

**INDEPTH NETWORK**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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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 42 Health and Demographic Surveillance System (HDSS) member centres in 19 countries 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 Code, 1963 (Act 179).

**Board of Trustees**

Prof. Marcel Tanner	Chair (Effective October 2011)
Dr. Kayla Larserson	Chair (Tenure ended October 2011)
Dr. Sanjay Juvekar	Vice Chair
Prof. Osman Sankoh	Executive Director
Dr. Kofi Baku	Board Secretary
Prof. Peter Byass	Member (Effective October 2011)
Dr. Timothy Evans	Member (Effective October 2011)
Prof. Hans-Olov Adam	Member (Effective October 2011)
Prof. Kathleen Kahn	Member (Effective October 2011)
Dr. Eusébio Macete	Member (Effective October 2011)
Dr. Honorati Masanja	Member
Dr. Margaret Gyapong	Member
Dr. Ali Sie	Member
Prof. Peter Aaby	Member (Tenure ended in October 2011)
Dr. Andreas Heddini	Member (Tenure ended in October 2011)

**Auditor**

PricewaterhouseCoopers  
Chartered Accountants  
No. 12 Airport City  
Una Home 3<sup>rd</sup> Floor  
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  
Stanbic Bank Ghana Limited  
Guaranty Trust Bank Ghana Limited

## **REPORT OF THE BOARD OF TRUSTEES**

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 2011.

### **Statement of the Board of Trustees' responsibilities**

The Board of Trustees is responsible for the preparation of financial statements for each financial year, which give 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 these financial statements, the Board of Trustees has selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Public Sector Accounting Standards (IPSAS).

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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activities**

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.

### **Results**

The Statement of Financial Performance on page 5 shows a surplus for the year of **US\$1,935,729** (2010 deficit: US\$4,264,229), whilst the statement of financial position on page 6 shows that **US\$8,478,067** (2010: US\$6,542,338) was carried forward as accumulated fund at the end of the period.

### **Auditor**

PricewaterhouseCoopers Chartered Accountants has expressed willingness to continue in office as auditor of the Organisation in accordance with Section 134 (5) of the Companies Code, 1963 (Act 179).

### **BY ORDER OF THE BOARD**

**Board Chair:**

**Executive Director:**

...09.....July 2012



# **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 18. These financial statements comprise the statement of financial position as at 31 December 2011, the statement of financial performance, the cash flow statement and the statement of changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Board of Trustees is responsible for the preparation of financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards and with the requirements of the Companies Code, 1963 (Act 179) and for such internal control, as the Board of 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 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 the audit to obtain reasonable assurance about 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 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Trustees, 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 financial position of INDEPTH Network as at 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards and in the manner required by the 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 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 and statement of financial position are in agreement with the books of account.

*Ricewaterhouse Coopers*

**Chartered Accountants**

**... July 2012**

**Accra, Ghana**

**Michael Asiedu-Antwi (101032)**



**STATEMENT OF FINANCIAL PERFORMANCE**

(All amounts are expressed in US dollars unless otherwise stated)

	Notes	<b>Year ended 31 December</b>	
		<b>2011</b>	<b>2010</b>
<b>Operating revenue</b>			
Grants	2	<b>10,656,087</b>	3,985,539
Other income	3	<u><b>51,519</b></u>	<u>242,730</u>
<b>Total operating revenue</b>		<b><u>10,707,606</u></b>	<b><u>4,228,269</u></b>
Meeting expenses	4	<b>452,917</b>	403,040
Scientific workshop and coordination expenses	5	<b>2,823,082</b>	2,139,158
Capacity strengthening workshop expenses	6	<b>373,807</b>	892,749
Annual General and Scientific Meetings	7	<b>480,399</b>	305,116
Sub grants	8	<b>3,651,689</b>	3,285,328
General Secretariat running costs	9	<u><b>866,184</b></u>	<u>1,469,155</u>
<b>Total expenditure</b>		<b><u>8,648,078</u></b>	<b><u>8,494,546</u></b>
Financial income	10	<b>6,218</b>	80,724
Financial expense	11	<u><b>(130,017)</b></u>	<u>(78,676)</u>
<b>Net financial (expense)/income</b>		<b><u>(123,799)</u></b>	<b><u>2,048</u></b>
<b>Surplus/(Deficit)</b>		<b><u>1,935,729</u></b>	<b><u>(4,264,229)</u></b>

