

INDEPTH NETWORK
(A Company Limited by Guarantee)

FINANCIAL STATEMENTS
31 DECEMBER 2016

INDEPTH NETWORK*(A Company Limited by Guarantee)***ANNUAL REPORT AND FINANCIAL STATEMENTS****I N D E X**

	P a g e
Corporate Information	2
Report of the Board of Trustees	3
Independent Auditor's Report	4
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash flows Statement	9
Statement of Comparison of Budget and Actual Amounts	10
Notes to the Financial Statements	12

INDEPTH NETWORK

(A Company Limited by Guarantee)

CORPORATE INFORMATION

BOARD OF TRUSTEES

Prof. Peter Byass	- Interim Chair (<i>Appointed: November 2016</i>)
Mr. Pali Lehohla	- Vice Chair
Prof. Osman Sankoh	- Executive Director
Dr. Kofi Baku	- Board Secretary
Prof. Alemayehu Worku	- Member
Dr. Walter Otieno	- Member
Prof. Nguyen Chuc Nguyen	- Member
Dr. Abdramane Soura	- Member
Prof. Oche Mansur Oche	- Member
Dr. Josephine Odera	- Member
Prof. Tumani Corrah	- Member
Prof Wordofa M. Abera	- Member (<i>Appointed: November 2015</i>)
Prof. Abhitjit Chowdhury	- Member (<i>Resigned: November 2016</i>)
Prof. Marcel Tanner	- Chair (<i>Resigned: November 2016</i>)

AUDITOR

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
GCB Bank Limited
Guaranty Trust Bank Ghana Limited
HFC 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 2016.

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 2016, 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 42 member centres running 47 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.

FINANCIAL STATEMENTS

The results for the year are as set out in the attached financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Network as indicated above were approved by the Board of Trustees on

09/05/2017 and are signed on their behalf by:


.....
TRUSTEE


.....
TRUSTEE

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

Report on the Financial Statements

Opinion

We have audited the financial statements of INDEPTH Network which comprise the statement of financial position at 31 December 2016, the statement of financial performance, statement of changes in net assets and cash flows 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 12 to 23.

In our opinion, these financial statements give a true and fair view of the statement of financial position of INDEPTH Network Secretariat at 31 December 2016, 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).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation of financial statements that give a true and fair view 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.

In preparing the financial statements, the Trustees are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for overseeing the Company's financial reporting process.





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

Report on the Financial Statements

Opinion

We have audited the financial statements of INDEPTH Network which comprise the statement of financial position at 31 December 2016, the statement of financial performance, statement of changes in net assets and cash flows 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 12 to 23.

In our opinion, these financial statements give a true and fair view of the statement of financial position of INDEPTH Network Secretariat at 31 December 2016, 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).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation of financial statements that give a true and fair view 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.

In preparing the financial statements, the Trustees are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for overseeing the Company's financial reporting process.



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

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.

The engagement partner on the audit resulting in this independent auditor's report is **Nathaniel D. Harlley (ICAG/P/1056)**

For and on behalf of:

KPMG: (ICAG/F/2017/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELINKPE

P O BOX GP 242

ACCRA

..... 2017

INDEPTH NETWORK

(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 US\$	2015 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	16	36,758	54,943
Long term investment	18	1,398,896	-
Total non-current assets		<u>1,435,654</u>	<u>54,943</u>
Current assets			
Cash and cash equivalents	17	980,331	2,281,374
Short term investment	18	-	1,389,523
Recoverable from non-exchange transactions	19	1,149,671	238,582
Receivables from exchange transactions	20	79,104	31,529
Prepayment	21	16,133	59,650
Total current assets		<u>2,225,239</u>	<u>4,000,658</u>
TOTAL ASSETS		<u>3,660,893</u>	<u>4,055,601</u>
LIABILITIES			
Current liabilities			
Accrued expenses and payables	22	123,000	420,731
Committed grants deferred	30	1,533,844	1,636,439
TOTAL LIABILITIES		<u>1,656,844</u>	<u>2,057,170</u>
Net assets		<u>2,004,049</u>	<u>1,998,431</u>
Financed by:			
Endowment fund	23	1,429,948	1,389,825
Accumulated Surplus		574,101	608,606
		<u>2,004,049</u>	<u>1,998,431</u>


 TRUSTEE


 TRUSTEE

 The financial statements were signed on 09/05/, 2017.

The notes on pages 12 to 23 are an integral part of these financial statements.

