

INDEPTH NETWORK
(A Company Limited by Guarantee)

FINANCIAL STATEMENTS
31 DECEMBER 2013

INDEPTH NETWORK
(A Company Limited by Guarantee)

ANNUAL REPORTS AND FINANCIAL STATEMENTS

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INDEPTH NETWORK

(A Company Limited by Guarantee)

CORPORATE INFORMATION

BOARD OF TRUSTEES

| | |
|----------------------------|---|
| Prof. Marcel Tanner | Chair |
| Dr. Eusebio Macete | Vice Chair <i>(Appointed: October 2013)</i> |
| Prof. Osman Sankoh | Executive Director |
| Dr. Kofi Baku | Board Secretary |
| Prof. Peter Byass | Member |
| Dr. Timothy Evans | Member |
| Prof. Hans-Olov Adam | Member |
| Dr. Momodou Jasseh | Member |
| Dr. Bich Huu Tran | Member |
| Prof. Catherine Kyobutungi | Member <i>(Appointed: October 2013)</i> |
| Dr. Abdramane Soura | Member <i>(Appointed: October 2013)</i> |
| Dr. Frank Odhiambo | Member <i>(Appointed: October 2013)</i> |
| Dr. Sanjay Juvekar | Vice Chair <i>(Resigned: October 2013)</i> |
| Prof. Kathleen Kahn | Member <i>(Resigned: October 2013)</i> |
| Dr. Honorati Masanja | Member <i>(Resigned: October 2013)</i> |

AUDITORS

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P O Box GP 242
Accra

REGISTERED OFFICE

INDEPTH Network
No.38 & 40 Mensah Wood Street
East Legon
P.O. Box KD 213, Kanda
Accra, Ghana

SOLICITOR

Dr. Kofi Baku
P.O. Box LG. 12
University of Ghana
Legon

BANKERS

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

**REPORT OF THE TRUSTEES
TO THE MEMBERS OF
INDEPTH NETWORK**

The Trustees present their report and financial statements of INDEPTH Network for the year ended 31 December 2013.

TRUSTEES' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's Board of Trustees is responsible for the preparation and fair presentation of these financial statements comprising the statement of financial position at 31 December 2013, the statement of financial performance, the statement of changes in net asset and the statement of cash flow for the year then ended, and the note to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Public Sector Accounting Standards (IPSAS) and in the manner required by the Companies Act 1963, (Act 179) and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Trustees have made an assessment of the ability of the Network secretariat to continue as a going concern and have no reason to believe the organisation will not be a going concern in the year ahead.

INCORPORATION AND PRINCIPAL ACTIVITIES

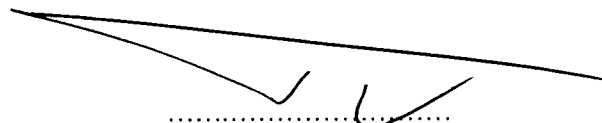
INDEPTH Network is an international organisation for the demographic evaluation of populations and their health in developing countries. It is a not-for-profit organisation that currently consists of 43 member centres running 49 Health and Demographic Surveillance System (HDSS) in Africa, Asia and Oceania. It was established in 1998 and incorporated in Ghana as a company limited by guarantee in 2002 under the Companies Act, 1963 (Act 179).

The main activities of the Organisation are to conduct longitudinal health and demographic evaluation of populations in low and middle income countries, strengthen global capacity for Health and Demographic Surveillance System (HDSS), co-ordinate and mount cross-national research, and disseminate health information based on up-to-date scientific evidence from different health research centres across the developing world.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Network as indicated above were approved by the Board of Trustees on 27 May....., 2014 and are signed on their behalf by:


.....
TRUSTEE


.....
TRUSTEE

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INDEPTH NETWORK**

Report on the Financial Statements

We have audited the financial statements of INDEPTH Network which comprise the statements of financial position at 31 December 2013, the statement of financial performance, statement of changes in net assets and cash flow 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 23.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and in the manner required by the Companies Act 1963, (Act 179) and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 management, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the statement of financial position of INDEPTH Network Secretariat at 31 December 2013, statement of financial performance, statements of changes in net assets and cash flows for the year ended in accordance with International Public Sector Accounting Standards and the Companies Act 1963, (Act 179).

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INDEPTH NETWORK (CONT'D)**

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 and fifth Schedule of the Companies Act 1963, (Act 179)

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.

In our opinion, proper books of account have been kept and the statement of financial position and statement of financial performance are in agreement with the books of accounts.



