

# DANSK FLYGTNINGEHJÆLPS ÅRSRAPPORT 2006

DANISH REFUGEE COUNCIL ANNUAL REPORT 2006

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The following is a translation of the Danish original text. The original Danish text shall be the governing text for all purposes, and in case of any discrepancy, the Danish wording shall be applicable.

## 1. STATEMENT BY THE MANAGEMENT AND AUDITORS' REPORT

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### 1.1 STATEMENT BY THE MANAGEMENT

The Executive Committee and the Management have today discussed and adopted the annual report for 2006 of the Danish Refugee Council.

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act. We

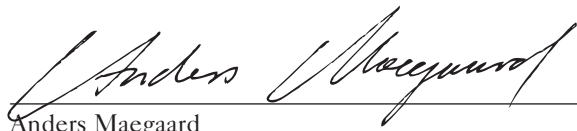
consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the organisation's assets, liabilities and financial position at 31 December 2006 as well as of the results of the organisation's activities for the financial year ended 31 December 2006.

We recommend that the Council approve the annual report.

Copenhagen, 2 May 2007



Andreas Kamm  
Secretary General



Anders Maegaard  
Manager of Resources and Development

Executive Committee of the Danish Refugee Council



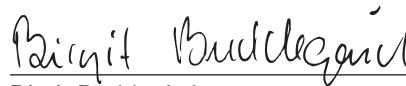
Knud Larsen (Chairman)



Rasmus Hylleberg



Klaus Løkkegaard



Birgit Buddegård



Bent Nicolajsen



Lehnart Falk



Bent Melchior

## 1. STATEMENT BY THE MANAGEMENT AND AUDITORS' REPORT

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### 1.1 INDEPENDENT AUDITORS' REPORT

#### *To the Council of the Danish Refugee Council*

We have audited the annual report of the Danish Refugee Council for the financial year 1 January – 31 December 2006, which comprises the statement by Management on the annual report, Management's review, accounting policies, income statement, balance sheet and notes. The annual report has been prepared in accordance with the Danish Financial Statements Act.

#### *Management's responsibility for the annual report*

Management is responsible for the preparation and fair presentation of this annual report in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' responsibility and basis of opinion*

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the organisation's preparation and fair presentation of the annual report 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 accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

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

Our audit did not result in any qualification.

#### *Opinion*

In our opinion, the annual report gives a true and fair view of the organisation's financial position at 31 December 2006 and of the results of its operations for the financial year 1 January – 31 December 2006 in accordance with the Danish Financial Statements Act.

Copenhagen, 2 May 2007

KPMG C. Jespersen


Statsautoriseret Revisionsinteressentskab



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Jens Frederiksen

State Authorised Public Accountant



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Per Lund

State Authorised Public Accountant

## 2. DETAILS OF THE ORGANIZATION

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Name:	The Danish Refugee Council
Address:	Borgergade 10, DK-1300 Copenhagen K, Denmark
Telephone:	+45 3373 5000
Fax:	+45 3332 8448
Web site:	<a href="http://www.drc.dk">www.drc.dk</a>
E-mail:	<a href="mailto:drc@drc.dk">drc@drc.dk</a>
Registration No.:	2069 9310
Founded:	1956
Registered office:	Copenhagen, Denmark
Executive Committee:	Knud Larsen (Chairman) Rasmus Hylleberg (Deputy Chairman) Birgit Buddegård Lehnart Falk Klaus Løkkegaard Bent Melchior Bent Nicolajsen
Management:	Andreas Kamm, Secretary General Anders Maegaard, Manager of Resources and Development Susse Maria Holst, Head of Communications Lone Tinor-Centi, Head of Volunteers' Department Ella Dahl Jakobsen, Head of DRC Integration Department Anne la Cour Vågen, Head of Protection and Repatriation Arne Vågen, Head of International Department
Patroness:	Her Royal Highness Crown Princess Mary
Auditors:	KPMG C. Jespersen
Address:	Borups Allé 177, P.O. Box 250, 2000 Frederiksberg, Denmark
Council meeting:	The annual council meeting is to be held on 31 May 2007

### 3. FINANCIAL HIGHLIGHTS

The total activities of the Danish Refugee Council have developed as follows in the years 2002 – 2006:  
Expenditure expressed in DKKm

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Collected funds</b>					
Collected funds used	23	24	19	18	25
<b>Own funds</b>					
Integration work	30	27	24	25	28
Operation of language centres	85	80	65	61	105
Other	2	2	2	6	0
<b>Donated funds</b>					
Grants for international project work used <sup>1</sup>	277	261	345	396	410
Grants for other projects, funds etc. used	6	9	11	13	13
<b>Government Budget appropriations, etc.</b>					
All activities	35	33	30	29	28
<b>Total activities of the Danish Refugee Council</b>	<b>458</b>	<b>435</b>	<b>495</b>	<b>548</b>	<b>609</b>
<b>Balance sheet items</b>					
Investment in property, plant and equipment	1	1	0	0	0
Total assets	151	133	190	197	185
Equity	28	21	26	36	43
<b>Average number of employees</b>					
Headquarters in Borgergade, Copenhagen	130	126	126	127	124
Language centres	178	160	114	112	174
District employees, integration & volunteers	78	70	52	39	52
Expatriates in international projects <sup>2</sup>	51	42	82	106	112
Local staff in international projects <sup>2</sup>	2,500	2,500	3,700	3,700	4,000
Volunteers in Denmark <sup>3</sup>	2,700	3,000	3,200	2,800	3,500

As from 2004, the computation of collected funds has been changed. Comparatives for 2003 have been adjusted.

1) From 2005, DDG is included in the international activities as a department of the Danish Refugee Council. The amount for 2004 has been adjusted as comparative.

2) As from 2004, the amounts for expatriates and local staff also comprise DDG.

3) In 2006 volunteers' work in Denmark is equivalent to 785 man-years.

## 4. MANAGEMENT'S REVIEW 2006

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### 4.1 MAIN OBJECTIVE AND ACTIVITIES OF THE DANISH REFUGEE COUNCIL

The Danish Refugee Council is a non-profit private humanitarian organisation, the aim of which is to protect refugees against persecution and to promote viable solutions to refugee problems on the basis of humanitarian principles and human rights both internationally and in Denmark. The vision of the Danish Refugee Council is: Give refugees a future.

The Danish Refugee Council undertakes assignments both internationally and nationally. A number of assignments are undertaken on the basis of Government appropriations. The Refugee Council and the Ministry of Refugee, Immigration and Integration Affairs together agree on the assignments to be undertaken using these appropriations.

In its activities, the Refugee Council is seeking to ensure coherence between national and international refugee work.

#### 4.1.1 Financial statements, activities and results for 2006

The Danish Refugee Council's annual report is structured in a way that distinguishes between

- funds collected by the Refugee Council, including funds from nationwide door-to-door collection campaigns, funds for special purposes, private and regular contributions, and funds for general purposes;
- the Refugee Council's own funds, including integration work in Denmark in the form of the sale of services to local authorities and private enterprises, Danish language courses and funded integration work and other income (membership fees from member organisations etc.);
- donated funds, including grants for international and national project activities and pool funds;
- Government Budget appropriations that finance activities according to agreement with the Government. These funds are supplemented by local authority appropriations.

In 2006, the Danish Refugee Council's activities outside Denmark helped more than two million people who have among other things received food, clothing, temporary shelter, seeds, water supplies, as well as assistance to return to their countries of origin, to reconstruct schools, to receive information about mine risks and access to areas that have been demined.

The Refugee Council's regional approach strategy continues to form the basis for the relief work in Africa based in the Refugee Council's regional office in Nairobi. In 2006, a region was also established in West Africa, headquartered in Liberia. The humanitarian aid to the victims in Darfur continued, but efforts are also being made to find durable solutions for internally displaced persons.

In North Caucasus, which has up till now been the Refugee Council's main international activity, the humanitarian aid has been reduced in connection with a reorganisation of the aid to a more long-term strategy.

In 2006, the Danish Refugee Council's presence in Lebanon made it possible at short notice to establish an emergency relief operation in connection with the war between Israel and Hezbollah.

In Sri Lanka, the situation worsened in 2006 and led to a reorganisation of the activities in the form of emergency relief to the victims of the conflict.

Danish Demining Group (DDG) has had activities in seven countries. Sudan was included as a new country in 2006, whereas the work in Kyrgyzstan was finished. DDG has included gender politics and women's rights in the demining programme and information campaigns. DDG is now an integral part of the Danish Refugee Council's international department.

In Denmark, volunteers from all over the country, assisted and co-ordinated by the Danish Refugee Council, provided approximately 1.3 million hours in 2006, equivalent to approximately 785 man-years, to help refugees with among other things language training and homework and to enter the job market. A special effort was made to establish contact families for refugees, and special activities have been initiated in socially exposed residential areas. The municipalities have also in 2006 subsidised these activities.

