



**AUDITOR'S REPORT  
TO THE MEMBERS OF  
SERVAS INTERNATIONAL, ZURICH, SWITZERLAND.**

We have audited the attached Balance Sheet of SERVAS INTERNATIONAL (SI), Zurich, Switzerland as at 31<sup>st</sup> December 2010 and also the annexed Income and Expenditure Account for the year ended on that date. These financial statements are the responsibility of the SI management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, traditional books of accounts viz., Cash/ Bank books, Journal Register and Ledger Accounts only, have been kept by Servas International, Zurich, Switzerland so far as it appears from our examination of these books;
- c) The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of accounts.
- d) Although Servas International is a non profit organization, it generates revenue by issuing stamps which are used by Servas members on tour.
- e) **Attention invited to the following:**
  - i. **Recoverability of receivables from SI Countries towards stamps as referred in Note No. D.6 (b);**
  - ii. **Recoverability of advances from former/ present Officers / Executive members, Refer Note No. D.7 (a);**





// 2 //

f) In our opinion and to the best of our information and explanations given to us, **subject to our comments in Para (e) above and its consequential effect, if any, on Income & Expenditure and Balance Sheet for the year 2010 thereon which can not be quantified**, the said accounts read together with the Notes to Accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the State of affairs of Servas International, Zurich, Switzerland as at 31st December 2010

And

ii) in the case of the Income and Expenditure Account, the excess of Expenditure over Income for the year ended on that date.

for VASUDEV PAI AND CO.  
Chartered Accountants  
Firm Registration No. 004560S

J. Vasudwa Pai



Place : Bangalore, India.  
Dated: 18.04.2012

T VASUDEV PAI  
M.No.20906

**SERVAS INTERNATIONAL**  
Beckhmmmer 32, 8057 Zurich, Switzerland.

**BALANCE SHEET AS AT 31st DECEMBER, 2010**

PARTICULARS	SCH	AS AT 31.12.2010 (Amount in CHF)	AS AT 31.12.2009 (Amount in CHF)
<b>SOURCE OF FUNDS</b>			
a) CORPUS FUND			
i) Accumulated Surplus		291 760,56	223 273,05
Add : Surplus/ (Deficit) for the year		(18 862,71)	68 487,51
		272 897,85	291 760,56
b) DEVELOPMENT FUND	1	33 412,85	33 052,85
c) SERVAS ON LINE (SOL) PROJECT FUND	2	14 301,00	-
d) CURRENT LIABILITIES			
i) <i>Other Liabilities:</i>	3		
EXCO members		49,49	458,37
SI Officers		107,38	489,92
Advance Receipts		140,00	-
		296,87	948,29
ii) <i>Creditors for Expenses:</i>			
Meeting Expenses payable - Brazil		11 755,80	-
External Audit Fees payable		705,00	1 834,00
Book Keeping Charges payable		989,00	519,00
		13 449,80	2 353,00
e) PROVISIONS			
i) Provision for GA Expenses		37 500,00	-
		<u>371 858,37</u>	<u>328 114,70</u>
<b>APPLICATION OF FUNDS</b>			
a) FIXED ASSETS	4		
Capital Work-in-Progress-SOL Project Expenses		14 176,92	1 018,95
Capital Work-in-Progress-Web Designing(Dolphin Project)		6 270,65	-
		-	10 759,98
		20 447,57	11 778,93
b) CURRENT ASSETS	5		
i) Cash in hand		485,00	-
ii) Business Account		20 744,00	188 975,09
iii) Savings Account		229 844,30	49 545,99
iv) Receivables		74 092,00	62 175,51
		325 165,30	300 696,59
c) LOANS & ADVANCES	6		
i) Advances to Executive Committee Members		9 497,76	5 090,22
ii) Advances to Servas Officers		11 906,75	5 449,74
iii) Prepaid Expenses		3 387,32	3 911,02
iv) Tax Deducted at Source Receivable		1 453,67	1 188,20
		26 245,50	15 639,18
		<u>371 858,37</u>	<u>328 114,70</u>

For and on behalf of Executive Committee

As per our report of even date

For VASUDEV PAI & CO.,  
Chartered Accountants  
Firm Registration No. 004560S

President

Vice President

Secretary

Treasurer

T. VASUDEV PAI  
M.No. 20906

Place  
Date

: JERUSALEM, ISRAEL  
: MARCH 13, 2012

Place  
Date

: Bangalore, India  
: 18.04.2012



(3)



