

**AFRICAN POPULATION AND HEALTH
RESEARCH CENTER (APHRC)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2016**

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

GLOSSARY OF TERMS

APHRC	African Population and Health Research Center
CIFF	Children's Investment Fund Foundation
DAAD	Deutscher Akademischer Austausch Dienst
ESRC	Economic and Social Research Council
ICRW	International Center for Research on Women
IPAS	International Pregnancy Advisory Services
IPPF	International Planned Parenthood Federation
IRC	International Rescue Committee
KEMRI	Kenya Medical Research Institute
NIDI	Netherlands Interdisciplinary Demographic Institute
NIH	National Institutes of Health
NOW	Netherlands Organization for Scientific Research
NSSF	National Social Security Fund
SIDA	Swedish International Development Agency
USAID	United States Agency for International Development
US\$	United States Dollar

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

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AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

OFFICIALS AND ADVISERS

Directors	Tamara Fox Alex Ezeh Philip Kinisu Trudy Harpham Tade Aina Goran Bondjers Akpan Ekpo Patricia Vaughan Timothy Stiles James Ole Kiyiapi Nancy Birdsall Naline Sangrujce	Chairperson, Board of Directors Executive Director (Resigned 31 October 2016) (Joined 16 November 2016) (Joined 16 November 2016)
Registered office	APHRC Campus Manga Close, off Kirawa Road P.O. Box 10787-00100 Nairobi – Kenya	
Auditor	Deloitte & Touche Deloitte Place, Waiyaki Way, Muthangari P.O. Box 40092 - GPO 00100 Nairobi – Kenya	
Lawyers	Njoroge Regeru and Company Advocates Arbor House, Arboretum Drive Off Bishop Road P.O. Box 46971-00100 Nairobi - Kenya	Mboya Wangong’u and Waiyaki Lex Chambers, Maji Mazuri Road Off James Gichuru Road, Lavington P.O. Box 74041 - 00200 Nairobi - Kenya
Bankers	UBS Financial Services Inc. 1285 Ave of the Americas New York, NY 10019 - USA Stanbic Bank Ltd Stanbic Centre P.O. Box 72833-00200 Nairobi - Kenya Ecobank Kenya Ecobank Towers Branch P.O. Box 48022-00100 Nairobi - Kenya Equity Bank Limited Gigiri Supreme Centre Gigiri Square, UN Avenue P.O. Box 101739 - 00100 Nairobi - Kenya	Ecobank Nigeria 67, Yakubu Gowon Crescent Asokoro District - Abuja - Nigeria 1 & M Bank Kenya P.O. Box 30238 - 00100 Nairobi - Kenya Bank of America 345, Park Avenue NY5-125-01-01 New York, NY 10154

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

EXECUTIVE DIRECTOR'S REPORT

APHRC has finally adopted the International Financial Reporting Standards (IFRS). Previously, the financials were prepared using APHRC's accounting policies, a practice that is common in not-for-profit organizations in the region. Adopting IFRS will allow readers of APHRC's financials to appreciate the accounting basis used without reference to the Center's internal policies and also help them to make comparison with other organizations using the same basis. The change in accounting basis necessitated the restatement of 2014 and 2015 accounts for better comparison. The main items affected were the debtors and creditors and especially the grant receivable and deferred grants. It is gratifying to note that our finance team has managed to migrate to IFRS within one year of the Board's decision to make this change.

The restated figures indicate that our income for 2016 grew by 10% to US\$ 12.2 million. Expenditure grew by 9% and we have reported a deficit of slightly under US\$0.2 million for 2016 (2015 - US\$0.2 million). The most notable growth in expenses was on fellowships where an expanded PhD student population led to a 49% increase in expenditure. Whereas program expenditure grew by 9%, administration and support costs grew by 6% reflecting the usual year-to-year cost escalations.

IFRS requires that when an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs should be revalued. In 2014, we revalued our land and buildings. We added some 3.1 acres of land in 2016 and have revalued this category of assets in line with the IFRS requirement.

APHRC has continued to do great work. After winning the prestigious United Nations Population Award in 2015, APHRC was in 2016 ranked as Africa's top influencer in Domestic Health Policy as part of the Global Go To Think Tanks report released through the University of Pennsylvania's Lauder Institute. Our staff published over 80 papers in peer-reviewed journals, more than 10 technical reports and a similar number of book chapters in 2016. The second phase of our flagship doctoral programme, the Consortium for Advanced Research Training in Africa (CARTA) started in earnest in 2016 with over US\$ 15 million in confirmed funding. The year was great in fundraising with three multi-year grants of over US\$ 5 million being won all focusing on regional programs covering more than five countries in sub-Saharan Africa. We continued to engage policy makers with our research evidence. Our staff continued to serve on several boards, expert panels and commissions, and to give keynote addresses at major conferences.

The year 2016 marked the end of our 2012-2016 strategic plan. Our staff spent a lot of time reviewing our progress, scanning the environment and charting the way forward and documenting these in the new 2017-2021 strategic plan. We have come this far due to the commitment and dedication of our staff, the Board, the support of our funders and partners. APHRC is now set to consolidate and expand its work building on 15 years of successful research, research capacity strengthening and policy engagement to become Africa's premier think tank on population health and development.



Alex Ezech

Executive Director

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

REPORT OF THE DIRECTORS

The Directors present their audited financial statements for the year ended 31 December 2016.

Center and nature of activities

The African Population and Health Research Center (APHRC) is incorporated as a Non-Stock, Non-profit Corporation. The registered office is located at 2833 Smith Ave, Box 314 Baltimore, MD 21209 - 1426. APHRC has established a place of business in Kenya as per Sections 365-375 of the Companies Act of Kenya and has complied with the provisions of these sections (*Provisions as to Establishment of Place of Business in Kenya*). APHRC is committed to conducting high quality, policy relevant research on population and health related issues facing sub-Saharan Africa.

APHRC Mission

The Center's mission is to be a global center of excellence, consistently generating and delivering relevant scientific evidence for policy and action on population, health and education in Africa.

Results

The results for the year ended 31 December 2016 are set out on page 8.

Board of Directors

The current Directors are shown on page 2. Tamara Fox was elected as chairman to the board on 16 November 2016 and took over from Philip Kinisu following his resignation from the board with effect from 31 October 2016.

Auditors

Deloitte & Touche, have expressed their willingness to continue in office.

BY ORDER OF THE BOARD



.....
Chairperson, Finance and Risk Management
Committee



.....
Executive Director

29 JUNE

2017

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

It is the responsibility of the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Center as at the end of the financial year and of its profit or loss for that year. The directors are also required to ensure that the Center maintains proper accounting records that are sufficient to show and explain the transactions of the Center and disclose, with reasonable accuracy financial position of the Center. They are also responsible for safeguarding the assets of the Center and for taking reasonable steps for the prevention and detection of fraud and errors.