The Interpreter Service of the Danish Refugee Council has sold approximately 30,300 hours in 65 different languages. The five language centres have provided a total of almost 1 million Danish lessons. Integration activities in Denmark include efforts to help refugees to enter the labour market where good results have been achieved with activities for particularly vulnerable persons belonging to ethnic minorities. Development projects have been carried out funded by the Ministry of Integration with special focus on the development of new forms of Danish language courses.

The EU and others have provided funds totalling DKK 9 million for the implementation of integration projects.

The Danish Refugee Council's web site displays 16 profiles of countries and updated background information about the countries producing asylum seekers and refugees in Denmark. They serve as a base of information in the Refugee Board's processing of applications for asylum.

Asylum seekers also in 2006 were given advice at Danish Red Cross' asylum centres and in the open counselling service at the Danish Refugee Council's headquarters. A survey and evaluation of the counselling services showed great satisfaction with the counselling offered by the Danish Refugee Council.

## 4. MANAGEMENT'S REVIEW 2006

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Counselling on repatriation was also offered in 2006 by the Danish Refugee Council. 550 persons received individual counselling, and social workers in municipalities received counselling in 650 inquiries.

The activities of the Danish Refugee Council are expressed as expenditure. Total expenditure for 2006 amounted to DKK 609 million, which is a DKK 61 million improvement compared to 2005.

The result was DKK 6.4 million, corresponding to a decrease of DKK 4 million compared to 2005, particularly attributable to increased funds for international projects.

In order to ensure improved management of allocation of funds, the accounting policies for the funds of the Executive Committee allocated to specific purposes have been changed. As from 2006, the funds allocated by the Executive Committee will be recognised at the allocation date. Had the previous policies been used, the result for 2006 and equity at year end would have been DKK 2 million higher.

The result was achieved through a massive effort from employees at all levels which has increased revenue and through stabilising costs. In this way, the trend from 2005 continued in 2006.

The 2006 financial year was characterised by a significant 46% increase of the project activities in Denmark, primarily as a result of the expansion of the language course activities, and a minor 3.5% increase of international project activities compared to 2005.

As regards the international project activities (incl. DDG), in 2006 the activities financed by donors amounted to DKK 410 million which is in line with expectations. Under the accounting policies used, the donated funds realised a nil result, as any non-budgetary expenses are covered by collected funds. The Danish Refugee Council's contributions amounted to DKK 11 million.

In 2006, the most important donors to the Danish Refugee Council's international project activities (incl. DDG) were the Danish Ministry of Foreign Affairs/DANIDA with DKK 168 million, EU/ECHO with DKK 121 million, UN/UNHCR with DKK 58 million and SIDA with DKK 22 million.

Collected funds amounted to a total of DKK 30.8 million, a minor improvement of DKK 0.2 million compared to 2005. With contributions to project activities etc., the Refugee Council has been able to carry forward an amount of DKK 5.8 million to activities in 2007.

Revenue from own funds totalled DKK 134 million, equivalent to an increase of DKK 45 million. Results from own funds amounted to DKK 0.6 million. The language centres realised a loss of DKK -0.5 million while other integration activities realised a profit of 0.8 million.

Activities financed by Government Budget appropriations etc. realised a minor negative result.

### 4.2 THE DANISH REFUGEE COUNCIL'S ACTIVITIES

#### 4.2.1 Collected funds

Contributions from foundations and private individuals in Denmark are essential to the Refugee Council's ability to help refugees in hot spots around the world. The collected funds enable the Danish Refugee Council to respond quickly and efficiently when swift aid to refugees is needed. The collected funds also enable the Danish Refugee Council to help special groups or within certain areas. The funds are also very important for the implementation of international aid projects of long duration, which are co-funded by other donors.

The collected funds come from the annual national door-to-door collection and from the continuous fundraising. The national door-to-door collection represents an important activity, also in terms of popular support because the Danish Refugee Council gets into contact with approximately 20,000 people. However, the annual national door-to-door collection is also subject to some uncertainty because it is sensitive to weather conditions, public sentiment etc. In recent years, the Danish Refugee Council has strengthened the continuous fundraising where private individuals provide a stable basis for the collection.

In 2006, the Danish Refugee Council's national door-to-door collection took place on 12 November, and the income from the collection was DKK 12.8 million, a decrease of DKK 4.6 million against 2005. Several organisations now compete on collecting funds from private individuals in Denmark. In the autumn of 2006, five collections took place in Denmark. This may have affected the result. Moreover, many of the collectors did not show up for the collection.

In 2006, the Danish Refugee Council raised funds from Post Denmark's charity stamp. The stamp generated a net income of almost DKK 2 million and also effectively promoted the Danish Refugee Council's activities. Income from other collected funds amounted to DKK 17.9 million, equivalent to an increase of DKK 4.7 million which made up for the decrease in the contributions from the national door-to-door collection leaving an overall minor improvement in income compared to 2005.

From the collected funds, contributions have been made to international projects in among other places Liberia, Somalia and Darfur.

A total amount of DKK 25 million of the collected funds has been used in 2006 which is DKK 7 million more than in 2005.

## 4. MANAGEMENT'S REVIEW 2006

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### 4.2.2 Own funds

#### *Integration work in Denmark*

The main tasks of the integration work are Danish language courses, integration projects in the labour market, integration work for vulnerable refugees and the interpretation service.

The Danish language courses remained the main activity with revenue of approximately DKK 105 million, corresponding to 79% of the total integration activities. Other integration tasks amounted to approximately 11% and the interpretation service to 10%.

Total revenue from the integration activities (incl. Danish language courses) increased by DKK 46.8 million (54%) against 2005, primarily as a result of the expansion in the language centre area.

The year saw a profit of DKK 0.6 million. Negative results in the language centre area were offset by positive results for the other activities.

**Danish language courses** amounted to a total of 991,584 student lessons in 2006 against 584,920 in 2005. The considerable increase in activities is primarily attributable to the takeover by the Danish Refugee Council of Århus language centre at 1 January 2006. Århus language centre, which is Denmark's largest language centre, provided 64% of the student lessons, Kolding language centre provided 14%, Herning 11%, Ringsted and Nyborg provided 7% and 3%, respectively.

Århus language centre generated revenue of DKK 62 million, corresponding to 59% of the entire language centre area, while the other language centres in aggregate generated DKK 43 million (41%). Overall a loss of DKK 0.5 million was realised which is primarily attributable to a significant decrease in revenue from Kolding and Herning language centres. The costs have been adjusted; however, this adjustment will not feed through until 2007.

Great efforts are being made to tailor the courses to individual needs. The Danish language courses are offered in ordinary day classes, evening and Saturday classes. Courses are given at enterprises in collaboration with these and on the Internet. One-to-one courses are offered to people with special needs as well as workshop training in Danish language disciplines.

Special development activities have been implemented with pool funds from the Ministry of Integration with special focus on development of Danish language training on the Internet, practical language training and elderly people. Other special activities are aimed at language qualification assessment and job activation of young people.

At 1 January 2007, the Danish Refugee Council took over Fredericia language centre which is a department under Kolding language centre, and at 1 August 2007 the Danish Refugee Council again takes over the language centre in Odense after having won the open tender for the Danish language courses.

A higher activity level is expected in 2007 for the Danish language courses among other things in relation to the reestablishment of Odense language centre under the Danish Refugee Council.

**Integration work for the municipalities** includes activities aimed at supporting refugees and immigrants, including particularly vulnerable persons.

The sale of services to the municipalities increased by 30% compared to 2005.

General integration activities in relation to the labour market showed markedly good results for the users concerned. Almost 70% of the participants in employment programmes completed the programme leading to job placement, education or other qualification assessment services or upgrading of skills.

Work relating to particularly vulnerable refugees and immigrants represents an increasing amount of the integration work. The Activity Centres in Herlev, Mellem Broerne in Ringsted and the Integration House in Kolding provide social activity services for particularly vulnerable refugees and immigrants. In spite of the difficulties encountered by this group, almost half of the participants in special support programmes in 2006 were offered job placement, education or other qualification assessment services or upgrading of skills.

Centre for Vulnerable Refugees under the Danish Refugee Council – the former Psychosocial Unit in the Danish Refugee Council – has focused particularly on strengthening systematic knowledge collection and sharing since the beginning of 2006. During the year, an acute need arose for accelerating this development process and for establishing Centre for Vulnerable Refugees as a knowledge centre. The Danish Refugee Council aims to make Centre for Vulnerable Refugees the leading player at a high professional level within integration and rehabilitation of particularly vulnerable refugees and immigrants.

