They have not been applied early in the preparation of these consolidated financial statements. Their impact on the consolidated financial statements of the IFRC has not yet been systematically analysed; however, a preliminary assessment has been conducted by IFRC's management, and the expected impact of each Standard and Interpretation is presented below.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

(i) Standards, amendments and Interpretations to existing standards that are not yet effective:

Standard/amendment/Interpretation	Effective date	IFRC planned application	Anticipated impact
IFRS 9 Financial Instruments	1 January 2013	Reporting year 2013	Not material
IAS 24 Related Party Disclosures (revised 2009)	1 January 2011	Reporting year 2011	Not material
Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement	1 January 2011	Reporting year 2011	Not material
Improvements to IFRSs (May 2010)	1 July 2010 1 January 2011	Reporting year 2011	Not material
Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)	1 July 2011	Reporting year 2012	Not material

(ii) Interpretations to existing standards that are not yet effective and are not relevant to the IFRC's operations:

Standard/amendment/Interpretation	Effective date
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendment to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues	1 February 2010
Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)	1 January 2012

2.3 Basis of consolidation

a) Wholly owned subsidiary

The International Federation of Red Cross and Red Crescent Societies at the United Nations, Inc. (IFRC at the UN Inc.) is a wholly-owned subsidiary, over which the IFRC has the power to govern the financial and operating policies, so as to obtain benefits from its activities. The IFRC at the UN Inc. was established to support the objectives of the IFRC, by working to prevent and alleviate human suffering throughout the world, and to coordinate the humanitarian and disaster relief efforts of the IFRC with efforts conducted by the United Nations. The assessment of whether the IFRC controls the IFRC at the UN Inc. includes an examination of all facts and circumstances that affect potential voting rights, except the intention of management and the financial ability to exercise any such rights.

The IFRC consolidates its interest in the IFRC at the UN Inc. by combining the financial statements of the IFRC and the IFRC at the UN Inc. line-by-line adding together like items of assets, liabilities, equity, income and expenses. Inter-entity transactions and balances are eliminated upon consolidation. The IFRC at the UN Inc's accounting policies are consistent with those adopted by the IFRC.

b) Special purpose entity

The Foundation for the International Federation of Red Cross and Red Crescent Societies (the Foundation) is a special Foundation, over which the IFRC has the power to govern the financial and operating policies, so as to obtain benefits from its activities. The Foundation was established to support the objectives of the IFRC, by providing the necessary institutional framework for international revenue projects undertaken by, and to the benefit of, the IFRC and its member Red Cross and Red Crescent National Societies. The assessment of whether the IFRC controls the Foundation includes an examination of all facts and circumstances that affect potential voting rights, except the intention of management and the financial ability to exercise any such rights. Although the IFRC does not control directly, or indirectly, more than half of the voting power of the Foundation, the IFRC exercises control by virtue of having a 100% interest in the net assets of the Foundation.

In accordance with SIC 12 and based on the facts stated above, the Foundation is treated as a special purpose entity and therefore consolidated into these financial statements on a line-by-line basis adding together like items of assets, liabilities, equity, income and expenses. Inter-entity transactions and balances are eliminated upon consolidation. The Foundation's accounting policies are consistent with those adopted by the IFRC.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**
c) Joint ventures

The IFRC has interests in the following jointly controlled operations, whose activities are in accordance with the IFRC's principal activities, as outlined above: Global Road Safety Partnership; ProVention Consortium; Sphere Programme and Steering Committee Human Response; and Stop AIDS Alliance.

The IFRC accounts for its interests in these operations by proportionate consolidation combining its share of each joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with like items in the IFRC consolidated financial statements. Inter-entity transactions and balances are eliminated upon consolidation. Joint ventures' accounting policies are consistent with those adopted by the IFRC.

2.4 Foreign currency transactions

The presentation and functional currency of the IFRC is the Swiss Franc, as statutory contributions and operating expenditures are primarily denominated in, and influenced by, the Swiss Franc. The IFRC's operations are not concentrated in any one economic environment, but appeals are always launched in Swiss Francs, and expenditure is budgeted and managed in Swiss Francs.

Monetary assets and liabilities denominated in foreign currencies are translated into Swiss Francs using the month end exchange rate. Foreign currency transactions are translated into Swiss Francs using rates which approximate the prevailing rate at the date of the transactions. Exchange gains and losses resulting from the settlement of foreign currency transactions and from translation are included under Net finance expense /(income), in the Consolidated Statement of Comprehensive Income, with the exception of realised exchange gains and losses on voluntary contributions, which are included under Voluntary contributions, net in the Consolidated Statement of Comprehensive Income.

The principal rates of exchange against the Swiss Franc are shown below:

	Closing rate of exchange		Average rate of exchange	
	2010	2009	2010	2009
USD	0.95	1.03	1.04	1.08
EUR	1.25	1.49	1.38	1.51
GBP	1.47	1.65	1.61	1.69
SEK - 100	13.92	14.39	14.47	14.25
CAD	0.95	0.99	1.01	0.96

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts due from banks and short-term bank deposits with original maturities of three months or less. Bank borrowings that are repayable on demand, and form an integral part of the IFRC's cash management, are included as a component of cash and cash equivalents, in the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows.

In certain countries, where implementing national societies operate under the legal status of the IFRC, bank accounts, in the name of the IFRC, have been opened for these national societies. These bank accounts have not been included in these consolidated financial statements as the IFRC has no control over the funds flowing in and out of these accounts, and no IFRC employees are signatories to these accounts. In addition, there are agreements in place, between the IFRC and the national societies operating such accounts, which transfer the risks and rewards of their operation to the national societies concerned.

2.6 Short-term investments

Short-term investments are initially recognised at fair value and subsequently measured at amortised cost, and include time deposits with original maturities of more than three months, but less than one year.

2.7 Financial assets

Financial assets comprise units held in global bond funds with the intention to keep them until maturity and global equity funds (2009 global equity funds only) which are recorded as financial assets at fair value through profit and loss and classified as current assets. The fair value of the units is fully determined by reference to published price quotations in an active market.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Purchases and sales of units are recognised on the trade date, which is the date that the investment managers commit to purchase or sell the asset, on behalf of the IFRC.

Realised and unrealised gains and losses arising are changes in the fair value of financial assets, and are included in the Consolidated Statement of Comprehensive Income under Net finance expense/(income), in the period in which they arise.

2.8 Accounts receivable

Receivables comprise all statutory contributions due but not yet received, outstanding pledges (written commitments) received from donors, and amounts due, from national societies and sundry customers, for the provision of services.

Receivables are initially recognised at fair value (original pledge or invoice amount) and subsequently measured at amortised cost less provision made for impairment.

A provision for impairment is made when there is objective evidence that the Federation will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

2.9 Inventories

Inventories, principally prepositioned relief items, and telecommunications and computer equipment, which have not been committed to a project, are stated at the lower of cost or net realisable value. Cost is determined using the first in, first out (FIFO) method, and comprises cost of purchase and other costs directly attributable to acquisition. Net realisable value is the estimated selling price, in an arms length transaction, less attributable selling expenses. Inventories are included in expenditure once they have been committed to a project.

Relief and other items acquired for specific projects are expensed at the time of receipt, and are not included in inventories.

2.10 Property, plant and equipment

Property, vehicles, and equipment are stated at historical cost less accumulated depreciation.

Assets received in-kind are accounted for using the same principles as used for purchased assets, with acquisition costs being determined on the basis of donor values.

Depreciation is calculated on the straight-line method to write off assets to their estimated residual values over their estimated useful lives as follows:

Property	up to 50 years
Light vehicles	5 years
Heavy vehicles	10 years
Computer equipment	3 - 4 years
Other equipment	3 - 5 years

When the carrying amount of an asset is greater than its estimated recoverable amount, it is immediately written down to its estimated recoverable amount.