**STATEMENT OF FINANCIAL POSITION**

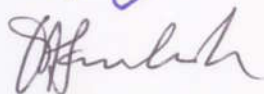
(All amounts are expressed in US dollars unless otherwise stated)

		<u>At 31 December</u>	
	Notes	2011	2010
<b>Non-current assets</b>			
Property, plant and equipment	12	<u>128,227</u>	<u>121,076</u>
<b>Current assets</b>			
Cash and cash equivalents	13	7,129,220	6,173,381
Recoverables from non exchange transactions	14	1,482,715	217,785
Receivables from exchange transactions	15	31,300	35,963
Prepayment	16	<u>26,840</u>	<u>46,224</u>
<b>Total current assets</b>		<b>8,670,075</b>	<b>6,473,353</b>
<b>Total assets</b>		<b>8,798,302</b>	<b>6,594,429</b>
<b>Current liabilities</b>			
Accounts payable and accrued expenses	17	<u>(320,235)</u>	<u>(52,091)</u>
<b>Net assets</b>		<b>8,478,067</b>	<b>6,542,338</b>
<b>Represented by:</b>			
Accumulated fund (page 8)		<u>8,478,067</u>	<u>6,542,338</u>

The financial statements on pages 5 to 18 were approved by the Board of Trustees on  
.....<sup>09</sup>.....July 2012 and signed on their behalf by:

Board Chair:

Executive Director:





**CASH FLOW STATEMENT**

(All amounts are expressed in US dollars unless otherwise stated)

		<u>Year ended 31 December</u>	
		2011	2010
<b>Net cash flows generated from(Used in) operating activities</b>	18	<b><u>1,003,624</u></b>	<b><u>(4,202,656)</u></b>
<b>Cash flows used in investing activities</b>			
Acquisition of property, plant and equipment	12	<b><u>(47,785)</u></b>	<b><u>(56,359)</u></b>
<b>Increase/(Decrease) in cash and cash equivalents</b>		<b><u>955,839</u></b>	<b><u>(4,259,015)</u></b>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		<b><u>6,173,381</u></b>	<b><u>10,432,396</u></b>
Increase/(Decrease) in cash and cash equivalents		<b><u>955,839</u></b>	<b><u>(4,259,015)</u></b>
<b>Cash and cash equivalents at end of the year</b>	13	<b><u>7,129,220</u></b>	<b><u>6,173,381</u></b>

**STATEMENT OF CHANGES IN NET ASSETS**

(All amounts are expressed in US dollars unless otherwise stated)

	<b>Accumulated fund</b>
Balance at 31 December 2009	10,806,567
Deficit for the year 2010	<u>(4,264,229)</u>
Balance at 31 December 2010	6,542,338
Surplus for the year 2011	<u>1,935,729</u>
Balance at 31 December 2011	<b><u>8,478,067</u></b>

## **NOTES**

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

### **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 uses its judgement in developing and applying an accounting policy that results in information that is relevant to the decision-making needs of users so 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.

#### **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the organization.**

In December 2009, the International Public Sector Accounting Standards Board (IPSASB) issued the following new standards on Financial Instruments to replace the previous IPSAS 15 - Financial Instruments: Disclosure and Presentation.

- IPSAS 28, "Financial Instruments: Presentation"; (effective for annual financial statements covering periods beginning on or after 1 January 2013).
- IPSAS 29, Financial Instruments: "Recognition and Measurement" (effective for annual financial statements covering periods beginning on or after 1 January 2013).
- IPSAS 30 "Financial Instruments: Disclosure (effective for annual financial statements covering periods beginning on or after 1<sup>st</sup> January 2013).