As part of the services provided, the Danish Refugee Council is working on the establishment and implementation of documentation and effect measurement. The issue is given high priority by customers, liaison partners and competitors. The increasing competition combined with the Council's own need for making visible the quality, results and effect of the services provided has increased focus on the issue.

With revenue of DKK 14 million, **the Interpretation Service** amounts to approximately 10% of total revenue from the integration activities in 2006. For the country as a whole, a total of 30,300 hours were sold in 2006, almost equivalent with the level in 2005.

## 4. MANAGEMENT'S REVIEW 2006

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### 4.2.3 Donated funds

#### *International project aid*

The Danish Refugee Council's international activities first and foremost contribute to establishing solutions for international refugee issues, including solutions for international humanitarian aid of long duration to refugees and internally displaced persons. Other activities contribute to emergency aid to refugees and internally displaced persons. The efforts are primarily concentrated in the regional areas of the refugees. As an umbrella organisation for Danish organisations, the Danish Refugee Council often carries out the activities in collaboration with one or more member organisations or UN/UNHCR. UNHCR plays an important role as partner and supporter and in relation to politic issues and influence.

In 2006, activities were continued in the countries in which the Danish Refugee Council has been operating for several years. Efforts are still being made to strengthen the establishment of regions. A head office with attached country offices has overall responsibility of the activities in the region in question. At present, there are four regions: Caucasus, the Balkans, West Africa and East Africa. In addition there are a number of individual countries: Afghanistan, Sri Lanka, Iraq and Lebanon. In Central Asia, The Danish Refugee Council operates through local organisations. The Danish Refugee Council has positive experiences with the regionalisation which creates positive synergies in relation to operation, administration, donor care and general management and coordination.

#### *Caucasus*

In North Caucasus, the development of durable solutions is well underway. A significant reduction of the particularly high-cost emergency relief activities is therefore expected in favour of recovery and rehabilitation activities and income-generating activities. Owing to the changed strategy, North Caucasus is no longer the largest region in terms of money.

In 2006, the Danish Refugee Council established an office in Grozny which over time will be permanently staffed. In South Caucasus, the activities have been expanded, especially in Georgia where support is provided to refugees who are able to return to Abkhazia.

#### *The Balkans*

In the Balkans, the high level of activities continued in relation to Kosovo, and activities were strengthened in Bosnia. Owing to the significant increase in appropriations, the Balkans now represents the largest region with revenue of almost DKK 80 million.

#### *West Africa*

In West Africa, focus was on the establishment in 2006 of a region in the Manou River area (Liberia, Guinea and the Ivory Coast) headquartered in Liberia.

#### *East Africa*

In East Africa, the special activities in Somaliland/Somalia, Uganda – South Sudan were continued. The regional office for East Africa is based in Nairobi. In Darfur, the assistance including humanitarian aid as well as durable solutions for internally displaced persons continues.

Africa represents a main focus area in the long-term strategy of the Danish Refugee Council, particularly the extensive humanitarian aid provided in regional areas.

#### *Middle East*

The Danish Refugee Council's presence in Lebanon made it possible at short notice to establish an emergency relief operation in connection with the war between Israel and Hezbollah in the summer of 2006. Subsequently, this operation developed into humanitarian aid of long duration in South Lebanon with special focus on rehabilitation activities. In spite of the special challenges in terms of security, the Danish Refugee Council succeeded in continuing the extensive relief work in South Iraq for vulnerable people and refugees returning from Iran. The Danish Refugee Council expects to play an increasing role in respect of refugees from Iraq to the bordering countries Syria, Lebanon and Jordan.

#### *Asia*

The worsening situation in Sri Lanka led to a reorganisation of the activities in the form of emergency relief to the victims of the critical conflict. This reorganisation was made in collaboration with Danish Demining Group where part of the vacant logistic capacity could be utilised for other activities as new battles reduced the number of demining activities.

#### *General*

Approximately 2 million people directly or indirectly benefit from the activities of the Danish Refugee Council. In North Caucasus, food was distributed to approximately 200,000 people in 2006, in Darfur approximately 150,000. Tens of thousands have received aid from the Danish Refugee Council in the form of water, schools and recovery and rehabilitation activities.

Revenue from international activities amounted to DKK 337 million in 2006 which is 11 million more than in 2005. A total amount of DKK 7 million of unused funds was returned in connection with the completion of projects.

The Danish Refugee Council has successfully maintained good relations with a number of donors and in 2006 received considerable amounts from Norway, Sweden, the USA, Canada, Ireland, the Netherlands and Switzerland.

## 4. MANAGEMENT'S REVIEW 2006

From 1 January 2007, DDG is an integral part of the Danish Refugee Council's international department. Significant synergies are expected in relation to central resources such as management, office premises and administration, but also in relation to operations. The combination of the humanitarian aid to refugees and internally displaced persons and the humanitarian demining capacity is unique and may pave the way for a broader range of humanitarian aid. The main challenge will be to make donors understand this and to ensure interaction between administrative systems.

For organisational purposes, the Middle East activities have been transferred to the Africa-Asia section. Administrative advantages are gained as finances and financial statements have been reorganised in the newly established Project Finance Section in the Resources & Development Department.

In 2006, the Danish Refugee Council's Emergency Roster had total appropriations of DKK 15 million, and 86 experts from the Emergency Roster were seconded.

### *Demining*

In 2006, DDG continued its demining activities and removal of unexploded ordnance in the seven programme countries in which the organisation operates, i.e. Afghanistan, Iraq, Kyrgyzstan, Chechnya, Somalia, Sri Lanka and Sudan.

DDG's activities are governed by the international framework for humanitarian mine action, the Ottawa Convention. The Ottawa Convention consists of five pillars in the Humanitarian Mine Action sector: Demining, removal of unexploded ordnance, mine awareness, advocacy and assistance to mine victims. In 2006, DDG worked with the four first pillars whereas the last pillar, assistance to mine victims, is a pilot project. In October 2006, DDG completed its information and mine marking assignment in Kyrgyzstan carried out for the EU.

In 2006, special focus was on the new programme country in Sudan where DDG provided demining services for ECHO and assisted in UNHCR's programme for refugees and internally displaced persons (IDPs) returning to South Sudan.

Focus also was on gender. DDG has prepared a working paper to ensure that women and women's rights are included in all processes of the implementation of the programmes. The working paper was presented in December 2006, and in April 2007 the first experiences are discussed with a view to develop a gender policy and a tool box for the area.

DDG has carried out a pilot project to explore the possibilities of DDG for providing humanitarian aid to mine victims. The pilot project was carried out under the Afghanistan programme from April to December 2006 and resulted in the development of a component for supporting the livelihood of mine victims. The component may be added to the activities of the mobile ammunition clearing teams.

At year end 2006, DDG had six programme countries. Sudan was added to the list in 2006, and Kyrgyzstan closed.

Revenue amounted to DKK 73 million, which is DKK 2 million more than in 2005.

In 2007, an increase in activities is expected.

In 2007, DDG will focus especially on continuing and strengthening the new initiatives commenced in 2006 to assist women and victims. In addition, DDG will develop a component for the destruction of weapons to counter coming years' new focus area: demobilisation. Focus will continue to be on the natural integration of the mine action activities in the Danish Refugee Council's international department's programme activities.

### 4.2.4 Government Budget appropriations etc.

The work financed directly through the Government Budget appropriations constituted approximately 4.5% of the Danish Refugee Council's total activities.

An appropriation (the secretariat appropriation) is made for the maintenance of a basic structure and a contingency that enables the Refugee Council to assume a co-ordinating role in national and international asylum work, information assignments and the development of international projects. In 2006, this appropriation amounted to DKK 4.1 million.

In addition, the Danish Refugee Council's main assignments in relation to these government appropriations in 2006 covered the following main objectives:

- Organisation of volunteer work to encourage the integration of refugees in local communities, including cultural and information activities;
- documentation work and counselling;
- participation in quota work, mission planning for reunited family members, etc.;
- participation in the processing of cases regarding the manifestly unfounded procedure in connection with the Danish Immigration Service's processing of these cases;
- repatriation activities.

The Danish Refugee Council has prepared a report on the results of the performance contract at the end of November with focus on the actual professional performance, activities and measures in relation to the performance objectives and a final report at the beginning of April, co-ordinated with the preparation of the annual report of the Danish Refugee Council.

## 4. MANAGEMENT'S REVIEW 2006

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The work in relation to the manifestly unfounded procedure and booking and reception regarding reunited family members is included in the framework agreement with the Danish Immigration Service. Counselling of refugees who wish to return to their countries of origin (repatriation) etc. is included in a special 3-year contract with the Ministry. In 2006, the contract was renewed for another 3-year period for 2007-2009 following an open tender.

Overall, 98.5% of the 21 objectives for 2006 were fulfilled, against 95% in 2005. According to agreement, one objective was postponed for completion in January 2007 and is therefore considered fulfilled. Two objectives were partly fulfilled. The result is regarded as very satisfactory.