Signed by: Nathaniel D. Harley (ICAG/P/1056)

For and on behalf of:

KPMG: (ICAG/F/2014/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELINKPE

P O BOX GP 242

ACCRA

27 May 2014

INDEPTH NETWORK

(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

| | Note | 2013 US\$ | Restated 2012 US\$ |
|--|------|----------------------------|----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 16 | 86,378 ----- | 104,157 ----- |
| Current assets | | | |
| Cash and cash equivalents | 17 | 8,573,481 | 13,700,335 |
| Receivables from non-exchange transactions | 18 | 1,571,045 | 1,418,090 |
| Receivables from exchange transactions | 19 | 17,472 | 40,224 |
| Prepayment | 20 | 16,936 ----- | 60,135 ----- |
| Total current assets | | 10,178,934 ----- | 15,218,784 ----- |
| Total assets | | 10,265,312 ===== | 15,322,941 ===== |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accrued expenses and payables | 21 | 100,800 | 248,251 |
| Committed grants deferred | 29 | 7,777,907 ----- | 10,963,995 ----- |
| Total liabilities | | 7,878,707 ----- | 11,212,246 ----- |
| Net assets | | 2,386,605 ===== | 4,110,695 ===== |
| Financed by: | | | |
| Endowment fund | 22 | 1,375,567 | - |
| Accumulated Surplus | | 1,011,038 ----- | 4,110,695 ----- |
| | | 2,386,605 ===== | 4,110,695 ===== |



.....
TRUSTEE



.....
TRUSTEE

The notes on pages 11 to 23 are an integral part of these financial statements.

INDEPTH NETWORK
(A Company Limited by Guarantee)
STATEMENT OF FINANCIAL PERFORMANCE
AT 31 DECEMBER 2013

| | Note | 2013 US\$ | Restated 2012 US\$ |
|--|------|--------------------|--------------------------|
| Revenue | | | |
| Funds received from donors | | | |
| Secretariat-core activities | 5 | 1,374,925 | 2,757,032 |
| Programmes | 6 | 4,372,107 | 4,279,437 |
| | | ----- | ----- |
| Sub-total | | 5,747,032 | 7,036,469 |
| | | ----- | ----- |
| Other revenue | 7 | 361,646 | 73,696 |
| | | ----- | ----- |
| Total revenue | | 6,108,678 | 7,110,165 |
| | | ----- | ----- |
| Governance meeting expenses | 8 | 157,679 | 164,374 |
| Scientific workshop and coordination expense | 9 | 3,713,403 | 2,781,242 |
| Capacity strengthening workshop expenses | 10 | 470,769 | 434,347 |
| Annual general and scientific meetings | 11 | 271,374 | 178,935 |
| Sub grants to member centres | 12 | 2,397,054 | 2,801,667 |
| General secretariat running costs | 13 | 774,919 | 653,341 |
| | | ----- | ----- |
| Total expenditure | | 7,785,198 | 7,013,906 |
| | | ----- | ----- |
| (Deficit)/surplus before financial income and expense | | (1,676,520) | 96,259 |
| | | ----- | ----- |
| Financial income | 14 | 22,102 | 36,797 |
| Financial expense | 15 | (69,672) | (69,494) |
| | | ----- | ----- |
| Net financial expense | | (47,570) | (32,697) |
| | | ----- | ----- |
| (Deficit)/surplus after financial income and expense | | (1,724,090) | 63,562 |
| | | ===== | ===== |

The notes on pages 11 to 23 are an integral part of these financial statements.

INDEPTH NETWORK
(A Company Limited by Guarantee)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2013

| | Accumulated fund US\$ | Endowment fund US\$ | Total US\$ |
|--------------------------------------|--------------------------------------|------------------------------------|-----------------------|
| 2013 | | | |
| Balance at 1 January | 4,110,695 | - | 4,110,695 |
| Change in net assets during the year | (1,724,090) | - | (1,724,090) |
| Transfer | (1,375,567) | 1,375,567 | - |
| Balance at 31 December | <u>1,011,038</u> | <u>1,375,567</u> | <u>2,386,605</u> |
| 2012 | | | |
| Balance at 1 January | 8,478,067 | - | 8,478,067 |
| Correction of error | (4,430,934) | | (4,430,934) |
| Change in net assets during the year | <u>63,562</u> | - | <u>63,562</u> |
| Balance at 31 December | <u>4,110,695</u> | <u>-</u> | <u>4,110,695</u> |

The notes on pages 11 to 23 are an integral part of these financial statements.

