

INDEPTH NETWORK  
FOR THE YEAR ENDED 31 DECEMBER 2008

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**INDEPTH NETWORK**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

Statement of Financial Performance  
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Statement of Financial Position

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**INDEPTH NETWORK**

**For the year ended 31 December 2008**

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**GENERAL INFORMATION**

INDEPTH Network is an international organisation for the demographic evaluation of populations and their health in developing countries. It is a not-for-profit organisation that currently consists of 37 Health and Demographic Surveillance System (HDSS) sites in 19 countries in Africa, Asia, Central America and Oceania. It was established in 1998 and incorporated in Ghana as a company limited by Guarantee in 2002 under the Ghana Companies Code, 1963 (Act 179).

**Board of Trustees**

Dr. Seth Owusu-Agyei	Board Chairman
Dr. Siddhivinayak Hirve	Vice Chairman
Dr. Osman Sankoh	Executive Director
Dr. Cheikh Mbacke	Member
Dr. Kayla Laserson	Member
Dr Anand Krishnan	Member
Prof. Peter Aaby	Member
Dr Thomas Williams	Member
Dr. Andreas Heddini	Member
Dr. Wendy Ewart	Member

**Auditor**

PricewaterhouseCoopers  
Chartered Accountants  
No. 12 Aviation Road, Una Home  
3<sup>rd</sup> Floor Airport City  
PMB CT42  
Cantonments  
Accra

**Registered Office**

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

**Bankers**

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

**REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2008**

The Board of Trustees has the pleasure in submitting the report and the audited financial statements of INDEPTH Network for the financial year ended 31 December 2008.

**Statement of the Board of Trustees responsibilities**

The Board of trustees is responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Organisation and of the surplus or deficit and cash flows for that period. In preparing those financial statements, the Executive Board has selected suitable accounting policies and then applied them consistently, made judgments and estimates that are reasonable and prudent and followed International Public Sector Accounting Standards (IPSAS). An earlier adoption of IPSAS has been considered necessary by the Board to cover financial transactions for the year ended 31 December 2008. IPSAS 25 and 26 on Employee Benefits and Impairment on Cash Generating Assets respectively were issued by the IPSAS Board in 2008. Management has considered the early adoption of IPSAS 25 and would adopt IPSAS 26 later to the extent applicable to INDEPTH operations.

The Board of trustees is responsible for ensuring that the Organisation keeps proper books of account and accounting records that disclose with reasonable accuracy at any time the financial position of the Organisation. The Board is also responsible for safeguarding the assets of the Organisation and taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Principal activities**

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

**Results**

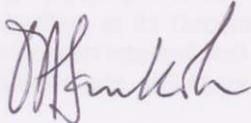
The Statement of Financial Performance on page 5 shows a surplus for the year of **US\$8,186,067** for the INDEPTH Network activities (2007: US\$6,386,973), whilst **US\$15,339,981** (2007: US\$7,153,914) was Carried Forward for the programme activities.

**Auditors**

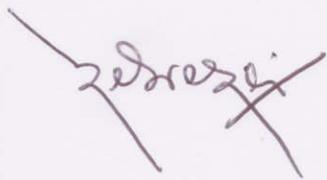
The auditor, PricewaterhouseCoopers will continue in office as auditors of the organisation in accordance with Section 134 (5) of the Ghana Companies Code, 1963 (Act 179).

BY ORDER OF THE BOARD

Executive Director:



Board Chairman:



20 March 2009

## **REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF TRUSTEES OF INDEPTH NETWORK**

### **Report on the financial statements**

We have audited the accompanying financial statements of INDEPTH Network set out on pages 5 to 19. These financial statements comprise the statement of financial position as at 31 December 2008, the statement of financial performance, the cashflow statement for the year ended and a summary of significant accounting policies and other explanatory notes.

### **Board of Trustees responsibility for the financial statements**

The Board of Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards and with the requirements of the Ghana Companies Code, 1963 (Act 179). 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 independent opinion on the 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 our audit to obtain reasonable assurance that 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 judgement, 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 organisation'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 opinion.