Government Budget appropriations in 2006 totalled DKK 27 million. In addition to this are funds from municipalities of DKK 0.6 million.

### *Volunteer work*

The volunteer integration work is firmly anchored in a number of activities: Activities directly and indirectly directed at the labour market, assistance with homework, language training and support to children and youngsters. The establishment of contact family schemes which was initiated in 2005 is continued. This also applies to special activities in socially exposed residential areas and in relation to traumatised refugees and their families.

The registration of the volunteer integration work has been systematised and now enables a reliable documentation of the activities of the volunteers. The report to the Ministry of Integration includes a statement of the number of refugees/immigrants comprised by the different volunteer integration activities. The statement for 2006 shows that approximately 14,000 individuals in Denmark belonging to ethnic minorities (children, youngsters and grown-ups) have been in contact with the Danish Refugee Council's volunteer networks.

The volunteer work is based on contact family schemes that are an attempt to establish social relations without dictating special activities, and on volunteer groups carrying out specific activities such as language training, homework assistance and more direct help to enter the job market.

Contact families have been established for approximately 3,600 persons belonging to ethnic minorities. Volunteers have helped more than 8,000 persons belonging to ethnic minorities to enter the job market through direct or indirect labour market related activities, and approximately 6,000 children and youngsters have received homework assistance, language training or other support from volunteers in the Danish Refugee Council.

Surveys and collection of experience of volunteer activities were also made in 2006. A qualitative survey of the users' experience of volunteer activities among other things shows that refugees and immigrants improve their language skills in their contact with the volunteers, and refugees and immigrants appreciate the direct contact with the volunteers.

The current status of the volunteer labour market related activities has been evaluated, and there is no doubt that it is very important that volunteers help refugees and immigrants with the acquisition of soft skills and contact with their own broad network. However, there are groups of refugees and immigrants that are far from the labour market. A solution to this problem can only be found in collaboration with professionals.

Volunteer work still faces considerable challenges. Experiences from homework assistance and language training for young people in youth education programmes show that the volunteer work must to a higher degree be tailored to the needs of the individual. Therefore, the initiated schemes will be restructured, and a more flexible model will be adopted.

The number of volunteers is increasing, and at year end 2006 approximately 3,500 volunteers were organised in 225 volunteer groups. The number of volunteer counselling centres is nine, including 130 volunteer counsellors.

In 2006, volunteers put in approximately 1.3 million hours of volunteer work or approximately 785 (net) man-years. The municipalities supported the volunteer work with funds of approximately DKK 1.5 million for activities, premises etc. In addition, funds are received from pools and foundations. The extra funds have among other things enabled the establishment in 2006 of five clubs for teenage girls primarily belonging to ethnic minorities.

In 2006, the Danish Refugee Council has worked on the establishment of a 3-year strategy for the volunteer integration work in the period 2007-2009 with four focus areas: The school and education process of persons belonging to ethnic minorities; Access to the labour market of persons belonging to ethnic minorities; Social activities and informal relations for specific target groups among ethnic minorities; and Active citizenship among ethnic minorities. The Council aims at maintaining the increasing number of volunteers, and refugees and immigrants shall continue to be the centre of the activities offered.

An amount of DKK 15 million from the Funds to disadvantaged has been allocated for each of the years 2007 to 2009 to guarantee the continuation and further development of the Danish Refugee Council's nationwide integration work carried out by volunteers.

## 4. MANAGEMENT'S REVIEW 2006

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### *Documentation, asylum counselling, quota work and manifestly unfounded procedure*

The **documentation work** was continued in 2006. A new profile of a refugee-producing country has been prepared for Burma, from which Denmark each year receives a number of quota refugees. Of the existing profiles of refugee-producing countries, ten have been updated. All the profiles of refugee-producing countries can be seen at the Danish Refugee Council's web site. Two legal memoranda have been prepared on temporary residency permits to Iraqi refugees and expulsion of refugees, respectively.

The **counselling for asylum seekers** continued. To ensure the quality and content of the counselling, the Danish Refugee Council in 2006 made a survey and evaluation of the general counselling services. The survey and evaluation among other things show that the counselling of the Danish Refugee Council reaches a clear majority of the asylum seekers and that asylum seekers as well as centre employees are very satisfied with the content of the counselling offered by the Danish Refugee Council. The counselling enjoys great respect, and the needs are met. The counselling offered by the Danish Refugee Council is much needed and appreciated.

The Danish Refugee Council has participated in three quota selection trips to Malaysia, Uganda and Malawi. The Danish Refugee Council is also responsible for the planning and reception of reunited family members in accordance with a framework agreement with the Danish Immigration Service.

The Danish Refugee Council's participation in the **manifestly unfounded procedure** is also regulated by a framework agreement with the Danish Immigration Service. In 2006, there were 232 cases involving 291 persons against 362 in 2005.

### *Repatriation activities*

2006 was the last year of a 3-year contract with the Ministry of Integration for repatriation activities in a total amount of DKK 7.3 million. The contract did not specify targets for the individual years, but covered general individual counselling of foreigners in Denmark who wish to repatriate, general information on repatriation and project assistance. In 2006, the funds were supplemented by special grants for the collection of experience of repatriation to Bosnia and Herzegovina, the production of a film on repatriated older refugees and immigrants and a special counselling project for rejected asylum seekers from Kosovo.

In 2006, the Danish Refugee Council provided individual personal counselling to approximately 500 individuals and individual telephone advice to 51 individuals. General telephone advice to refugees among others via hotline in Arabic, Farsi and Bosnian has been provided in approximately 700 cases. The Danish Refugee Council also provided telephone advice to municipalities (more than 650 cases). A total of 148 persons returned to their countries of origin in 2006. 23 individuals were supported with reintegration aid comprising fixed monthly amounts to old and weak refugees and immigrants.

In 2006, the Danish Refugee Council entered into a new contract with the Ministry of Integration for repatriation activities etc. for the period 1 January 2007 to 31 December 2009.

### *Rejected asylum seekers from Kosovo*

In 2006, the Danish Refugee Council was engaged in a special programme assisting rejected asylum seekers from Kosovo. The assistance included asylum and return counselling. As part of the counselling, it has been possible to obtain concrete and local information from the Danish Refugee Council's offices in Kosovo.

In 2006, the Danish Refugee Council received appropriations totalling DKK 4.4 million from the Neighbourhood Programme (NAB) under the Danish Ministry of Foreign Affairs for special activities aimed at rejected asylum seekers from Kosovo. The NAB project runs over 18 months and comprises return and vocational counselling in Denmark as well as reconstruction of housing; potential job placement services, vocational support and job creation as well as a return package containing food, furniture, basic kitchen equipment etc. The returnees are also currently monitored by the Danish Refugee Council with a view to evaluating the sustainability of the project. The voluntary returnees receive more comprehensive support than the returnees sent out by force. Returnees sent out by force only receive the return package worth around EUR 600. The project is carried out in close collaboration between the Danish Refugee Council in Denmark and Kosovo.

In the period July to November 2006, 66 rejected asylum seekers voluntarily returned to Kosovo and received the comprehensive support. Of the returnees sent out by force, a minor group of 12 persons have contacted the Danish Refugee Council in Kosovo and have received a return package. This group has received counselling on the possibility of receiving more comprehensive support as voluntary returnees, but did not accept the offer.

## 4. MANAGEMENT'S REVIEW 2006

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### 4.3 OUTLOOK

No events of significance to the annual report for 2006 have taken place after the end of 2006 that have not been mentioned in the annual report.

The total budget for 2007 shows activities of DKK 653 million.

The Danish Refugee Council's national door-to-door collection in 2007 will take place on 11 November.

In Denmark, the integration work and the language centre activities are still affected by the fact that fewer refugees are received in Denmark. It is expected that the language courses will also constitute an increasing part of the activities in the future, not least as a result of the establishment of the language centre in Århus in 2006 and the reacquisition of the language centre in Odense in August 2007. The Danish Refugee Council now has Denmark's largest language centre network.

In the international area, total revenue of approximately DKK 453 million is budgeted, including demining activities amounting to DKK 85 million.

It is expected that work financed by Government Budget appropriations will amount to approximately DKK 27.2 million, or about 4% of the total budget. This includes repatriation activities under the Refugee Council's 3-year contract with the Ministry and framework agreement in respect of the manifestly unfounded procedure, quota trips and travel planning for reunited refugees.

A performance contract has been made with the Ministry of Refugee, Immigration and Integration Affairs regarding a total of 18 performance targets for 2007. Targets comprise the volunteer work and documentation and counselling in the asylum area. Targets have not been set for the secretariat appropriation for 2007. The repatriation activities are subject to the special conditions described in a 3-year contract for the years 2007-2009 based on a new tender in 2006. In October 2006, a framework agreement was entered into for 2007 regarding the manifestly unfounded procedure, booking and reception of reunited family members as well as quota trips.

