

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

***INDEPTH NETWORK***

*(A Company Limited by Guarantee)*

*Company and Registered Office etc.*

*Reported as Accounting Period*

*Details of Management Accounts*

*Assets and Liabilities Account and Accumulated Fund*

*Notes*

*Other Information*

***REPORT AND MANAGEMENT ACCOUNTS***

***31ST DECEMBER 2007***

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

OFFICIALS AND REGISTERED OFFICE, ETC.

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REPORT OF THE GOVERNING BOARD  
TO THE MEMBERS OF

**INDEPTH NETWORK**

*(A Company Limited by Guarantee)*

**OFFICIALS AND REGISTERED OFFICE, ETC.**

**GOVERNING BOARD**

Seth Owusu-Agyei (Chairman)  
Hassan Mshinda  
Regina Rabinovich  
Siddhivinayak Hirve  
Abdur Razzaque  
Sureeporn Punpuing  
Cheikh Mbacke  
Peter Aaby (Appointed September 2007)  
Thomas Williams (Appointed September 2007)  
Stephen Tollman (Ended Term September 2007)  
Xavier Patroipa (Ended Term September 2007)

**AUDITORS**

**KPMG**  
Chartered Accountants  
13 Yiyiwa Drive  
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, 2007. 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 2007, 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.

*M. Ametshah*  
.....)

*[Signature]*  
.....)

**GOVERNING BOARD**

*21st April*  
.....

2008

**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 2007, 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 6 to 15.

**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.



**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF  
INDEPTH NETWORK – (CONT'D)**

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of INDEPTH Network at 31 December 2007, 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  
13 YIYIWA DRIVE  
BOX GP242  
ACCRA.**

*21 April*, 2008

**INDEPTH NETWORK***(A Company Limited by Guarantee)***INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 2007**

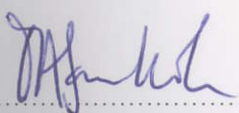
	Note	2007 US\$	2006 US\$
<b>INCOME</b>			
Grants	3	4,859,005	4,246,266
Other Income	4	473,364	547,432
		-----	-----
		5,332,369	4,793,698
<b>EXPENDITURE</b>			
Meeting Expenses	5	428,565	444,030
Research Expenses	6	273,646	546,091
Workshop Expenses	7	412,671	308,074
Capacity Building	8	802,339	700,087
General Expenses	9	1,679,179	1,217,285
Subgrants	10	1,313,321	1,148,543
		-----	-----
		4,909,721	4,364,110
<b>Excess of Income over Expenditure</b>			
transferred to Accumulated Fund	11	422,648	429,588
		=====	=====

**ACCUMULATED FUND****FOR THE YEAR ENDED 31ST DECEMBER 2007**

	2007 US\$	2006 US\$
Balance at 1st January	717,655	288,067
Excess of Income over Expenditures transferred from Income and Expenditure Account	422,648	429,588
	-----	-----
Balance at 31st December	1,140,303	717,655
	=====	=====

**INDEPTH NETWORK**  
*(A Company Limited by Guarantee)*  
**BALANCE SHEET AT 31ST DECEMBER 2007**

	Note		2007 US\$	2006 US\$
<b>CURRENT ASSETS</b>				
Debtors	12	167,319	191,960	
Investment in Short-Term Securities	13	3,554,567	3,502,475	
Cash and Bank Balances		3,464,959	497,125	
		-----	-----	
		7,186,845	4,191,560	
		-----	-----	
<b>CURRENT LIABILITIES</b>				
Bank Overdraft		18,702	-	
Creditors	14	6,027,840	3,473,905	
		-----	-----	
		6,046,542	3,473,905	
		=====	=====	
<b>NET ASSETS</b>			1,140,303	717,655
			=====	=====
<b>REPRESENTED BY:</b>				
<b>ACCUMULATED FUND</b>			1,140,303	717,655
			=====	=====