### **Opinion**

In our opinion the accompanying financial statements give a true and fair view of the state of the organisation's financial affairs at 31 December 2008 and of its surplus and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and comply with the Ghana Companies Code, 1963 (Act 179).

**REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF TRUSTEES OF INDEPTH NETWORK (CONTINUED)**

**Report on other legal requirements**

The Ghana Companies Code, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the organisation, so far as appears from our examination of those books; and
- iii) the organisation's statement of financial performance , statement of financial position and cash flow are in agreement with the books of account.

*PriceWaterhouseCoopers*  
**Chartered Accountants**  
**Accra**

*20*  
.....March 2009

**INDEPTH NETWORK**  
**Financial Statements**  
**For the year ended 31 December 2008**

**STATEMENT OF FINANCIAL PERFORMANCE**  
 (All amounts are expressed in US\$)

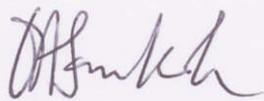
	Notes	<u>For the Year ended 31 December</u>	
		2008	2007
<b>Operating revenue</b>			
Grants	2a	17,123,756	10,832,213
Other revenue	2b	<u>504,576</u>	<u>473,364</u>
<b>Total operating revenue</b>		<u>17,628,332</u>	<u>11,305,577</u>
<b>Expenditure</b>			
Meeting expenses	3	600,036	428,565
Research expenses	4	1,514,096	273,646
Workshop expenses	5	311,144	412,671
Capacity building	6	844,327	802,339
General expense	7	1,470,434	1,688,062
Sub grants	8	<u>4,702,228</u>	<u>1,313,321</u>
<b>Total expenditure</b>		<u>9,442,265</u>	<u>4,918,604</u>
<b>Surplus</b>		<u>8,186,067</u>	<u>6,386,973</u>
<b>Fund balance</b>			
Accumulated fund- 1 January		7,153,914	766,941
Surplus		<u>8,186,067</u>	<u>6,386,973</u>
<b>Balance at 31 December</b>		<u>15,339,981</u>	<u>7,153,914</u>

**INDEPTH NETWORK**  
**Financial Statements**  
**For the year ended 31 December 2008**

**STATEMENT OF FINANCIAL POSITION**  
 (All amounts are expressed in US\$)

	Notes	<u>At 31 December</u>	
		2008	2007
<b>Non-current assets</b>			
Property, plant and equipment	9	<u>103,655</u>	<u>40,403</u>
<b>Current assets</b>			
Cash and cash equivalents	10	<u>15,083,982</u>	7,000,824
Receivables and prepayments	11	<u>177,553</u>	<u>167,319</u>
<b>Total current assets</b>		<u><b>15,261,535</b></u>	<u><b>7,168,143</b></u>
<b>Total assets</b>		<u><b>15,365,190</b></u>	<u><b>7,208,546</b></u>
<b>Current liabilities</b>			
Accounts Payable	12	<u>25,209</u>	54,632
<b>Total current liabilities</b>		<u><b>25,209</b></u>	<u><b>54,632</b></u>
<b>Net assets</b>		<u><b>15,339,981</b></u>	<u><b>7,153,914</b></u>
<b>Represented by:</b>			
<b>Fund balance</b>		<u><b>15,339,981</b></u>	<u><b>7,153,914</b></u>

The financial statements and accompanying notes on pages 5 to 19 were approved by the Board of Trustees on 20 March, 2009 and signed on their behalf by:

Executive Director: 

Board Chairman 

**INDEPTH NETWORK**  
**Financial Statements**  
**For the year ended 31 December 2008**

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**CASH FLOW STATEMENT**  
 (All amounts are expressed in US\$)

	Notes	<u>For the year ended 31 December</u>	
		2008	2007
<b>Cash flow from operating activities</b>	13	<b><u>8,196,496</u></b>	3,012,984
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment	9	(113,338)	(11,760)
<b>Increase in cash and cash equivalents</b>		<b><u>8,083,158</u></b>	<b><u>3,001,224</u></b>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		7,000,824	3,999,600
Increase in cash and cash equivalents		<u>8,083,158</u>	<u>3,001,224</u>
<b>Cash and cash equivalents at end of the year</b>	10	<b><u>15,083,982</u></b>	<b><u>7,000,824</u></b>