The directors accept responsibility for the preparation and presentation of these annual financial statements in accordance with International Financial Reporting Standards.

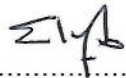
They also accept responsibility for:

- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.


Having made an assessment of the Center's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Center's ability to continue as a going concern

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 29 JUNE 2017 and signed on its behalf by:



.....
Chairperson, Finance and Risk Management
Committee



.....
Executive Director

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

Opinion

We have audited the accompanying financial statements of African Population and Health Research Center (APHRC) set out on pages 8 to 39, which comprise the statement of financial position as at 31 December 2016, Statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Center as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Center 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 Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements. The IESBA Code is consistent with the International Ethics Standards Board for Accountants Board of Ethics for Professional Accountants (parts A & B).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information, which comprises the Executive Director's report and the report of Directors. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS), and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC) (CONTINUED)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements (Continued)

In preparing the financial statements, the Directors are responsible for assessing the Center'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 Directors either intend to liquidate the Center or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Center's financial reporting process

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 skepticism 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 Center's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of Directors' 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 Center'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 Center 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Center to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Center audit. We remain responsible for our audit opinion.

We communicate with those charged with governance 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Bernadette Wahogo - P/No 1698.


Certified Public Accountants (Kenya)
Nairobi, Kenya

29 June 2017

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2016

		2016 Restricted Income US\$	2016 Unrestricted Income US\$	2016 Total US\$	2015 Total US\$ Restated
	Note				
INCOME					
Grant income	3	9,652,709	1,578,181	11,230,890	9,731,583
Other income	4	-	502,415	502,415	621,907
Kitisuru building rental income		-	390,147	390,147	660,235
Service charge income		-	62,018	62,018	81,339
Total income		<u>9,652,709</u>	<u>2,532,761</u>	<u>12,185,470</u>	<u>11,095,064</u>
EXPENDITURE					
Direct programme expenses	5	9,652,709	546,817	10,199,526	9,353,578
Administration & support costs	6	-	1,742,081	1,742,081	1,647,752
APHRC campus development	7	-	8,310	8,310	12,553
APHRC campus administration expenses	8	-	180,301	180,301	189,738
Exchange revaluation loss		-	141,491	141,491	125,170
Loss on disposal of investment		-	76,755	76,755	-
Total expenditure		<u>9,652,709</u>	<u>2,695,755</u>	<u>12,348,464</u>	<u>11,328,791</u>
SURPLUS FOR THE YEAR		<u>-</u>	<u>(162,994)</u>	<u>(162,994)</u>	<u>(233,727)</u>
OTHER COMPREHENSIVE INCOME					
Fair value loss on available for sale financial assets		-	-	-	34,056
Total comprehensive income for the year		<u>-</u>	<u>(162,994)</u>	<u>(162,994)</u>	<u>(267,783)</u>

The notes set out on pages 12 to 39 form an integral part of these financial statements.



AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 US\$	2015 US\$ Restated	2014 US\$ Restated
ASSETS				
Non-current assets				
Property and equipment	9	5,147,699	6,652,640	6,855,315
Prepaid operating lease	10	3,703,125	2,529,697	1,562,045
Intangible assets	11	-	1,204	6,784
		<u>8,850,824</u>	<u>9,183,541</u>	<u>8,424,144</u>
Current assets				
Grant receivable	16	1,274,309	1,035,279	2,040,539
Investments	13	28,245	346,645	380,701
Debtors and prepayments	14	303,888	178,942	362,442
Cash and cash equivalents	12	10,528,628	10,429,435	11,817,751
		<u>12,135,070</u>	<u>11,990,301</u>	<u>14,601,433</u>
TOTAL ASSETS		<u>20,985,894</u>	<u>21,173,842</u>	<u>23,025,577</u>
FUNDS AND LIABILITIES				
Fund balance		9,848,533	10,017,983	10,285,766
Non-current liabilities				
Program related investment loan	17	-	-	444,448
Deferred income		-	23,535	24,921
		<u>-</u>	<u>23,535</u>	<u>469,369</u>
Total non-current liabilities		<u>-</u>	<u>23,535</u>	<u>469,369</u>
Current liabilities				
Creditors and accruals	15	1,109,993	979,459	1,031,512
Deferred grants	16	10,027,368	10,152,865	10,794,486
Program related investment loan	17	-	-	444,444
		<u>11,137,361</u>	<u>11,132,324</u>	<u>12,270,442</u>
Total current liabilities		<u>11,137,361</u>	<u>11,132,324</u>	<u>12,270,442</u>
TOTAL FUNDS AND LIABILITIES		<u>20,985,894</u>	<u>21,173,842</u>	<u>23,025,577</u>

The financial statements shown on pages 8 to 35 were approved and authorized for issue by the Directors on 29 JUNE 2017 and signed on their behalf by:

) Chairperson, Board Finance Committee
) Executive Director

The notes set out on pages 12 to 39 form an integral part of these financial statements.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF CHANGES IN FUNDS
AS AT 31 DECEMBER 2016

	Accumulated fund US\$	*Revaluation reserve US\$	**Capital fund US\$	Total US\$
As at 1 January 2015	1,880,550	2,655,326	4,877,848	9,413,724
Prior year adjustment	5,749,890	-	(4,877,848)	872,042
As at 1 January 2015 - Restated	7,630,440	2,655,326	-	10,285,766
Revaluation loss on investments	-	(34,056)	-	(34,056)
Transfer of revaluation depreciation	60,988	(60,988)	-	-
Surplus for the year	(233,727)	-	-	(233,727)
At 31 December 2015 - Restated	<u>7,457,701</u>	<u>2,560,282</u>	-	<u>10,017,983</u>
As at 1 January 2016	7,457,701	2,560,282	-	10,017,983
Revaluation loss on building	-	(1,274,028)	-	(1,274,028)
Revaluation gain on land	-	1,209,217	-	1,209,217
Transfer of revaluation depreciation	32,489	(32,489)	-	-
Surplus for the year	(162,994)	-	-	(162,994)
Revaluation loss on investments	-	58,355	-	58,355
At 31 December 2016	<u>7,327,196</u>	<u>2,521,337</u>	-	<u>9,848,533</u>

*** Revaluation reserve**

This represents gain or loss on revaluation of financial instruments and gain on revaluation of assets.

**** Capital fund**

The capital fund was created to separate reserves that specifically relate to property and equipment. The Center elected to eliminate the fund on transition to IFRS.