**SERVAS INTERNATIONAL**  
Beckhmmmer 32, 8057 Zurich, Switzerland.

**INCOME & EXPENDITURE FOR THE YEAR ENDED 31st DECEMBER 2010**

PARTICULARS	SCH	AS AT 31.12.2010 (Amount in CHF)	AS AT 31.12.2009 (Amount in CHF)
<b>INCOME</b>			
a) Stamp Fees received 2010 (Net) 2009 (Net)		69 487,00 -	- 73 765,00
b) General Assembly 2009 collections (Net)	7	69 487,00	73 765,00
c) Interest received on Bank Deposit (Tax Deducted at Source: CHF 265.47, PY: Nil)		- 567,10	29 364,78 328,62
d) Miscellaneous Receipts		400,00	-
		<u>70 454,10</u>	<u>103 458,40</u>
<b>EXPENSES</b>			
a) Operational Expenses			
i) Meeting Expenses	8		
Executive Committee meeting		9 123,97	6 421,74
NYC Peace Training Course Expenses		-	1 488,02
Regional Meeting Expenses		12 808,80	587,12
Youth Meeting Expenses		5 015,16	6 070,63
Audit Committee Meeting Expenses		168,06	-
		27 115,99	14 567,51
ii) Printing Cost - SI News Letters		-	8 019,02
iii) Printing Cost - SI Stamps		287,72	36,55
iv) Postage & Courier		199,33	2 387,25
v) Web Server Hosting Expenses		5 410,00	5 415,00
vi) Legal Charges for SI Registration process		1 450,00	-
vii) UN (CoNGO) Membership Fees paid		316,53	-
viii) Book Keeping Expenses		470,00	519,00
ix) Depreciation		2 988,33	1 018,63
b) Bank Expenses		527,60	617,98
c) Forex Loss / (Gain)		5 658,75	2 275,77
d) Auditor's Expenses		705,00	778,00
		<u>45 129,25</u>	<u>35 634,71</u>
Income over Expenses		25 324,85	67 823,69
Provision for GA Expenses		(37 500,00)	-
Prior Period Expenses			
SI- Archive Fees		(1 078,00)	-
SI- News Letter Printing Cost		(1 382,00)	-
SI- Youth Meeting Expenses		-	(704,52)
UN (CoNGO) Membership Fees paid		(360,00)	-
Sundry Balance written off		(3 867,56)	-
Prior year Income		-	1 368,34
Surplus / (Deficit) for the year		<u>(18 862,71)</u>	<u>68 487,51</u>

For and on behalf of Executive Committee

As per our report of even date

*Pramod Kumar*  
ACTING President

*Pramod Kumar*  
Vice President

For VASUDEV PAI & CO.,  
Chartered Accountants  
Firm Registration No. 004560S

*[Signature]*  
Secretary

*[Signature]*  
Treasurer

*J. Vasudeva Pai*

T. VASUDEV PAI  
M.No. 20906

Place : JERUSALEM, ISRAEL  
Date : MARCH 18, 2012

Place : Bangalore, India  
Date : 18 04 2012



**SERVAS INTERNATIONAL**

Beckhmmmer 32, 8057 Zurich, Switzerland.

**SCHEDULE TO BALANCE SHEET AS AT 31st DECEMBER, 2010**

PARTICULARS	AS AT 31.12.2010	AS AT 31.12.2009
	(Amount in CHF)	(Amount in CHF)
<b>SCHEDULE - 1</b>		
<b>DEVELOPMENT FUND</b>		
Opening Balance	33 052,85	21 239,17
Add : Donations received		
Servas Canada	-	2 784,00
Servas Denmark	-	570,00
Servas Germany	-	6 700,00
Servas Italy	-	3 031,00
Servas Switzerland	-	1 500,00
	-	14 585,00
Add : Adjustments/ Rectifications		
Membership Fees paid - CoNGO 2009	360,00	-
	360,00	-
Less: Office grants:		
Office grant to Servas Congo	-	360,00
Office grant to Youth meeting, Rosario	-	2 411,32
	-	(2 771,32)
	<u>33 412,85</u>	<u>33 052,85</u>
<b>SCHEDULE - 2</b>		
<b>SERVAS ON LINE (SOL) PROJECT FUND</b>		
Opening Balance	-	-
Add : Contributions received	14 301,00	-
	<u>14 301,00</u>	<u>-</u>
<b>SCHEDULE - 3</b>		
<b>OTHER LIABILITIES</b>		
<b>a) Executive Committee</b>		
i) Exco Members - Pramod Kumar, VP	-	372,95
ii) Exco Members - Pablo Colangelo, HLC	-	85,42
iii) Exco Members - L V Subramanian, Former Treasurer	49,49	-
	49,49	458,37
<b>b) SI Officers</b>		
i) Amt to Youth Co-ordinator - Pablo Chufeni	-	382,54
ii) Amt to AC, Pacifica - Michael Johnson	107,38	107,38
	107,38	489,92
<b>c) Advance Receipts</b>		
i) Advance Receipts from SI-Countries	140,00	-
	<u>296,87</u>	<u>948,29</u>

