

VASUDEV PAI & CO.,

Chartered Accountants,

S-401, South Block, Manipal Centre, 47, Dickenson Road, Bangalore- 560042,
India.

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

Report on the Financial Statements

We have audited the accompanying financial statements of SERVAS INTERNATIONAL (SI), Zurich, Switzerland which comprise Balance Sheet as at 31st December 2012, the Statement of Income and Expenditure for the year then ended and a summary of Significant Accounting Policies and Other Explanatory information.

Executive Committee's (EXCO) Responsibility for the Financial Statements

The EXCO is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the SI in accordance with the accounting principles generally accepted in Switzerland. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organisation, preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the EXCO, as well as evaluating the overall presentation of the financial statements.

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

Report on Other Legal and Regulatory Requirements

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 Statement of Income and Expenditure 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. **Non compliance of technical clearance certificate from ICT as referred in Note No. D.4 (b);**
 - ii. **Recoverability of receivables from SI Countries towards stamps as referred in Note No. D.5 (c) and SOL as referred in Note No. D.5 (d);**
 - iii. **Recoverability of advances from former/ present Officers / Executive members, Refer Note No. D.7 (a);**

Opinion

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 Statement of Income & Expenditure and Balance Sheet for the year 2012 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 2012

And

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

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

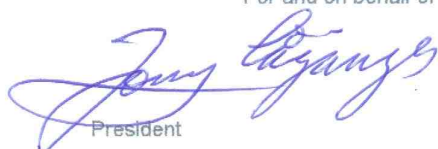
Place : Bangalore, India.
Dated:


T VASUDEV PAI
M.No.20906

STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED 31st DECEMBER 2012

PARTICULARS	SCH	AS AT 31.12.2012 (Amount in CHF)	AS AT 31.12.2011 (Amount in CHF)
INCOME			
a) Stamp Fees received (Net)		78 183,00	78 491,00
b) General Assembly 2012 collections (net)	7	26 563,00	-
c) Interest received on Bank Deposit (Tax Deducted at Source: CHF 177.75, PY: CHF 292.62)		507,86	836,08
d) Donation Receipts (in memory of J Patterson)- USA		235,00	-
		105 488,86	79 327,08
EXPENSES			
a) Operational Expenses			
i) Meeting Expenses	8		
Executive Committee meeting		7 734,28	3 587,32
Regional Meeting Expenses		1 181,33	5 214,58
Budget Meeting Expenses		779,63	-
Youth Meeting Expenses		4 827,00	1 657,00
		14 522,24	10 458,90
ii) Printing Cost - SI Stamps		75,69	161,32
iii) Postage & Courier		305,00	206,00
iv) Web Server Hosting Expenses		5 043,42	4 189,56
v) UN (CoNGO) Membership Fees paid		360,00	360,00
vi) Book Keeping Expenses		457,00	470,00
vii) Miscellaneous Expenses		54,80	56,40
viii) Depreciation		5 372,65	5 381,56
b) Bank Expenses		712,45	576,64
c) Forex Loss / (Gain)		996,74	2 172,69
d) Auditor's Expenses		685,00	705,00
		28 584,99	24 738,07
Excess of Income over Expenses		76 903,87	54 589,01
Provision for GA Expenses		-	(37 500,00)
Prior Period Expenses			
SI- Meeting Expenses 2010- Luisa Corbetta		-	(1 036,00)
SI- Meeting Expenses 2010- Richardo Cerruti		-	(184,00)
Surplus / (Deficit) for the year		76 903,87	15 869,01


For and on behalf of Executive Committee


President


Vice President

As per our report of even date

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


Secretary

Place : **C. ESSERAS**
Date : **MARCH 29, 2014**

Treasurer

Miroslaw Wasilewski
TREASURER
SERVAS INTERNATIONAL

T. VASUDEV PAI
M.No. 20906

Place : Bangalore, India
Date :