The overall level of results for 2007 will continue to be affected by developments in the refugee area, nationally as well as internationally, and by the conditions prevailing for the Refugee Council's work. The level of results for 2007 is expected to be the same as for 2006.

### 4.4 PARTICULAR RISKS

#### *General risks*

The Danish Refugee Council's activities are always subject to the special conditions applying to international emergency aid and reconstruction work. The administrative funds allocated in connection with donated funds are restricted to such an extent that it is not possible to cover unforeseen expenses, which inevitably arise in relation to the international activities.

A particular risk is a rapid change in the overall composition of activities, including the total level of activity. This requires flexibility and rapid adjustment and adaptation in relation to contracts, donor terms, personnel and leases.

#### *Financial risks*

Financial risks relate to the following areas:

- 1) Changes in exchange rates and interest terms
- 2) Uncertainty regarding banking and transfer conditions related to international activities.
- 3) Political decisions regarding refugee matters both nationally and internationally.

### 4.5 HUMAN RESOURCES

The Danish Refugee Council is continuously striving to strengthen and develop qualifications in national and international activities.

As a result of its qualifications, the Danish Refugee Council is on the board of several international organisations, including HAP-I (Humanitarian Accountability Partnership – International), ICVA (International Council of Volunteer Agencies) and ECRE (European Council on Refugees and Exiles).

#### *International project work*

As part of the continued professional development and the Danish Refugee Council's membership of HAP-I (Humanitarian Accountability Partnership – International), professional processes have been continued or initiated with a view to increase focus on the Danish Refugee Council's accountability, i.e. transparency, quality and responsibility, in respect of donors as well as recipients in the international humanitarian work. For 2006, there have been three focus areas:

## 4. MANAGEMENT'S REVIEW 2006

**Complaints mechanism for recipients of aid from the Danish Refugee Council.** The focus area was approached in collaboration with the HAP secretariat in Geneva. A complaints system has been established which has been wholly or partly introduced in three countries as pilot projects. The Danish Refugee Council and HAP hosted a conference in Denmark at which the results of the pilot projects were discussed with participants from a large number of international humanitarian organisations. The work is part of a broader focus area in 2007 aimed at achieving full certification of the Danish Refugee Council's international work under HAP 2007 Standard in Humanitarian Accountability and Quality Management.

**Reporting and performance evaluation.** A comprehensive desk study and a field study of methods of measuring the impact of the projects for the target group were completed in the course of 2006 and are now in the process of being introduced. In this connection, a mandatory reporting format has been developed and introduced that includes the activities of the individual countries and consequently completes the somewhat narrow reporting of results to the donor on the individual projects. In accordance with the format, a current monitoring and evaluation plan will be prepared for each activity which will increase focus on planning and monitoring. The format also prescribes an annual inspection of the activities of the individual countries with participation of the local employees in the programme and from International Department in Copenhagen.

**Strengthening of the professional support.** International Department consists of experienced staff with broad professional qualifications. The department has intensified focus on the professional support. At year end 2006, the former Policy Unit was enhanced and the name was changed to Policy and Program Support Unit whose responsibility is clearly defined in respect of professional, strategic and policy functions. Special focus is on the ability of the Unit, via the department's programme coordinators, to support the projects by adding professional expertise and quality, e.g. through training and development of specific tools. In continuation of the annual meeting with the seconded project leaders, the following special main targets were selected for the department for 2007-08: (a) Revision of the international project manual; (b) Certification under HAP and the related follow-up; (c) Strengthening of the Danish Refugee Council's capacity and international position in respect of protection of internally displaced persons (IDPs).

### *The emergency roster*

The Danish Refugee Council's emergency roster provides special fixed-term assistance in emergency situations. Via the emergency roster, trained specialists are available for rapid secondment until the task can be solved in some other way.

The Danish Refugee Council has approximately 200 highly qualified and trained specialists on the emergency roster who are professionals within humanitarian areas. They are seconded to different UN organisations, primarily UNHCR, United Nations Office for the Coordination of Humanitarian Affairs (OCHA) and World Food Programme (WFP). Typically roster members are seconded for 3-6 months. The specialists on the emergency roster are available for rapid secondment to hot spots all over the world normally within 72 hours.

To expand and optimise the professional profiles of the emergency roster and to meet the wish for diversity under the UN system, international applicants were admitted to the emergency roster in 2006. In collaboration with UNHCR and WFP, the emergency roster has also prepared a new mentor programme for young newly qualified persons who still lack the necessary field experience. In 2006, the Danish Refugee Council's emergency roster had special focus on

- Protection capacity, including protection of internally displaced persons (IDP Protection)
- Recruitment of experts to the emergency roster
- Mentor/training programme

The Danish Refugee Council's emergency roster regularly upgrades the most frequently used persons on the emergency roster by developing and holding basic emergency and training courses in the areas "Protection" and "Transition and Early Recovery".

The Emergency Roster's focus on the Protection area resulted in the establishment of collaboration in 2006 with IDP Protection Stand-by Capacity (ProCap) under OCHA. ProCap is a special emergency roster used by four UN organisations. Accordingly, the Emergency Roster contributes to creating and training a professional team of Senior Protection Officers in the IDP area.

### *Demining*

Danish Demining Group (DDG) has special qualifications in demining and other clearing of explosive remnants of war to improve safety and stimulate and create growth and stability in the areas affected by armed conflicts.

DDG plays an important role in the international mine action world with its small flexible mobile teams that enable DDG to carry out integrative activities including information, data collection and clearing. The concept has been developed by DDG under the Village by Village Clearance concept (VBVC) and provides prompt and effective assistance to local communities. The concept has been developed in Afghanistan and now forms part of the tool box recommended to all NGOs by the UN programme in Kabul as part of their humanitarian mine action assistance.

## 4. MANAGEMENT'S REVIEW 2006

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DDG also works on integrating women in mine action. Women are recruited and trained in mine awareness, and gender and women's rights issues are important elements of DDG's activities.

DDG is in the process of developing a victims assistance component in Afghanistan for supporting the livelihood of victims of mines and unexploded ordnance.

Safety, professionalism, well-tested routines and cost effectiveness are important parameters for DDG. Standard operations procedures (SOP) have been developed for all operations based on international demining regulations and training plans etc. to ensure that all aspects of the demining activities are being considered and that handling of explosives takes place in a proper and safe way.

DDG works actively with clearing the right areas. As demining and ordnance clearing is costly and time consuming, it is very important that areas that are vital for the recovery of a community are cleared first. This is ensured through co-operation with the local mine action centres and through DDG's own socioeconomic analyses.

By participating in international demining networks, DDG has a role to play in the development of this area. DDG also participates in strategy developments under the auspices of the UN and in co-operation with Danida.

### *International asylum law*

The Danish Refugee Council possesses a unique competence in asylum law with knowledge of Danish and international aliens legislation, on the legal positions of refugee-producing countries and the development of a European refugee policy. The Refugee Council's expertise is being exploited internationally in several connections, for example in countries needing training and education on international asylum and refugee law, including fulfilment of rights and obligations of the Refugee Convention. Nationally, the Danish Refugee Council's expertise is also used in different connections to offer training in national and international asylum and refugee law, in connection with counselling of asylum seekers and drafting of consultation responses in connection with new aliens legislation.

The Danish Refugee Council is on the board of the European umbrella organisation ECRE (European Council on Refugees and Exiles), which has some 80 member organisations. ECRE is concerned with European asylum and refugee questions and is seeking to influence EU's policy in this area. The Danish Refugee Council represents the Nordic countries, the Baltic countries and Russia.

In the Balkans, the Danish Refugee Council has a co-ordinating role in municipal co-operation and networking. The aim is to improve the conditions of refugees and internally displaced people returning to their countries of origin. As far as possible, Danish repatriation efforts are coupled with such international reintegration initiatives in the refugees' countries of origin. A network of refugee organisations is supported in developing the role of spokesman for improving the rights of refugees and internally displaced persons through legislation.

In Central Asia, the Refugee Council is working on developing and training a network of regional coaches from the authorities and the civil society. The aim is for these coaches to be able to improve the protection of asylum seekers and refugees in the region by spreading knowledge of rights and obligations to the relevant players. The Refugee Council also supports the coaches through minor projects where they together develop publications and training manuals for relevant players in the region. In co-operation with the UNHCR, the Danish Refugee Council has created a basis that allows for an employee of the Danish aliens authorities to be lent out to aliens authorities in Central Asia. The Danish Refugee Council acts as advisor to this employee, whose role is to provide concrete support in the development of asylum case processing in the region.