**INDEPTH NETWORK**  
**Financial Statements**  
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**STATEMENT OF CHANGES IN NET ASSETS**  
 (All amounts are expressed in US\$)

	Accumulated Fund	Surplus for the period	Total
Total net assets December 31, 2007	717,655	422,648	1,140,303
IPSAS Adjustment*	<u>6,013,611</u>	<u>-</u>	<u>6,013,611</u>
Restated balance December 31, 2007	<b>6,731,266</b>	<b>422,648</b>	<b>7,153,914</b>
Surplus for the period, 2008	<u>-</u>	<u>8,186,067</u>	<u>8,186,067</u>
<b>Total net assets December 31, 2008</b>	<b><u>6,731,266</u></b>	<b><u>8,608,715</u></b>	<b><u>15,339,981</u></b>

**\*IPSAS adjustment**

Property Plant and Equipment restated	40,403
Unutilised grant reclassified to revenue	<u>5,973,208</u>
	<b><u>6,013,611</u></b>

**NOTES**

**1. ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with International Public Sector Accounting Standards (IPSAS).

In the absence of an International Public Sector Accounting Standard that specifically applies to a transaction, other event or condition, management shall use its judgment in developing and applying an accounting policy that results in information that is relevant to the decision-making needs of users; and reliable, in that the financial statements:

- (i) represent faithfully the financial position, financial performance and cash flows of the entity;
- (ii) reflect the economic substance of transactions, other events and conditions and not merely the legal form;
- (iii) are neutral, i.e., free from bias;
- (iv) are prudent; and
- (v) are complete in all material respects.

**(b) Property, plant and equipment**

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis at rates estimated to write off the cost of each asset over the estimated term of its useful life. A full year's depreciation is charged in the year of acquisition. No depreciation is charged in the year of disposal. The annual rates used for this purpose are as follows:

Computers	33.33%
Furniture and Fittings	20%
Motor Vehicles	25%
Office Equipments	20%

**(c) Financial Instruments**

INDEPTH Network uses only non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, certificates of deposit, accounts receivable and accounts payable.

**NOTES (continued)**

**(d) Foreign currency**

All transactions were made in US\$. Monetary assets and liabilities denominated in currencies other than US\$ at the balance sheet date are translated into US Dollars at the rates of exchange ruling at that date.

**(e) Grants**

Grants are recognized as revenue upon fulfilment of donor imposed conditions.

Grants represent support with donor-imposed conditions and could be restricted or unrestricted. Unrestricted grants are received in support of agreed research and development agenda and for general administration. Restricted grants are received in support of specified projects or activities mutually agreed upon between INDEPTH Network and donors.

**(f) Accounts receivables**

Accounts receivables are stated after provisions have been made for specific debts considered to be doubtful.

**(g) Staff Retirement Benefits**

INDEPTH contributions to staff retirement benefit schemes are not recognized separately in the financial statement. They are treated as part of staff packages.

**(h) Transition from Ghana National Accounting Standard (GNAS) to IPSAS reporting**

INDEPTH has adopted the International Public Sector Accounting Standards in the preparation of this financial statement. The following standards impacted the financial statement.

- IPSAS 1 – Presentation of Financial Statements
- IPSAS 2 – Cashflow Statements
- IPSAS 3 – Accounting Policies, Change in Accounting Estimates and Errors
- IPSAS 4 – The Effects of changes in Foreign Exchange Statements (Revised)
- IPSAS 9 – Revenue from Exchange Transactions
- IPSAS 12 – Inventories
- IPSAS 14 – Events after the Reporting Date
- IPSAS 15 – Financial Instruments – Disclosure and Presentation
- IPSAS 17 – Property, Plant and Equipment
- IPSAS 19 – Provisions, Contingent Liabilities and Contingent Assets
- IPSAS 20 – Related Party Disclosures
- IPSAS 23 – Revenue from Non-exchange Transactions
- IPSAS 25 – Employee Benefits

**h) Transition from Ghana National Accounting Standard (GNAS) to IPSAS reporting (continued)**

**New Standards, interpretations and amendments to existing published standards**

In 2008, the International Public Sector Accounting Standard Board (IPSASB) issued the following new standards and interpretations.