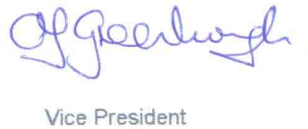
BALANCE SHEET AS AT 31st DECEMBER, 2012

PARTICULARS	SCH	AS AT 31.12.2012 (Amount in CHF)	AS AT 31.12.2011 (Amount in CHF)
SOURCE OF FUNDS			
a) CORPUS FUND			
i) Accumulated Surplus		288 766,86	272 897,85
Add : Surplus/ (Deficit) for the year		76 903,87	15 869,01
		365 670,73	288 766,86
b) DEVELOPMENT FUND	1	22 828,85	22 828,85
c) SERVAS ON LINE (SOL) PROJECT FUND	2	42 675,00	28 297,00
d) CURRENT LIABILITIES			
i) <i>Other Liabilities:</i>	3		
EXCO members		418,88	579,12
SI Officers		107,38	107,38
Advance Receipts		1 215,00	1 009,00
		1 741,26	1 695,50
ii) <i>Creditors for Expenses:</i>			
Expenses reimbursable to External Auditor		126,20	56,40
External Audit Fees payable		1 390,00	1 410,00
Web Server Hosting charges payable		500,00	-
Book Keeping Charges payable		457,00	940,00
		2 473,20	2 406,40
e) PROVISIONS			
i) Provision for GA Expenses		-	75 000,00
		435 389,04	418 994,61
APPLICATION OF FUNDS			
a) FIXED ASSETS			
Capital Work-in-Progress-SOL Project Expenses	4	3 422,71	8 795,36
		6 679,65	6 270,65
		10 102,36	15 066,01
b) CURRENT ASSETS	5		
i) Cash in hand		50 617,64	223,00
ii) Business Account		87 789,49	125 201,13
iii) Savings Account		180 867,51	180 574,07
iv) Receivables		99 917,00	85 646,00
		419 191,64	391 644,20
c) LOANS & ADVANCES	6		
i) Advances to Executive Committee Members		2 695,71	7 197,38
ii) Advances to Servas Officers		1 442,29	366,62
iii) Prepaid Expenses		33,00	2 974,11
iv) Tax Deducted at Source Receivable		1 924,04	1 746,29
		6 095,04	12 284,40
		435 389,04	418 994,61

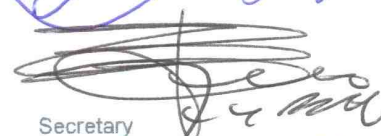
For and on behalf of Executive Committee

As per our report of even date


President


Vice President

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


Secretary


Treasurer
Miroslaw Wajnski
TREASURER
SERVAS INTERNATIONAL

T. VASUDEV PAI
M.No. 20906

Place
Date

C. F. SERVAS
MARCH 25, 2014

Place
Date

: Bangalore, India
:

SERVAS INTERNATIONAL
BECKHAMMER 32, 8057 ZURICH, SWITZERLAND

SCHEDULE TO BALANCE SHEET AS AT 31st DECEMBER, 2012

PARTICULARS	AS AT 31.12.2012	AS AT 31.12.2011
	(Amount in CHF)	(Amount in CHF)
SCHEDULE - 1		
DEVELOPMENT FUND		
Opening Balance	22 828,85	33 412,85
Less: Expenses charged to Fund		
African Meeting Exps as approved by Development Committee	-	(10 584,00)
	<u>22 828,85</u>	<u>22 828,85</u>
SCHEDULE - 2		
SERVAS ON LINE (SOL) PROJECT FUND		
Opening Balance	28 297,00	14 301,00
Add : Contributions received	14 378,00	13 996,00
	<u>42 675,00</u>	<u>28 297,00</u>
SCHEDULE - 3		
OTHER LIABILITIES		
a) Executive Committee		
i) Exco Members - Gary Sealey, President	-	579,12
ii) Exco Members - Miroslaw W, Treasurer	418,88	-
	418,88	579,12
b) SI Officers		
i) Amt to AC, Pacifica - Michael Johnson	107,38	107,38
	107,38	107,38
c) Advance Receipts		
From SI-Czech	123,00	116,00
From SI-Denmark	-	878,00
From SI-Great Britain	-	15,00
From SI-Sweden	92,00	-
Suspense Credit	1 000,00	-
	1 215,00	1 009,00
	<u>1 741,26</u>	<u>1 695,50</u>