### *Repatriation*

For many years, the Danish Refugee Council has developed expert skills on repatriation – the return of refugees and immigrants to their countries of origin. The Danish Refugee Council provides counselling to municipalities and refugees, supports capacity building in the home country and exchanges experience of the reintegration of returnees.

In the counselling to municipalities, the inclusion of the repatriation option in the integration process represents an important element that allows the individual refugee or immigrant to consider the repatriation option as part of the integration process and education and career choices. A constructive dialogue with the home country is another important element that forms the basis for acknowledging that the returnees may add resources to the country and the local community. This strategy has been communicated by the Danish Refugee Council to UNHCR and European NGOs and has been accepted as an important repatriation model. The strategy also recommends that business courses should be offered to refugees who wish to build up a new basis for living in the home country.

The Danish Refugee Council has prepared a manual on repatriation and reintegration, including experiences of returnees to Bosnia and Herzegovina, which was published at the beginning of 2007. The manual is also displayed on the Danish Refugee Council's web site.

## 4. MANAGEMENT'S REVIEW 2006

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### *Integration work*

In Denmark, The Danish Refugee Council continues to develop its special competences to generally improve the level of qualifications in the integration area.

The Danish Refugee Council has developed successful methods combining vocational and re-habilitation activities for particularly vulnerable and traumatised refugees and immigrants in order to improve the occupational opportunities of this target group. Centre for Vulnerable Refugees, the former Psychosocial Unit, has contributed to disseminating knowledge of this area via the leaflet "How to enter the labour market – when refugees are traumatised". The professional knowledge and capacity in relation to the work with particularly vulnerable refugees and immigrants has been strengthened both in the practical nationwide integration work and via Centre for Vulnerable Refugees. The centre aims at operating as a national knowledge and counselling centre on integration and rehabilitation of vulnerable refugees and immigrants.

The Danish Refugee Council is now the largest provider of Danish language courses for refugees, immigrants and other foreigners in Denmark. This status enhances the aggregate knowledge and qualifications of the organisation in the systemic integration work. The development of methods in the Danish language training area among other things comprises flexible Danish language courses where refugees, immigrants and foreign employees can train their communication skills in relation to job function and workplace. For busy self-supporting course participants, the Danish Refugee Council has developed a concept for Danish language training on the Internet.

Integration assignments for municipalities are combined with the Danish Refugee Council's integration work carried out by volunteers. The Refugee Council's volunteer integration networks assist in establishing contact families for persons belonging to ethnic minorities. The aim is to include refugees and immigrants in the active citizenship in the lo-

cal community. Contact families offer to share their networks, resources and experience with refugees and immigrants which makes it easier for the refugees and immigrants to enter the labour market, to learn Danish and to acquire knowledge of the facilities of the local community. Also, volunteers contribute actively to establishing relations between persons belonging to ethnic minorities and the labour market through direct or indirect labour market related activities. Children and youngsters receive home-work assistance, language training and counselling from volunteers in the Danish Refugee Council.

The Danish Refugee Council's professional integration work based on volunteers aims at developing methods and activities where professionals and volunteers jointly help refugees and immigrants in the integration process. In 2007, the Council aims at establishing new models for helping refugees and immigrants to enter the labour market that include the active involvement of volunteers in the work.

The **Interpreter Service of the Danish Refugee Council** provides interpretation and written translations in more than 60 different languages and is recognised by among others CIRIUS (an information centre where persons with foreign qualifications can have these assessed and recognised), hospitals, the Danish National Board of Health, the Danish Ministry of Foreign Affairs and the Danish Immigration Service.

The Interpreter Service of the Danish Refugee Council is a national service coordinating the interpreter service from offices in Copenhagen and Aarhus. The Refugee Council has more than 500 freelance interpreters.

It is important that the interpreter is a serious provider of qualified interpretations. The interpreters are therefore subject to quality requirements including ethics and neutrality, knowledge of Danish culture, Danish institutions and legislation.

## 5. ACCOUNTING POLICIES

### 5.1 GENERAL

The annual report of the Danish Refugee Council for 2006 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act. In certain respects the accounting information exceeds those required for reporting class B enterprises.

The accounting policies are consistent with those applied last year except for recognition of collected funds earmarked for specific purposes. Up till now, such expenses have been recognised when used. For 2006 onwards, the use of collected funds will be recognised at the date when the Executive Committee allocates the funds to the expenses. As a result of the change of accounting policies, the result for 2006 and equity at year end 2006 will be DKK 2 million lower than under the previous accounting policies. Comparative figures for prior years have not been restated in accordance with the changed accounting policies.

Terms and classifications have been adjusted to the Danish Financial Statements Act, taking into account the special structure of the enterprise.

#### *Foreign currency translation*

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement.

### 5.2 INCOME STATEMENT

Collected funds are recognised as income when received and recognised as expenses at the allocation date. Collected funds which the Executive Committee has earmarked as allocations for specific purposes are included in the restricted equity until used.

Costs concerning planned national door-to-door collections are recognised in the collection year.

Consulting services and interpretation hours are recognised when invoiced. School-related grants are recognised as earned. The result of these activities is recognised in equity as "own funds".

Donated funds are recognised as income when used. Any deficit on projects will be covered by an allocation from the Refugee Council's own funds and be included as an expense in collected funds. Income and expenses for the year on international project assistance will, consequently, be equal in size.

Costs incurred in generating the revenue for the year are recognised in the income statement, including depreciation and lease expenses.

Financial items comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities. Financial items are included in the specific main categories of the income statement.

### 5.3 BALANCE SHEET

#### *Property, plant and equipment*

Land and buildings, fixtures and fittings and equipment are measured at cost less accumulated depreciation. The land is not depreciated. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided according to the straight-line method, based on the following expected useful lives:

- Cars, international dept. 2 years
  - Fixtures and fittings 5 years
  - IT 3 years
  - Buildings 50 years
- depreciated to expected residual value

Depreciation is included in the income statement in own funds and donated funds, respectively.

Minor acquisitions with a cost of less than DKK 11,300 and most assets for international projects are recognised in the year of acquisition.

Property, plant and equipment are written down to their recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement.

#### *Donated funds*

Donated funds received before the time of use are recognised in the balance sheet as payables. Donated funds used which have not been received at the time of use are recognised as receivables.

## 5. ACCOUNTING POLICIES

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### *Receivables*

Receivables are measured at amortised cost. Write-down is made for bad debt losses according to an individual assessment.

### *Prepayments*

Prepayments comprise costs paid concerning subsequent financial years.

### *Securities*

Listed securities recognised as current assets are measured at fair value at the balance sheet date.

### *Cash at bank and in hand*

Cash at bank and in hand comprise cash and bank deposits etc., nationally and internationally.

### *Provisions*

Provisions comprise anticipated costs in connection with winding up activities. Provisions are recognised when, as a result of past events, the enterprise has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value.

### *Liabilities*

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

### *Deferred income*

Deferred income comprises payments received concerning income in subsequent years.

## INCOME STATEMENT

### INCOME STATEMENT FOR THE FINANCIAL YEAR 1 JANUARY – 31 DECEMBER

Note	2006 DKK'000	2005 DKK'000
<b>1 Collected funds</b>		
Collected funds – income	30,750	30,581
Collected funds used	24,965	17,948
<b>Result of collected funds</b>	<b>5,785</b>	<b>12,633</b>
<b>2 Own funds</b>		
Own funds – income	134,144	89,452
Own funds used	133,533	91,654
<b>Result of own funds</b>	<b>611</b>	<b>-2,202</b>
<b>3 Donated funds</b>		
Donated funds – income	423,136	409,800
Donated funds used	423,136	409,800
<b>Result of donated funds</b>	<b>0</b>	<b>0</b>
<b>4 Activities funded by Government Budget appropriations etc.</b>		
Activities funded by Government Budget appropriations etc. – income	27,676	28,655
Activities funded by Government Budget appropriations etc. used	27,688	28,637
<b>Result of Government Budget appropriations etc.</b>	<b>-12</b>	<b>18</b>
<b>RESULT FOR THE YEAR</b>	<b>6,384</b>	<b>10,449</b>
Total income	615,706	558,488
Total costs	-609,322	-548,039
<b>Result for the year</b>	<b>6,384</b>	<b>10,449</b>

#### The result for the year is covered by/transferred to equity as follows

Total collected funds	5,785	12,633
Total own funds	611	-2,202
Total Government Budget appropriations etc.	-12	18
<b>Total treatment of result</b>	<b>6,384</b>	<b>10,449</b>