⑤

PARTICULARS	AS AT 31.12.2010 (Amount in CHF)	AS AT 31.12.2009 (Amount in CHF)
<b>SCHEDULE - 5</b>		
<b>CURRENT ASSETS</b>		
<b>a) Cash in hand</b>		
i) Cash Account - Miroslaw W, Exco Treasurer, Poland	485,00	-
<b>b) Business Account</b>		
i) CHF Current Account No. 239330-21-1 with Credit Suisse, Zuerich	1 391,02	159 677,90
ii) USD Current Account No. 239330-22-1 with Credit Suisse, Zuerich	607,00	6 106,48
iii) Euro Current Account No. 239330-22-3 with Credit Suisse, Zuerich	18 745,98	23 190,71
	20 744,00	188 975,09
<b>c) Savings Account</b>		
i) Swiss Francs Savings Account No. 239330-20-1 with Credit Suisse, Zuerich	229 844,30	49 545,99
<b>d) Receivables</b>		
i) Stamp Fee dues	68 793,00	62 175,51
ii) SOL dues	5 299,00	-
	74 092,00	62 175,51
	<u>325 165,30</u>	<u>300 696,59</u>
<b>SCHEDULE - 6</b>		
<b>LOANS &amp; ADVANCES</b>		
<b>a) Advances to Executive Committee</b>		
i) Advances to Exco President - Gary Sealey	1 214,60	171,85
ii) Advances to Exco Vice President - Pramod Kumar	402,11	-
iii) Advances to Exco General Secretary - Penny Pattison	653,65	-
iv) Advances to Exco Treasurer - Miroslaw W.	3 753,45	132,45
v) Advances to Exco HLC - Pablo Colangelo	778,24	-
vi) Advances to Former Treasurer - LV Subramanian	-	388,65
vii) Advances to Former Treasurer - Omer Ozkan	2 695,71	2 695,71
viii) Advances to Former Peace Secretary - Nandi Amarshinghe	-	1 701,56
	9 497,76	5 090,22
<b>b) Advances to Servas Officers</b>		
i) Adv to SI Officer - Jane Giffould, SI News Editor	-	3 132,79
ii) Adv to SI Officer - Hilda Burer, UN Rep	150,95	150,95
iii) Adv to SI Officer - Kevin Newham	-	2 166,00
iv) Adv to SI Officer - Recardo Cerruti Oehling, Brazil	11 755,80	-
	11 906,75	5 449,74
<b>c) Prepaid Expenses</b>	3 387,32	3 911,02
<b>d) Tax Deducted at Source Receivable</b>	1 453,67	1 188,20
	<u>26 245,50</u>	<u>15 639,18</u>

(6)

PARTICULARS	AS AT 31.12.2010 (Amount in CHF)	AS AT 31.12.2009 (Amount in CHF)
<b>SCHEDULE - 7</b>		
<b>GENERAL ASSEMBLY 2009 COLLECTIONS (NET)</b>		
<b>a) Collections</b>		
i) Hotel Stay fees collected	-	40 541,74
ii) Transport Charges collected	-	3 261,24
	-	43 802,98
<b>b) Expenditure</b>		
i) Hotel Expenses paid- RCT Club	-	57 359,36
ii) Traveling Expenses reimbursements	-	43 958,24
iii) Transport Charges paid	-	4 569,70
iv) Meeting Expenses	-	2 834,62
v) Coffee & Snacks reimbursements	-	1 100,20
vi) Apartment Rental reimbursements - Gary Sealey	-	746,08
	-	110 568,20
Less: Provision for GA Expenses (during 2008)	-	(96 130,00)
	-	(14 438,20)
	-	29 364,78
<b>SCHEDULE - 8</b>		
<b>MEETING EXPENSES</b>		
<b>a) Meeting &amp; Other Expenses related to EXCO activities reimbursed</b>		
i) Conference Fees	291,18	-
ii) Food Expenses	801,98	-
iii) Internet & Telephone	1 751,14	4 080,62
iv) Travel Expenses	5 959,15	-
v) Miscellaneous Expenses	320,52	2 341,12
	9 123,97	6 421,74
<b>b) Regional Meeting Expenses</b>		
i) Conference Fees	383,00	374,76
ii) Travel Expenses	383,00	212,36
iii) Meeting Expenses	12 042,80	-
	12 808,80	587,12
<b>c) Youth Meeting Expenses</b>		
i) Conference Fees	1 376,38	2 416,42
ii) Food & Accomodation	567,82	-
iii) Travel Expenses	2 754,07	2 870,80
iv) Miscellaneous Expenses	316,89	783,41
	5 015,16	6 070,63
<b>d) Audit Committee Meeting Expenses</b>		
i) Postage & Courier	112,73	-
ii) Travel Expenses	55,33	-
	168,06	-