Gains and losses, on disposals, are determined by comparing proceeds with net carrying amounts, and are recognised in the Consolidated Statement of Comprehensive Income.

Repairs and maintenance costs are recognised in the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

Subsequent expenditure is capitalised only when probable future economic benefits will flow to the IFRC and the cost can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

2.11 Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring the specific software to use.

Amortisation is calculated on the straight-line method to write off assets to their estimated residual values over their estimated useful lives of 3 years.

Costs associated with maintaining software are recognised in the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

2.12 Impairment

In order to determine whether there is any indication of impairment, the carrying amounts of the IFRC's assets, other than financial assets (see note 2.7) and inventories (see note 2.9), are reviewed at each period end date, or earlier, if events, or changes in circumstances, indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the Consolidated Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

An impairment loss is reversed if there is an upward revision of the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 Accounts payable

Accounts payable are financial liabilities initially recognised at fair value and subsequently measured at amortized cost.

2.14 Provisions

Provisions for redundancy costs, operations, project deficits and restructuring are recognised when there is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

If the effect is material, provisions are determined by discounting the expected future cash flow that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

a) Provision for redundancy costs

Provision is made for the estimated cost of known redundancies, which are normally paid out within the next twelve months. A redundancy is known when the decision to make the employee redundant has been taken and communicated.

b) Provision for operations

The provision for operations represents the value of working advances made to national societies which the recipient national societies have not reported on by the period end date. Detailed breakdowns of the expenditure incurred by the national societies are not, therefore, known at the period end date, but are normally reported shortly thereafter.

c) Provision for project deficits

A provision for project deficits is maintained in respect of those projects where expenditure has exceeded income. If additional funding is not forthcoming to reverse the deficits within twelve months following the period end date, the deficits are written off.

d) Provision for restructuring

A provision for restructuring is made when the IFRC has a constructive obligation to restructure; that is when a detailed formal plan identifying the key elements exists, and there is an expectation that the plan will be implemented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

2.15 Reserves

Reserves are classified as either unrestricted or restricted reserves.

a) Unrestricted reserves

These are not subject to any legal or third party restriction and can be used as the IFRC sees fit.

Unrestricted reserves may be designated by the IFRC for specific purposes, to meet future obligations or mitigate specific risks. Designated reserves include the following:

Designated reserves

Self-insurance reserve

Based on an assessment of risk exposure, this concerns the IFRC's self-insurance reserve for vehicle damage.

Statutory meetings reserve

Allocations for statutory meetings and Governing Board initiatives to be undertaken are made in anticipation of the events taking place.

Actuarial valuations

The actuarial valuation of the IFRC's pension funds results in actuarial gains and losses and their subsequent amortisation. Movements on these valuations are based on factors outside the IFRC's control, such as changes in actuarial assumptions and changes in pension fund profile, and are therefore allocated to a reserve designated to record such movements.

Specific projects

As explained in note 32, in keeping with the IFRC's full cost recovery principles, an additional 6.5% programme and services support recovery is added to the cost of each operation as a contribution to fund the indirect costs of providing support services essential to the success of operations. In the event that the total amount charged for a given year exceeds the total amount incurred, the excess is allocated to projects according to a Governing Board decision. Pending the Governing Board decision, the excess is allocated to a designated reserve.

2010 is the first year in which programme and services support recovery in excess of actual cost incurred has been allocated to designated reserves. In previous years any such excess has been retained as unrestricted reserves.

b) Restricted reserves

These represent the cumulative excess of income, from earmarked voluntary contributions, over expenditures on stipulated field operations. Restricted reserves include the following:

Funds held for field operations

Donor-restricted contributions

Some contributions pledged to, or received by the IFRC, have been earmarked to the extent that donors stipulate that the funds are to be used on IFRC operations at appeal, programme, project or sub-project level. The cumulative excess, of earmarked voluntary contributions over stipulated field operation expenditure, is recorded as Funds held for field operations within restricted reserves. In the event that the funds cannot be spent, the IFRC obtains agreement from the donor for a 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.

Field operations with temporary deficit financing

Expenditures on individual field projects may exceed the amount of income from voluntary contributions that have been allocated to projects at reporting dates. The excess of expenditure over income, on individual projects, is separately reflected within funds held for field operations as Field operations with temporary deficit financing, so long as management considers that future funding will be forthcoming. When management considers that future funding is unlikely to be forthcoming, the deficit is reclassified as unrestricted expenditure, and reflected as a reduction in unrestricted reserves, through the provision for project deficits.

2.16 Income

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

a) Statutory contributions

Statutory contributions are fixed by the General Assembly, the supreme governing body of the IFRC, and are recognised in the year they fall due, unless there is significant uncertainty over the collection of the amounts, or they are subject to extended payment terms, in which case the income is not recognised until payment is received.

As explained in note 2.12, the carrying amounts of the IFRC's assets are reviewed at each period end date, in order to determine whether there is any indication of impairment. Statutory contributions recognised that have not been paid by the year end are considered as fully impaired, and are accordingly fully provided for, at the period end date. This does not invalidate the obligation of member societies to pay the amounts due.

Statutory contributions receivable may be subject to appeal and subsequent adjustments.

b) Voluntary contributions

Cash contributions are recognised when a confirmed written pledge has been received from the donor.

Government grants and contributions that are based on contracts for specific projects, akin to government grants, are recognised as expenditure is incurred and contractual obligations are fulfilled. Contributions received, but not yet recognised, are included in deferred income. The IFRC typically receives such contributions from diplomatic missions, UN agencies, ECHO and other government agencies such as USAID. Government grants that are not for specific projects, but are earmarked at appeal level (see note 2.16 c) are recognised when a confirmed written pledge has been received from the donor.

Legacies and bequests in cash are recorded at the earlier of receipt, or where the amount to be received is known, at the date legal title has passed.

In-kind contributions of goods (comprising relief supplies) and services (in the form of staff or transport) are recognised on the date of receipt of the goods or services, and are reported as equal contributions and expenses in the Consolidated Statement of Comprehensive Income. 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, in the open market, for the same intended use.

The fair value of in-kind staff is taken as the average cost that would be incurred by the IFRC, if it were to directly employ a person in a similar position.

In-kind contributions of fixed assets are recognised at fair value, and recorded under voluntary contributions. Depreciation and if applicable, impairment adjustments of such assets, are included in operational expenditure in the same manner as for purchased fixed assets.

The IFRC sometimes agrees with a donor, that the value of a confirmed written pledge previously received, shall be changed – either increased or decreased. Such changes are recognised as additions to, or reductions of income, during the period in which the change was agreed. The IFRC is not able to evaluate the potential impact of such changes on voluntary income reported in these consolidated financial statements.

c) Earmarking

Voluntary contributions are identified according to the level of earmarking (see note 2.15b *Donor-restricted contributions*).

Unearmarked contributions

Unearmarked contributions can be used for any purpose to further the objectives of the organisation, and are recognised in the Consolidated Statement of Comprehensive Income as unrestricted income, when pledged. At the end of the accounting period, unspent, unearmarked contributions are included in unrestricted reserves.

Earmarked contributions

Earmarked contributions can be stipulated by donors for use on field operations at the appeal, programme, project or sub-project level. Such earmarked contributions are fully under the control of the IFRC, and, unless they are also subject to specific contractual obligations or earmarked for use in a future period (see paragraph below), are recognised in the Consolidated Statement of Comprehensive Income as restricted income, when pledged. At the end of the accounting period, unspent earmarked contributions are included in restricted reserves.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Contributions that are subject to specific contractual obligations or earmarked for use in a future period are not fully under control of the IFRC. Contributions subject to specific contractual obligations are recognised in income as expenditure is incurred and contractual obligations are fulfilled, similar to government grants. Amounts received, but not recognised, are included in deferred income. Contributions which are earmarked for use in a future period are recognised as deferred income in the current period and subsequently recognised in the Consolidated Statement of Comprehensive Income in the future period for which they were earmarked.

d) Income from the sale of goods

Income from the sale of goods, principally from publications and promotional goods, is recognised when the risks and rewards of ownership are passed to the buyer.

e) Income from the provision of services

Income from services is recognised in the period in which the service is rendered. For the provision of services across accounting periods, income is recognised according to the stage of completion of the service, by reference to services performed to date as a percentage of total services to be performed.