- IPSAS 25, "Employee Benefits"; (effective for annual financial statements covering periods beginning on or after 1 January, 2011 and
- IPSAS 26, "Impairment of Cash-Generating Assets" (effective for annual financial statements covering periods beginning on or after 1 April, 2009)

The Board have considered the early adoption of IPSAS 25 for its current financial statements for the period ended 31 December 2008. The comparative figures have been restated as required, in accordance with the relevant requirements.

In addition IPSAS 21, "Impairment of Non-Cash Generating Assets" was amended by the issuance of IPSAS 26. These amendments are effective for annual reporting periods beginning on or after April 1, 2009.

The Board of Trustees have assessed the relevance of IPSAS 26 and the amendments and interpretations with respect to the organisations operations and concluded that they are not relevant to the organisation.

**INDEPTH NETWORK**  
**Financial Statements**  
**For the year ended 31 December 2008**

**NOTES (continued)**

(All amounts in the notes are expressed in US\$ unless otherwise stated)

**2. Operating revenue**

INDEPTH's revenue represents funds received and/or receivable from the donors and development partners during the year as shown below:

**a Grants received**

	2008	2007
Sida/SAREC Core	839,200	987,942
Malaria Clinical Trial Alliance (MCTA) Project	6,700,000	-
Phase IV Proposal development	-	443,800
Phase IV Project	8,262,176	-
Rockefeller Foundation	-	968,759
Adult Health and Aging Project	50,390	-
DFID Real Rights (Sussex)	64,950	69,676
Hewlett support	896,000	248,763
Medicine for Malaria Vaccine (MMV) Phase IV Workshop Grant	40,000	-
Rockefeller - MSc programme support	150,000	-
Welcome Trust Grant	108,088	291,946
International Development Research Center (IDRC) Proposal development	12,952	-
Bill and Melinda Gates Grants	-	7,491,730
London School of Health and Tropical Medicine (LSHTM) Support	-	177,477
Seattle Meeting	-	16,477
World Health Organisation	-	135,643
<b>Total</b>	<u>17,123,756</u>	<u>10,832,213</u>
<b>Other revenue</b>		
Interest Income	184,426	59,266
Sundry Income	318,633	405,690
Exchange gain	1,517	8,408
<b>Sub-total (b)</b>	<u>504,576</u>	<u>473,364</u>
<b>Total Operating Revenue (a + b)</b>	<u>17,628,332</u>	<u>11,305,577</u>

**INDEPTH NETWORK**  
**Financial Statements**  
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**NOTES (continued)**

(All amounts in the notes are expressed in US\$ unless otherwise stated)

**3. Meeting expense**

	2008	2007
Working group meeting	-	19,128
Scientific advisory committee meeting	44,042	37,003
Board of Trustees meeting	95,257	65,441
Travels to Meetings	89,847	-
MCTA Board Meeting	26,101	27,725
Annual General Scientific Meetings	<u>344,789</u>	<u>279,268</u>
	<u>600,036</u>	<u>428,565</u>

**4. Research expenses**

Personnel - MCTA	429,777	-
Development of new ideas	214,131	-
Cross Site Publications	267,405	-
Site Assessment	39,162	-
Hewlett Health and Demographic Surveillance System (HDSS) /Universities expenses	2,023	-
DFID Real rights	54,634	44,278
LSHTM Malaria Research	7,850	109,288
WHO Adult Health expenses	49,199	86,682
Clinical Monitoring	11,700	33,398
MMV Phase Workshop	37,312	-
Working group meeting	95,907	-
Cross site activities	<u>304,996</u>	-
	<u>1,514,096</u>	<u>273,646</u>