PARTICULARS	AS AT 31.12.2012 (Amount in CHF)	AS AT 31.12.2011 (Amount in CHF)
SCHEDULE - 5		
CURRENT ASSETS		
a) Cash in hand		
i) Cash Account - Miroslaw W, Exco Treasurer, Poland	50 617,64	223,00
b) Business Account		
i) CHF Current Account No. 239330-21-1 with Credit Suisse, Zuerich	69 737,83	105 074,37
ii) USD Current Account No. 239330-22-1 with Credit Suisse, Zuerich	15 683,99	80,55
iii) Euro Current Account No. 239330-22-3 with Credit Suisse, Zuerich	2 367,67	20 046,21
	87 789,49	125 201,13
c) Savings Account		
i) Swiss Francs Savings Account No. 239330-20-1 with Credit Suisse, Zuerich	180 867,51	180 574,07
d) Receivables		
i) Stamp Fee dues	85 850,00	78 689,00
ii) SOL dues	14 067,00	6 957,00
	99 917,00	85 646,00
	419 191,64	391 644,20
SCHEDULE - 6		
LOANS & ADVANCES		
a) Advances to Executive Committee		
i) Advances to Exco Vice President - Pramod Kumar	-	402,11
ii) Advances to Exco General Secretary - Penny Pattison	-	116,05
iii) Advances to Exco Treasurer - Miroslaw W.	-	3 205,27
iv) Advances to Exco HLC - Pablo Colangelo	-	778,24
v) Advances to Former Treasurer - Omer Ozkan	2 695,71	2 695,71
	2 695,71	7 197,38
b) Advances to Servas Officers		
i) Adv to SI Officer - Hilda Burer, UN Rep	150,95	150,95
ii) Adv to SI Officer - Muhammad Naseem, Pakistan	89,34	215,67
iii) Adv to SI Officer - E F Meamble, Cameroon	601,00	-
iv) Adv to SI Officer - Sahadatu, Sierra Leone	601,00	-
	1 442,29	366,62
c) Prepaid Expenses		
	33,00	2 974,11
d) Tax Deducted at Source Receivable		
	1 924,04	1 746,29
	6 095,04	12 284,40

PARTICULARS	AS AT 31.12.2012 (Amount in CHF)	AS AT 31.12.2011 (Amount in CHF)
SCHEDULE - 7		
GENERAL ASSEMBLY 2012 COLLECTIONS (NET)		
a) Collections		
i) Hotel Stay fees collected	47 695,00	-
ii) Transport Charges collected	2 016,00	-
iii) Grant received - Germany	3 002,00	-
iv) Grant received - Switzerland	1 500,00	-
	54 213,00	-
b) Expenditure		
i) Hotel Expenses paid- EXPLORIS Conference Centre	42 163,00	-
ii) Traveling Expenses reimbursements	49 656,00	-
iii) Transport Charges paid	5 325,00	-
iv) Miscellaneous Expenses	5 506,00	-
	102 650,00	-
Less: Provision for GA Expenses adjusted	(75 000,00)	-
	(27 650,00)	-
	26 563,00	-
SCHEDULE - 8		
MEETING EXPENSES		
a) Meeting & Other Expenses related to EXCO activities reimbursed		
i) Internet & Telephone	819,12	2 458,81
ii) Travel Expenses	6 460,16	1 094,00
iii) Food Expenses	297,00	-
iv) Miscellaneous Expenses	158,00	34,51
	7 734,28	3 587,32
b) Regional Meeting Expenses		
i) Conference Fees	-	720,55
ii) Travel Expenses	1 055,00	5 269,28
iii) Meeting Expenses	126,33	280,75
	1 181,33	6 270,58
Less: Grant received	-	(1 056,00)
	1 181,33	5 214,58
c) Budget Meeting Expenses		
i) Food Expenses	114,93	-
ii) Travel Expenses	652,86	-
iii) Miscellaneous Expenses	11,84	-
	779,63	-
d) Youth Meeting Expenses		
i) Food Expenses	2 994,00	-
ii) Travel Expenses	2 930,00	1 657,00
iii) Miscellaneous Expenses	403,00	-
	6 327,00	1 657,00
Less: Grant received	(1 500,00)	-
	4 827,00	1 657,00

SERVAS INTERNATIONAL
 BECKHAMMER 32, 8057 ZÜRICH, SWITZERLAND.