The majority of income from the provision of services is derived from services provided to implementing national societies in countries where these national societies are working bi-laterally with the local national society, rather than multi-laterally with the IFRC and the local national society. Income from these types of services is included under Supplementary services income in the Consolidated Statement of Comprehensive Income.

2.17 Finance income and expense

The net finance result is comprised of interest and dividends received on funds invested, realised and unrealised foreign exchange gains and losses, and unrealised gains and losses on units held in global equity and bond funds.

Interest income is recognised, in the Consolidated Statement of Comprehensive Income, as it accrues, taking into account the effective yield on the asset.

2.18 Employee benefit costs

a) Retirement benefit obligations

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The IFRC operates two pension funds for expatriate field staff and all headquarters staff. Pension obligations are covered by independent funds which are held in a single, separate legal entity that is governed by Swiss law. These independent funds are fully funded through payments, as determined by periodic actuarial calculations, in accordance with Swiss law. The assets of the funds are managed as one within the separate legal entity. For the purposes of these consolidated financial statements both funds are considered and accounted for as a single defined benefit plan in accordance with the requirements of IFRS.

The amount recognised in the Consolidated Statement of Financial Position in respect of the defined benefit plans is the present value of the defined benefit obligations at the period end date less the fair value of the plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates, on high quality corporate bonds that are denominated in Swiss Francs, the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Where the amount determined in accordance with the above is an asset, it is recognised at the lower of the amount so determined and; the total of any cumulative unrecognised net actuarial losses and past service cost and the present value (using the same discount rate as above) of likely reductions in future contributions to, or refunds from the scheme.

Cumulative actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are spread to income over the employees' expected average remaining working lives.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Staff employed locally by the delegations receive social benefits in accordance with the legislation of the countries concerned and the local collective staff agreements. The cost of such benefits is recognised on an accruals basis in these consolidated financial statements.

b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date, contract completion date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Termination benefits are recognised on the basis of a formal committed plan to terminate the employment of current employees, or are provided as a result of an offer made to encourage voluntary redundancy.

2.19 Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

a) Finance leases

The IFRC has no interest in finance leases, as either lessor or lessee.

b) Operating leases as lessee

Payments made under operating leases are recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

c) Operating leases as lessor

Lease income from operating leases is recognised in the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

3 Financial risk management

3.1 Financial risk factors

The IFRC is exposed to a variety of financial risks namely: market risk (including foreign currency risk and pricing risk); credit risk; liquidity risk; and interest rate risk. The IFRC seeks to actively minimise potential adverse effects arising from these exposures as detailed below.

The Secretary General has overall responsibility for the establishment of the IFRC's risk management framework, and in this regard, has established, in consultation with the Finance Commission, the IFRC's Investment Guidelines, which set out the overall principles and policies for the management of the IFRC's use of financial instruments. The Finance Commission has the oversight responsibility for ensuring management in accordance with the Investment Guidelines, and reports thereon to the Governing Board and the General Assembly.

In addition, in 2007 the Governing Board established an Audit and Risk Committee to provide advice on all risk matters affecting the IFRC, and in particular, advice on risk identification, evaluation, measurement, monitoring and the overall risk management processes of the IFRC.

a) Market risk

Foreign currency risk

Foreign currency risk arises primarily from voluntary contributions that are denominated in a currency other than Swiss Francs, for the period between pledge date and receipt date. The main currencies giving rise to this risk are the US Dollar, Euro, Pound Sterling, Canadian Dollar and Swedish Kroner. The IFRC ensures that net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary to address short-term needs.

At 31 December 2010, if the Swiss Franc had weakened by 5% against the aforementioned currencies, with all other variables held constant, the net result for the year would have been CHF 2,227k higher (2009: CHF 5,575k higher), as a result primarily of foreign exchange gains on translation of pledges receivable balances and bank balances held mostly in US Dollars and Euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Price risk

The IFRC is exposed to equities and securities price risk because of investments measured at fair value through profit or loss. In order to manage its price risk arising from investments in equities and securities, the IFRC diversifies its investment portfolio, which is managed by external investment managers, in accordance with the limits set out in the IFRC's Investment Guidelines.

At 31 December 2010, if the price of IFRC equity investments had fallen by 5%, with all other variables held constant, the net result for the year would have decreased by CHF 1,035k (2009: CHF 1,025k), if the price of IFRC bonds investments had fallen by 5%, with all other variables held constant, the net result for the year would have decreased by CHF 3,851k (2009: CHF Nil).

There was no exposure to commodities price risk at either 31 December 2010 or 31 December 2009.

b) Credit risk

The IFRC's principal receivables are with its member national societies, donor governments and other international organisations, where credit risk is considered to be low. Full provision is made for all unpaid statutory contributions at each period end date.

IFRC's Investment Guidelines only allow investment in liquid securities and deposits, and only with counterparties that have a good credit rating. Following the deterioration in the economic climate, the number of counterparties, with whom funds are deposited, has been increased in 2010, in order to achieve better diversification, and thus minimise counterparty risk. The credit rating of all counterparties is reviewed on a regular basis.

The IFRC maintains banking relationships with certain unrated financial institutions in countries, primarily in Africa, where rated financial institutions are not operational. The value of assets held with such institutions at 31 December 2010 was CHF 1,400k (2009: CHF 1,600k) – see also note 30 (b).

Other positions are not material, or are covered by provisions.

c) Liquidity risk

Liquidity risk is minimised by maintaining sufficient funds as cash in hand, on-demand deposits or short-term deposits with maturities of three months or less, to meet short-term liabilities. In addition, investments are all in liquid securities which can easily be sold to meet longer term cash flow needs and no significant contractual payments are due on financial investments, including financial assets at fair value through profit or loss and short-term investments.

d) Interest rate risk

There is no significant short-term exposure to changes in interest rates, as cash and cash equivalents are held as cash in hand, on-demand deposits, or in short-term deposits with maturities of three months or less, and there are no interest-bearing liabilities. Short-term investments with maturities of more than three months have fixed interest rates for the terms of the investments.

e) Fair value hierarchy:

The IFRC defined below the different levels for the financial instruments carried at fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2010 and 31 December 2009, only financial assets at fair value through profit or loss (2010: CHF 97,733k; 2009: CHF 20,497k) in the Consolidated Statement of Financial Position are carried at fair value. They are classified as Level 1.

3.2 Capital risk management

By its very nature, the IFRC does not have capital as defined by IFRS. Unrestricted reserves may be considered to have similar characteristics to those of capital, the intention of which is to maintain a sound financial position to ensure that the organisation is able to continue its operations and thereby fulfill its mission. Following an analysis of the financial risks to which the IFRC is exposed, the Secretary General has set an unrestricted reserves target of CHF 45,000k to CHF 55,000k. This target has been agreed by the Finance Commission.

The IFRC is not subject to any externally imposed capital or reserves requirements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

3.3 Fair value estimation

The fair value of financial assets is reported in note 7 to the consolidated financial statements. The fair value of cash and cash equivalents, other financial assets and accounts payable are not materially different from their carrying amounts less impairment provisions.

4 Critical accounting estimates and judgements

Accounting estimates and judgements are continually evaluated, and are based on historical experience and other factors, including reasonable expectations of future events according to relevant circumstances.

4.1 Critical accounting estimates and assumptions

The IFRC makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are outlined below.

Long term expenditure commitments

The IFRC enters into certain long term expenditure commitments, which may not be fully funded by contributions pledged, or received at the time the commitments are entered into. At each period end, the IFRC estimates expected future funding to cover future expenditure commitments. Changes in estimates could result in the need to establish a provision in accordance with the policy in note 2.14c above.