INDEPTH NETWORK
(A Company Limited by Guarantee)
STATEMENT OF FINANCIAL PERFORMANCE
AT 31 DECEMBER 2016

	Note	2016 US\$	2015 US\$
Revenue			
Funds received from donors			
Secretariat-core activities	5	2,140,897	1,738,482
Programmes	6	1,390,005	3,567,693
Sub-total		<u>3,530,902</u>	<u>5,306,175</u>
 Other revenue	 7	 <u>18,635</u>	 <u>47,017</u>
Total revenue		<u>3,549,537</u>	<u>5,353,192</u>
 Governance meeting expenses	 8	 141,664	 175,412
Scientific workshop and coordination expense	9	1,280,778	2,164,922
Capacity strengthening workshop expenses	10	522,933	708,861
Annual general and scientific meetings	11	122,665	257,393
Sub grants to member centres	12	595,736	1,327,728
General secretariat running costs	13	856,657	1,253,116
Total expenditure		<u>3,520,433</u>	<u>5,887,432</u>
Surplus/ (Deficit) before financial income and expense		<u>29,104</u>	<u>(534,240)</u>
 Finance income	 14	 40,123	 2,883
Finance expense	15	(63,609)	(55,832)
 Net financial expense		<u>(23,486)</u>	<u>(52,949)</u>
 Surplus/ (Deficit) after financial income and expense		 <u>5,618</u>	 <u>(587,189)</u>

The notes on pages 12 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 2016

	Accumulated fund US\$	Endowment fund US\$	Total US\$
2016			
Balance at 1 January	608,606	1,389,825	1,998,431
Change in net assets during the year	5,618	-	5,618
Transfer	(40,123)	40,123	-
Balance at 31 December	<u>574,101</u>	<u>1,429,948</u>	<u>2,004,049</u>
2015			
Balance at 1 January	1,198,678	1,386,942	2,585,620
Change in net assets during the year	(587,189)	-	(587,189)
Transfer	(2,883)	2,883	-
Balance at 31 December	<u>608,606</u>	<u>1,389,825</u>	<u>1,998,431</u>

The notes on pages 12 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 2016

	Note	2016 US\$	2015 US\$
Surplus/ (Deficit) for the year		5,618	(587,189)
Depreciation for the year		21,597	23,424
Interest income		(43,535)	(2,883)
(Increase)/ Decrease in receivables from non-exchange transactions		(911,089)	606,589
(Increase) in receivables from exchange transactions		(47,575)	(10,896)
Decrease in prepayments		43,517	43,518
(Decrease)/increase in payables		(297,731)	322,497
Change in net deferred grants		(102,595)	(2,742,195)
Loss on disposal of plant and equipment		-	2,470
		-----	-----
Net cash used in operating activities		(1,331,793)	(2,344,665)
		-----	-----
Cash flows used in investing activities			
Acquisition of property, plant and equipment	16	(3,412)	(38,219)
Proceeds from disposal of plant and equipment		-	4,500
Purchase of long term investment		(1,391,000)	-
Interest received		35,639	2,883
		-----	-----
Net cash generated from/ (used in) investing activities		(1,358,773)	(30,836)
		-----	-----
Net decrease in cash and cash equivalents		(2,690,566)	(2,375,501)
		=====	=====
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		3,670,897	6,046,398
Net cash outflow		(2,690,566)	(2,375,501)
		-----	-----
Cash and cash equivalents at end of the year		980,331	3,670,897
		=====	=====
Analysis of Cash and Cash Equivalent			
Cash at Bank		980,331	2,281,374
Short term investment (T-Bills)		-	1,389,523
		-----	-----
		980,331	3,670,897
		=====	=====

The notes on pages 12 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 2016

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

	2016	2016		
	Annual Budget	Expenditure	Budget Variance	Variance %
	US\$	US\$	US\$	
SIDA/Research Cooperation	1,590,924	1,495,318	95,606	6
Hewlett Foundation - Core support	549,972	549,972	-	-
LSHTM - ENAP Project	249,379	147,005	102,374	41
Oxford University - Abacus Project	247,094	128,660	118,434	48
IHME - Ebola Project	87,069	89,729	(2,660)	(3)
Chatham House roundtable meeting	15,562	13,363	2,199	14
Civil Registration and Vital Statistics - CRVS	27,567	27,569	(2)	-
SSI/DANIDA - Vaccination & Child Survival	111,869	111,869	-	-
NUTRI-SCOPE Meeting	13,561	13,263	298	2
EU/Heidelberg University - IDAMS	10,213	10,213	-	-
Save the Children	5,575	-	5,575	100
GlaxoSmithKline - GSK	24,676	24,676	-	-
Global Alliance for Vaccines & Immunization	51,482	2,894	48,588	94
NIH/Wits Health Consortium - Awi-gen Project	186,541	66,355	120,186	64
VAPAAR Meeting	11,507	11,378	130	1
Wellcome Trust/ University of KwaZulu Natal	332,125	432,490	(100,365)	(30)
Population Council - Evidence Project	56,123	56,123	-	-
Bill and Melinda Gates Foundation - IHOPE Project	454,024	323,403	130,621	29
INDEPTH Core	60,844	60,844	-	-
Total	4,086,108	3,565,123	520,985	

The notes on pages 12 to 23 are an integral part of these financial statements.