The notes set out on pages 12 to 39 form an integral part of these financial statements.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APIIRC)

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2016

	Note	2016 US\$	2015 US\$ Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		(162,994)	(267,783)
Adjustments for:			
Depreciation	6	293,991	338,523
Write-off of PPE		73,476	-
Deferred income amortization		(23,535)	(17,998)
Interest on program related investment loan	7	-	12,553
Gain on sale of assets		-	(25,404)
Fair value loss on the investments	13	76,755	34,056
		<hr/>	<hr/>
Surplus before working capital changes		257,693	73,947
Working capital changes			
(Increase)/decrease in debtors and prepayments		(124,946)	183,500
(Increase)/decrease in grants receivable		(239,030)	1,005,260
Decrease in deferred grants		(125,497)	(641,621)
Increase/(decrease) in creditors and accruals		130,534	(52,053)
		<hr/>	<hr/>
Net cash (used in)/generated from operating activities		(101,246)	569,033
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on program related investment loan		-	(12,553)
Proceeds from liquidation of investments	13	300,000	-
Proceeds on sale of assets		-	60,025
Purchase of property and equipment		(99,561)	(1,115,929)
		<hr/>	<hr/>
Net cash generated from/(used in) investing activities		200,439	(1,068,457)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of program related investment loan	17	-	(888,892)
		<hr/>	<hr/>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		99,193	(1,388,316)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		10,429,435	11,817,751
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER		10,528,628	10,429,435
Represented by:			
Bank and cash balances	12	10,528,628	10,429,435
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The notes set out on pages 12 to 39 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

I ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

First time adoption of IFRS

These financial statements, for the year ended 31 December 2016, are the first the Center has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2015, the Center prepared its financial statements in accordance with the Center's own accounting policies.

Accordingly, the Center has prepared financial statements that comply with IFRS applicable as at 31 December 2016, together with the comparative period data for the year ended 31 December 2015. In preparing the financial statements, the Center's opening statement of financial position was prepared as at 1 January 2015, the Center's date of transition to IFRS. Please refer to note 21 for the disclosures required by IFRS 1, *First-Time Adoption of International Financial Reporting Standards*.

Adoption of new and revised International Financial Reporting Standards (IFRS)

- i) *Relevant new standards and amendments to published standards effective for the year ended 31 December 2016*

The following new and revised standards were effective in the current year and had no material impact on the amounts reported in these financial statements.

IAS 1 Disclosure Initiative

The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Center, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Center.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Statement of compliance (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)

i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2016 (Continued)

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment.

The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The application of these amendments has had no impact on the Center's financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below:

- IFRS 5 - The amendments introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for- distribution accounting is discontinued.
- IFRS 7 - The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.
- IAS 19 - The amendments clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments has had no effect on the Center's financial statements.

ii) Relevant new and amended standards in issue but not yet effective in the year ended 31 December 2016

<i>New standards and Amendments to standards</i>	<i>Effective for annual periods beginning on or after</i>
IFRS 16 Leases	1 January 2019 with earlier adoption permitted
IFRS 9 Financial Instruments	1 January 2018 with earlier adoption permitted
IFRS 15 Revenue from contracts with customers	1 January 2018 with earlier adoption permitted
Amendments to IAS 7	1 January 2017 with earlier adoption permitted

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Statement of compliance (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)

iii) Impact of new and amended standards on the financial statements for the year ended 31 December 2016 and future annual periods

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The directors of the Center are assessing the impact of the application of IFRS 9 in the future. It is not practical to provide a reasonable estimate of this effect until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 ACCOUNTING POLICIES (Continued)

Statement of compliance (Continued)

Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)

iii) Impact of new and amended standards on the financial statements for the year ended 31 December 2016 and future annual periods (Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. It is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors of the Center do not anticipate that the application of IFRS 16 in the future will have a significant impact on amounts reported in respect of the Center’s financial assets and financial liabilities. However, it is not practical to provide a reasonable estimate of the effect of IFRS 16 until a detailed review has been completed.

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of these amendments will not have a material impact on the Center’s financial statements. The directors of the Center do not anticipate that the application of these amendments will have a material impact on the Center’s financial statements.

iv) Early adoption of standards

The Center did not early adopt new or amended standards in 2016.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

I ACCOUNTING POLICIES (Continued)

Basis of accounting

The financial statements are prepared under the historical cost basis, except for land and buildings classified as property and equipment and available-for-sale financial assets that have been measured at fair value.

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

Revenue recognition

- i) Restricted income is recognised when expenditure is incurred and when grant conditions are fulfilled.
- ii) Rental and interest income is recognized as it accrues.
- iii) Other income is recognized on a receipt basis.

Deferred income

Assets donated to APHRC or purchased using specified donor funds are recognised as deferred income. Donated assets are recorded at a reasonable estimate of their fair value to APHRC as determined by the management. The deferred income is written back to the statement of profit or loss and other comprehensive income to match the depreciation of the specific asset.

Project expenditure

Project expenditure is recognized when incurred.

Grants receivable

Represents the amount the Center claims to receive from the donors on expenses incurred and accounted for.

Deferred grant

Grants received are treated as deferred grants and credited to the income and expenditure statement when the activities for which they were provided for have been undertaken. Any deferred grants are carried forward as liabilities.

Prepaid operating lease rental

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases financed through project funds are expensed in the income and expenditure statement in the year the costs are incurred. The value of the prepaid lease is then recognized as an asset and an equal amount recognized in the deferred income. Amortisation is charged on a straight line basis over the remaining lease period. This amortisation is charged to the operating lease balance on the asset side and a similar amount charged to the deferred income.

Property and equipment

Property and equipment are stated at cost or as professionally valued from time to time less accumulated depreciation and accumulated impairment losses.

Assets purchased for specific projects are not recognised as APHRC property and equipment, but are accounted for as project costs. The assets are recognised in the APHRC financial statements when the project ends and formal handover of assets is done by the donors.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Depreciation

Depreciation is calculated on a straight line method at rates estimated to write off the cost of assets over their expected useful lives at the following rates:

	Rates
Building and borehole	2.5%
Motor vehicles	25%
Furniture and fittings	12.5%
Equipment and tools	20%
Computer equipment and software	33.3%

Impairment of tangible assets

At each reporting date, the Center reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Center estimates the recoverable amount of the cash generating unit to which the asset belongs.

Any impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised as income immediately.

Intangible assets

Intangible assets are mainly made up of software costs. Intangible assets purchased for specific projects are accounted for as project costs. The assets are recognised in the APHRC financial statements when the project ends and formal handover of assets is done by the donors.

Intangible assets are amortized over the term of their expected useful lives. The annual amortisation rate is 33.3%. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Financial instruments

Financial assets and liabilities are recognized in the Center's financial position when the Center has become a party to the contractual provisions of the instrument.

Financial assets

Financial assets that have a fixed maturity are measured at amortized cost. Re-measurement gains and losses are dealt with in surplus or deficit for the year.

Receivables

Receivables are stated at their nominal value. When a receivable is considered uncollectible it is written off against the receivable account.

