

INDEPTH NETWORK
(A Company Limited by Guarantee)
REPORTS AND ACCOUNTS

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INDEPTH NETWORK

(A Company Limited by Guarantee)

Officers and Registered Office, etc.

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REPORT AND FOREIGN CURRENCY VERSION
31ST DECEMBER 2006

INDEPTH NETWORK
(A Company Limited by Guarantee)
REPORTS AND ACCOUNTS

OFFICIALS AND REGISTERED OFFICE, ETC.

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Barclays Bank (China) Limited
Citibank Commercial Bank Limited
Standard Chartered Bank (China) Limited
UBS International, USA



REPORT OF THE GOVERNING BOARD
TO THE MEMBERS OF
INDEPTH NETWORK

INDEPTH NETWORK
(A company Limited by Guarantee)

OFFICIALS AND REGISTERED OFFICE, ETC.

GOVERNING BOARD

Hassan Mshinda (*Chairman*)
Stephen Tollman
Regina Rabinovich
Xavier Patroipa
Siddhivinayak Hirve
Seth Owusu-Agyei (*Appointed September 2006*)
Abdur Razzaque (*Appointed September 2006*)
Sureeporn Punpuing (*Appointed September 2006*)
Cheikh Mbacke (*Appointed September 2006*)

AUDITORS

KPMG
Chartered Accountants
25 Liberia Road
P O Box 242
Accra

REGISTERED OFFICE

No. 11 Mensah Wood Street,
East Legon
P O Box KD 213
Kanda, Accra

BANKERS

Barclays Bank Ghana Limited
Ghana Commercial Bank Limited
Standard Chartered Bank Ghana Limited
UBS International, USA

**REPORT OF THE GOVERNING BOARD
TO THE MEMBERS OF
INDEPTH NETWORK**

The Governing Board presents its report and financial statements for the year ended 31st December, 2006. The results for the year are as set out in the attached financial statements.

The state of the affairs of the company is considered satisfactory.

NATURE OF BUSINESS

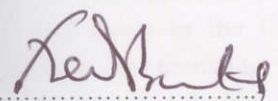
The main activities of the company is to carry out health research, co-ordinate and disseminate health information from different research centres across the world.

GOVERNING BOARD'S RESPONSIBILITY

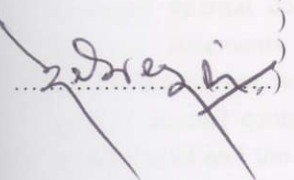
The governing board is responsible for the preparation and fair presentation of the financial statements, comprising the balance sheet at 31 December 2006, income and expenditure account and cashflow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with Ghana Accounting Standards and in the manner required by the Companies Code 1963 Act 179 of Ghana.

The governing board's responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The governing board has made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.



GOVERNING BOARD



ACCRA

 2007

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
INDEPTH NETWORK**

Report on the Financial Statements

We have audited the financial statements of INDEPTH Network, which comprise the balance sheet at 31 December 2006, the income and expenditure account and cash flow statement for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 14.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards, Companies Code, 1963 (Act 179) of Ghana. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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



4(a).

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of INDEPTH Network at 31 December 2006, and of its financial performance and cash flows for the year then ended in accordance with Ghana Accounting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana.

Other Matter

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179) of Ghana

In our opinion, proper books of account have been kept, and the balance sheet, income and expenditure and income accumulated fund accounts are in agreement with the books of account.

.....
CHARTERED ACCOUNTANTS
25, LIBERIA ROAD
BOX GP242
ACCRA.

24 April

....., 2007

INDEPTH NETWORK

*(A Company Limited by Guarantee)*INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2006

| | Note | 2006 US\$ | 2005 US\$ |
|---|------|------------------|------------------|
| INCOME | | | |
| Grants | 3 | 4,246,266 | 1,470,818 |
| Other Income | 4 | 547,432 | 118,456 |
| | | <u>4,793,698</u> | <u>1,589,274</u> |
| EXPENDITURE | | | |
| Meeting Expenses | 5 | 444,030 | 283,799 |
| Research Expenses | 6 | 546,091 | 222,467 |
| Workshop Expenses | 7 | 308,074 | 88,766 |
| Capacity Building | 8 | 700,087 | 324,996 |
| General Expenses | 9 | 1,217,285 | 566,596 |
| Subgrants | 10 | 1,148,543 | - |
| | | <u>4,364,110</u> | <u>1,486,624</u> |
| Excess of Income over Expenditure transferred to Accumulated Fund | 11 | <u>429,588</u> | <u>102,650</u> |