5 Cash and cash equivalents

	2010	2009
	CHF 000s	CHF 000s
Cash and bank accounts	25,517	26,247
Time deposits	103,308	113,169
	<u>128,825</u>	<u>139,416</u>

Cash and bank accounts include CHF 37k (2009: CHF 34k) held on behalf of the Masambo Fund (see note 34a and c).

Cash and cash equivalents are denominated in the following currencies:

	2010	2009
	CHF 000s	CHF 000s
Currency		
Chinese Yuan	868	113
Euro	5,121	13,038
Central African Franc	272	1,346
Norwegian Krone	-	1,094
Swiss Franc	99,305	113,613
United States Dollar	18,296	5,582
Other currencies	4,963	4,630
	<u>128,825</u>	<u>139,416</u>

6 Short-term investments

	2010	2009
	CHF 000s	CHF 000s
Time deposits	<u>160,000</u>	<u>110,000</u>

Short-term investments are all denominated in Swiss Francs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

7 Financial assets at fair value through profit or loss

	2010 CHF 000s	2009 CHF 000s
Global bond funds	77,024	-
Global equity funds	20,709	20,497
	<u>97,733</u>	<u>20,497</u>

The global equity funds, accounted for at fair value, were acquired in August 2007 at an original cost of CHF 30,000k. An additional CHF 1,809k (2009 CHF 1,337k), representing dividend income received since inception, has been reinvested in the equity funds.

Financial assets at fair value through profit or loss are all denominated in Swiss Francs.

8 Accounts receivable, net

	2010 CHF 000s	2009 CHF 000s
Current accounts receivable		
Pledges	89,431	101,478
Provision for doubtful pledges receivable	(857)	(1,024)
	<u>88,574</u>	<u>100,454</u>
National societies	24,823	33,649
Provision for doubtful national societies accounts receivable	(751)	(762)
	<u>24,072</u>	<u>32,887</u>
Statutory contributions	26,252	26,426
Provision for unpaid statutory contributions	(26,252)	(26,426)
	<u>-</u>	<u>-</u>
Other accounts receivable	2,370	1,879
	<u>2,370</u>	<u>1,879</u>
Total current accounts receivable, net	<u>115,016</u>	<u>135,220</u>

As explained in note 2.16 (a), full provision is made for all statutory contributions outstanding at the year end. This does not invalidate the obligation of member national societies to pay amounts due.

In 2010, CHF 1,168k of arrears of statutory contributions due from national societies in default (2009: CHF 1,175k), which had not been previously recognised in the Consolidated Statement of Comprehensive Income, were received, and have therefore been recognised in the 2010 Consolidated Statement of Comprehensive Income.

CHF 23,490k (2009: CHF 23,863k) of the CHF 26,252k (2009: CHF 26,426k) statutory contributions which are entirely provided for, have not yet been recognised in the Consolidated Statement of Comprehensive Income (see note 2.16 a).

The ageing of accounts receivable in respect of pledges, national societies and statutory contributions, before provisions and excluding other receivables totalling CHF 142,876k (2009: CHF 163,432k), is as follows:

	2010 CHF 000s	2009 CHF 000s
Not past due	81,361	87,202
Past due 1-60 days	9,939	7,395
Past due 31-60 days	-	7,424
Past due 61-90 days	2,510	10,558
Past due more than 90 days	49,066	50,853
	<u>142,876</u>	<u>163,432</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Movements of the provisions for impaired receivables are as follows:

	Provision for pledges receivable CHF 000s	Provision for national societies accounts receivable CHF 000s	Provision for unpaid statutory contributions CHF 000s	TOTAL CHF 000s
2010				
Balance at 1 January	1,024	762	26,426	28,212
Receivables written off during the year	(363)	-	-	(363)
Unused amounts reversed	(260)	(244)	(1,990)	(2,494)
Additional provisions	456	233	1,816	2,505
Balance at 31 December	857	751	26,252	27,860
2009				
Balance at 1 January	489	683	27,572	28,744
Receivables written off during the year	-	-	-	-
Unused amounts reversed	(503)	(232)	(2,912)	(3,647)
Additional provisions	1,038	311	1,766	3,115
Balance at 31 December	1,024	762	26,426	28,212

Accounts receivable before provisions in respect of pledges, national societies, statutory contributions and other receivables are denominated in the following currencies:

	2010 CHF 000s	2009 CHF 000s
Currency		
United States Dollar	40,628	59,244
Euro	38,354	27,653
Pound Sterling	1,764	3,879
Swedish Kroner	2,555	2,095
Canadian Dollar	1,366	8,373
Swiss Franc	42,705	45,441
Other currencies	15,504	16,747
	142,876	163,432

9 Prepayments and other receivables

	2010 CHF 000s	2009 CHF 000s
Advances to employees	878	1,146
Taxes refundable	497	556
Prepayments	837	1,948
Advance payments to contractors	179	1,328
Sundry receivables	2,912	3,068
	5,303	8,046

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

10 Inventories

	2010	2009
	CHF 000s	CHF 000s
Prepositioned relief items	1,220	1,033
Telecommunications equipment	167	172
Administration Stock	117	-
Other equipment	307	96
	<u>1,811</u>	<u>1,301</u>

The cost of inventories recognised as expense and included in operating expenditure comprises:

	2010	2009
	CHF 000s	CHF 000s
Telecommunications equipment	827	586
Other equipment	36	114
Prepositioned stock	6,001	1,279
	<u>6,864</u>	<u>1,979</u>

11 Other assets

	2010	2009
	CHF 000s	CHF 000s
Accrued interest income	196	173
Other assets	8	8
	<u>204</u>	<u>181</u>

12 Property, vehicles, other equipment and intangible assets

12.1 Property

	2010	2009
	Buildings	Buildings
	CHF 000s	CHF 000s
<i>Cost or valuation</i>		
Balance at 1 January	4,511	4,046
Additions	38	465
Balance at 31 December	<u>4,549</u>	<u>4,511</u>
<i>Accumulated depreciation and value adjustments</i>		
Balance at 1 January	(1,130)	(1,064)
Depreciation charge for the year	(89)	(66)
Balance at 31 December	<u>(1,219)</u>	<u>(1,130)</u>
Net book value at 31 December	<u>3,330</u>	<u>3,381</u>
Net book value at 1 January	<u>3,381</u>	<u>2,982</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

12.2 Vehicles

	2010	2009
	Vehicles	Vehicles
	CHF 000s	CHF 000s
<i>Cost or valuation</i>		
Balance at 1 January	22,010	22,168
Additions	14,692	4,932
Disposals and write offs	(4,201)	(5,090)
Balance at 31 December	<u>32,501</u>	<u>22,010</u>
<i>Accumulated depreciation and value adjustments</i>		
Balance at 1 January	(7,507)	(6,983)
Depreciation charge for the year	(3,351)	(2,785)
Disposals	2,680	2,261
Balance at 31 December	<u>(8,178)</u>	<u>(7,507)</u>
Net book value at 31 December	<u>24,323</u>	<u>14,503</u>
Net book value at 1 January	<u>14,503</u>	<u>15,185</u>

See note 29 (b) for details of amounts included in the above which are subject to operating leases as lessor.

12.3 Other equipment

	2010	2009
	Other	Other
	equipment	equipment
	CHF 000s	CHF 000s
<i>Cost or valuation</i>		
Balance at 1 January	5,020	4,887
Additions	430	245
Transfers	55	-
Disposals and write offs	(405)	(112)
Balance at 31 December	<u>5,100</u>	<u>5,020</u>
<i>Accumulated depreciation and value adjustments</i>		
Balance at 1 January	(3,273)	(2,397)
Impairment losses	-	-
Depreciation charge for the year	(876)	(925)
Disposals	412	49
Balance at 31 December	<u>(3,737)</u>	<u>(3,273)</u>
Net book value at 31 December	<u>1,363</u>	<u>1,747</u>
Net book value at 1 January	<u>1,747</u>	<u>2,490</u>

Other equipment primarily includes computer equipment, generators, rubhalls and office equipment.