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 2016

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

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.

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 among others include: "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.

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.

4 NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – CONT'D

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 2016 and includes all sub-grantees implementing the projects across the 52 sites in Africa, Asia and Oceania.

e. Explanations of key deviations

- i. Bill and Melinda Gates - INESS Project: This Project ended in June 2015. We got approval for no cost extension from Gates Foundation to use funds remaining of \$1,182,415 for a new anti-Malarial drug (Pyramax) study. The protocol has been discussed and the study has started in Nanoro HDSS in Burkina Faso. The Project will end in December 2017.
- ii. NIH Wits Consortium: Awi-gen Project: This Project is conducted on Pre-financing basis. We received funds in December 2016 which has been fully disbursed to the implementing Centres in January 2017.
- iii. Bill and Melinda Gates – IHOPE Project: This is a 3 year research study on out of pocket expenses on health which started in November 2014. The project received 70% of the funds during the year 2014. The Project Protocols and Instruments have been developed and approved by Project independent SAG Members. Field Work is expected to commence in March 2017. The funds remaining are committed funds for Project activities in 2017.

5 DONOR GRANTS – SECRETARIAT CORE ACTIVITIES

	2016 US\$	2015 US\$
SIDA/Research Cooperation Unit	1,590,924	1,196,087
Hewlett Foundation- Core	549,973	500,000
Wellcome Trust Core	-	42,395
	-----	-----
	2,140,897	1,738,482
	=====	=====

6 DONOR GRANTS – PROGRAMME ACTIVITIES

	2016 US\$	2015 US\$
University of Kwazulu Natal	381,988	227,042
NIH/Wits Health Consortium – Awi-gen Project	186,541	313,946
Population council - Evidence Project	33,862	77,877
SSI/DANIDA – Vaccination and Child Health	27,611	11,809
LSHTM – ENAP Project	249,379	-
Oxford University – Abacus Project	247,095	-
IHME Ebola Meeting	95,628	-
GSK	24,676	-
Chatham House Roundtable Meeting	15,562	-
Nutri-Scope Postdam Proposal	13,561	-
University of Aberdeen	11,507	-
Global Alliance for Vaccines & Immunization - GAVI	-	160,092
Save the Children – Newborn	-	34,732
	-----	-----
	1,287,410	825,498
Net change in deferred grant (<i>Note 30</i>)	102,595	2,742,195
	-----	-----
	<u>1,390,005</u>	<u>3,567,693</u>
	=====	=====

7 OTHER REVENUE

Sundry income	18,635	47,017
	=====	=====

8 GOVERNANCE MEETING EXPENSES

INDEPTH Core	127,045	164,099
INDEPTH Projects	14,619	11,313
	-----	-----
	141,664	175,412
	=====	=====

9 SCIENTIFIC WORKSHOPS AND COORDINATION EXPENSES

INDEPTH Core	465,914	1,222,067
INDEPTH Projects	814,864	942,855
	-----	-----
	1,280,778	2,164,922
	=====	=====

10 CAPACITY STRENGTHENING WORKSHOP EXPENSES

INDEPTH Core	294,606	440,747
INDEPTH Projects	228,327	268,114
	-----	-----
	522,933	708,861
	=====	=====

11 ANNUAL GENERAL AND SCIENTIFIC MEETINGS

	2016 US\$	2015 US\$
INDEPTH Core	85,249	-
INDEPTH Projects	37,416	257,393
	<u>122,665</u>	<u>257,393</u>

12 SUB GRANTS TO MEMBER CENTRES

INDEPTH Core	60,984	164,498
INDEPTH Projects	534,752	1,163,230
	<u>595,736</u>	<u>1,327,728</u>

13 GENERAL SECRETARIAT RUNNING COST

INDEPTH Core	726,221	1,076,200
INDEPTH Projects	130,436	176,916
	<u>856,657</u>	<u>1,253,116</u>