**5. Workshop expenses**

Partners workshop expenses	-	22,720
Air tickets	-	46,808
Travel and Accommodation	36,929	37,393
Coordination	75,000	23,000
Workshop to Develop site plans	82,490	50,550
Promotional Materials	-	7,316
Cross site activities	-	10,000
Workshop facilitation	-	6,840
Workshop for Phase IV Proposal	116,725	84,117
Workshop on data Harmonization	-	40,956
Consortium workshop	-	13,000
Microscopy workshop	-	<u>69,971</u>
	<u>311,144</u>	<u>412,671</u>

**INDEPTH NETWORK**  
**Financial Statements**  
**For the year ended 31 December 2008**

**NOTES (continued)**

(All amounts in the notes are expressed in US\$ unless otherwise stated)

**6. Capacity building**

	2008	2007
Good Clinical Practice (GCP) Training and Microscopy workshops	413,693	278,398
Mentorship and Site networking	154,268	135,324
MSc Programme support	176,701	388,617
Scientific Writing /Data Analysis	<u>99,665</u>	-
	<u>844,327</u>	<u>802,339</u>

**7. General expenses**

Executive Director	148,215	35,679
Personnel cost	455,719	845,607
Bank charges	57,999	22,540
Auditor's remuneration	22,950	19,048
Utilities	8,817	2,854
Rent	40,029	22,680
Office equipment	27,764	23,289
Office supplies and maintenance	78,456	26,162
Vehicle fuel and maintenance	43,603	23,615
Office communication	30,691	37,918
Legal fees	26,305	11,812
Medical expenses	21,533	11,294
Computers and accessories	2,500	26,521
Promotional materials	25,415	-
Administrative cost	247,515	434,241
Travel	25,989	110,307
Subscription and other fees	18,557	7,195
Maintenance of web site	28,277	6,657
Organisational effectiveness	99,161	-
Staff training	10,874	-
Depreciation charge	<u>50,065</u>	<u>20,643</u>
	<u>1,470,434</u>	<u>1,688,062</u>

**INDEPTH NETWORK**  
**Financial Statements**  
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**NOTES (continued)**

(All amounts in the notes are expressed in US\$ unless otherwise stated)

**8. Sub grants**

	2008	2007
Ifakara Health Research and Development Centre (IHRDC) Project - Bagamoyo	816	296,000
Kintampo Health Research Centre - Ghana	222,975	472,200
National Institute for Medical research - Tanga	153,280	177,847
Medical Research Unit - Gabon	243,334	216,083
Blantyre Malaria Project - Malawi	-	151,191
Research Laboratory - Kilifi	213,866	-
Institut de Recherche en Sciences de la Sante (IRSS)-DRO Nanoro	689,637	-
Kenya Medical Research Institute (KEMRI) Kombewa/Siaya	626,716	-
University of North Carolina (UNC) Project - Lilongwe	280,201	-
Centro de Investigacao em Saude da Manhica (CISM) Manhica	364,800	-
School of Medical Science- Kumasi Center for Collaborative Research (SMS-KCCR)- Kumasi	465,978	-
Radiology Equipment (MCTA)	1,240,500	-
Sub grants to INDEPTH Sites	<u>200,125</u>	-
	<u>4,702,228</u>	<u>1,313,321</u>

**9. Property, plant and equipment**

2008 Cost	Computer	Furniture & fittings	Office Equipment	Motor vehicle	Total
At 1 January 2008	18,577	2,764	3,088	59,300	83,729
Additions	<u>29,244</u>	-	<u>11,847</u>	<u>72,247</u>	<u>113,338</u>
At 31 December 2008	<u>47,821</u>	<u>2,764</u>	<u>14,935</u>	<u>131,547</u>	<u>197,067</u>
<b>Depreciation</b>					
At 1 January 2008	10,739	1,105	1,832	29,650	43,326
Charge for the year	<u>13,660</u>	<u>552</u>	<u>2,987</u>	<u>32,887</u>	<u>50,086</u>
At 31 December 2008	<u>24,399</u>	<u>1,657</u>	<u>4,819</u>	<u>62,537</u>	<u>93,412</u>
<b>Net book value</b>					
At 31 December 2008	<u>23,422</u>	<u>1,107</u>	<u>10,116</u>	<u>69,010</u>	<u>103,655</u>