INDEPTH NETWORK
(A Company Limited by Guarantee)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 US\$ | Restated 2012 US\$ |
|--|------|---------------------------|--------------------------|
| (Deficit)/surplus for the year | | (1,724,090) | 63,562 |
| Depreciation for the year | | 39,481 | 32,293 |
| Interest income | | (22,102) | (36,797) |
| (Increase)/decrease in receivables from non-exchange transactions | | (152,955) | 64,625 |
| Decrease/(increase) in receivables from exchange transactions | | 22,752 | (8,924) |
| Decrease/(increase) in prepayments | | 43,199 | (33,295) |
| Decrease in payables | | (147,451) | (71,984) |
| Change in net deferred grants | | (3,186,088) | 6,533,061 |
| Loss on disposal of plant and equipment | | 12,552 | - |
| | | ----- | ----- |
| Net cash flow from operating activities | | (5,114,702) | 6,542,541 |
| | | ----- | ----- |
| Cash flows used in investing activities | | | |
| Acquisition of property, plant and equipment | 16 | (41,918) | (8,223) |
| Proceeds from disposal of plant and equipment | | 7,664 | - |
| Interest received | | 22,102 | 36,797 |
| | | ----- | ----- |
| Net cash (used in)/generated from investing activities | | (12,152) | 28,574 |
| | | ----- | ----- |
| Net (decrease)/increase in cash and cash equivalents | | <u>(5,126,854)</u> | <u>6,571,115</u> |
| Movement in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of the year | | 13,700,335 | 7,129,220 |
| Net cash (outflow)/inflow | | (5,126,854) | 6,571,115 |
| | | ----- | ----- |
| Cash and cash equivalents at end of the year | | <u>8,573,481</u> | <u>13,700,335</u> |

The notes on pages 11 to 23 are an integral part of these financial statements.

INDEPTH NETWORK

(A Company Limited by Guarantee)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 31 DECEMBER 2013

Budget for the period under review

The budget and actual analysis provide the key projects undertaken by INDEPTH Network. These projects drive the business of the Organisation

| | 2013 | 2013 | | |
|--|-------------------|-----------------------------|--------------------|---------------|
| | Annual Budget | Expenditure (Cash basis) | Budget Variance | Variance % |
| | US\$ | US\$ | US\$ | |
| Bill Gates-INESS | 10,295,558 | 3,061,128 | 7,234,430 | 70 |
| Hewlett-Sexual Reproductive Health | 345,650 | 158,197 | 187,453 | 54 |
| Umea University/EU | 162,979 | 106,290 | 56,689 | 35 |
| Sida/Research Cooperation | 1,521,959 | 1,125,970 | 395,989 | 26 |
| Sida/Research Cooperation | 1,124,925 | 825,079 | 299,846 | 27 |
| Hewlett Core Support | 494,547 | 374,217 | 120,330 | 24 |
| Hewlett Organisational Effectiveness | 75,000 | 17,500 | 57,500 | 77 |
| Rockefeller Health Systems | 330,924 | 300,924 | 30,000 | 9 |
| SSI/DANIDA – Vaccination & Child Survival | 461,858 | 388,297 | 73,561 | 16 |
| UNESCO Pilot study on migration & Climate change | 79,903 | 79,903 | - | - |
| Save the Children | 65,000 | 65,000 | - | - |
| European Union | 29,976 | 19,763 | 10,213 | 34 |
| WHO INDEPTH ALPHA Project | 133,626 | 133,626 | - | - |
| NIH-Awi-gen Project | 38,690 | 38,690 | - | - |
| Harvard University | 10,000 | 10,000 | - | - |
| University of Kwazulu Natal | 436,055 | 250,494 | 185,561 | 43 |
| University of Heidelberg/EU- Dengue Project | 50,207 | 50,207 | - | - |
| Indepth Network Funds | 655,880 | 655,880 | - | |
| Total | 16,312,737 | 7,661,165 | 8,651,572 | |

The notes on pages 11 to 23 are an integral part of these financial statements.

The budget and the financial statements are prepared on a different basis. The statement of comparison of budget and actual amounts above is prepared on the same basis as the budget. Additional information about the budget and a reconciliation of amounts as per the above statement and the actual amounts in the statement of cash flows is disclosed in note 4 to the financial statements.

Budget compared to actual spend is only required to be disclosed by IPSAS 24 when budgets are publically available. INDEPTH Network has chosen to disclose this information voluntarily to enhance the transparency of its financial statements and the accountability of management for delivering the INDEPTH Network Secretariat services.