SCHEDULE - 4

FIXED ASSETS AS AT 31st DECEMBER, 2012

Sl. No.	Description	Opening Balance as on 01.01.2012	Additions for the year	Disposals during the year	Balance as at 31.12.2012	Depreciation Amount	Net Block as at 31.12.2012
1	Office Equipments	CHF 330,88	-	-	CHF 330,88	294,88	36,00
2	Dolphin Project (Web Designing)	8 464,48	-	-	8 464,48	5 077,77	3 386,71
		8 795,36	-	-	8 795,36	5 372,65	3 422,71
3	Capital Work-in-Progress - SOL Project Expenses	6 270,65	409,00	-	6 679,65	-	6 679,65
		6 270,65	409,00	-	6 679,65	-	6 679,65

SCHEDULE - 9

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.12.2012:

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 Equipment – 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	0.91332	CAD	0.91617
GBP	1.47525	INR	0.01661
EUR	1.20733	PLN	0.29584

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.

D. Notes on Accounts**1. Development Fund:**

There has been no movement in Development Fund during the year.

2. 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.

However, it was also decided at the Poland GA that no further demands would be made on the Member Country except the demand for SOL Project Fund already made up to 31.12.2012.

3. Other Liabilities:

The Other Liabilities of Servas consist of reimbursement of expenses to its Officers, advance receipts from SI Countries and suspense amount of CHF 1000/- credited to the Bank Account.

4. Fixed Assets:

- (a) The fixed assets represent the Laptops, Bell Projector & Dolphin Project (Web Designing Software).
- (b) ***The technical clearance certificate from ICT towards successful implementation/ functioning of Dolphin Project (Web Designing Software) is pending for records.***
- (c) Capital Work-in-Progress includes the actual expenses incurred towards Servas On Line (SOL) Project.

5. Receivables/Contribution – Stamp Fee / SOL Project:

- (a) Receivables include stamp fee net of returns and contribution towards SOL Project.
- (b) The stamp returns and unused stamps have been accounted based on the confirmation from the Treasurer.
- (c) ***Stamp dues for FY: 2008, FY: 2009, FY: 2010 & FY: 2011 amounting to CHF 105/-, CHF 378/-, CHF 1505/- & CHF 8606/- respectively are still pending for recovery on which we are unable to form an opinion on its recoverability.***
- (d) ***SOL dues for FY: 2010 & FY: 2011 amounting to CHF 1699/- & CHF 4744/- respectively are still pending for recovery on which we are unable to form an opinion on its recoverability.***

6. Cash in Hand:

Represent the following currencies in the personal custody of Hon. Treasurer and as confirmed by him as at 31.12.2012:

Currency	Balance in hand	Amount equivalent to CHF
EUR	18182.54	21730.59
USD	339.30	347.05
CHF	28540.00	28540.00
TOTAL		50617.64

7. Advances to EXCO Members & SI Officers:

- (a) ***Includes overdue advances amounting to CHF 2846.66 which are yet to be recovered.*** Out of which CHF 2695.71 has been recovered from Mr. Omer Ozkan, Ex-Treasurer, during Feb-13.
- (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 and are recoverable.

8. Prepaid Expenses:

Represent an amount of CHF 33/- being the printing cost of stamps pertaining to the financial year 2013.

9. Tax Deducted at Source Receivable:

Represents the cumulative Tax deduction on interest receipts amounting to CHF 1924.04 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 10/-
51 - 300 Stamps	-	CHF 15/-
301 - 550 Stamps	-	CHF 18/-
551 Stamps and above-	-	CHF 20/-

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

11. Statement of Budget:

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

12. Commitment and Contingencies:

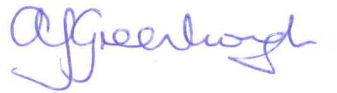
According to the information obtained from the Audit Committee of Servas, there was no law suite pending in favour or against the Organisation as of 31.12.2012.

For and on behalf of
Executive Committee

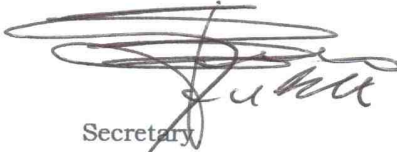
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President

Vice-President



T VASUDEV PAI
M.No.20906


Secretary

Miroslaw Wasilewski
TREASURER
SERVAS INTERNATIONAL

Treasurer

Place : CESSERAS
Dated :

MARCH 28, 2014

Place : Bangalore, India.
Dated :