(7)



**SERVAS INTERNATIONAL**

Beckhimmer 32, 8057 Zurich, Switzerland.

**SCHEDULE - 4****FIXED ASSETS AS AT 31st DECEMBER, 2010**

Sl. No.	Description	Opening Balance as on 01.01.2010	Additions for the year	Disposals during the year	Balance as at 31.12.2010	Depreciation Amount	Net Block as at 31.12.2010
1	Office Equipments	CHF 1 018,95	CHF 911,46	-	CHF 1 930,41	CHF 1 295,74	CHF 634,67
2	Dolphin Project (Web Designing)	-	15 234,84	-	15 234,84	1 692,59	13 542,25
		<b>1 018,95</b>	<b>16 146,30</b>	-	<b>17 165,25</b>	<b>2 988,33</b>	<b>14 176,92</b>
3	Capital Work-in-Progress - SOL Project Expenses	-	6 270,65	-	6 270,65	-	6 270,65
		-	<b>6 270,65</b>	-	<b>6 270,65</b>	-	<b>6 270,65</b>



**SERVAS INTERNATIONAL**  
Beckhmmmer 32, 8057 Zurich, Switzerland.

**SCHEDULE - 9**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.12.2010:**

**A. Corporate Information:**

Servas International (Servas or "the Organisation") is a worldwide, non-profit and non-governmental organization, a co-operative network of hosts and travelers. The Organisation aims to provide and improve personal contacts between individuals of diverse cultures and backgrounds.

**B. Basis of presentation of Financial Statements:**

**a) Basis of Preparation:**

The Organisation is incorporated in Switzerland, maintains its books of account and prepares its statutory financial statements in accordance with the Generally Accepted Accounting Principles (GAAP). The financial statements have been prepared from statutory financial statements of the Organisation and presented in Swiss Francs (CHF) with adjustments and reclassifications for the purpose of fair presentation.

**b) Measurement Currency and Reporting Currency:**

Measurement currency of the Organisation operating in Switzerland is Swiss Francs (CHF).

**C. Significant Accounting Policies:**

**1) Recognition of Income and Expenditure:**

All items of income and expenditure have a material bearing on the financial statements are recognized on accrual basis.

**2) Fixed Assets:**

Fixed assets are stated at cost less depreciation.

**3) Depreciation:**

During the year, the Depreciation has been provided at Straight Line Method on fixed assets considering the life of the assets, at the rates herein below mentioned:

Office Equipments - Laptops	-	33.33%
Office Equipments - Bell Projector	-	33.33%
Web Designing - Dolphin Project	-	33.33%

Depreciation on additions/ deletions accounted on pro-rata basis

**4) Foreign Currency Transactions and Translation:**

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of these transactions. Balance Sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the income or expense accounts as appropriate. The foreign exchange rates used by the Organisation as of the balance date are as follows:

<u>Currency</u>	<u>CHF</u>	<u>Currency</u>	<u>CHF</u>
USD	0.94055	CAD	0.94033
GBP	1.45482	INR	0.02065
Euro	1.24645		

**5) Use of Estimates:**

The preparation of financial statements in conformity with International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses and revenues during the reporting periods. Actual results could differ from those estimates.

9

## **D. Notes on Accounts**

### **1. SOL Project Fund:**

In GA Meeting held at Argentina during 2009, it has been agreed to contribute towards Servas On Line (SOL) Project @ CHF 1/- per member per year. Subsequently at the meeting held at Spinea, Italy during FY: 2010 the working Committee has formulated the idea of developing, designing, programming & creating software foundation for SOL Project to implement the Servas OnLine Ideas.