INDEPTH NETWORK
(A Company Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. GENERAL INFORMATION

INDEPTH Network is a Company registered and domiciled in Ghana. The address of the Company's registered office can be found on page 2 of the annual report. The main activities of the Organisation are to conduct longitudinal health and demographic evaluation of populations in low and middle income countries, strengthen global capacity for HDSS, co-ordinate and mount cross-national research, and disseminate health information based on up-to-date scientific evidence from different health research centres across the developing world

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and its interpretations adopted by the International Accounting Standards Board (IASB) and the rules of the Network.

b. Basis of preparation

The financial statements have been prepared under the historical cost convention except where otherwise stated in the accounting policies below. The financial statements are prepared on an accrual basis. The cashflow statement is prepared using the indirect method. The accounting policies have been consistently applied to all the years presented

The financial statements are presented in US dollars (US\$), which is the company's functional and presentational currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Use of estimates and judgement

The preparation of financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key estimates management has made in preparing the financial statements concerns the lives of intangible assets and property, plant and equipment which are at least that set out in the relevant notes

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

b. Foreign currency translation

Functional and presentation currency

The financial statements are presented in United States Dollars which is the functional currency

Transactions and balances

Transactions during the year in currencies other than the reporting currency are converted into United States Dollars at the approximate rates of exchange prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US Dollars at the rates of exchange ruling as at that date. The resulting gains or losses are recognised in the statement of financial performance

c. Intangible asset

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its estimated life of 3 years using the straight-line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations

d. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Costs includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of day-to-day maintenance, repair and servicing expenditures incurred on property and equipment are recognised in profit or loss.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. No depreciation is charged in the year of disposal. The annual rates generally in use for the current and comparative periods are as follows

| | |
|------------------------|--------|
| Computers | 33.33% |
| Furniture and fittings | 20% |
| Office equipment | 20% |
| Motor vehicles | 25% |

Depreciation on additions to property, plant and equipment is charged on pro-rata basis from date of assets purchase or becomes ready for use.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amounts of property, plant and equipment and are recognised in profit or loss as other income

e. Cash and cash equivalents

INDEPTH Network's cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

f. Receivables from exchange and non-exchange transactions

Accounts receivable represent receivables from exchange transactions and recoverable from non-exchange transactions.

Recoverable from non-exchange transactions

Salary advances/staff loans outstanding as at the end of the reporting period are treated as receivables in the statement of financial position.

Receivables/recoverable are recorded at their estimated realizable value after providing for doubtful and uncollectible debts.

g. Payables

Payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

h. Revenue

Revenue arises from non-exchange transactions such as grants from various institutional donors. Grants represent cash remittances from institutional donors. Income is recognised when funds are transmitted and received except for specific grant income which may be recognised on accrual or other basis due to the terms and conditions of the grant agreement. Such grants are reviewed on a case by case basis and income recognised based on their terms and conditions.

i. Expenditure

Network expenditure is recognised on accrual basis.

j. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases such as rentals are charged to the statement of financial performance on a straight-line basis over the period of the lease. INDEPTH Network does not have any finance leases

k. Employee benefits

INDEPTH Network has defined contribution plans. A defined contribution plan is a pension plan under which the entity pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions. Obligations for contributions to defined contribution schemes are recognised as an expense in profit or loss in periods during which services are rendered by employees.

l. Events after the reporting period

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material

m. Financial instruments

INDEPTH Network seeks to minimise its exposure to financial risk. It 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.

All financial instruments are recognised in the statement of financial position at their fair values.

n. New standards and interpretations not yet adopted

IPSAS 32—Service Concession Arrangements: Grantor

IPSAS 32, *Service Concession Arrangements: Grantor* was issued in October 2011. It will be adopted for the first time for the financial reporting period ending 31 December 2014. The standard will be applied retrospectively, subject to transitional provisions.

IPSAS 32 sets out the accounting requirements of the grantor in a service concession arrangement

This amendment will not have a significant impact on the company's financial statements

There are no other IPSAS interpretations that are not yet effective that would be expected to have a material impact on the organisation

4. NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

a. Basis of Preparation

The budget information has been prepared on a cash basis since it is the policy of INDEPTH to apply the cash basis of accounting for its budgets during the fiscal year. The financial statements however, are prepared on an accrual basis of accounting. The accrual basis of accounting is one under which transactions, other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the concept recognizes revenue when earned and expenses when incurred.

b. Key assumptions include:

- Networking available throughout the periods
- Donors interest in sponsoring specific site activities

c. Budget approval

The INDEPTH Network is a non-profit public international institution registered in accordance with the Companies Act 1963 (Act 179) and regulations governing NGOs in Ghana.