ACCUMULATED FUND
FOR THE YEAR ENDED 31ST DECEMBER 2006

| | 2006 US\$ | 2005 US\$ |
|---|----------------|----------------|
| Balance at 1st January | 288,067 | 185,417 |
| Excess of Income over Expenditures transferred from Income and Expenditure Account | 429,588 | 102,650 |
| Balance at 31st December | <u>717,655</u> | <u>288,067</u> |

INDEPTH NETWORK
 (A Company Limited by Guarantee)
 BALANCE SHEET AT 31ST DECEMBER 2006

| | Note | 2006 US\$ | 2005 US\$ |
|-------------------------------------|------|--------------|--------------|
| CURRENT ASSETS | | | |
| Debtors | 12 | 191,960 | 43,900 |
| Investment in Short-Term Securities | 13 | 3,502,475 | - |
| Cash and Bank Balances | | 497,125 | 1,451,153 |
| | | 4,191,560 | 1,495,053 |
| CURRENT LIABILITIES | | | |
| Creditors | 14 | 3,473,905 | 1,206,986 |
| NET ASSETS | | 717,655 | 288,067 |
| REPRESENTED BY: | | | |
| ACCUMULATED FUND | | 717,655 | 288,067 |


)

)
) DIRECTORS

The financial statements were approved on 18th April....., 2007

INDEPTH NETWORK

(A Company Limited by Guarantee)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2006

| | 2006 US\$ | 2005 US\$ |
|--|------------------|----------------|
| Cashflow from operating activities | | |
| Surplus for the year | 429,588 | 102,650 |
| Adjustments for: | | |
| Interest received | (49,580) | (22,106) |
| | 380,008 | 80,544 |
| Increase in debtors | (148,060) | (12,300) |
| Increase in creditors | 2,266,919 | 186,076 |
| Cash generated from operating activities | 2,498,867 | 254,320 |
| Cash from investing activities | | |
| Interest received | 49,580 | 22,106 |
| Net increase in cash and cash equivalents | 2,548,447 | 276,426 |
| Cash and cash equivalents at beginning (Note A) | 1,451,153 | 1,174,727 |
| Cash and cash equivalents at beginning (Note A) | 3,999,600 | 1,451,153 |

Note A

| | | |
|---------------------------------------|-----------|-----------|
| Cash and bank balances | 497,125 | 1,451,153 |
| Investment in Short – Term Securities | 3,502,475 | - |
| | 3,999,600 | 1,451,153 |

INDEPTH NETWORK

(A Company Limited by Guarantee)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006**

1. BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention and Ghana National Accounting Standards.

2. ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with items that are considered material in relation to the company's financial statements:

a. Income

Income represents grants and donations earned/received during the year to support the company's activities.

b. Capital Items

Capital items are written off in the year of purchase.

c. Foreign Exchange

Transactions denominated in currencies other than the US dollar, are translated into US dollars at rates of exchange ruling at the dates of the transactions. Balances denominated in currencies other than the US dollar, are translated into US dollars at exchange rates ruling on the balance sheet date. Resultant gains and losses are recognized in the income and expenditure account.

3. GRANTS

| | 2006 US\$ | 2005 US\$ |
|---|-----------------------------|-----------------------------|
| Utilized Grants (Note 14(a)) | 3,993,793 | 1,470,818 |
| Projects partly pre-financed (Note 12(a)) | 252,473 | - |
| | ----- 4,246,266 ===== | ----- 1,470,818 ===== |

4. OTHER INCOME

| | 2006 | 2005 |
|-----------------|----------------|----------------|
| | US\$ | US\$ |
| Interest Income | 49,580 | 22,106 |
| Sundry Income | 473,172 | 94,661 |
| Exchange Gain | 24,680 | 1,689 |
| | ----- | ----- |
| | <u>547,432</u> | <u>118,456</u> |

5. MEETING EXPENSES

| | | |
|--------------------------------------|----------------|----------------|
| Meeting Expenses | 7,147 | 13,477 |
| Capacity Building/Technical Exchange | 19,690 | 1,592 |
| Scientific Advisory Activities | 53,613 | 46,577 |
| Indepth Board of Trustees | 54,746 * | 33,555 |
| Work Group Meeting | 13,807 | 48,194 |
| Scientific Meeting | 153,929 | 99,300 |
| Coordinating Committee Meetings | - | 10,858 |
| Traveling Expenses | 86,856 * | - |
| Starter Kit Meeting | - | 30,246 |
| MCTA Board Meeting | 19,736 * | - |
| Indepth Working Group Meeting | 34,506 | - |
| | ----- | ----- |
| | <u>444,030</u> | <u>283,799</u> |