Payables

Payables are stated at their nominal value.

Short term deposits

Short term deposits are classified as held to maturity and are measured at amortised costs.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Available for sale investments

Investments in Old Mutual International, formerly Royal Skandia Executive redemption bond is recognised on a trade date basis and was initially measured at fair value, including transaction costs. The investment was stated at the market value ruling as at the year-end and is classified as an available for sale financial asset. Gains or losses on re-measurement are recognised in other comprehensive income and accumulated in the revaluation reserve

Taxation

No provision for corporate tax has been made in these financials. The Center qualifies for exemption from corporation tax in Kenya under paragraph 10 of the 1st Schedule to the Income Tax Act, Cap. 470 of the Laws of Kenya. The Center has an agreement with the Government of Kenya, exempting it from paying corporate taxes.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, bank balances and short term liquid investments which are readily convertible into known amounts of cash.

For the purposes of the cash flow statement, cash equivalents include cash at hand and bank, and fixed deposits held in the bank.

Foreign currency translations

Assets and liabilities denominated in currencies other than United States Dollars (US\$) are translated into US\$ at the rate of exchange ruling at the statement of financial position date. Transactions during the year are translated at the spot exchange rates at the date of the transactions. All exchange differences are dealt with in the statement of comprehensive income.

Retirement benefit obligations

The Center operates a defined contribution scheme for eligible employees to which the employer contributes 10% (2015-10%) and the employee's contribution is optional. The assets of the scheme are held in separate trustee administered funds and managed by Britam for nationally recruited staff and Generali International Pension fund for internationally recruited staff. Contributions are determined by the rules of the scheme.

The Center contributes to the statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute.

Provision for staff leave and gratuity

A provision is made to recognize staff entitlements in respect of annual leave not taken and gratuity as at the end of the financial year.

Comparatives

Comparative figures have been restated to conform to International Financial Reporting Standards (IFRS). Refer to note 21.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgments

In the process of applying the Center's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

The financial statements have been prepared on a going concern basis on the belief that funds will continue to be received from donors.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date that has a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Equipment

Critical estimates are made by the management in determining depreciation rates of equipment.

Impairment of assets

At each statement of financial position date, the Center reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Provisions and contingent liabilities

The Center reviews its obligations at the each statement of financial position date to determine whether provisions need to be made and if there are any contingent liabilities.

Going concern

The financial statements are prepared on a going concern basis on the belief that funds will continue to be received from donors and other funds generated through rental, interest and other incomes.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 GRANT INCOME

	2016 US\$	2015 US\$ Restated
Restricted income	9,652,709	8,020,998
Unrestricted income		
Hewlett Foundation	600,000	700,000
SIDA	-	-
Fidelity Charitable Gift Program	-	250,000
Indepth Msc	-	5,000
Overheads recovery	978,181	755,585
Sub total	<u>1,578,181</u>	<u>1,710,585</u>
Total (note 16)	<u><u>11,230,890</u></u>	<u><u>9,731,583</u></u>

4 OTHER INCOME

Interest income	227,958	268,589
Training income	27,512	35,391
Miscellaneous income	223,410	299,929
Deferred income recognised	23,535	17,998
	<u>502,415</u>	<u>621,907</u>

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 DIRECT PROGRAMME EXPENSES

	2016 Restricted	2016 Unrestricted	2016 Total	2015 Total Restated
	US\$	US\$	US\$	US\$
Field assistants and consultants	966,626	152,196	1,118,822	870,619
Program staff salaries and benefits	3,666,949	254,032	3,920,981	3,849,657
Public relations and advertising	2,651	739	3,390	17,819
Computers and other equipment	66,450	11,695	78,145	88,421
Seminars and workshops	844,589	29,136	873,725	1,169,931
Fellowships	2,783,666	-	2,783,666	1,869,908
Travel costs	274,797	25,523	300,320	189,277
Training	75,547	12,169	87,716	70,785
Printing and stationery	27,036	5,223	32,259	59,040
Recruitment	23,794	1,170	24,964	-
Sub grants	576,234	-	576,234	601,616
Publications, reprint and reports	22,345	6,340	28,685	39,039
Library development	-	-	-	68
Field office supplies	90,752	4,868	95,620	69,581
Motor vehicle expenses	16,610	3,931	20,541	28,874
Communications and postage	25,950	3,293	29,243	24,152
Field office rent & expenses	5,542	9,893	15,435	18,437
Equipment repairs and maintenance	3,342	183	3,525	791
Community development	100,753	15,194	115,947	33,912
Occupancy costs	-	-	-	260,244
Other program costs	79,076	11,232	90,308	91,407
Total	9,652,709	546,817	10,199,526	9,353,578

6 ADMINISTRATION AND SUPPORT COSTS

	2016 US\$	2015 US\$
Travel costs and allowances	18,057	24,102
Board costs	62,680	53,531
Staff salaries and benefits	888,692	889,008
Other overhead costs	68,446	22,697
Professional fees	56,496	33,768
Office rent	-	149
Stationery and office supplies	134,685	74,391
Communication and postage	33,212	32,365
Motor vehicle running	7,697	12,400
Staff development	47,361	81,877
Recruitment expenses	38,793	65,255
Insurance	10,049	8,331
Fundraising costs	8,446	11,355
Depreciation	293,991	338,523
Property and equipment writeoff	73,476	-
	1,742,081	1,647,752

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 APHRC CAMPUS DEVELOPMENT

	2016 US\$	2015 US\$ Restated
Kitisuru building improvements	6,192	-
Program related investment loan interest capitalized	-	12,553
Road improvements	2,118	-
	<u>8,310</u>	<u>12,553</u>

8 APHRC CAMPUS ADMINISTRATION EXPENSES

Staff costs	22,452	20,146
Security	69,371	57,107
Office cleaning & maintenance	48,112	54,221
Fuel	2,415	2,005
Electricity	12,002	34,361
Office supplies	14,278	10,635
Insurance	5,694	6,509
Water	3,872	3,159
Audit fees	2,105	1,595
	<u>180,301</u>	<u>189,738</u>