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

**NOTES (continued)**

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

**1. Accounting policies (continued)**

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

Property, plant and equipment are measured 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. 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%
Office equipment	20%
Motor vehicles	25%

**(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.

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

**(d) Foreign currency translation**

**a) Functional and presentation currency**

Items included in the financial statements are measured using the dollars of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars which is the functional currency.

**b) Transactions and balances**

Transactions in foreign currencies are translated to 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 balance sheet 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.

**(e) Grants**

Grants received are recognized at their fair value over the period necessary to match them with the costs that they are intended to compensate, and when there is reasonable assurance that the organization will comply with the conditions attached to the grants, but not prior to the formal grant approval. These grants are separately presented in the statement of financial performance as revenue.



**NOTES (continued)**

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

**1. Accounting policies (continued)**

**(f) Accounts receivable**

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

Disbursements to sub grantees are treated as receivables in the statement of financial position until submission of financial reports by sub grantees. Accounts receivable are recorded at their estimated realizable value after providing for doubtful and uncollectible debts.

**(g) Cash and cash equivalents**

INDEPTH Network considers all cash and other highly liquid investments with initial maturities of three months or less to be cash and cash equivalents.

**(h) Employee benefits**

Employee benefits are recognized when the employee services are rendered. INDEPTH Network ensures the employee pension benefits (defined contributions) are paid to the National Pension Scheme and the Provident Fund. Both benefits qualify as defined contribution plans. INDEPTH Network has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

**2. Operating revenue**

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

<b>a</b>	<b>Grants received/receivable</b>	<b>2011</b>	<b>2010</b>
<b>(i)</b>	<b>Core support</b>		
	Sida/GLOBFORSK	<b>2,280,150</b>	1,355,400
	William and Flora Hewlett Foundation	<b>500,000</b>	500,000
	Rockefeller Foundation	-	200,000
	Wellcome Trust	<b>266,583</b>	192,600
	<b>Sub-total</b>	<b>3,046,733</b>	<b>2,248,000</b>



**NOTES (continued)**

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

	2011	2010
<b>(ii) Project</b>		
William and Flora Hewlett Foundation	400,000	1,235,000
DFID Real Rights (Sussex)	-	44,071
BMGF-INDEPTH Network Effectiveness Safety Study Project (INESS)	6,000,000	-
BMGF-Malaria Clinical Trial Alliance (MCTA)	-	-
International Development Research Center (IDRC)	-	249,276
DANIDA Vaccination and Child Health	480,358	113,018
UNESCO Pilot Study on migration & Climate change	34,000	24,980
Aberyswyth University	-	31,600
World Health Organisation	192,000	-
European Union	19,763	-
Swiss Tropical Institute (STI)	47,134	-
Save the Children	35,708	39,594
Rockefeller Health systems	337,782	-
Embassy of Japan	10,442	-
GlaxoSmithKline (GSK)	25,017	-
University of Heidelberg	27,150	-
<b>Sub-total</b>	<b>7,609,354</b>	<b>1,737,539</b>
<b>Grand total (i+ii)</b>	<b>10,656,087</b>	<b>3,985,539</b>
 <b>3. Other revenue</b>		
Sundry income	51,519	242,730
 <b>4. Meeting expenses</b>		
INDEPTH Core	74,316	227,197
INESS project	303,290	124,841
MCTA Board Meeting	75,311	51,002
	<u>452,917</u>	<u>403,040</u>

**NOTES (continued)**

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

**5. Scientific workshops and coordination expenses**

	2011	2010
INDEPTH Core	1,720,921	2,016,049
MCTA	257,358	123,109
INESS	844,803	-
	<u>2,823,082</u>	<u>2,139,158</u>

**6. Capacity strengthening workshop expenses**

INDEPTH Core	320,987	240,015
INESS	39,700	197,007
MCTA	<u>13,120</u>	<u>455,727</u>
	<u>373,807</u>	<u>892,749</u>