Other equipment additions include CHF 160k of contributed assets (2009: CHF 106k).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

12.4 Intangible assets

	Computer software CHF 000s	Computer software under development CHF 000s	2010 Total Computer software CHF 000s	2009 Total Computer software CHF 000s
<i>Cost or valuation</i>				
Balance at 1 January	6,181	1,180	7,361	6,003
Additions	99	751	850	1,508
Transfers	252	(308)	(56)	-
Disposal and write offs	-	(293)	(293)	(150)
Balance at 31 December	<u>6,532</u>	<u>1,330</u>	<u>7,862</u>	<u>7,361</u>
<i>Accumulated amortisation and value adjustments</i>				
Balance at 1 January	(3,583)	-	(3,583)	(2,167)
Amortisation charge for the year	(1,461)	-	(1,461)	(1,416)
Balance at 31 December	<u>(5,044)</u>	<u>-</u>	<u>(5,044)</u>	<u>(3,583)</u>
Net book value at 31 December	<u>1,488</u>	<u>1,330</u>	<u>2,818</u>	<u>3,778</u>
Net book value at 1 January	<u>2,598</u>	<u>1,180</u>	<u>3,778</u>	<u>3,836</u>

13 Accounts payable

	2010 CHF 000s	2009 CHF 000s
Suppliers	23,826	12,038
National societies	1,240	4,135
Payroll taxes payable	118	199
Other	565	241
	<u>25,749</u>	<u>16,613</u>

Accounts payable to suppliers and national societies are denominated in the following currencies:

Currency	2010 CHF 000s	2009 CHF 000s
Canadian Dollar	544	368
Euro	1,714	2,078
Pakistan Rupee	965	-
Pound Sterling	1,226	1,267
Swiss Franc	7,583	5,175
United States Dollar	10,759	1,896
Other currencies	2,958	5,829
	<u>25,749</u>	<u>16,613</u>

14 Accrued expenses

	2010 CHF 000s	2009 CHF 000s
Accrued expenses	<u>10,320</u>	<u>3,992</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Accrued expenses are all denominated in Swiss Francs.

15 Employee benefit liabilities

	2010	2009
	CHF 000s	CHF 000s
Staff vacation accrual	3,657	3,664
Provision for post employment benefits	40	2,037
Accruals for other short-term benefits	376	488
	<u>4,073</u>	<u>6,189</u>

16 Provisions

	2010	2009
	CHF 000s	CHF 000s
Current provisions		
Operations	19,403	17,668
Project deficits	1,185	2,344
Restructuring	638	1,273
	<u>21,226</u>	<u>21,285</u>

	Operations	Project	Restructuring	2010	2009
	CHF 000s	deficits	CHF 000s	Total	Total
		CHF 000s	CHF 000s	CHF 000s	CHF 000s
Current provisions					
Balance at 1 January	17,668	2,344	1,273	21,285	14,957
Unused amounts reversed		(1,159)		(1,159)	(256)
Used during the year	(17,668)	-	(1,273)	(18,941)	(14,064)
Additional provisions	19,403	-	638	20,041	20,648
Balance at 31 December	<u>19,403</u>	<u>1,185</u>	<u>638</u>	<u>21,226</u>	<u>21,285</u>

All provisions are current, and the IFRC expects to incur the resultant liabilities within the next year.

The ultimate outflow of economic benefits arising from project deficits will be determined by the IFRC's ability to cover the unfunded project expenditure through fund-raising activities.

The restructuring provision includes estimated costs of the reorganisation of the management structure in Geneva.

17 Deferred income and prepaid contributions

	2010	2009
	CHF 000s	CHF 000s
Current liabilities		
Deferred income	44,387	44,148
Prepaid statutory contributions	96	100
	<u>44,483</u>	<u>44,248</u>
Non-current liabilities		
Deferred income	<u>3,408</u>	<u>1,818</u>

The IFRC is not in a position to reliably determine in which future periods contributions deferred under the accounting policy set out in note 2.16 (b) will be recognised as income in the Consolidated Statement of Comprehensive Income, accordingly, all amounts deferred under that accounting policy are included in Current liabilities although some amounts may ultimately be recognised as income more than one year after the period end date. Non-current liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

includes non-government contributions that are earmarked for use in a future period more than one year from the period end date.

18 Funds held for field operations*Earmarked balances*

	2010 CHF 000s	2009 CHF 000s
Field operations with temporary deficit financing	(3,832)	(2,259)
Donor-restricted contributions	369,632	283,243
	<u>365,800</u>	<u>280,984</u>

Field operations are considered as having a deficit financing as soon as the contributions pledged do not cover the expenditure incurred.

In 2010, a total of CHF 5,153k (2009: CHF 1,747k) was reimbursed to donors in respect of voluntary contributions received in previous years. Out of this total CHF 2,566k (2009: CHF Nil) were reimbursed to the American Red Cross Society in respect of voluntary contributions received for the 2004 Bay of Bengal Earthquake and Tsunami housing reconstruction partnership with the IDA in Sri Lanka (see note 21).

19 Designated reserves

2010	Self insurance CHF 000s	Statutory meetings CHF 000s	Actuarial valuations CHF 000s	Specific projects CHF 000s	2010 Total CHF 000s
Balance at 1 January	1,060	840	4,536	-	6,436
Used during the year	(128)	-	(1,774)	-	(1,902)
Allocations during the year	243	300	-	829	1,372
Balance at 31 December	<u>1,175</u>	<u>1,140</u>	<u>2,762</u>	<u>829</u>	<u>5,906</u>

2009	Self insurance CHF 000s	Statutory meetings CHF 000s	Actuarial valuations CHF 000s	Specific projects CHF 000s	2009 Total CHF 000s
Balance at 1 January	1,032	1,273	7,256	-	9,561
Used during the year	(136)	(1,352)	(2,720)	-	(4,208)
Allocations during the year	164	919	-	-	1,083
Balance at 31 December	<u>1,060</u>	<u>840</u>	<u>4,536</u>	<u>-</u>	<u>6,436</u>

20 Voluntary contributions, net

	Cash CHF 000s	Goods in-kind CHF 000s	Services in-kind CHF 000s	2010 Total CHF 000s	2009 Total CHF 000s
National Societies	342,884	37,225	19,516	399,625	191,819
Governments	74,245	-	-	74,245	46,596
International Organisations	3,274	-	-	3,274	29,238
Others	28,180	-	-	28,180	21,376
	<u>448,583</u>	<u>37,225</u>	<u>19,516</u>	<u>505,324</u>	<u>289,029</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**21 Contribution to other organisation reimbursed**

In 2006, as part of the 2004 Bay of Bengal Earthquake and Tsunami operation the IFRC entered into a partnership agreement with the International Development Association (IDA). Under the terms of this agreement, in 2006 and 2008 the IFRC provided a total of CHF 22,800k to the IDA to work in partnership with the Government of Sri Lanka, in order to help beneficiaries reconstruct their own houses following destruction of their previous dwellings by the tsunami. Following completion of the housing reconstruction programme, in 2010 the IDA returned CHF 7,036k (2009: CHF Nil) of unused funds to the IFRC. These funds are recognised as income in the Consolidated Statement of Comprehensive Income.

22 Other income

	Note	2010 CHF 000s	2009 CHF 000s
Sale of IFRC materials		25	20
Rental income	29 (b)	2,505	2,556
Project generated income		501	510
Other income		1,645	1,397
Sale of vehicle spare parts and other equipment & supplies		1,154	12,457
Logistics services		384	528
Surplus on sale of fixed assets, net		462	137
		<u>6,676</u>	<u>17,605</u>

23 Operating expenditure in-kind

The following in-kind contributions are included within total operating expenditure.