  
..... )  
..... )  
**DIRECTORS**

The financial statements were approved on 21st April ..... 2008



**INDEPTH NETWORK**  
*(A Company Limited by Guarantee)*  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2007**

	2007 US\$	2006 US\$
<b>Cashflow from operating activities</b>		
Surplus for the year	422,648	429,588
<b>Adjustments for:</b>		
Interest received	(59,266)	(49,580)
	-----	-----
	363,382	380,008
Decrease/(Increase) in debtors	24,641	(148,060)
Increase in creditors	2,553,935	2,266,919
	-----	-----
<b>Cash generated from operating activities</b>	2,941,958	2,498,867
<b>Cash from investing activities</b>		
Interest received	59,266	49,580
	-----	-----
<b>Net increase in cash and cash equivalents</b>	3,001,224	2,548,447
Cash and cash equivalents at 1 January (Note A)	3,999,600	1,451,153
	-----	-----
Cash and cash equivalents at 31 December (Note A)	7,000,824	3,999,600
	=====	=====
<b>Note A</b>		
Cash and bank balances	3,464,959	497,125
Investment in Short – Term Securities	3,554,567	3,502,475
Bank Overdraft	(18,702)	-
	-----	-----
	7,000,824	3,999,600
	=====	=====

**INDEPTH NETWORK***(A Company Limited by Guarantee)***NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2007****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**

	<b>2007</b>	<b>2006</b>
	<b>US\$</b>	<b>US\$</b>
Utilized Grants (Note 14(a))	4,663,322	3,993,793
Projects partly pre-financed (Note 12(a))	195,683	252,473
	<u>4,859,005</u>	<u>4,246,266</u>

**4. OTHER INCOME**

	<b>2007</b>	<b>2006</b>
	<b>US\$</b>	<b>US\$</b>
Interest Income	59,266	49,580
Sundry Income	405,690	473,172
Exchange Gain	8,408	24,680
	-----	-----
	<u>473,364</u>	<u>547,432</u>

**5. MEETING EXPENSES**

Meeting Expenses	-	7,147
Capacity Building/Technical Exchange	-	19,690
Scientific Advisory Activities	37,003	53,613
Indepth Board of Trustees	65,441	54,746
Scientific Meeting	279,268	153,929
Traveling Expenses	-	86,856
MCTA Board Meeting	27,725	19,736
Indepth Working Group Meeting	19,128	48,313
	-----	-----
	<u>428,565</u>	<u>444,030</u>

**6. RESEARCH EXPENSES**

HIV Proposal Development	-	50,099
University of Sussex Collaboration	44,278	36,474
LSHTM Malaria Research	109,288	159,760
WHO Adult Health Expenses	86,682	195,227
Site Expenses	-	104,531
Clinical Monitoring	33,398	-
	-----	-----
	<u>273,646</u>	<u>546,091</u>

**7. WORKSHOP EXPENSES**

	<b>2007</b>	<b>2006</b>
	<b>US\$</b>	<b>US\$</b>
Partners workshop expenses	22,720	-
Dissemination – Workshop Books etc	-	5,353
Prototype field test	-	2,977
Air Ticket	46,808	48,148
MLT Monograph	-	4,741
Travel, accommodation and per diem	37,393	39,323
Coordination	23,000	22,688
Workshop to Develop site Plans	50,550	4,106
Promotional Materials and Reports	7,316	15,763
Cross sites research activities	10,000	164,975
Workshop facilitation and administration	6,840	-
Workshop to develop Phase IV	84,117	-
Workshop on data harmonization	40,956	-
Consortium Workshop	13,000	-
Microscopy workshop	69,971	-
	<u>412,671</u>	<u>308,074</u>

**8 CAPACITY BUILDING**

Leadership Programme and Fellowship	388,617	306,490
GCP Training	278,398	187,824
Mentorship and Site Networking	135,324	200,898
Training – Data Analysis	-	4,875
	<u>802,339</u>	<u>700,087</u>

## 9. GENERAL EXPENSES

Personnel Cost	845,607	734,509
Bank Charges	22,540	10,309
Auditors Remuneration	19,048	11,000
Utilities	2,854	2,823
Rent	22,680	44,568
Office Equipment	23,289	17,777
Office Supplies and Maintenance	26,162	38,347
Vehicle, Fuel and Maintenance	23,615	22,388
Secretariat Office Communication	37,918	60,500
Official Reception	5,272	6,473
Legal Fees	11,812	10,010
Medical Expenses	11,294	-
Computer and Accessories	26,521	15,374
Administrative Cost	428,969	163,472
Vehicles purchased	-	50,000
Indepth Prize	-	3,000
Travel	157,746	6,252
Recruitment cost	-	9,994
Subscription and other fees	7,195	196
Development and Maintenance of Website	6,657	10,293
	<u>1,679,179</u>	<u>1,217,285</u>