**INDEPTH NETWORK**  
**Financial Statements**  
**For the year ended 31 December 2008**

**NOTES (continued)**

(All amounts in the notes are expressed in US\$ unless otherwise stated)

**Property, plant and equipment (continued)**

<b>2007 Cost</b>	<b>Computers</b>	<b>Furniture &amp; fittings</b>	<b>Equipment</b>	<b>Motor vehicle</b>	<b>Total</b>
At 1 January 2007	10,223	1,250	1,196	59,300	71,969
Additions	<u>8,354</u>	<u>1,514</u>	<u>1,892</u>	-	<u>11,760</u>
At 31 December 2007	<b><u>18,577</u></b>	<b><u>2,764</u></b>	<b><u>3,088</u></b>	<b><u>59,300</u></b>	<b><u>83,729</u></b>
<b>Depreciation</b>					
At 1 January 2007	6,827	553	479	14,825	22,684
Charge for the year	<u>3,912</u>	<u>552</u>	<u>1,353</u>	<u>14,825</u>	<u>20,642</u>
At 31 December 2007	<b><u>10,739</u></b>	<b><u>1,105</u></b>	<b><u>1,832</u></b>	<b><u>29,650</u></b>	<b><u>43,326</u></b>
Net book value at 31 December 2007	<u>7,838</u>	<u>1,659</u>	<u>1,256</u>	<u>29,650</u>	<u>40,403</u>

**10. Cash and cash equivalents**

	<b>2008</b>	<b>2007</b>
Cash at Bank	9,993,072	3,464,959
Investment in Short term Securities	5,090,910	3,554,567
Bank Overdraft	-	(18,702)
	<b><u>15,083,982</u></b>	<b><u>7,000,824</u></b>

**11. Receivables and prepayments**

	<b>2008</b>	<b>2007</b>
CIDA AGM Grant	65,651	105,081
Wellcome Trust Core	23,726	-
Staff advances	11,820	34,051
Prepayment	<u>76,356</u>	<u>28,187</u>
	<b><u>177,553</u></b>	<b><u>167,319</u></b>

**12. Accounts payable**

Audit fees	<b>25,209</b>	19,048
Other creditors	-	<u>35,584</u>
	<b><u>25,209</u></b>	<b><u>54,632</u></b>

**INDEPTH NETWORK**  
**Financial Statements**  
**For the year ended 31 December 2008**

**NOTES (continued)**

(All amounts in the notes are expressed in US\$ unless otherwise stated)

**13. Cash flow from operating activities**

	2008	2007
Surplus for the year	8,186,067	6,386,973
Depreciation for the year	50,086	20,643
(Decrease)/increase in receivables	(10,234)	24,641
Decrease in payables	<u>(29,423)</u>	<u>(3,419,273)</u>
<b>Cash flow from operating activities</b>	<b><u>8,196,496</u></b>	<b><u>3,012,984</u></b>

**14. Employee benefits**

a) Social security contribution

Under the national pension scheme, the company contributes 12.5% of employee's basic 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 liability and obligations however rest with SSNIT.

b) Provident fund

The company has a provident fund scheme for staff under which the company contributes 10 percent of staff basic salary. The company's obligation under the plan is limited to the relevant contributions and these are settled on due dates to the respective manager of the fund.

**15. Financial Instruments**

All financial instruments to which INDEPTH Network is a party are recognized in the financial statement.

**Credit risk**

In the normal course of business, INDEPTH Network incurs credit risk from trade accounts receivable and transactions with banking institutions. INDEPTH Network manages its exposure to credit risk by:

- Holding bank balances and short-term deposits with Ghanaian and United States-registered banking institutions; and
- Maintaining credit control procedures over trade accounts receivable

As at December 31, 2008, the total amount of bank balances, short-term deposits and receivables is US\$15,261,535 (2007:7,168,143). The total amount of cash and cash equivalent is US\$ 15,083,982(2007: 7,000,824). Out of this amount, US\$13,353,086 representing 89 percent of cash and cash equivalents is held with U.B.S International in the United States in the form of bank balances and short term investments whilst the remaining amount of US\$ 1,730,896 representing 11 percent is held with reputable banks in Ghana as indicated on page 1 of this report.