**7. Annual General and Scientific Meetings**

Air tickets	128,758	91,734
Conference package and other costs	<u>351,641</u>	<u>213,382</u>
	<u>480,399</u>	<u>305,116</u>

**8. Sub grants**

INDEPTH Core	220,653	442,620
INESS	3,004,036	2,431,134
MCTA	<u>427,000</u>	<u>411,574</u>
	<u>3,651,689</u>	<u>3,285,328</u>

**9. General Secretariat running cost**

*INDEPTH Core	866,184	1,272,095
INESS	-	151,181
MCTA	<u>-</u>	<u>45,879</u>
	<u>866,184</u>	<u>1,469,155</u>

\*INDEPTH core expense includes audit fees

Staff cost	<u>639,795</u>	<u>609,329</u>
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**NOTES (continued)**

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

<b>10. Financial Income</b>	<b>2011</b>	<b>2010</b>
Interest income	<b>6,218</b>	92,691
Net exchange difference*	<u>-</u>	<u>(11,967)</u>
	<b><u>6,218</u></b>	<b><u>80,724</u></b>
<b>11. Financial expense</b>		
Bank charges	<b>(97,701)</b>	(78,676)
Net exchange difference*	<b><u>(32,316)</u></b>	<u>-</u>
	<b><u>(130,017)</u></b>	<b><u>(78,676)</u></b>

\*Net exchange difference is the difference between exchange gains and losses within the year under review

**12. Property, plant and equipment**

<b>2011</b>	<b>Computers</b>	<b>Furniture &amp; fittings</b>	<b>Office Equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>					
At 1 January 2011	89,073	3,653	89,502	163,913	<b>346,141</b>
Additions	<u>7,807</u>	<u>1,031</u>	<u>10,887</u>	<u>28,060</u>	<b><u>47,785</u></b>
At 31 December 2011	<u>96,880</u>	<u>4,684</u>	<u>100,389</u>	<u>191,973</u>	<b><u>393,926</u></b>
<b>Accumulated depreciation</b>					
At January 2011	72,859	2,641	30,949	118,615	<b>225,064</b>
Charge for the year	<u>7,999</u>	<u>409</u>	<u>13,888</u>	<u>18,339</u>	<b><u>40,635</u></b>
At 31 December 2011	<u>80,858</u>	<u>3,050</u>	<u>44,837</u>	<u>136,954</u>	<b><u>265,699</u></b>
<b>Net book value</b>					
At 31 December 2011	<b><u>16,022</u></b>	<b><u>1,634</u></b>	<b><u>55,552</u></b>	<b><u>55,019</u></b>	<b><u>128,227</u></b>

**NOTES (continued)**

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

<b>2010</b>	<b>Computers</b>	<b>Furniture &amp; fittings</b>	<b>Office Equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>					
At 1 January 2010	64,754	3,653	57,461	163,913	289,781
Additions	<u>24,318</u>	<u>-</u>	<u>32,041</u>	<u>-</u>	<u>56,359</u>
At 31 December 2010	<u>89,072</u>	<u>3,653</u>	<u>89,502</u>	<u>163,913</u>	<u>346,140</u>
<b>Accumulated depreciation</b>					
At 1 January 2010	45,962	2,388	16,311	103,515	168,176
Charge for the year	<u>26,897</u>	<u>253</u>	<u>14,638</u>	<u>15,100</u>	<u>56,888</u>
At 31 December 2010	<u>72,859</u>	<u>2,641</u>	<u>30,949</u>	<u>118,615</u>	<u>225,064</u>
<b>Net book value</b>					
At 31 December 2010	<u>16,213</u>	<u>1,012</u>	<u>58,553</u>	<u>45,299</u>	<u>121,076</u>

**13. Cash and cash equivalents**

This comprises of cash in hand and bank account balances. Bank accounts include demand deposits and current accounts