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 PROPERTY AND EQUIPMENT

COST	Building US\$	Computers US\$	Motor vehicles US\$	Furniture, fittings US\$	Equipment and tools US\$	Total US\$
At 1 January 2015	7,009,071	437,788	351,352	103,034	249,098	8,150,343
Additions	103,794	32,136	-	-	-	135,930
Disposals	-	(7,568)	(131,557)	-	-	(139,125)
At 31 December 2015	7,112,865	462,356	219,795	103,034	249,098	8,147,148
At 1 January 2016	7,112,865	462,356	219,795	103,034	249,098	8,147,148
Additions	10,256	19,629	55,170	-	6,301	91,356
Revaluation	(1,274,028)	-	-	-	-	(1,274,028)
*Writeoffs	-	(380,847)	(4,865)	(34,967)	(19,301)	(439,980)
At 31 December 2016	5,849,093	101,138	270,100	68,067	236,098	6,524,496
DEPRECIATION						
At 1 January 2015	454,269	401,598	263,624	44,244	131,293	1,295,028
Charge for the year	187,044	35,103	27,688	11,758	42,393	303,986
Elimination on disposal	-	(5,687)	(98,819)	-	-	(104,506)
At 31 December 2015	641,313	431,014	192,493	56,002	173,686	1,494,508
At 1 January 2016	641,313	431,014	192,493	56,002	173,686	1,494,508
Charge for the year	167,117	2,874	40,264	7,988	34,658	252,901
Elimination on write off	-	(333,982)	(4,035)	(19,888)	(12,707)	(370,612)
At 31 December 2016	808,430	99,906	228,722	44,102	195,637	1,376,797
NET BOOK VALUE						
At 31 December 2016	5,040,663	1,232	41,378	23,965	40,461	5,147,699
At 31 December 2015	6,471,552	31,342	27,302	47,032	75,412	6,652,640

*Write offs relate to items expensed as a result of the Center changing its capitalization threshold from items with a value greater than or equal to US\$1,000 to capitalizing items with a value greater than or equal to US\$3,000 in the current year.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 PREPAID OPERATING LEASES

	2016 US\$	2015 US\$
COST		
At 1 January	2,587,394	1,590,785
Additions	5,301	996,609
Revaluation	1,209,217	-
At 31 December	<u>3,801,912</u>	<u>2,587,394</u>
ACCUMULATED AMORTISATION		
At 1 January	57,697	28,740
Charge for the year	41,090	28,957
At 31 December	<u>98,787</u>	<u>57,697</u>
NET BOOK VALUE		
At 31 December	<u><u>3,703,125</u></u>	<u><u>2,529,697</u></u>

11 INTANGIBLE ASSETS

COST		
As at 1 January	225,232	225,232
Additions	2,970	-
As at 31 December	<u>228,202</u>	<u>225,232</u>
AMORTISATION		
As at 1 January	224,028	218,448
Charge for the year	4,174	5,580
As at 31 December	<u>228,202</u>	<u>224,028</u>
NET BOOK VALUE		
As at 31 December	<u><u>-</u></u>	<u><u>1,204</u></u>

12 CASH AND CASH EQUIVALENTS

	2016 US\$	2015 US\$
Cash at bank	1,960,204	3,575,079
Cash on hand	770	323
Fixed deposits	8,567,654	6,854,033
As at 31 December	<u><u>10,528,628</u></u>	<u><u>10,429,435</u></u>

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 CASH AND CASH EQUIVALENTS (Continued)

The fixed deposits are held at Ecobank Kenya, CFC Stanbic and I&M bank. The weighted average rate of interest on the Fixed Deposits was as follows:

Kenya shilling denominated deposits 6.58% (2015 – 7.19%)

USD denominated deposits 3.83% (2015 – 3.4%)

GBP denominated deposits 1.29% (2015 – 1.97%)

13 AVAILABLE FOR SALE INVESTMENTS

This comprises an investment in an Old Mutual International formerly Royal Skandia executive redemption bond where funds have been placed in a diversified investment portfolio on a long-term basis.

Description	Cost at 31.12.2015 and 31.12.2016 US\$	Market value as at 31.12.2016 US\$	Market value at 31.12.2015 US\$
Old mutual international Executive redemption bond	328,245	28,245	346,645
Total	328,245	28,245	346,645
		2016 US\$	2015 US\$
Movement in available for sale investments			
As at January		346,645	380,701
Disposals		(300,000)	-
Fair value loss		(18,400)	(34,056)
		28,245	346,645

14 DEBTORS AND PREPAYMENTS

	2016 US\$	2015 US\$
Staff debtors	36,413	83,556
Other debtors	208,077	70,534
Prepaid staff costs	39,444	11,755
Prepayments	13,319	6,444
Utilities and other deposits	6,635	6,653
	303,888	178,942

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 CREDITORS AND ACCRUALS

	2016	2015
	US\$	US\$
		Restated
Trade creditors	18,229	18,026
Accruals	473,829	360,318
Leave, gratuity and pension accrual	519,655	505,484
Due to Staff (Imp, Adv) USD	91,041	91,257
Withholding Tax	1,778	1,112
Due to Staff (Imp, Adv) KES	5,461	3,262
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	1,109,993	979,459
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AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

Details	Grant Reble 2015 per Debtors Restated	Deferred Grant Der 2015 Restated	Receipts	Adjustments	Exchange differences	Income 2016	Grant Reble Dec 2016	Deferred Grant Dec 2016
Fidelity Charitable Trust - Urban Education	-	288,888	200,000	-	-	192,969	-	295,919
Ford Foundation- CARTA	-	10,595	-	-	-	10,595	-	-
Ford Foundation- CARTA - II	-	510,928	-	-	-	352,652	-	158,276
Gates - Immunization	-	-	1,500,000	-	-	79,740	-	1,420,260
Gates - Fecal waste Management	-	-	300,000	-	-	6,033	-	293,967
Guttmacher Inst. Comprehensive Sex Education	-	3,570	28,955	-	-	36,984	4,459	-
Guttmacher-Lancet Commission Report	-	-	10,000	-	-	2,970	-	7,030
H3A	116,754	-	55,347	-	-	16,241	77,648	-
Health (e) Foundation - Capacity on HIV Care	-	-	-	-	-	3,969	3,969	-
Helpage PEC	11,179	-	11,029	-	150	-	-	-
Hewlett - PEC General Support	-	224,409	200,000	-	-	289,830	-	134,579
Hewlett Foundation - ERP4	-	160,650	-	803	-	161,452	-	1
Hewlett - Research on Unsafe Abortion in Kenya	-	-	300,000	-	-	89,333	-	210,667
Hewlett - Strategic Plan	-	-	40,000	-	-	24,675	-	15,325
Hewlett - Support for Abortion Research & Policy Confer.	-	-	200,000	-	-	152,293	-	47,707
IAGG 2016 Conference	-	-	106,211	-	-	91,938	-	14,273
ICRW - Transforming Access to Contraception	-	23,073	52,174	-	-	108,906	33,659	-
IDRC - Action for NCD	-	464,541	45,527	-	(5,754)	326,336	-	177,978
IDRC - ADDR F II	-	7,250	-	-	-	7,250	-	-
IDRC - ADDR F 3	-	88,652	-	-	-	7,925	-	80,727
IDRC - ADDR F IV	-	315,276	490,697	-	(45,786)	516,595	-	243,592
IDRC - Doctoral Awards-HIV Prevention Research	-	186,494	-	-	1,535	-	-	-
IDRC - HPRO - Moving Maternal, Newborn & Child Health	-	598,418	-	-	(37,473)	160,985	-	27,044
IDRC - MC Gill Univ. - Improving Child Care Options	-	36,256	195,085	-	4,335	256,879	-	304,066
IFPRI - Social Return on Investment	3,778	-	48,725	(1,306)	-	204,793	-	30,883
Indepth Network - Vaccinations	38,424	-	30,672	7,752	-	43,641	-	-