6. RESEARCH EXPENSES

| | | |
|------------------------------------|------------------|----------------|
| HIV Proposal Development | 50,099 | 50,277 |
| University of Sussex Collaboration | 36,474 | 6,876 |
| LSHTM Malaria Research | 159,760 | - |
| WHO Adult Health Expenses | 195,227 | - |
| Site Expenses | 104,531 | 165,314 |
| | ----- | ----- |
| | <u>546,091</u> ✓ | <u>222,467</u> |

7. WORKSHOP EXPENSES

| | 2006 | 2005 |
|---------------------------------------|----------------|---------------|
| | US\$ | US\$ |
| Partners workshop expenses | - | 9,000 |
| Dissemination – Workshop Books etc | 5,353 | - |
| Prototype field test | 2,977 | - |
| Air Ticket | 48,148 | - |
| Monograph on cause specific mortality | - | 6,079 |
| Monograph on Health Equity | - | 10,367 |
| MLT Monograph | 4,741 | - |
| Travel and per diem | 39,323 | 12,033 |
| Scientific workshop writing expenses | - | 9,107 |
| Conference facilities | - | 10,941 |
| Coordination | 22,688 | - |
| WHO Adult Workshop | - | 27,862 |
| Workshop to Develop site Plans | 4,106 | - |
| Promotional Materials and Reports | 15,763 | 3,377 |
| Cross sites research activities | 164,975 | - |
| | ----- | ----- |
| | <u>308,074</u> | <u>88,766</u> |

8 CAPACITY BUILDING

| | | |
|-------------------------------------|----------------|----------------|
| Leadership Programme and Fellowship | 306,490 | 324,996 |
| GCP Training | 187,824 | - |
| Mentorship and Site Networking | 200,898 | - |
| Training – Data Analysis | 4,875 | - |
| | ----- | ----- |
| | <u>700,087</u> | <u>324,996</u> |

9. GENERAL EXPENSES

| | | |
|----------------------------------|---------|---------|
| Personnel Cost | 728,257 | 312,939 |
| Bank Charges | 10,309 | 9,718 |
| Auditors Remuneration | 11,000 | 8,500 |
| Utilities | 2,823 | 2,675 |
| Rent | 44,568 | 60,600 |
| Office Equipment | 17,777 | 7,550 |
| Office Supplies and Maintenance | 38,347 | 13,736 |
| Vehicle, Fuel and Maintenance | 22,388 | 12,041 |
| Secretariat Office Communication | 60,500 | 11,169 |
| Official Reception | 6,473 | 3,512 |
| Legal Fees | 10,010 | 9,949 |
| Medical Expenses | 6,252 | 4,042 |
| Computer and Accessories | 15,374 | 48,868 |

9. GENERAL EXPENSES (CONT'D)

| | 2006 US\$ | 2005 US\$ |
|--|------------------|----------------|
| Research to Policy | - | 2,795 |
| Administrative Cost | 163,472 | 41,949 |
| Vehicles purchased | 50,000 | - |
| Indepth Prize | 3,000 | - |
| Travel | 6,252 | - |
| Recruitment cost | 9,994 | - |
| Subscription and other fees | 196 | - |
| Development and Maintenance of Website | 10,293 | 16,553 |
| | <u>1,217,285</u> | <u>566,596</u> |

10. SUBGRANTS

This represent amount paid MCTA partner institutions with whom agreement have been entered to carry out specific research activities. The details are as follows:

| | 2006 US\$ | 2005 US\$ |
|--|------------------|--------------|
| IHRDC Bagamoyo Project | 403,571 | - |
| Research Laboratory Kilifi | 165,816 | - |
| National Institute for Medical Research Tang | 131,156 | - |
| Kintampo Health Research Centre | 298,550 | - |
| Cheikh Anta Diop, Senegal | 149,450 | - |
| | <u>1,148,543</u> | <u>-</u> |

11. EXCESS OF INCOME OVER EXPENDITURE

is stated after charging:-

| | | |
|-------------------------|---------|---------|
| Directors' Remuneration | 180,350 | 119,408 |
| Auditors' Remuneration | 11,000 | 9,984 |

12 DEBTORS

| | 2006 US\$ | 2005 US\$ |
|-------------------------------------|----------------|---------------|
| Receivable from donors (Note 12(a)) | 111,311 | - |
| Prepayments | 46,667 | 23,800 |
| Staff Advance | 33,982 | 20,100 |
| | <u>191,960</u> | <u>43,900</u> |