	<b>2011</b>	<b>2010</b>
Cash in hand and at bank	<b>5,794,232</b>	6,173,381
Investment in short term securities	<b><u>1,334,988</u></b>	<u>-</u>
	<b><u>7,129,220</u></b>	<u>6,173,381</u>

**14. Recoverables from non-exchange transactions**

INESS Project	<b>1,097,615</b>	217,785
INDEPTH core	<b><u>385,100</u></b>	<u>-</u>
	<b><u>1,482,715</u></b>	<u>217,785</u>

**15. Receivables from exchange transactions**

This comprises advances given to staff for organisational activities which were not due for retirement as at the end of the period under review.

**16. Prepayment**

INDEPTH Network rents office space in Accra, under tenancy agreements which terminate on July 2012. 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.



**NOTES (continued)**

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

**17. Accounts payable and accrued expenses**

	2011	2010
Auditor's remuneration	16,100	40,250
University of Atlanta	257,144	11,841
Other accrued expenses*	<u>46,991</u>	<u>-</u>
	<b><u>320,235</u></b>	<b><u>52,091</u></b>

\*This relates to funds accrued with respect to close out activities for the MCTA projects.

**18. Cash flows generated from operating activities**

	2011	2010
Surplus/(Deficit) for the year	1,935,729	(4,264,229)
Depreciation for the year	40,635	56,888
Increase in recoverable from non exchange transactions	(1,264,930)	(81,812)
Decrease in receivables from exchange transactions	4,662	3,470
Decrease in prepayments (operating lease)	19,384	45,656
Increase in payables	<u>268,144</u>	<u>37,371</u>
<b>Net cash flows generated from (used in) operating activities</b>	<b><u>1,003,624</u></b>	<b><u>(4,202,656)</u></b>

**19. 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 2011, the total amount of cash and cash equivalents was US\$7,129,220 (2010: US\$6,173,381). Out of this amount, US\$45,931 representing 0.6% 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\$7,083,289 representing 99.4% was held with reputable banks in Ghana as shown on page 1 of this report.



**NOTES (continued)**

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

**19. Financial instrument (continued)**

Recoverables from non-exchange transactions, receivables from exchange transactions and prepayments as at 31 December 2011 totalled **US\$1,540,855** (2010: US\$ 299,972).

The maximum exposure as at 31 December 2011 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 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 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 2011, the carrying amounts approximate the fair values for all financial instruments held by INDEPTH Network (2010: carrying amounts approximate the fair values).

**20. Employee benefits**

**a) Social Security Contributions**

Under the National Pension Scheme, the company contributes 13.5% 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 the due dates. The pension liability and obligations rest with SSNIT.

**NOTES (continued)**

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

**b) Provident fund**

The company has a provident fund scheme for staff under which the company contributes 10% 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 an independent fund manager.

**21. 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 following were members of the Board during the year:

Prof. Marcel Tanner	Chair
Dr. Sanjay Juvekar	Vice Chair
Prof. Osman Sankoh	Executive Director
Dr. Kofi Baku	Board Secretary
Prof. Peter Byass	Member
Dr. Timothy Evans	Member
Dr. Ali Sie	Member
Prof. Hans-Olov Adam	Member
Dr. Margaret Gyapong	Member
Prof. Kathleen Kahn	Member
Dr. Eusébio Macete	Member
Dr. Honorati Masanja	Member

Except for Dr. Osman Sankoh, 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\$ 171,861** (2010: US\$156,237).

**22. Commitments**

There were no outstanding capital commitments at 31 December 2011 (2010: Nil).

**23. Contingent liabilities**

There were no contingent liabilities at 31 December 2011 (2010: Nil).

**Presentation of Budget Information in Financial Statements****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 recognized 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.

**Key assumptions include:**

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

**Budget Approval**

The INDEPTH Network is a non-profit public international institution registered in accordance with the Companies Code and regulations governing NGOs in Ghana.