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 GRANTS RECEIVABLE/DEFERRED GRANTS

Details	Grant Rele Dec 2015 per Debtors Restated	Deferred Grant Dec 2015 Restated	Receipts	Adjustments	Exchange differences	Income 2016	Grant Rele Dec 2016	Deferred Grant Dec 2016
General support								
Hewlett Foundation	-	-	600,000	-	-	600,000	-	-
Total General support	-	-	600,000	-	-	600,000	-	-
Project:								
Adam Smith-SUCSEED	-	16,385	-	-	-	16,384	-	1
AHTI - Living Labs	73	-	-	(73)	-	20,752	20,898	-
AIID- WOTRO	31,274	-	45,532	-	2,611	61,453	44,584	-
Aspen Consultancy	1,211	-	66,942	(10,551)	-	55,180	-	-
Big Win - COG	-	-	-	-	-	63,989	63,989	-
Brown University-Intimate Partners Violence	-	-	9,000	-	-	7,562	-	1,438
Carnegie - Career Tracker	-	99,924	-	-	-	51,115	-	48,809
Carnegie - CARTA	-	6,250	-	-	-	6,250	-	-
Carnegie - CARTA - 2	-	910,690	-	-	-	505,867	-	404,823
Carnegie - CARTA 3	-	1,246,100	882,800	-	-	900,803	-	1,228,097
CICF - MNCH Services	-	-	120,450	-	33,054	138,120	-	15,384
CIFF- Tayari Project	71,102	-	893,833	-	-	573,192	-	249,539
Columbia University	108,574	-	126,262	-	-	17,688	-	-
Comic Relief	-	54,111	158,949	-	13,618	242,314	15,636	-
CUSHH UCL APHRC Conference	-	-	24,689	-	8,075	24,840	-	7,924
DAAD - CARTA	-	43,812	66,878	-	(9,228)	12,878	-	88,584
Delphi CARTA	11,761	-	-	-	-	-	11,761	-
DFID / ESRC-Urban Risk	127,958	-	212,892	-	49,348	226,350	92,068	-
DFID- Population Council	-	642	167,617	(2,021)	-	166,237	-	1
DFID / Pop Council-AGIARP	-	9,726	96,532	-	-	87,844	-	18,414
DUKE - FAITH Study	-	-	10,000	-	-	18,245	8,245	-
Elima Foundation - ECD Evaluation	-	-	75,000	-	-	-	-	75,000
EPHA-GF Document Analysis	-	-	197,652	-	-	225,239	27,587	-
ESE J- Urban Zoonosis	264,319	-	207,936	56,383	-	-	-	-
ESRC - Aging	2,959	-	-	-	2,959	-	-	-
Fidelity Charitable Trust	-	-	-	-	-	38,926	38,926	-
Fidelity Charitable Trust - A LOT-Change	-	288,926	300,000	-	-	280,647	-	308,279

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

Details	Grant Re/b/c 2015 per Debtors Restated	Deferred Grant Dec 2015 Restated	Receipts	Adjustments	Exchange differences	Income 2016	Grant Re/b/c Dec 2016	Deferred Grant Dec 2016
Indepth Network- Working Groups	-	9,633	-	(9,633)	-	-	-	-
IOM - Health Vulnerability Study	-	-	-	-	-	30,947	30,947	-
IPAS - Public Health Cost of Abortion	-	-	13,500	-	-	-	-	13,500
IPPF - SAAF Abortion Project	-	14,388	42,418	-	-	64,488	7,682	-
IRC - Violence Against Women & Girls	-	8,438	83,131	-	23,357	111,735	-	3,191
KEMRI - HDSS Data Access	-	41,434	46,638	-	-	66,892	-	21,180
LSHTM - ALPHA HIV Contextual Analysis	48,028	-	48,028	-	-	-	-	-
LSHTM - Evaluation of Dreams	-	-	44,000	-	-	76,273	32,273	-
MacArthur- CARTA	-	154,340	-	-	-	112,821	-	41,519
MacArthur- Quality of Maternal Health Care in Nigeria	-	5,865	125,000	-	-	127,526	-	3,339
Nairobi Planetary Health Meeting	-	-	7,372	-	-	7,377	5	-
National Academy of Sciences	-	26,280	89,216	-	-	106,335	-	9,161
NIDI - FP Data Quality Assessment	12,375	-	11,985	390	-	-	-	-
NIDI - Family Planning 2020 Project	12,703	-	-	12,703	-	-	-	-
NIDI - Resource flows	-	17,221	-	(17,221)	-	-	-	-
NIDI - Resource Flows FP2020 Project	-	-	38,015	4,518	-	50,000	7,467	-
NIH/Maryland-Measuring Kingship Support for Children	-	24,527	-	-	-	97,249	72,722	-
Packard - Demographic Dividend	-	-	500,000	-	-	12,807	-	487,193
Packard - Sexuality education-Kinshasa	-	-	230,000	-	-	6	-	229,994
Packard Western Kenya II	-	76,727	-	1	-	76,728	-	-
Packard Western Kenya III	-	749,994	-	-	-	385,854	-	364,140
PATH - Donor Human Milk	-	-	54,291	-	-	78,927	24,636	-
Palladium - Measure Evaluation Phase	-	-	-	-	-	-	-	-
PATH - ECD	-	-	19,200	(19,200)	-	181,304	181,304	-
Pathfinder - PHE(ADDRF)	-	-	65,435	(65,435)	-	11,246	11,246	-
Fellowships	-	-	12,091	-	-	4,288	-	7,803
Segal Family - Maternal Near Miss Study	-	-	37,831	-	-	6,003	-	31,828
SIDA - CARTA	-	3,052,288	-	-	-	664,507	-	2,387,781