**BALANCE SHEET – ASSETS**

<b>BALANCE SHEET AT 31 DECEMBER 2005</b>		
Note	<u>2006</u> DKK'000	<u>2005</u> DKK'000
<b>ASSETS</b>		
<b>5</b>	<b>Property, plant and equipment</b>	
	Land and buildings	5,475
	Fixtures and fittings and equipment	356
	<b>Total property, plant and equipment</b>	<u>5,831</u>
	<b>Total fixed assets</b>	<u>5,831</u>
	<b>Current assets</b>	
	<b>Receivables</b>	
3	International project aid	53,106
3	Other project aid	3,753
	Trade receivables	27,439
	Other receivables	17,659
	Prepayments	975
	<b>Total receivables</b>	<u>102,932</u>
	<b>Securities</b>	<u>4,827</u>
<b>6</b>	<b>Cash at bank and in hand</b>	<u>71,641</u>
	<b>Total current assets</b>	<u>179,400</u>
	<b>TOTAL ASSETS</b>	<u><u>185,231</u></u>
		<u><u>197,406</u></u>

## BALANCE SHEET – EQUITY AND LIABILITIES

<b>BALANCE SHEET AT 31 DECEMBER 2005</b>		
Note	<b>2006</b>	<b>2005</b>
	DKK'000	DKK'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
	27,041	21,256
	14,967	14,356
	623	635
<b>7</b>	<b>42,631</b>	<b>36,247</b>
	<b>3,045</b>	<b>500</b>
<b>Long-term liabilities other than provisions</b>		
<b>8</b>	<b>0</b>	<b>4,261</b>
<b>Short-term liabilities other than provisions</b>		
	3,735	0
	9,548	13,238
<b>3</b>	89,427	121,343
<b>3</b>	5,589	2,515
<b>8</b>	0	491
<b>9</b>	21,334	17,911
	9,922	900
	<b>139,555</b>	<b>156,398</b>
	<b>185,231</b>	<b>197,406</b>

Note 10: Financial items

Note 11: Contingent liabilities

Note 12: Wages and salaries

Note 13: Related parties

## NOTES

<b>NOTES</b>	<b>2006</b>	<b>2005</b>
<b>1 Collected funds</b>	DKK'000	DKK'000
National door-to-door collection	12,824	17,398
Special purposes, football pools and lottery	2,324	1,986
Special purposes, other	3,289	1,793
Private and regular contributions	9,322	8,318
Collected funds, general	2,254	504
New activities	737	582
<b>Total income</b>	<b>30,750</b>	<b>30,581</b>
<b>Collected funds used</b>		
Costs of collection, information and recruitment of volunteer workers	3,140	3,731
From national collection for international project activities, used in 2006	8,597	6,777
From national collection for international project activities, granted in 2006, but not yet used	2,067	0
For special purposes	4,991	2,809
Private and regular contributions	2,664	2,253
Collected funds, general	827	472
New activities	1,395	709
Information, development and campaign costs	1,284	1,197
<b>Collected funds used</b>	<b>24,965</b>	<b>17,948</b>
<b>Result of collected funds</b>	<b>5,785</b>	<b>12,633</b>
<b>2 Own funds</b>		
<b>Integration, language centres not included</b>		
Revenue, sale of other consulting services	15,077	11,631
Revenue, interpretation etc.	13,836	12,742
<b>Total revenue</b>	<b>28,913</b>	<b>24,373</b>
Wages and salaries	19,365	14,753
Other external costs	8,780	10,077
<b>Total expenses</b>	<b>28,145</b>	<b>24,830</b>
<b>Result</b>	<b>768</b>	<b>-457</b>

## NOTES

2 Own funds	<u>2006</u>	<u>2005</u>
	DKK'000	DKK'000
<b>Language centre activities</b>		
Municipal grants	101,118	51,583
Teaching services sold etc.	3,523	10,779
<b>Total primary income</b>	<u>104,641</u>	<u>62,362</u>
Wages and salaries	81,868	44,984
Other external costs	23,265	15,531
<b>Total expenses</b>	<u>105,133</u>	<u>60,515</u>
<b>Result</b>	<u><u>-492</u></u>	<u><u>1,847</u></u>
 <b>Other own funds</b>		
Membership fees from other member organizations	312	312
Glamsbjerg, leasehold income	71	371
Financial income	207	2,034
<b>Total income</b>	<u>590</u>	<u>2,717</u>
Property expenses	255	1,656
Other	0	4,653
<b>Total expenses</b>	<u>255</u>	<u>6,309</u>
 <b>Result for the year</b>	<u><u>335</u></u>	<u><u>-3,592</u></u>
Own funds – total income	134,144	89,452
Own funds – total expenses	133,533	91,654
<b>Result</b>	<u><u>611</u></u>	<u><u>-2,202</u></u>

## NOTES

<b>3 Donated funds</b>	<b>2006</b>	<b>2005</b>
	DKK'000	DKK'000
<b>International projects</b>		
Balance at 1 January	78,562	82,462
Grants recieved for international project aid	375,757	392,309
EU grants used	86,626	98,453
Danida grants used	149,781	145,531
UNHCR grants used	30,773	43,171
Min. of For. Affairs, the Neighbourhood Programme grants used	4,696	27,654
Other grants used	138,337	81,543
Funds returned re. completed projects	6,977	2,503
Provision for bad debt losses	808	-2,646
<b>Balance at 31 December</b>	<b>36,321</b>	<b>78,562</b>
<b>Balance at 31 December, international projects, is distributed on</b>		
Receivables	53,106	42,781
Payables, grants not used	89,427	121,343
<b>Other project grants and pool funds</b>		
Balance at 1 January	-2,120	460
Grants, projects and pool funds	16,879	10,869
Used, projects and pool funds	12,923	13,448
<b>Balance at 31 December</b>	<b>1,836</b>	<b>-2,119</b>
Balance at 31 December is distributed in the balance sheet as:		
Receivables	3,753	4,635
Payables, grants not used	5,589	2,515
<b>Donated funds – income</b>	<b>423,136</b>	<b>409,800</b>
<b>Donated funds – expenses</b>	<b>423,136</b>	<b>409,800</b>

## NOTES

4 Activities funded by Government Budget appropriations etc.	2006	2005
	DKK'000	DKK'000
<b>Secretariat work etc.</b>		
Secretariat work, General Secretariat and international department	4,020	4,100
Secretariat work, other departments	80	0
<b>Total income</b>	<b>4,100</b>	<b>4,100</b>
General Secretariat, international legal protection and information re. international refugee work	4,020	4,100
International asylum work	80	0
<b>Total expenses</b>	<b>4,100</b>	<b>4,100</b>
<b>Result</b>	<b>0</b>	<b>0</b>
<b>Volunteer and information work</b>		
Grants for volunteer and information work	15,500	15,200
Income from local authorities, own contributions etc.	642	730
<b>Total income</b>	<b>16,142</b>	<b>15,930</b>
Wages and salaries, incl. holiday allowance	7,525	7,846
Other external costs	8,126	8,081
Approved transfer to 2007	500	0
<b>Total expenses</b>	<b>16,151</b>	<b>15,927</b>
<b>Result</b>	<b>-9</b>	<b>3</b>
<b>Asylum work</b>		
Ministry of Integration grant for asylum counselling etc.	2,400	2,500
Ministry of Integration grant for quota work, travel planning etc.	698	1,700
Danish Immigration Service grant for the manifestly unfounded procedure	2,036	2,098
<b>Total income</b>	<b>5,134</b>	<b>6,298</b>
Wages and salaries, incl. holiday allowance	3,279	3,863
Other external costs	1,798	2,423
Approved transfer to 2007	60	0
<b>Total expenses</b>	<b>5,137</b>	<b>6,286</b>
<b>Result</b>	<b>-3</b>	<b>12</b>
<b>Repatriation work</b>		
Repatriation grant, Ministry of Integration	2,300	2,300
<b>Total income</b>	<b>2,300</b>	<b>2,300</b>
Wages and salaries, incl. holiday allowance	1,497	1,101
Other external costs	803	1,197
<b>Total expenses</b>	<b>2,300</b>	<b>2,297</b>
<b>Result</b>	<b>0</b>	<b>3</b>

## NOTES

4	Activities funded by Government Budget appropriations etc.	2006		2005	
		DKK'000		DKK'000	
	<b>Phasing out of integration programme</b>				
	Grant for phasing out of integration programme	0		27	
	<b>Total income</b>	<b>0</b>		<b>27</b>	
	Costs for phasing out the integration programme	0		27	
	<b>Total expenses</b>	<b>0</b>		<b>27</b>	
	<b>Result</b>	<b>0</b>		<b>0</b>	
	<b>Government Budget appropriations etc. – income</b>	<b>27,676</b>		<b>28,655</b>	
	<b>Government Budget appropriations etc. – expenses</b>	<b>27,688</b>		<b>28,637</b>	
	<b>Result</b>	<b>-12</b>		<b>18</b>	
5	<b>Property, plant and equipment</b>				
		Land and buildings	Cars	Fixtures, fittings and IT	
		DKK'000	DKK'000	DKK'000	
	<b>Cost</b>				
	Balance at 1 January 2006	7,594	3,022	3,053	
	Additions	0	0	279	
	Disposals	0	0	19	
	Balance at 31 December	7,594	3,022	3,313	
	<b>Depreciation</b>				
	Balance at 1 January 2006	2,119	2,873	2,962	
	Depreciation and impairment for the year	0	31	132	
	Reversed depreciation	0	0	19	
	Balance at 31 December	2,119	2,904	3,075	
	<b>Carrying amount at 31 December 2006</b>	<b>5,475</b>	<b>118</b>	<b>238</b>	

The official property valuation of the property in Glamsbjerg amounts to DKK 3,650 thousand at 1 January 2006.