	2010 Goods CHF 000s	2010 Services CHF 000s	2010 Total CHF 000s	2009 Total CHF 000s
Employee benefit costs	-	10,850	10,850	7,896
Relief supplies	37,225	-	37,225	11,382
Transportation and storage	-	8,666	8,666	1,931
	<u>37,225</u>	<u>19,516</u>	<u>56,741</u>	<u>21,209</u>

24 Employee benefit costs

	2010 CHF 000s	2009 CHF 000s
Wages and salaries	129,962	126,693
Contributed services	10,835	7,896
Termination benefits	882	1,879
Social security costs	2,850	3,026
Pension costs - defined benefit plans	9,731	10,708
	<u>154,260</u>	<u>150,202</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**25 Pension costs – defined benefit plans**

The amounts recognised in the balance sheet are determined as follows:

	2010	2009
	CHF 000s	CHF 000s
Present value of funded obligations	(175,322)	(160,462)
Fair value of plan assets	132,164	134,182
	<u>(43,158)</u>	<u>(26,280)</u>
Unrecognised actuarial losses	45,920	30,816
Amount per balance sheet	<u>2,762</u>	<u>4,536</u>

Change in defined benefit obligation during the year:

	2010	2009
	CHF 000s	CHF 000s
Defined benefit obligation 1 January	160,462	146,236
Current service cost	8,873	7,023
Interest cost	4,883	4,619
Employee contributions	4,896	4,966
Benefits paid	(13,885)	(10,114)
Administration expenses	(501)	(489)
Liability (gain)/loss due to experience	(970)	5,287
Liability loss due to assumption changes	11,564	2,934
Defined benefit obligation 31 December	<u>175,322</u>	<u>160,462</u>

Change in plan assets during the year:

	2010	2009
	CHF 000s	CHF 000s
Fair value of plan assets at 1 January	134,182	108,492
Expected return on plan assets	5,742	4,425
Actuarial (gains)/losses on plan assets	(6,227)	18,914
Administration expenses	(501)	(489)
Employer contributions	7,957	7,988
Employee contributions	4,896	4,966
Benefits paid	(13,885)	(10,114)
Fair value of plan assets at 31 December	<u>132,164</u>	<u>134,182</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

The amounts recognised in the income statement are as follows:

	2010	2009
	CHF 000s	CHF 000s
Current service cost	8,873	7,023
Interest cost	4,883	4,619
Expected return on plan assets	(5,742)	(4,425)
Amortisation of net unrecognised gain	1,717	3,491
Total included in staff costs	<u>9,731</u>	<u>10,708</u>

The actual return on plan assets was loss: CHF 485k (2009 gain: CHF 23,339k).

Expected employer contributions for 2011 amount to CHF 8,116k.

The principal actuarial assumptions used were as follows:

	2010	2009
Discount rate	2.70%	3.15%
Price inflation	1.5%	1.5%
Expected return on plan assets	4.25%	4.25%
Future salary increases	2.0%	2.0%
Future pension increases	1.0%	1.0%

The expected return on plan assets is calculated as the weighted average by target allocation of estimated returns for each category of asset.

The percentage of total plan assets invested in each major asset category at 31 December was:

	2010	2009
Equity securities	39.0%	41.9%
Debt securities	50.9%	46.7%
Real estate	0.6%	0.9%
Other	9.5%	10.5%
Total	<u>100.0%</u>	<u>100.0%</u>

	2010	2009
	CHF	CHF
Experience (loss)/gain on plan assets	(6,227)	18,914
Experience gain/(loss) on plan liabilities	970	(5,287)

Historical information

	2010	2009	2008	2007	2006
	CHF 000s	CHF 000s	CHF 000s	CHF 000s	CHF 000s
Present value of funded obligations	(175,322)	(160,462)	(146,236)	(137,766)	(131,392)
Fair value of plan assets	132,164	134,182	108,492	137,336	132,565
(Deficit)/surplus in the plan	<u>(43,158)</u>	<u>(26,280)</u>	<u>(37,744)</u>	<u>(430)</u>	<u>1,173</u>
Experience (losses)/gains on plan assets	(6,227)	18,914	(37,688)	(4,894)	2,818
Experience gains/(losses) on plan liabilities	970	(5,287)	-	(8,875)	161

As explained in note 2.18 (a), pension obligations are covered by independent funds which are held in a single, separate legal entity that is governed by Swiss law. These independent funds are fully funded through payments, as determined by periodic actuarial calculations, in accordance with Swiss law. According to the latest actuarial calculations, in accordance with Swiss law, the independent pension funds were 103.7% funded at 31 December 2010 and 107.8% funded at 31 December 2009.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

26 Depreciation and amortisation

	2010	2009
	CHF 000s	CHF 000s
Depreciation of property, plant and equipment	4,316	3,776
Amortisation of intangible assets - computer software	1,461	1,416
	<u>5,777</u>	<u>5,192</u>

27 Provisions for operations and contributions to national societies

In implementing its activities in the ordinary course of its business, the IFRC advances funds to member Red Cross and Red Crescent national societies. Two mechanisms are used to advance funds to member national societies for the implementation of activities – cash working advances and cash contributions.

(a) Provisions for operations

The IFRC provides cash working advances to national societies for them to implement activities on behalf of the IFRC. Amounts advanced are recognised as receivables until such time as recipient national societies report to the IFRC on their use of the funds. As indicated in note 2.14 (b), a provision is recognised for the value of working advances which has not been reported on by the recipient national societies, and the related expense is recorded in “Provisions for operations”. When recipient national societies report on their use of the funds, the provision is reversed, and the expense is reclassified according to its nature.

(b) Contributions to national societies

The IFRC makes cash contributions to fund the activities of member national societies. Such contributions are recognised as operational expenditure as they are incurred.

28 Net finance expense/(income)

	2010	2010	2010	2009
	Unrestricted	Restricted	Total	Total
	CHF 000s	CHF 000s	CHF 000s	CHF 000s
Interest income on bank deposits	(910)	(139)	(1,049)	(1,563)
Dividend income on global equity funds	(472)	-	(472)	(452)
Net foreign exchange gain	-	-	-	(3,078)
Net change in fair value of financial assets at fair value through profit or loss	-	-	-	(9,420)
Finance income	<u>(1,382)</u>	<u>(139)</u>	<u>(1,521)</u>	<u>(14,513)</u>
Net foreign exchange loss/(gain)	2,933	3,707	6,640	294
Net change in fair value of financial assets at fair value through profit or loss	236	-	236	-
Finance expense	<u>3,169</u>	<u>3,707</u>	<u>6,876</u>	<u>294</u>
Net finance expense/(income)	<u>1,787</u>	<u>3,568</u>	<u>5,355</u>	<u>(14,219)</u>
Financial assets at fair value through profit or loss:				
Fair value loss/(gain) on global bond	(24)	-	(24)	(5,567)
Fair value loss/(gain) on global equity	260	-	260	(3,853)
Dividend income	(472)	-	(472)	(452)
	<u>(236)</u>	<u>-</u>	<u>(236)</u>	<u>(9,872)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

29 Leases

*a) Operating leases as lessee**Cancellable operating leases*

The IFRC leases warehouses, office property and means of transport under cancellable operating leases. The leases may, typically, run for a period up to five years, with an option to renew the lease at the end of that period. Lease payments are increased annually to reflect market rentals.