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

Details	Grant Re-able 2015 per Debtors Restated	Deferred Grant Dec 2015 Restated	Receipts	Adjustments	Exchange differences	Income 2016	Grant Re-able Dec 2016	Deferred Grant Dec 2016
Spenser Foundation-Caregiver Child Interactions	-	-	49,939	-	-	7,986	-	41,953
UNDESA Consultancy	-	-	3,999	-	-	3,999	-	-
UNICEF-Baby Friendly Work Place Evaluation	-	-	7,472	-	-	115,611	108,139	-
UNICEF-Children's Opportunities Across Lifecycle	-	-	-	-	-	113,961	113,961	-
USAID - Africa Strategies for Health	-	13,069	83,348	(22,439)	-	73,978	-	-
USAID - Evidence to Action	-	6,489	97,512	(54,072)	-	49,929	-	-
Wellcome Trust - CARTA	-	305,235	116,003	-	-	636,693	215,455	-
Wellcome Trust - Deltas Africa	-	-	800,322	-	-	356,733	-	443,589
Wellcome Trust - Engaging Science	-	-	25,702	-	-	2,078	-	23,624
Wellcome Trust - IYCF	33,935	-	-	33,935	-	-	-	-
Wellcome Trust - Voices For Action	-	-	46,625	-	-	37,639	-	8,986
WHO - GEA	-	-	-	19,765	-	19,765	-	-
WHO - GEAS Electronic Platform Pilot	8,223	-	25,375	(17,152)	-	-	-	-
WHO - Old People LT Facilities	-	-	15,060	-	-	15,060	-	-
WHO - Piloting the Age-Friendly City Indicator Guide	5,000	-	-	-	-	-	5,000	-
WHO - Reproductive Health & Research	77	-	-	77	-	-	-	-
WHO - Results & Resources	118,337	-	77,477	40,860	-	-	-	-
WHO - Resource Tracking 2016	-	-	-	4,478	-	4,478	-	-
WHO - SHA 2011 Health Accounts	-	8,714	-	(8,714)	-	-	-	-
Whole New World Foundation - Data For Life	7,235	-	20,000	-	-	32,808	20,045	-
Wits	-	42,657	-	(42,657)	-	-	-	-
Total Project	1,035,279	10,152,865	10,314,371	(88,809)	40,801	10,630,890	1,274,309	10,027,368
TOTAL	1,035,279	10,152,865	10,914,371	(88,809)	40,801	11,230,890	1,274,309	10,027,368

* Adjustments relate to amounts recognized as due from donors under grants receivable upon signing an agreement.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 PROGRAM RELATED INVESTMENT LOAN

APHRC entered into a credit agreement with The David and Lucile Packard Foundation to be advanced a term loan in the principal amount of US\$ 4,000,000 to be used solely for the construction of Phase one of APHRC campus. The original term of the loan was forty eight months. In 2015, the term of the loan was amended to sixty months. Interest was payable at a simple rate of 2%. At 31 December 2016, the loan had been fully repaid.

	Minimum payments		Present value of minimum payments	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
No later than 1 year	-	-	-	-
Later than 1 year and no later than 5 years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Less future finance charges	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Present value of minimum lease payments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
			2016 US\$	2015 US\$
Analysis by cash flows:				
Outstanding loan as at 1 January			-	888,892
Funds received during the year			-	-
			<hr/>	<hr/>
Total funds outstanding			-	888,892
Repaid during the year			-	888,892
			<hr/>	<hr/>
Outstanding as at 31 December			-	-
			<hr/>	<hr/>

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 DEFERRED INCOME

	2016 US\$	2015 US\$ Restated
As at 1 January	23,536	24,921
Additions	-	16,613
Asset write off	(23,536)	-
Amortization	-	(17,998)
	<hr/>	<hr/>
As at 31 December	<u>-</u>	<u>23,536</u>

19 RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Center's related parties include the key management personnel. The remuneration of directors and other members of key management during the period were as follows:

	2016 US\$	2015 US\$
Salaries and other short-term employment benefits	<u>2,110,244</u>	<u>1,872,304</u>

20 FINANCIAL RISK MANAGEMENT POLICIES

The Center's financial risk management objectives and policies are detailed below:

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

(b) Financial risk management objectives

The Center's activities expose it to a variety of financial risks including credit and liquidity risks and the effects of changes in foreign currency. The Center's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

(c) Credit risk

The Center's credit risk is primarily attributable to its project reserves and other receivables. The grant receivables presented in the statement of financial position relate to balances of restricted funds which have not yet been received and there is a firm commitment from the donor that this amounts will be received. Debtors and prepayments mainly relate to advance to partners and to staff to conduct field work or to travel who will account for these funds once they utilize the advances.

The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

The amount that best represents the Center's maximum exposure to credit as at 31 December is made up as follows:

	Fully performing KShs	Past due KShs	Impaired KShs
2016			
Cash and cash equivalents	10,528,628	-	-
Investments	28,245	-	-
Debtors and prepayments	303,888	-	-
Grants Receivable	1,274,309	-	-
	<u>12,135,070</u>	<u>-</u>	<u>-</u>
2015			
Cash and cash equivalents	10,429,435	-	-
Investments	346,645	-	-
Debtors and prepayments	178,942	-	-
Grants Receivable	1,035,279	-	-
	<u>11,990,301</u>	<u>-</u>	<u>-</u>

Cash and cash equivalents and investments are fully performing.

The donors and debtors under the fully performing category of the grants receivable and debtors and prepayments all have firm commitments respectively. The default rate is low.

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board, which has built an appropriate liquidity risk management framework for the management of the Center's short, medium and long-term funding and liquidity management requirements. The Center manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecast and actual cash flows.

The table below analyses the Center's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	2016 KShs	2015 KShs
Creditors and accruals	1,109,993	979,456
Deferred grants	10,027,368	10,152,865
	<u>11,137,361</u>	<u>11,132,321</u>

All payables are current.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Market risk

(i) Price risk

The Center currently holds very minimal investments US\$ 28,245 as at 31.12.2016 (US\$ 346,645 in 2015) that would be subject to insignificant price risk; hence this risk is not relevant.

(ii) Fair value interest rate risk

The Center does not hold interest bearing assets or liabilities subject to fair value interest rate risk; hence this risk is not relevant.

(iii) Foreign exchange risk

The Center keeps records in US Dollars but receives grants from foreign countries in various currencies. The funds are held in Shilling, Pound, Nairas and in Euros. This exposes the Center to losses that may arise from fluctuation in the foreign currency exchange rates. The Center operates foreign currencies bank accounts for all receipts and payments in foreign currencies to minimize exposure to exchange risks.