INDEPTH Network is governed by the General Assembly whose functions and power include among others: "to approve and ratify agreements, contracts, policies, programmes, new members, protocols, by-laws, budgets, financial statements, audit reports and election of Board Members".

The functioning of the Network is entrusted to an elected Board of Trustees whose functions include:

"recommend for approval or ratification by the General Assembly, policies, programmes, budgets, financial statements, audit reports, agreements and contract". The Board of Trustees also reviews, approves and establishes the annual plan of work while the Secretariat (through its Executive Director) drafts an annual work plan and associated budget and report on progress made to the Board of Trustees and as appropriate to the General Assembly during the Annual General Meeting.

c. Budget approval (cont'd)

The approval of the Budget by the General Assembly (through the Board of Trustees) empowers the Secretariat (through the Executive Director), subject to any special conditions to:

- Commit and authorises expenditure and to make all payments to be borne by the Organisation, for the purposes assigned and within the limits of the appropriations and the commitment authority, as the case may be;
- Ensure approval is obtained from Board for any activity outside the network; and
- Provide the Board with quarterly budget and variance for review and approval.

d. Comparison of budget and actual on a high level and also at the level of projects

Introduction

INDEPTH Network entity wide financial statements are on an accrual basis whilst the project specific reporting is on cash basis. The budget for the entity is usually linked to specific projects which are implemented by sub-grantees. The Statement of Financial position, Statements of Financial Performance, Statements of Changes in Nets Assets and Statements of Cash Flow are prepared on a full accrual basis. INDEPTH Network budget and entity-wide financial statements are therefore prepared using different bases.

To enable users and Networkers to derive the needed benefit and make this presentation useful, management has decided to present the comparison by project which is on a cash basis. This form of presentation as indicated is to ensure management achieves the reporting requirement of IPSAS 24 and also meets the needs of stakeholders within the Network for effective decision making.

The approved budget for each of the projects outlined below covers the fiscal period 1 January to 31 December 2013 and includes all sub-grantees implementing the projects across the 49 sites in Africa, Asia and Oceania.

e. Explanations of key deviations

- i. Bill and Melinda Gates – INESS – The INESS project received an amount of US\$9,723,960 in July 2012 for a new anti-malarial Euratesim Study. This study was delayed due to the late introduction of the anti-malaria drug (Euratesim) in the countries on INESS platform. It is also worth noting that the 5 year INESS project came to an end in October 2012. However, a ‘no cost extension’ was granted to the project to implement the Euratesim study up to June 2015. The balance remaining on the project will be used for the implementation of the project.
- ii. SIDA/Research Cooperation Core support:-This was a 4 year core support funding received from SIDA. The balance remaining is a committed fund to be used to support PhD students, accredited Indepth centres to enable them host MSc students from Vits University in South Africa. There was also an additional support in 2013 for two working groups’ i.e. Maternal, Neonatal, Migration and Urbanisation working groups. The funds were received in December 2013 and activities will largely be undertaken in 2014.
- iii. Hewlett-Sexual Reproductive Health: - The balance remaining is a committed fund for the second Phase of the Sexual Reproductive Health project called the INDEPTH Healthy Transition to Adulthood Study which is expected to end in June 2014.
- iv. University of Kwazulu Natal – These are committed funds for Ishare2 project which is on-going.

5 DONOR GRANTS – SECRETARIAT CORE ACTIVITIES

| | 2013 US\$ | 2012 US\$ |
|--------------------------------------|--------------|--------------|
| Sida/Research Cooperation Unit | 1,124,925 | 2,213,615 |
| William and Flora Hewlett Foundation | 250,000 | 500,000 |
| Wellcome Trust | - | 43,417 |
| | ----- | ----- |
| | 1,374,925 | 2,757,032 |
| | ===== | ===== |