During the current year CHF 17,400k (2009: CHF 14,666k) were recognised as operating lease rental expense in the Consolidated Statement of Comprehensive Income, as follows:

	2010 CHF 000s	2009 CHF 000s
Land, buildings and equipment	12,829	13,024
Means of transport	4,571	1,642
	<u>17,400</u>	<u>14,666</u>

Non-cancellable operating lease

The IFRC leases its Secretariat Headquarters in Geneva under a non-cancellable operating lease. Future minimum lease payments payable under this lease are as follows:

	2010 CHF 000s	2009 CHF 000s
Amounts falling due within one year	227	227
Amounts falling due in 2 to 5 years	908	908
Amounts falling due after more than five years	7,268	7,495
	<u>8,403</u>	<u>8,630</u>

b) Operating leases as lessor

The IFRC leases vehicles to third parties under operating leases. The leases which run for periods up to five years are cancellable upon one month's notice at any time during the lease period. Leases for periods of less than five years may be renewed, however, the maximum lease period is five years.

In 2010, the following amounts have been recognised as income in the Consolidated Statement of Comprehensive Income:

	2010 CHF 000s	2009 CHF 000s
Rental of vehicles to third parties	2,227	2,234
Sub-leases of accommodation to staff	278	322
	<u>2,505</u>	<u>2,556</u>

Property, vehicles, other equipment and intangible assets – Vehicles (see note 12.2) includes the following amounts which are subject to leases as lessor:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 CHF 000s	2009 CHF 000s
Gross carrying amount	8,287	7,906
Accumulated depreciation	(2,270)	(2,650)
Net book value	<u>6,017</u>	<u>5,256</u>
Depreciation charge for the year	<u>924</u>	<u>917</u>

30 Financial Instruments*(a) Financial instruments by category*

The accounting policies for financial instruments have been applied to the line items below:

31 December 2010	Assets at fair value through profit and loss CHF 000s	Assets carried at amortised cost CHF 000s	Total CHF 000s
Assets			
Financial assets at fair value through profit or loss	97,733	-	97,733
Cash and cash equivalents	-	128,825	128,825
Short term investments	-	160,000	160,000
Accounts receivable	-	115,016	115,016
	<u>97,733</u>	<u>403,841</u>	<u>501,574</u>
		Liabilities carried at amortised cost CHF 000s	Total CHF 000s
Liabilities			
Accounts payable		25,749	25,749
Accrued expenses		10,320	10,320
		<u>36,069</u>	<u>36,069</u>
31 December 2009	Assets at fair value through profit and loss CHF 000s	Assets carried at amortised cost CHF 000s	Total CHF 000s
Assets			
Financial assets at fair value through profit or loss	20,497	-	20,497
Cash and cash equivalents	-	139,416	139,416
Short term investments	-	110,000	110,000
Accounts receivable	-	135,220	135,220
	<u>20,497</u>	<u>384,636</u>	<u>405,133</u>
		Liabilities carried at amortised cost CHF 000s	Total CHF 000s
Liabilities			
Accounts payable		16,613	16,613
Accrued expenses		3,992	3,992
		<u>20,605</u>	<u>20,605</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

(b) Credit quality of financial assets

The maximum exposure to credit risk for accounts receivable in respect of pledges and national societies' receivables at the reporting date by type of donor was:

	2010	2009
	CHF 000s	CHF 000s
Accounts receivable, net		
National Societies	50,546	84,501
Governments	55,758	29,554
International Organisations	1,807	16,742
Others	6,905	4,423
	<u>115,016</u>	<u>135,220</u>

The credit quality of cash at bank and time deposits can be assessed by reference to external credit ratings where available as follows:

	2010	2009
	CHF 000s	CHF 000s
Cash at bank and short-term bank deposits		
AAA	125	74
AA+	-	601
AA	238	95
AA-	74,940	1,709
A+	75,688	218,280
A	72,775	20,000
A-	1	-
BBB+	60,335	111
BBB	149	4,847
BBB-	1,703	-
BB+	-	-
BB	-	-
BB-	262	-
B+	32	11
B	75	46
B-	200	226
CCC	-	-
C	-	-
D	-	1,007
Unrated	1,435	1,569
	<u>287,958</u>	<u>248,576</u>

The above figures include CHF 160,000k (2009: CHF 110,000k) of time deposits disclosed within Short-term investments in the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows.

The remainder of cash at bank and short-term deposits in the Consolidated Statement of Financial Position item is cash on hand.

31 Taxes

The IFRC is exempt from taxes in Switzerland and most countries in which its delegations are based.

32 Programme and services support recovery

In keeping with the IFRC's full cost recovery principles, an additional 6.5% is added to the cost of each operation as a contribution to fund the indirect costs of providing support services, such as human resources, finance, logistics and information technology services, essential to the success of operations. The support for 2010 amounted to CHF 24,661k (2009: CHF 23,898k) and is added to unrestricted reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

33 Other expenditure

2010	2010 CHF 000s Unrestricted	2010 CHF 000s Restricted	2010 CHF 000s Total
Fees			
Pledge earmarking and reporting fees	(1,468)	1,468	-
Corporate donation fees	(474)	474	-
IFRC at the UN Inc. service fees	(274)	274	-
Hosted programme service fees	(242)	242	-
Design fees	-	-	-
Sub-total - Fees	<u>(2,458)</u>	<u>2,458</u>	<u>-</u>
Finance charges			
Vehicle fleet finance charges	(336)	336	-
Specific fund finance charges	12	(12)	-
Sub-total - Finance charges	<u>(324)</u>	<u>324</u>	<u>-</u>
Other			
Voluntary contributions to hosted programmes	217	(217)	-
Voluntary contribution to capacity building fund	-	-	-
Vehicle fleet rental charges	299	(299)	-
Sub-total - Other	<u>516</u>	<u>(516)</u>	<u>-</u>
Total	<u>(2,266)</u>	<u>2,266</u>	<u>-</u>
2009	2009 CHF 000s Unrestricted	2009 CHF 000s Restricted	2009 CHF 000s Total
Fees			
Pledge earmarking and reporting fees	-	-	-
Corporate donation fees	-	-	-
IFRC at the UN Inc. service fees	(96)	96	-
Hosted programme service fees	(247)	247	-
Design fees	173	(173)	-
Sub-total - fees	<u>(170)</u>	<u>170</u>	<u>-</u>
Finance charges			
Vehicle fleet finance charges	(476)	476	-
Specific fund finance charges	-	-	-
Sub-total - finance charges	<u>(476)</u>	<u>476</u>	<u>-</u>
Other			
Voluntary contributions to hosted programmes	-	-	-
Voluntary contribution to capacity building fund	623	(623)	-
Vehicle fleet rental charges	318	(318)	-
Sub-total - other	<u>941</u>	<u>(941)</u>	<u>-</u>
Total	<u>295</u>	<u>(295)</u>	<u>-</u>

In keeping with the IFRC's full cost recovery principles, fees and other charges are made to operations for specific services provided in addition to the essential services funded by programme and service support recovery (see also note 32). Such fees include specific logistics service fees; pledge earmarking and reporting fees; and fees to business units with specific support requirements such as hosted programmes and the IFRC at UN Inc. For 2010 these fees amounted to CHF 2,458k (2009: CHF 170k) and are added to unrestricted reserves.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

The IFRC levies a finance charge on working capital provided to its vehicle fleet operation, and pays finance charges to specific funds where the IFRC is holding cash on behalf of those funds. The net finance expense for 2010 amounted to CHF 324k (2009: CHF 476k) and is added to unrestricted reserves.

The IFRC sometimes makes voluntary contributions to hosted programmes and other specific funds. Such contributions, which for 2010 amounted to CHF 217k (2009: CHF 623k), are deducted from unrestricted reserves and added to Funds held for field operations (restricted reserves). The IFRC's fleet operation rents vehicles to operations, including to some operations that are funded by unrestricted income. For 2010 these vehicle rentals amounted to CHF 299k (2009 CHF: 318k) which are deducted from unrestricted reserves and added to Funds held for field operations (restricted reserves).