The carrying amounts of the Center's foreign currency denominated monetary assets at the date of the statement of financial position are as follows:

	2016 KShs	2015 KShs
Assets		
Bank and cash balances		
Shillings	212,370	310,418
Pound	669,146	1,991,797
Euros	30,542	34,378
Naira	6,981	477
	919,039	2,337,070

10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

As at 31 December 2016, if the Dollar had weakened/strengthened by 5% against the Shilling, Pound, Naira and Euro with all other variables held constant, the impact on the surplus for the year would have been US\$ 45,952 higher/lower (US\$ 116,854 in 2015), mainly as a result of Shilling, Pound and Euro bank and cash balances.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 RESTATEMENT OF PRIOR PERIODS TO IFRS

The principal adjustments made by the Center in restating its financial statements, including the statement of financial position as at 1 January 2015 and the financial statements for the year ended 31 December 2015 are explained below:

Reconciliation of fund balance

	Note	Previous GAAP 2015 US\$	Effect of Transition To IFRSs	IFRSs 2015	Previous GAAP 2014 US\$ Restated	Effect of Transition To IFRSs	IFRSs 2014 US\$
ASSETS							
Non-current assets							
Property and equipment		6,652,640	-	6,652,640	6,855,315	-	6,855,315
Prepaid operating lease		2,529,697	-	2,529,697	1,562,045	-	1,562,045
Intangible assets		1,204	-	1,204	6,784	-	6,784
		9,183,541	-	9,183,541	8,424,144	-	8,424,144
Current assets							
Grant receivable	i	10,039,961	(9,004,682)	1,035,279	11,647,512	(9,606,973)	2,040,539
Investments		346,645	-	346,645	380,701	-	380,701
Debtors and prepayments		178,942	-	178,942	362,442	-	362,442
Cash and cash equivalents		10,429,435	-	10,429,435	11,817,751	-	11,817,751
		20,994,983	(9,004,682)	11,990,301	24,208,406	(9,606,973)	14,601,433
TOTAL ASSETS		30,178,524	(9,004,682)	21,173,842	32,632,550	(9,606,973)	23,025,577

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 RESTATEMENT OF PRIOR PERIODS TO IFRS (CONTINUED)

Reconciliation of fund balance (Continued)

	Note	Previous GAAP 2015 US\$	Effect of Transition To IFRSs	IFRSs 2015	Previous GAAP 2014 US\$ Restated	Effect of Transition To IFRSs	IFRSs 2014 US\$
FUNDS AND LIABILITIES							
Fund balance	i, ii	9,740,089	277,894	10,017,983	9,413,724	872,042	10,285,766
Non-current liabilities							
Program related investment loan		-	-	-	444,448	-	444,448
Deferred income	ii	-	23,535	23,535	-	24,921	24,921
Total non-current liabilities		-	23,535	23,535	444,448	24,921	469,369
Current liabilities							
Creditors and accruals	i	7,258,117	(6,278,658)	979,459	6,317,607	(5,286,095)	1,031,512
Deferred grants	i	13,180,318	(3,027,453)	10,152,865	16,012,327	(5,217,841)	10,794,486
Program related investment loan		-	-	-	444,444	-	444,444
Total current liabilities		20,438,435	(9,306,111)	11,132,324	22,774,378	(10,503,936)	12,270,442
TOTAL FUNDS AND LIABILITIES		30,178,524	(9,004,682)	21,173,842	32,632,550	(9,606,973)	23,025,577

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 RESTATEMENT OF PRIOR PERIODS TO IFRS (CONTINUED)

Reconciliation of total comprehensive income for 2015

	Note	Previous GAAP 2015 US\$	Effect of transition to IFRSs US\$	IFRSs 2015 US\$
INCOME				
Grant income	i	11,530,433	(1,798,850)	9,731,583
Other income	i, ii	489,799	132,108	621,907
Kitisuru building rental income		660,235	-	660,235
Service charge income		81,339	-	81,339
Total income		12,761,806	(1,666,742)	11,095,064
EXPENDITURE				
Direct programme expenses	i	10,442,785	(1,089,207)	9,353,578
Administration & support costs	i, ii, iv	1,449,922	197,830	1,647,752
APHRC campus development	iii	1,112,956	(1,100,403)	12,553
APHRC campus administration expenses		189,738	-	189,738
Exchange revaluation loss	v	-	125,170	125,170
Total expenditure		13,195,401	(1,866,610)	11,328,791
SURPLUS FOR THE YEAR		(433,595)	199,868	(233,727)
OTHER COMPREHENSIVE INCOME				
Fair value loss on available for sale financial assets		(34,056)	-	(34,056)
Total comprehensive income for the year		(467,651)	199,868	(267,783)

Adjustments made under IFRS

i) Revenue recognition

CARTA fellowship accruals that constituted un-incurred fellowship expenses recognised upon entering into agreements with the students under the Center's accounting policies have been adjusted to deferred grants at the date of transition to IFRS. This resulted in less project expenses and restricted income being recognized as compared with the Center's previous accounting policy.

Under the Center's accounting policies, the Center deferred all unrestricted grants. Under IFRS the Center has adopted an accounting policy of recognizing unrestricted grants and donations on receipt because management considers this better reflects the Center's earnings activities. This leads to income generally being recognized earlier as compared with the Center's previous accounting policy.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 RESTATEMENT OF PRIOR PERIODS TO IFRS (CONTINUED)

Adjustments made under IFRS (Continued)

ii) Deferred income

Donated assets previously expensed have been adjusted to deferred income and amortized over their useful life.

iii) Fixed assets expensed

The cost of assets previously expensed through the statement of profit or loss and other comprehensive income that qualified for capitalization under IFRS has been adjusted as at the date of transition to IFRS.

iv) Depreciation charge

The depreciation charge on assets previously recognized directly in the statement of changes in funds has been adjusted to the statement of profit or loss and other comprehensive income as at the date of transition to IFRS.

v) Exchange revaluation loss

Exchange revaluation loss previously reported under Administration & support costs has been disclosed separately in the statement of profit or loss and other comprehensive income as at the date of transition to IFRS.

Estimates

The estimates at 1 January 2015 and at 31 December, 2015 are consistent with those made for the same dates in accordance with the Center's accounting policies (after adjustments to reflect any differences in accounting policies).

22 EVENTS SUBSEQUENT TO YEAR END

There were no material subsequent events after the reporting date requiring disclosure in these financial statements as at the date of the financial statements approval.

23 CONTINGENT LIABILITIES

Pending lawsuits	-	70,000
	<u> </u>	<u> </u>

Pending lawsuit relates to civil suit lodged against the Center by a former employee. The Board of directors are of the opinion that the pending case is unlikely to result in any liability to the Center.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 LEGAL FORM

African Population and Health Research Center (APHRC) is registered under section 366 of the Companies Act (Cap 486) as a branch of African Population and Health Research Center Inc., a company incorporated in the United States of America as a not-for-profit corporation.

On 14 June 2001, the Kenya Government and APHRC Inc. entered into a co-operation agreement, which granted APHRC privileges and immunities under Section 11 of the Privileges and Immunities Act (Cap 179). This includes exemption from all taxes, duties and Value Added Tax (VAT). In addition, certain categories of staff are exempted from income tax.

APHRC enjoys tax exemption from the United States Internal Revenue Service under Section 501(c) 3 of the US tax code.

25 CURRENCY

The financial statements are presented in United States Dollars (US\$).