## NOTES

6	<b>Cash at bank and in hand</b>	<u>2006</u>	<u>2005</u>
		DKK'000	DKK'000
	Project offices abroad	17,154	16,892
	Language centres	19,881	14,419
	Danish Refugee Council, other	34,606	83,333
	<b>Total cash at bank and in hand</b>	<u><u>71,641</u></u>	<u><u>114,644</u></u>

7	<b>Equity</b>	<u>Balance</u>	<u>Transferred result</u>	<u>Balance</u>
		<u>1 January</u>	<u>for the year</u>	<u>31 December</u>
		DKK'000	DKK'000	DKK'000
	Collected funds	21,256	5,785	27,041
	Own funds	14,356	611	14,967
	Government Budget appropriations etc.	635	-12	623
	<b>Total equity</b>	<u><u>36,247</u></u>	<u><u>6,384</u></u>	<u><u>42,631</u></u>

8	<b>Mortgages</b>	<u>2006</u>	<u>2005</u>
		DKK'000	DKK'000
	Long-term liability	0	4,261
	Short-term liability	0	491
	<b>Total</b>	<u><u>0</u></u>	<u><u>4,752</u></u>
	<b>Long-term liability falling due five years from year end</b>	<u><u>0</u></u>	<u><u>2,156</u></u>
	The loan is a variable-interest EURO loan with fixed instalments		

9	<b>Other payables</b>	<u>2006</u>	<u>2005</u>
	Interest payable	263	627
	Holiday allowances	18,429	14,127
	Other	2,642	3,157
	<b>Total</b>	<u><u>21,334</u></u>	<u><u>17,911</u></u>

## NOTES

10 Financial items	2006	2005
	DKK'000	DKK'000
Interest, banks	2,166	1,568
Capital gain on securities	42	3
Other financial income	240	3,538
<b>Total financial income</b>	<b>2,448</b>	<b>5,109</b>
Interest, banks	54	11
Interest, mortgages and other creditors	154	126
Interest, projects	331	306
Capital loss and other interest expense	1,927	0
<b>Total financial expenses</b>	<b>2,466</b>	<b>443</b>
<b>Net financial items</b>	<b>-18</b>	<b>4,666</b>

### 11 Contingent liabilities

Operating leases for copiers, faxes, drink dispensers and alarm and telephone systems expiring in 2007-2011 amount to DKK 2.1 million over the lease term. Contingent rent liabilities (usual leases) amount to DKK 0.

12 Wage and salary costs	2006	2005
	DKK'000	DKK'000
Wages and salaries	105,704	99,566
Expat supplements	7,436	7,776
Wages, local project staff abroad	70,896	70,227
Salaries, language centres	78,509	45,138
Adjustment of holiday allowance reserve	-292	-300
<b>Total wages and salaries</b>	<b>262,253</b>	<b>222,407</b>
Pensions	11,256	7,409
Social security costs	1,026	496
<b>Total</b>	<b>274,535</b>	<b>230,312</b>
The average number of employees in Denmark and expats is	462	384
The average number of local staff abroad is	4,000	3,700

### 13 Related parties

The Danish Refugee Council is a confederation of a number of non-partisan, voluntary, nation-wide, humanitarian and international organizations.

Related parties are the Executive Committee and the organizational Management.

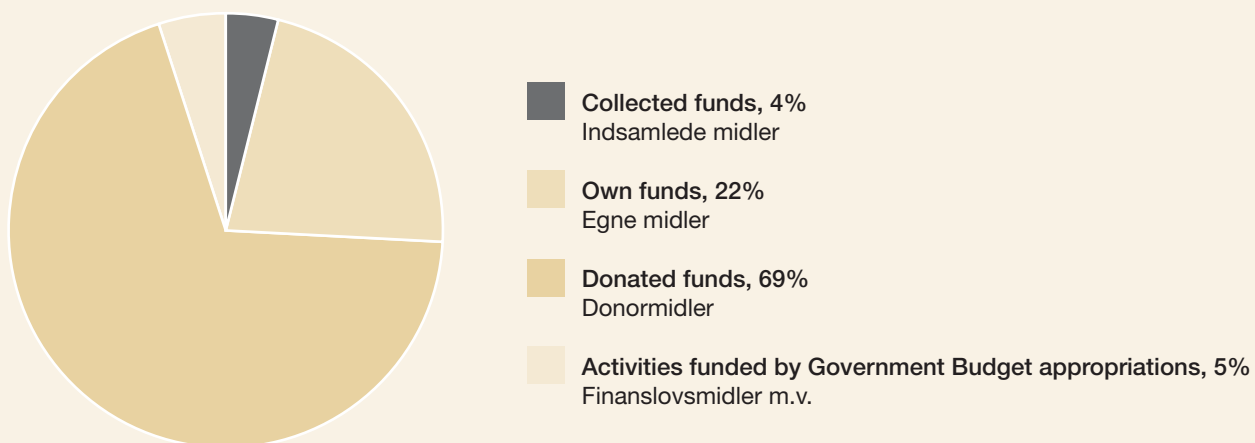
The organizational Management receives normal remuneration.

The Executive Committee receives no remuneration.

## DRC ACTIVITIES / DANSK FLYGTNINGEHJÆLPS AKTIVITETER

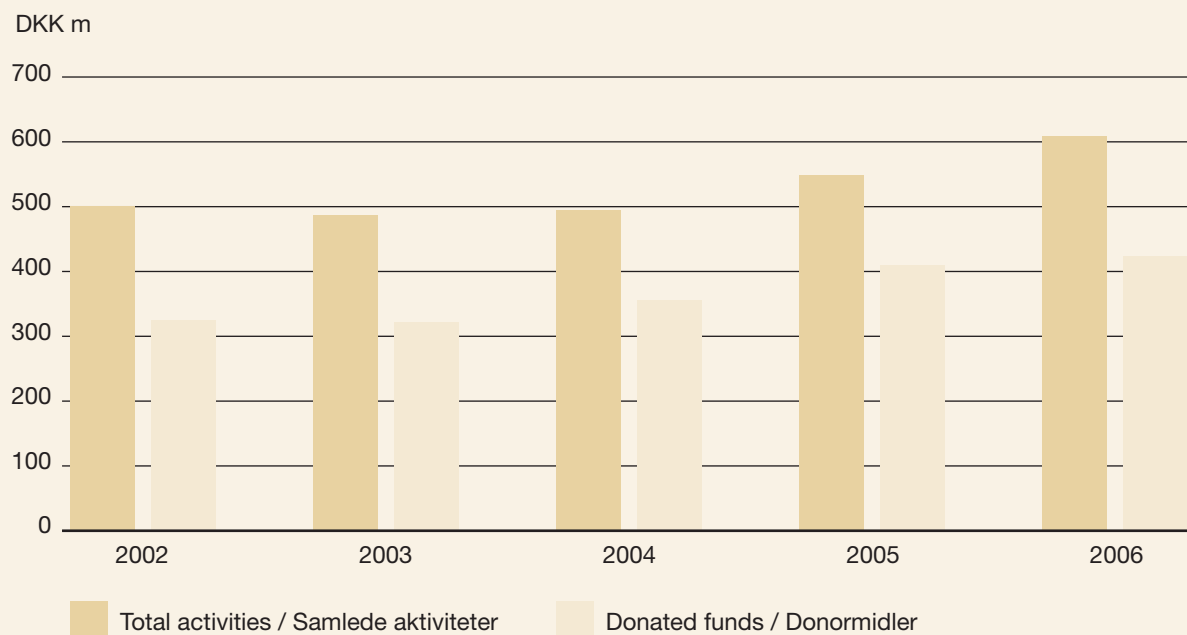
### TOTAL ACTIVITIES DRC, 2006

#### SAMLEDE AKTIVITETER DANSK FLYGTNINGEHJÆLP, 2006



### TOTAL ACTIVITIES / DONATED FUNDS 2002-2006

#### SAMLEDE AKTIVITETER / DONORMIDLER 2002-2006



## DRC OPERATES HERE / HER ARBEJDER DANSK FLYGTNINGEHJÆLP