34 Related parties

a) Identity of related parties

The IFRC has a controlling related party relationship with the International Federation of Red Cross and Red Crescent Societies at the United Nations, Inc. (the IFRC at the UN Inc.). The IFRC at the UN Inc. is a separate entity incorporated in the United States of America and, as explained in note 2.3 (a) is a wholly owned subsidiary of the IFRC. The purpose of the IFRC at the UN Inc. is to support the objectives of the IFRC, by working to prevent and alleviate human suffering throughout the world, and to coordinate the humanitarian and disaster relief efforts of the IFRC with efforts conducted by the United Nations.

The IFRC has a controlling related party relationship with the Foundation for the International Federation of Red Cross and Red Crescent Societies (the Foundation). The Foundation is a special Foundation established as a separate legal entity whose principal activity is to support the objectives of the IFRC by providing the necessary institutional framework for international revenue projects undertaken by and to the benefit of the IFRC and its member Red Cross and Red Crescent national societies.

As identified in note 2.3 (c), the IFRC has interests in the following jointly controlled operations, whose activities are in accordance with the IFRC's principal activities identified in note 1 to these consolidated financial statements: Global Road Safety Partnership; ProVention Consortium; Sphere Programme; Steering Committee Human Response; and Stop AIDS Alliance.

The IFRC is the founder of the Masambo Fund which is a special Foundation established as a separate legal entity and, with the Secretary General and other senior managers of the IFRC sitting on its governing board, is a party related to the IFRC. The principal activity of the Masambo Fund is to raise and provide funding, through national Red Cross and Red Crescent societies or other entities, for access to life saving drugs (including anti-retroviral therapy) to Red Cross and Red Crescent staff and volunteers to ensure the survival of humanitarian workers which is essential to maintain the national societies' continuity and capacity to deliver humanitarian assistance. The IFRC has no beneficial interest in the net assets of the Fund, except upon liquidation of the Fund when the net assets of the Fund shall be transferred to the IFRC for use in support of HIV/AIDS programmes.

The General Assembly is the supreme governing body of the IFRC, and is a party related to the IFRC.

The Governing Board of the IFRC defines, within the framework of the general policy determined by the General Assembly, the policies for the various fields of activities of the IFRC. Individual members of the Governing Board together with close members of their families or households are parties related to the IFRC.

The Finance Commission gives advice to the Governing Board on all financial matters affecting the IFRC. Individual members of the Finance Commission together with close members of their families or households are parties related to the IFRC.

The Standing Commission of the Red Cross and Red Crescent comprises representatives of the IFRC, the International Committee of the Red Cross (ICRC) and National Red Cross and Red Crescent Societies. Its principal activities include organisation of the next International Conference and the next Council of Delegates. In between International Conferences, the Standing Commission works to encourage and further the implementation of resolutions of the International Conference. The Standing Commission is a party related to the IFRC.

The International Conference of the Red Cross and Red Crescent is the supreme deliberative body of the International Red Cross and Red Crescent Movement. The Council of Delegates is the body where representatives of all components of the Movement meet to discuss matters which concern the Movement as a whole. Neither the International Conference nor the Council of Delegates are considered parties related to the IFRC.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

The IFRC has two retirement benefit plans which are independent funds that constitute separate legal entities and are governed by Swiss law. These plans are parties related to the IFRC.

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the IFRC. This includes the Secretary General and other Senior Directors. Close members of their families or households are also parties related to the IFRC.

b) Key management compensation

The salaries and benefits of the Secretary General, Under-Secretaries General and Directors of the IFRC are set by the Governing Board. Their total benefits amounted to CHF 4,600k (2009: CHF 3,156k) made up as follows:

	2010	2009
	CHF 000s	CHF 000s
Short-term employee benefits	4,064	2,812
Post-employment benefits	536	344
	<u>4,600</u>	<u>3,156</u>

No other salaries or benefits (e.g. fringe benefits or loans) were granted to them. For 2010, the above amounts include short-term benefits paid to new Zone Directors who were appointed on 1 January 2010.

The IFRC has a Code of Conduct for all Staff, including members of the Governing Board, the Finance Commission, the Standing Commission of the Red Cross Red Crescent Movement as well as the Secretary General and other key management. Under the Code of Conduct, staff are required to disclose any potential conflict of interest to the Human Resources Department or the Risk Management and Audit Department of the IFRC Secretariat.

c) Transactions with related parties

During the year, the IFRC received CHF Nil (2009: CHF Nil) from the Foundation. At 31 December 2010, the IFRC had an outstanding receivable due from the Foundation, amounting to CHF 185k (2009: CHF 183k).

During the year, the IFRC received CHF 4,935k (2009 CHF: 1,253k) cash voluntary contribution income from the IFRC at the UN Inc. At 31 December 2010, the IFRC had an outstanding receivable due from the IFRC at the UN Inc. amounting to CHF 320k (2009: CHF 96k).

During the year, the IFRC made voluntary contributions totalling CHF 217k (2009: CHF 35k) to its jointly controlled operations. At 31 December 2010 and 31 December 2009 there were no balances arising from transactions with jointly controlled operations.

During the year, the IFRC received voluntary contributions on behalf of the Masambo Fund totalling CHF 50k (2009: CHF 55k). At 31 December 2010, the IFRC had an outstanding payable due to the Masambo Fund amounting to CHF 77k (2009: CHF 34k).

During the year, the IFRC transferred CHF 200k (2009: CHF 230k) to the Standing Commission as a contribution towards the operational costs of the Standing Commission for the year. At 31 December 2010, the IFRC had an outstanding payable due to the Standing Commission amounting to CHF 7k (2009: CHF 17k).

Other than compensation arising in the ordinary course of business as disclosed above, there were no transactions with key management personnel. No members of the Governing Board or the Finance Commission, or any other person related or connected by business to them, have received any remuneration or other compensation from the IFRC during the year.

35 Capital commitments

Capital expenditure contracted for at the 31 December 2010 but not yet incurred, amounted to CHF 3,299k (2009: CHF 792k).

36 Contingencies

The IFRC is periodically subject to various claims, legal actions and complaints arising in the ordinary course of operations. All such matters are subject to many uncertainties and outcomes that are not predictable with assurance. The IFRC believes the final outcome of these matters will not have a material adverse effect on its financial position or results of operations. The IFRC expenses legal costs as incurred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**
38 Regional and activity level reporting

For purposes of monitoring and allocating resources, income and expenditure are reported to the Secretary General by type of Appeal launched by the IFRC and by geographical zone in which the IFRC operates. Amounts reported are obtained directly from the IFRC's financial system.

a) Reporting by type of appeal

	2010	2009
	CHF 000s	CHF 000s
Restricted income		
Development programmes	131,792	144,618
Disaster Response programmes	368,430	125,967
Tsunami programme	3,630	13,816
Hosted projects	6,756	4,939
Other projects	2,251	1,658
Supplementary services	43,514	43,891
	<u>556,373</u>	<u>334,889</u>
	2010	2009
	CHF 000s	CHF 000s
Restricted expenditure		
Development programmes	136,886	138,940
Disaster Response programmes	240,199	179,830
Tsunami programme	41,254	48,132
Hosted projects	5,737	8,251
Other projects	4,600	8,989
Supplementary services	43,142	45,091
	<u>471,818</u>	<u>429,233</u>

b) Reporting by geographical zone

	2010	2009
	CHF 000s	CHF 000s
Restricted income		
Africa	72,649	86,089
Americas	258,407	23,119
Asia Pacific	140,274	147,933
Europe & Central Asia	18,847	18,151
MENA	7,545	9,724
Global Programmes	58,651	49,873
	<u>556,373</u>	<u>334,889</u>
	2010	2009
	CHF 000s	CHF 000s
Restricted expenditure		
Africa	75,602	93,800
Americas	124,777	29,482
Asia Pacific	185,671	211,354
Europe & Central Asia	19,859	18,877
MENA	8,066	16,213
Global Programmes	57,843	59,507
	<u>471,818</u>	<u>429,233</u>

37 Subsequent events

No events have occurred since the balance sheet date that would have a material impact on assets, liabilities, income, expenditure or cash flows reported in these consolidated financial statements.