12(a). RECEIVABLE FROM DONORS

| | Unutilised Grant At 01/01/06 US\$ | Grants Received US\$ | Utilised Grant US\$ | Re-imburse- ment Expected At 31/12/06 US\$ |
|--|--|----------------------------|---------------------------|--|
| WHO Adult Health Project | - | 141,319 | (163,667) | (22,348) |
| Hewlett Foundation DSS & Fellowship Grant | - | - | (7,237) | (7,237) |
| LSHTM Target Consortium | - | 42,835 | (47,616) | (4,781) |
| Welcome Trust – Reimbursable Grants | - | - | (76,945) | (76,945) |
| | <u>-</u> | <u>184,154</u> | <u>(295,464)</u> | <u>(111,311)</u> |

13. INVESTMENT IN SHORT-TERM SECURITIES

This represents short-term investments in highly marketable securities managed by UBS International in the USA.

14. CREDITORS

| | | |
|--------------------------------|------------------|------------------|
| Accruals | 11,000 | 11,575 |
| Unutilised Grants (Note 14(a)) | 3,450,995 | 1,195,269 |
| Other Creditors | 11,910 | 142 |
| | <u>3,473,905</u> | <u>1,206,986</u> |

14(a) UNUTILIZED GRANTS

| | Unutilised Grant AT 01/01/06 US\$ | Interest Income US\$ | Grants Received US\$ | Utilised Grant At 31/12/06 US\$ | Unutilised Grant US\$ |
|--------------------------------------|--|----------------------------|----------------------------|--|-----------------------------|
| SIDA/SAREC | 209,854 | | 193,615 | (401,741) | 1,728 |
| Rockefeller Foundation | | | | | |
| - Resource Kit Grant | 27,230 | - | - | (27,228) | 2 |
| - Core Support | 158,207 | - | 78,040 | (236,246) | 1 |
| - Strategic Business Plan | - | - | 38,645 | (38,645) | - |
| - Msc. Programme | - | - | 149,980 | (61,962) | 88,018 |
| - HIV/AIDs Grants | 257,830 | - | 242,951 | (299,887) | 200,894 |
| Welcome Trust | | | | | |
| - Core Support | 23,902 | - | - | (4,625) | 19,277 |
| - AGM Support | - | - | 50,208 | (49,518) | 690 |
| - Scientific Writing | 16,164 | - | - | - | 16,164 |
| World Health Organisation | 56,201 | - | 30,092 | (31,560) | 54,733 |
| William and Flora Hewlett Grant | 94,979 | - | - | (94,979) | - |
| University of Sussex Collaboration | 6,292 | - | 36,427 ✓ | (36,474) | 6,245 |
| LSHTM malaria research Grant | 11,842 | - | 108,460 ✓ | (112,144) | 8,158 |
| European Union – Eagles project | - | - | 12,412 ✓ | (12,358) | 54 |
| Bill and Melinda Gates Grants: | | | | | |
| - Msc Programme | 332,768 | - | - | (210,907) | 121,861 |
| - Malaria & Clinical Trials Alliance | - | 165,697 | 5,100,000 ✓ | (2,332,527) | 2,933,170 |
| | <u>1,195,269</u> | <u>165,697</u> | <u>6,040,830</u> | <u>(3,950,801)</u> | <u>3,450,995</u> |

50042

- (i) Rockefeller foundation USA granted these amounts for the following projects:
- Starter Kit Grant – to develop a Demographic Surveillance System Manual
 - Core Support - to support Indepth's core activities.
 - HIV/AIDs Grants
- (ii) This represents grants received from the Swedish International Development Agency (SIDA) Department of Research Co-operation (SAREC) to support Indepth Network's core activities:
ie. field research work and workshops.
- (iii) The Wellcome Trust grant was provided to support Indepth's core activities.
- (iv) Bill & Melinda Gates Foundation Grant
– to support a leadership programme at the University of Witswaterand, South Africa for the period 2004 - 2007.
- to conduct Malaria Clinical Trials across Africa for the period covering 2006-2010

15. **EMPLOYEE BENEFITS**

(i) *Defined Contribution Plans*

(a) *Social Security Contribution*

Under a national pension scheme, the company contributes 12.5% of employee's basis salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The company's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

(b) *Provident Fund*

The company has a provident fund scheme for staff under which the company contributes between 5-10% of staff basic salary. The company's obligations under the plan is limited to the relevant contributions and these are settled on due dates to the Board of Trustees.