INDEPTH Network is governed by the General Assembly whose functions and powers 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 contracts". 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 General Assembly (through the Board of Trustees) empowers the Secretariat (through the Executive Director), subject to any special conditions to:

- commit and authorise expenditures 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 the Board for any activity outside the network; and
- provide the Board with quarterly budget and variance for review and approval.



## 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 a cash basis. The budget for the entity is usually linked to specific projects which are implemented by sub-grantees. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement 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 funders 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 2011 and includes all sub-grantees implementing the projects across the 42 sites in Africa, Asia and Oceania.

### 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.

	2011	2011		
	Annual Budget	Expenditure (Cash basis)	Variance (Unspent budget)	Variance %
	USD	USD	USD	
Bill Gates – INESS (1)	8,189,894	4,427,397	3,762,497	46
Bill Gates - MCTA	817,180	817,180	-	0
Institute for development and Research Centre - IDRC	136,294	136,294	-	0
Hewlett - Data Sharing initiatives	419,707	344,863	74,844	18
Hewlett - Sexual Reproductive Health	695,719	215,671	480,048	69
Hewlett - Video conferencing equipment	3,071	3,071	-	0
Sida Globforsk Core support (2)	2,559,421	1,528,659	1,030,762	40
Aberystwyth University	13,343	13,343	-	0
Hewlett Core support	752,451	693,009	59,442	8
Rockefeller Health Systems (3)	337,782	-	337,782	100
DANIDA (4)	500,568	4,230	496,339	99
UNESCO	34,000	34,000	-	0
Save the Children	35,708	25,728	9,980	28
Wellcome Trust Core	266,583	266,583	-	0
European union	19,763	-	19,763	100
<b>Total c/d</b>	<b>14,781,484</b>	<b>8,510,028</b>	<b>6,323,596</b>	

**INDEPTH Network**

For the year ended 31 December 2011

	2011	2011		
	Annual Budget	Expenditure (Cash basis)	Variance (Unspent budget)	Variance %
	USD	USD	USD	
<b>Balance b/d</b>	14,781,484	8,510,028	6,323,596	
WHO	192,000	61,696	130,302	68
STI - Indoor air pollution	47,134	-	47,134	100
Japanese - Embrace project	10,442	10,442	-	0
GSK - Support to ISC	25,017	25,017	-	0
University of Herdielberg	27,151	-	27,151	100
<b>Total</b>	<b>15,083,228</b>	<b>8,607,183</b>	<b>6,476,004</b>	<b>43</b>

**Explanations of key deviations**

1. **Bill and Melinda Gates – INESS** – The INESS Project has scale up activities outstanding because of the testing of new anti malaria drug.
2. **SIDA/GLOBFORSK Core support:** - There was an additional seven hundred thousand received to develop an MSC programme at Witwatersrand University in South Africa for data managers. These funds were not utilised during the year because the funds were received late.
3. **Rockefeller - Health Systems** - This is a new project for which the funds were received in December 2011. As such activities are planned to take place in 2012.
4. **DANIDA – Vaccination** – The amount was received late for the vaccination and child survival project. This has not yet been disbursed to sub grantees responsible for the implementation of the project.

**Reconciliation of Actual Amounts in the Budget and Actual Amounts in the Financial Statements**

	Total (US\$)
Actual amount on comparable basis as presented in the budget and actual comparative statement	8,607,183
*Basis difference	40,895
Actual amount in the statement of financial performance on an accrual basis	8,648,078

\* Basis difference was arrived at as a result of the different bases used in the budget and the financial statements. The budget uses a cash basis whilst the financial statements use an accrual basis of accounting.

In the budget, revenue is required to cover all committed expenditure. In the financial statements, revenue and expenses only include amounts accruing for the period. The difference is treated as accrued revenue or expenses in the financial statements.



In the budget, capital expenditure is recorded as current year expenses. This cost is capitalized and depreciated over the useful lives of the assets in the financial statements. Capital expenditure and associated depreciation are recorded net on the asset side of the Statement of Financial Position. Depreciation expense is recorded in the Statement of Financial Performance.