6 DONOR GRANTS – PROGRAMME ACTIVITIES

| | | |
|---|-----------|-------------|
| William and Flora Hewlett Foundation (OE) | 75,000 | 300,000 |
| IDRC – Health Systems | - | 58,125 |
| BMGF-INDEPTH Network Effectiveness Safety Study Project (INESS) | - | 9,723,960 |
| Harvard University – Migration Project | - | 35,000 |
| University of Kwazulu Natal – iSHARE2 | 436,055 | 44,414 |
| DANIDA/SSI – Vaccination and Child Health | 206,324 | 73,465 |
| UNESCO Pilot Study on migration & Climate change | 79,903 | 1,000 |
| Doris Duke Foundation – CLIMIMO | - | 80,000 |
| WHO/HMN – INDEPTH-ALPHA | 133,626 | - |
| EU/SSI – Vaccinations | 10,213 | - |
| Save the Children – Newborn | 65,000 | 35,793 |
| Rockefeller Foundation – Universal Health Coverage | 118,152 | 194,449 |
| EU/University of Umea - INTREC | - | 266,292 |
| University of Heidelberg/EU – IDAMS | 23,056 | - |
| NIH/Awigen Project | 38,690 | - |
| | ----- | ----- |
| | 1,186,019 | 10,812,498 |
| Net change in deferred grant (<i>Note 29</i>) | 3,186,088 | (6,533,061) |
| | ----- | ----- |
| | 4,372,107 | 4,279,437 |
| | ===== | ===== |

7 OTHER REVENUE

| | | |
|-----------------------|---------|--------|
| Sundry income | 136,677 | 73,696 |
| Ghana Health Services | 224,969 | - |
| | ----- | ----- |
| | 361,646 | 73,696 |
| | ===== | ===== |

*This amount represents receipt in respect of a survey conducted for the Ghana Health Services on Child Survival during the year.

8 GOVERNANCE MEETING EXPENSES

| | 2013 | 2012 |
|---------------|----------------|----------------|
| | US\$ | US\$ |
| INDEPTH Core | 157,679 | 93,458 |
| INESS Project | - | 70,916 |
| | ----- | ----- |
| | <u>157,679</u> | <u>164,374</u> |

9 SCIENTIFIC WORKSHOPS AND COORDINATION EXPENSES

| | | |
|---------------|------------------|------------------|
| INDEPTH Core | 2,740,484 | 1,934,138 |
| INESS Project | 972,919 | 847,104 |
| | ----- | ----- |
| | <u>3,713,403</u> | <u>2,781,242</u> |

10 CAPACITY STRENGTHENING WORKSHOP EXPENSES

| | | |
|---------------|----------------|----------------|
| INDEPTH Core | 470,769 | 428,508 |
| INESS Project | - | 5,839 |
| | ----- | ----- |
| | <u>470,769</u> | <u>434,347</u> |

11 ANNUAL GENERAL AND SCIENTIFIC MEETINGS

| | | |
|------------------------------------|----------------|----------------|
| Air tickets | 133,281 | 42,406 |
| Conference package and other costs | 138,093 | 136,529 |
| | ----- | ----- |
| | <u>271,374</u> | <u>178,935</u> |

12. SUB GRANTS TO MEMBER CENTRES

| | | |
|---------------|------------------|------------------|
| INDEPTH Core | 1,914,454 | 765,967 |
| INESS Project | 482,600 | 2,035,700 |
| | ----- | ----- |
| | <u>2,397,054</u> | <u>2,801,667</u> |

13. GENERAL SECRETARIAT RUNNING COST

| | 2013 US\$ | 2012 US\$ |
|-------------------------------|--------------|--------------|
| *INDEPTH Core | 774,919 | 653,341 |
| | ===== | ===== |
| *This includes: Audit fees | 67,950 | 56,625 |
| | ===== | ===== |

14. FINANCIAL INCOME

| | | |
|-------------------------|--------|--------|
| Interest income | 22,102 | 35,460 |
| Net exchange difference | - | 1,337 |
| | ----- | ----- |
| | 22,102 | 36,797 |
| | ===== | ===== |

15. FINANCIAL EXPENSE

| | | |
|--------------|----------|----------|
| Bank charges | (69,672) | (69,494) |
| | ----- | ----- |
| | (69,672) | (69,494) |
| | ===== | ===== |

16. PROPERTY AND EQUIPMENT

| 2013 | Computers US\$ | Furniture & fittings US\$ | Office Equipment US\$ | Motor Vehicles US\$ | Total US\$ |
|---------------------------------|-------------------|---------------------------------|-----------------------------|---------------------------|---------------|
| Cost | | | | | |
| At 1 January | 97,789 | 5,715 | 106,672 | 191,973 | 402,149 |
| Additions | 6,866 | - | 7,052 | 28,000 | 41,918 |
| Disposals/write offs | (8,055) | - | (14,935) | (163,913) | (186,903) |
| | ----- | ----- | ----- | ----- | ----- |
| At 31 December | 96,600 | 5,715 | 98,789 | 56,060 | 257,164 |
| | ===== | ===== | ===== | ===== | ===== |
| Accumulated depreciation | | | | | |
| At 1 January | 86,496 | 3,583 | 57,204 | 150,709 | 297,992 |
| Charge for the year | 5,161 | 584 | 19,726 | 14,010 | 39,481 |
| Release on disposals/write offs | (8,055) | - | (14,935) | (143,697) | (166,687) |
| | ----- | ----- | ----- | ----- | ----- |
| At 31 December | 83,602 | 4,167 | 61,995 | 21,022 | 170,786 |
| | ===== | ===== | ===== | ===== | ===== |