*This includes:
Audit fees

40,000	40,000
<u>40,000</u>	<u>40,000</u>

14 FINANCE INCOME

Interest income	40,123	2,883
	<u>40,123</u>	<u>2,883</u>

15 FINANCE EXPENSE

Bank charges	63,609	55,832
	<u>63,609</u>	<u>55,832</u>

16 PROPERTY AND EQUIPMENT

	Computers US\$	Furniture & fittings US\$	Office Equipment US\$	Motor Vehicles US\$	Total US\$
2016					
Cost					
At 1 January	104,696	7,913	101,441	56,060	270,110
Additions	2,405	-	1,007	-	3,412
	-----	-----	-----	-----	-----
At 31 December	107,101	7,913	102,448	56,060	273,522
	=====	=====	=====	=====	=====
Accumulated depreciation					
At 1 January	93,939	6,005	66,164	49,059	215,167
Charge for the year	3,499	715	10,382	7,001	21,597
	-----	-----	-----	-----	-----
At 31 December	97,438	6,720	76,546	56,060	236,764
	=====	=====	=====	=====	=====
Net carrying amounts					
At 31/12/16	9,663	1,193	25,902	-	36,758
	=====	=====	=====	=====	=====
2015					
Cost					
At 1 January	104,696	6,834	98,789	56,060	266,379
Additions	-	1,079	37,140	-	38,219
Disposals	-	-	(34,488)	-	(34,488)
	-----	-----	-----	-----	-----
At 31 December	104,696	7,913	101,441	56,060	270,110
	=====	=====	=====	=====	=====
Accumulated depreciation					
At 1 January	88,946	4,978	83,279	42,058	219,261
Charge for the year	4,993	1,027	10,403	7,001	23,424
Release on disposals	-	-	(27,518)	-	(27,518)
	-----	-----	-----	-----	-----
At 31 December	93,939	6,005	66,164	49,059	215,167
	=====	=====	=====	=====	=====
Net carrying amounts					
At 31/12/15	10,757	1,908	35,277	7,001	54,943
	=====	=====	=====	=====	=====

16 PROPERTY AND EQUIPMENT - CONT'D**(b) Disposal/write off Property and Equipment**

	2016 US\$	2015 US\$
Cost of assets	-	34,488
Accumulated depreciation	-	(27,518)
	---	-----
Net book value	-	6,970
Proceeds	-	4,500
	---	-----
Loss on disposal	-	2,470
	==	=====

17 CASH AND CASH EQUIVALENTS

Cash at bank	951,674	2,245,199
Cash in hand	28,657	36,175
	-----	-----
	980,331	2,281,374
	=====	=====

18 LONG TERM INVESTMENTS

This is an investment of the endowment fund of the organisation in a 365-day fixed deposit with HFC Bank (Ghana) Limited.

19 RECOVERABLE FROM NON-EXCHANGE TRANSACTIONS

	2016 US\$	2015 US\$
INDEPTH Core ***	1,049,305	238,582
Donors - University of Kwazulu Natal	100,365	-
	-----	-----
	1,149,670	238,582
	=====	=====

*** These are receivables from Grant Partners.

20 RECEIVABLES FROM EXCHANGE TRANSACTIONS

This comprises advances given to staff which were outstanding as at the end of the period. Included in this amount is interest receivable of for the long term investment.

21 PREPAYMENT

INDEPTH Network rents office space in Accra, under tenancy agreements which terminate in March 2017. 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.

22 ACCRUED EXPENSES AND PAYABLES

	2016 US\$	2015 US\$
<u>Accrued expenses</u>		
Auditor's remuneration	40,000	40,000
Other accrued expenses	83,000	380,731
	-----	-----
	123,000	420,731
	=====	=====

23 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 365-day fixed deposit with HFC Bank (Ghana) Limited. The Network will continue with the endowment fund through the support of donor agencies and corporations within and outside Africa.

24 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 2016, the total amount of cash and cash equivalents was US\$980,331. (2015: US\$3,670,897). Out of this amount, US\$720,058 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\$ 260,273 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 2016 totalled US\$1,244,908 (2015: US\$329,761).

24 FINANCIAL INSTRUMENTS - CONT'D

The maximum exposure as at 31 December 2016 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 2016, the carrying amounts approximate the fair values for all financial instruments held by INDEPTH Network.

25 EMPLOYEE BENEFITS

a) Staff costs

The total staff costs for the period under review amounted to US\$1,100,407 (2015: US\$1,349,282). 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 these are settled on due dates to an independent Fund manager.

26 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\$213,104 (2015: US\$198,844).

26 RELATED PARTY TRANSACTIONS – CONT'D

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:

	2016 US\$	2015 US\$
Short term benefits	283,731 =====	322,386 =====

27 COMMITMENTS

There were no commitments for capital expenditure in the financial statements at the reporting date and at 31 December 2015.

28 CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date and at 31 December 2015.

29 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

30 NET MOVEMENTS IN COMMITTED FUNDS DEFERRED

	Committed Grants Deferred at 1 January 2016	Committed Grants Deferred at 31 December 2016	Net change in Committed Grants for the year
	US\$	US\$	US\$
Non-Core Activities			
Bill and Melinda Gates Foundation -INESS	1,182,415	1,182,415	-
Bill and Melinda Gates Foundation – iHOPE Project	454,024	130,621	323,403
LSHTM - ENAP Project	-	102,374	(102,374)
Oxford University - Abacus Project	-	118,434	(118,434)
Total	1,636,439	1,533,844	102,595

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.