Since the contribution is towards Capital Expenditure and which is also in the nature of fixed contribution from Servas Countries, hence accounted on accrual basis, during the year and credited to SOL Project Fund.

The actual expenditure incurred specifically for SOL Project will be treated as Capital Work-in-Progress and will be capitalized on successful implementation of the said Project.

### **2. Other Liabilities:**

The Other Liabilities of Servas consist mainly of reimbursement of expenses to its Officers.

### **3. Creditors for Expenses:**

*In the absence of submission of bills by the respective SI Officers*, the provision has been made for travel and meeting expenses incurred for SA Regional & Youth Meetings held during FY: 2010 amounting to CHF 11755.80.

### **4. Provision for General Assembly (GA) Expenses:**

As per clause no. 2.26 of Financial Operating Procedure (FOP), provision has to be made for GA expenses split over for 3 years. Accordingly, provision has been made for GA expenses as per budget allocation for the FY: 2010 amounting to CHF 37500/-.

### **5. Fixed Assets:**

- (a) The fixed assets represent the Laptops and Bell Projector.
- (b) During the financial year 2010, Capital Work-in-Progress amounting to CHF 15234.84 represents amount paid towards web designing (Dolphin Project) has been capitalized, ***pending technical clearance from ICT towards its successful implementation/functioning.***
- (c) Capital Work-in-Progress includes the actual expenses incurred towards ServasOnLine (SOL) Project amounting to CHF 6270.65.

**6. Receivables/Contribution – Stamp Fee / SOL Project:**

- (a) Receivables include stamp fee and contribution towards SOL Project.
- (b) **Stamp dues for FY: 2008 & FY: 2009 amounting to CHF 105/- & CHF 392/- respectively are still pending for recovery on which unable to form an opinion on its recoverability.**

**7. Advances to EXCO Members & SI Officers:**

- (a) **Includes overdue advances amounting to CHF 2846.66 which are yet to be recovered.**
- (b) In the opinion of the EXCO, the other advances are given in the ordinary course of Servas activities and these advances have been confirmed by the respective Executives/ Officers.

**8. Prepaid Expenses:**

Represent an amount of CHF 3387 being the Web Server Hosting Expenses pertaining to the financial year 2011.

**9. Tax Deducted at Source Receivable:**

Represents the Tax deducted on interest receipts amounting to CHF 1453.67 which is pending to be claimed from Tax Authorities.

**10. Income Recognition:**

**Stamp fee collections from Servas Countries:**

Servas International is a non-profit organization, and issue stamps which are used by Servas Members on tour.

During the year, stamp fees have been collected on the following principles as confirmed by the EXCO.

Up to 10 Stamps	-	Free of Cost
11 - 50 Stamps	-	CHF 7/-
51 Stamps and above	-	CHF 17/-

For the accounting year, SI has recognized its stamp fee collections net of returns from Servas Countries, on accrual basis.



11

11

**11. Miscellaneous Receipts:**

Represents surplus received from Servas Countries.

**12. Sundry balances written off:**

*During the year, the non recoverable advances due from Mr. Kevin Newham amounting to CHF 2166/- and Mr. Nandi Amarshinghe amounting to CHF 1701.56 have been written off.*

**13. Prior Period Expenses:**

Represents the expenses of earlier years claimed/ adjusted by SI Countries during the year.

**14. Statement of Budget:**

Represent the actual income & expenditure as compared to the budget for the relevant period.

**15. Commitment and Contingencies:**

According to the information obtained from the Audit Committee of Servas, there was no law suite pending in favour or against the Organisation as of 31.12.2010.

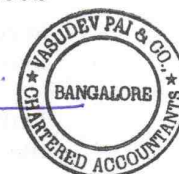
For and on behalf of  
Executive Committee

As per our report of even date  
for VASUDEV PAI & CO.  
Chartered Accountants  
Firm Registration No. 004560S

*Bramod Kumar*  
ACTING President

*Bramod Kumar*  
Vice-President

*J. Vasudeva Pai*  
T VASUDEV PAI  
M.No.20906



*[Signature]*  
Secretary

*[Signature]*  
Treasurer

Place : JERUSALEM, MARCH 18, 2012  
Dated : ISRAEL

Place : Bangalore, India.  
Dated : 18 04 2012