16. PROPERTY AND EQUIPMENT (CONT'D)

| 2013 | Computers US\$ | Furniture & fittings US\$ | Office Equipment US\$ | Motor Vehicles US\$ | Total US\$ |
|---------------------------------|---------------------------|--|--------------------------------------|------------------------------------|-----------------------|
| Net carrying amounts | | | | | |
| At 31/12/13 | <u>12,998</u> | <u>1,548</u> | <u>36,794</u> | <u>35,038</u> | <u>86,378</u> |
| 2012 | | | | | |
| Cost | | | | | |
| At 1 January | 96,880 | 4,684 | 100,389 | 191,973 | 393,926 |
| Additions | 909 | 1,031 | 6,283 | - | 8,223 |
| At 31 December | <u>97,789</u> | <u>5,715</u> | <u>106,672</u> | <u>191,973</u> | <u>402,149</u> |
| Accumulated depreciation | | | | | |
| At 1 January | 80,858 | 3,050 | 44,837 | 136,954 | 265,699 |
| Charge for the year | 5,638 | 533 | 12,367 | 13,755 | 32,293 |
| At 31 December | <u>86,496</u> | <u>3,583</u> | <u>57,204</u> | <u>150,709</u> | <u>297,992</u> |
| Net carrying amounts | | | | | |
| At 31/12/12 | <u>11,293</u> | <u>2,132</u> | <u>49,468</u> | <u>41,264</u> | <u>104,157</u> |

(b) Disposal/write off Property and Equipment

| | 2013 US\$ | 2013 US\$ |
|------------------|----------------------|----------------------|
| Cost of assets | 186,903 | - |
| Accumulated fund | (166,687) | - |
| Net book value | <u>20,216</u> | - |
| Proceeds | (7,664) | - |
| Loss on disposal | <u>12,552</u> | - |

17. CASH AND CASH EQUIVALENTS

| | 2013 | 2012 |
|-------------------------------------|------------------|-------------------|
| | US\$ | US\$ |
| Cash in hand and at bank | 7,197,914 | 12,345,212 |
| Investment in short term securities | 1,375,567 | 1,355,123 |
| | ----- | ----- |
| | <u>8,573,481</u> | <u>13,700,335</u> |

18. RECOVERABLES FROM NON-EXCHANGE TRANSACTIONS

| | | |
|--------------|------------------|------------------|
| INESS | 972,498 | 945,435 |
| INDEPTH Core | 598,547 | 472,655 |
| | ----- | ----- |
| | <u>1,571,045</u> | <u>1,418,090</u> |

These are receivables from Grant Partners.

19 RECEIVABLES FROM EXCHANGE TRANSACTIONS

This comprises advances given to staff which were outstanding as at the end of the period.

20. PREPAYMENT

INDEPTH Network rents office space in Accra, under tenancy agreements which terminate on May 2014. Included in the tenancy agreement is a requirement to pay the landlord in advance for the entire period, which is expensed annually on a pro-rata basis.

21. ACCRUED EXPENSES AND PAYABLES

| | 2013 | 2012 |
|---------------------------------|----------------|----------------|
| | US\$ | US\$ |
| <u>Accrued expenses</u> | | |
| Auditor's remuneration | 67,950 | 56,625 |
| Other accrued expenses | 16,601 | 88,823 |
| | ----- | ----- |
| | 84,551 | 145,448 |
| <u>Payabies</u> | | |
| Kintampo Health Research Centre | 16,249 | 102,803 |
| | ----- | ----- |
| | <u>100,800</u> | <u>248,251</u> |

22. ENDOWMENT FUND

The endowment fund was set up in 2013 as a non-distributable reserve to broaden and stabilize the financial base of the Network.

The fund has been invested in a 91 day T-bills with the Ghana Commercial Bank. The Network will continue with the endowment fund through the support of donor agencies and corporations within and outside Africa.