Receivables as at December 31 2008 is US\$ 177,553 (2007:167,319). This represents outstanding amounts yet to be received from donors, staff advances and prepayments. At the time of the audit in February 2009, the outstanding amounts from donors were yet to be paid up. The receipt of these grants from donors is dependent on the submission of technical reports which management have submitted and awaiting response. Staff salary deductions for January and February 2009 have been made to recoup the advances made in 2008 as part of the measures to manage the risk of default.

The maximum exposure as at December 31, 2007 is equal to the total amount of bank balances, short-term deposits, and receivables disclosed in the statement of financial position. Receivables considered uncollectible have been adequately provided for.

**NOTES (continued)**

(All amounts in the notes are expressed in US\$ unless otherwise stated)

INDEPTH Network does not require any collateral or security to support financial instruments and other receivables it holds due to the low risk associated with the realization of these instruments.

**Foreign currency exchange rate risk**

INDEPTH Network operates separate bank accounts in Euro and Ghanaian currencies. INDEPTH Network incurs currency risk as a result of the conversion of foreign currency balances held in these bank accounts to United States dollars at financial position date. The currency risk associated with this balance is considered minimal and therefore INDEPTH Network does not hedge its foreign currency exposure.

Foreign currency transactions are translated to United States currency at exchange rates at the date of the transactions.

**Interest rate risk**

The interest rate risk on funds held is managed through the use of short-term investments held until maturity. The interest rate risk associated with short-term deposits is considered minimal.

**Fair values**

As at December 31, 2008, the carrying amounts approximate the fair values for all financial instruments held by INDEPTH Network (2007: carrying amounts approximate the fair values)

**16. Related party transactions**

INDEPTH Network is governed by the Board of Trustees whose members are entitled to payment of honoraria and other travel related expenses when participating in INDEPTH meetings or any other INDEPTH business. The following were members of the Board during the year:

1. Dr. Seth Owusu-Agyei (Chairman)
2. Dr. Siddhivinayak Hirve
3. Dr. Cheikh Mbacke
4. Dr. Kayla Laserson
5. Dr. Anand Krishnan
6. Pro. Peter Aaby
7. Dr. Thomas Williams
8. Dr. Andreas Heddini
9. Dr. Wendy Ewart
10. Dr. Osman Sankoh (Executive Director)

Except for Dr. Osman Sankoh who is remunerated by the organisation, no other board member received any remuneration or loans other than the above entitlements during the period under review.

**17. Capital commitments**

There were no outstanding capital commitments at 31 December 2008 (2007: Nil).

**18. Contingent liability**

There were no contingent liabilities at 31 December 2008 (2007: Nil).

**INDEPTH NETWORK**  
**Financial Statements**  
**For the year ended 31 December 2008**

**NOTES (continued)**

(All amounts in the notes are expressed in US\$ unless otherwise stated)

**19. Unutilised grants**

This represents unspent balances outstanding on the various project maintained by INDEPTH Network:

	2008	2007
BMGF - MCTA Project	4,784,976	3,959,747
BMGF -Phase IV Project proposal	80,047	224,441
Rockefeller Interim Core Support	-	170,915
WHO/NIA -Adult Health and Aging project	31,685	48,961
DFID -Real Rights	30,421	22,858
DFID -LSHTM Targets	16,158	60,325
Hewlett DSS/ Universities collaboration	52,924	50,547
Rockefeller - MSc programme support	84,201	110,902
BMGF - Core Support	62,035	600,000
Sida/SAREC Core (New)	-	681,038
LSHTM Malaria Project at Hohoe	14	7,864
BGMF -Phase IV Project	8,262,176	-
Hewlett Monitoring & Evaluation	200,000	-
Hewlett Reproductive Health	100,000	-
WelcomeTrust - AGM Contribution	-	112
WelcomeTrust - Core Support	-	19,277
WelcomeTrust - Scientific writing	16,164	16,164
IDRC - Proposal development	8,362	-
Hewlett Core support	167,540	-
European Union – Eagles Project	-	57
	<u>13,896,703</u>	<u>5,973,208</u>