## 10. SUBGRANTS

This represents amount paid to MCTA partner institutions with whom agreements have been entered to carry out site refurbishment for malaria drug trails. The details are as follows:

	<b>2007</b>	<b>2006</b>
	<b>US\$</b>	<b>US\$</b>
IHRDC Bagamoyo Project	296,000	403,571
Research Laboratory Kilifi	-	165,816
National Institute for Medical Research Tang	177,847	131,156
Kintampo Health Research Centre	472,200	298,550
Cheikh Anta Diop, Senegal	-	149,450
Medical Research Unit, Gabon	216,083	-
Blantyre Malaria Project	151,191	-
	<u>1,313,321</u>	<u>1,148,543</u>



**11. EXCESS OF INCOME OVER EXPENDITURE**

is stated after charging:-

Directors' Remuneration	35,679	180,350
Auditors' Remuneration	19,048	11,000

**12 DEBTORS**

	2007 US\$	2006 US\$
Receivable from donors (Note 12(a))	105,081	111,311
Prepayments	28,187	46,667
Staff Advance	34,051	33,982
	<u>167,319</u>	<u>191,960</u>

**12(a). RECEIVABLE FROM DONORS**

	Unutilised Grant At 01/01/07 US\$	Grants Received US\$	Utilised Grant US\$	Re-imburse- ment Expected At 31/12/07 US\$
WHO Adult Health Project	(22,348)	84,791	(80,910)	(18,467)
Welcome Trust- Reimbursable	(76,945)	105,104	(114,773)	(86,614)
	<u>(99,293)</u>	<u>189,895</u>	<u>(195,683)</u>	<u>(105,081)</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	19,048	11,000
Unutilised Grants (Note 14(a))	5,973,208	3,450,995
Other Creditors	35,584	11,910
	-----	-----
	6,027,840	3,473,905
	=====	=====

**14(a) UNUTILIZED GRANTS**

	Unutilised Grant AT 01/01/07 US\$	Interest Income US\$	Grants Received US\$	Utilised Grant US\$	Unutilised Grant At 31/12/07 US\$
SIDA/SAREC					
- Core Support (2007)	-	-	775,750	(94,712)	681,038
- Interim core support (2006)	1,728	-	210,464	(212,192)	-
Rockefeller Foundation					
- Resource Kit Grant	2	-	-	-	2
- Core Support	1	-	-	-	1
- Strategic Business Plan	-	-	75,000	(75,000)	-
- MSc. Programme	88,018	-	150,000	(127,116)	110,902
- HIV/AIDs Grants	200,894	-	-	(200,894)	-
- Interim Core Support	-	-	454,844	(283,929)	170,915
Welcome Trust					
- Core Support	19,277	-	-	-	19,277
- AGM Support	690	-	50,000	(50,578)	112
- Scientific Writing	16,164	-	-	-	16,164
- IDS Study	-	-	91,042	(91,042)	-
World Health Organisation	54,733	-	-	(5,772)	48,961
William and Flora Hewlett Grant	(7,237)	-	256,000	(198,216)	50,547
University of Sussex Collaboration	6,245	-	63,431	(46,818)	22,858
LSHTM malaria research Grant	8,158	-	-	(294)	7,864
LSHTM Target Consortium	(4,781)	-	174,100	(108,994)	60,325
Phase IV Proposal Development	-	-	443,800	(219,359)	224,441
Seattle Meeting	-	-	16,423	(16,423)	-
European Union – Eagles project	54	-	-	-	54
Bill and Melinda Gates Grants:					
- Core Support	-	-	600,000	-	600,000
- MSc Programme	121,861	-	-	(121,861)	-
- Malaria & Clinical Trials Alliance	2,933,170	236,699	3,600,000	(2,810,122)	3,959,747
	-----	-----	-----	-----	-----
	3,438,977	236,699	6,960,854	(4,663,322)	5,973,208
	=====	=====	=====	=====	=====

- (i) Rockefeller foundation USA granted these amounts for the following projects:
  - 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: i.e. field research work and workshops, cross site activities and running of the secretariat.
- (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 2007-2010

## 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 respective manager of the fund.