23. FINANCIAL INSTRUMENTS

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

Credit risk

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

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

As at 31 December 2013, the total amount of cash and cash equivalents was US\$8,573,481 (2012: US\$13,700,335). Out of this amount, US\$6,255,076 representing 73% of cash and cash equivalents was held with UBS International in the United States in the form of demand deposits, whilst the remaining amount of US\$2,318,405 representing 27% was held with reputable banks in Ghana listed on page 1 of this report. Recoverable from non-exchange transaction, receivable from exchange transactions and prepayments as at 31 December 2013 totalled US\$ 1,605,453(2012: US\$1,571,045).

The maximum exposure as at 31 December 2013 was equal to the total amount of bank balances, short-term deposits, and receivables disclosed in the statement of financial position.

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

Foreign currency exchange rate risk

INDEPTH Network operates separate bank accounts in Euro and Ghana Cedi. 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 period end. 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 dollars at exchange rates at the dates of the transactions.

Fair values

As at 31 December 2013, the carrying amounts approximate the fair values for all financial instruments held by INDEPTH Network.

24. EMPLOYEE BENEFITS

a) Staff costs

The total staff costs for the period under review amounted to US\$1,128,595 (2012: US\$1,441,271). This cost has been allocated under the following expenditure lines: Scientific workshops and coordination, Capacity strengthening workshops and General secretariat running costs.

b) Social Security Contributions

Under the National Pension Scheme, the INDEPTH Network contributes 13% 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 the due dates. The pension liability and obligations rest with SSNIT.

c) Provident Fund

INDEPTH Network has a provident Network scheme for staff under which it contributes 10% of staff basic salary. INDEPTH Network obligation under the plan is limited to the relevant contributions and there are settled on due dates to an independent Network manager.

25. 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 Network meetings or any other INDEPTH business. The list of trustees during the year under review is shown on page 1 of this report.

Except for the Executive Director, who is remunerated by the organisation, no other board member received any remuneration or loans other than the entitlements indicated above during the year under review. For the year under review, the Executive Director's total emoluments were US\$187,687 (2012: US\$172,657).

Key management staff

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any Director (whether executive or otherwise) of the Company.

Key management personnel compensation included the following:

| | 2013 | 2012 |
|---------------------|-------------|-------------|
| | US\$ | US\$ |
| Short term benefits | 212,500 | 175,000 |
| | ===== | ===== |

26. COMMITMENTS

There were no outstanding commitments at 31 December 2013 (2012: Nil).

27. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2013 (2012: Nil).

28. EVENTS AFTER THE REPORTING DATE

Events subsequent to the reporting date are reflected only to the extent that they relate to the financial statements and the effect is material

29. NET MOVEMENTS IN COMMITTED FUNDS DEFERRED GRANTS

| | Committed Grants Deferred at 1 January 2013 | Committed Grants Deferred at 31 December 2013 | Net change in Committed Grants for the year |
|---|--|--|--|
| | US\$ | US\$ | US\$ |
| Bill Gates-INESS | 10,295,558 | 7,234,430 | 3,061,128 |
| Hewlett-Sexual Reproductive Health | - | 187,453 | (187,453) |
| Umea University/EU | 162,979 | 56,689 | 106,290 |
| Rockefeller Health Systems | 212,773 | 30,000 | 182,773 |
| SSI/DANIDA – Vaccination & Child Survival | 255,534 | 73,561 | 181,973 |
| European Union | - | 10,213 | (10,213) |
| Harvard University | 10,000 | - | 10,000 |
| University of Kwazulu Natal | - | 185,561 | (185,561) |
| University of Heidelberg/EU- Dengue Project | 27,151 | - | 27,151 |
| | | | |
| Total | 10,963,995 | 7,777,907 | 3,186,088 |

Deferred grants represent the best estimate of the amount required to settle the present obligation for on-going programmes which had not been completed as at the end of the year.

The adjustments listed above have been described in the notes set out below:

Under the previous accounting policies, total cash received from donors were recognized into statement of financial performance without recourse to the level of completion of the specific projects. Deferred grants and the corresponding liabilities were not accounted for in the statement of financial performance and the statement of financial position. Deferred grants at the end of each reporting period were accounted for as part of net assets. IPSAS requires that the deferred portion of funds with conditions be provided for and not included in revenue for the period under consideration. Deferred grants amounting to US\$7,777,907 and US\$10,963,995 for period to 2013 and 2012 respectively which were accounted for in the statement of financial performance and included in net assets have therefore been reclassified to current liabilities

30. COMPARATIVE INFORMATION

The comparative information have been restated, where applicable, to conform to the current year's presentation.