

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

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2017**

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

GLOSSARY OF TERMS

A LOT Change	Advancing Learning Outcomes for Transformational Change
ACB	African Constituency Bureau
ADDRF	African Doctoral Dissertation Research Fellowship
AHTI	Amsterdam Health and Technology Institute
AIGHD	Amsterdam Institute for Global Health and Development
AIID	Amsterdam Institute for International Development
APHRC	African Population and Health Research Center
CARTA	Consortium for Advanced Research Training in Africa
CICF	County Innovation Challenge Fund
CIFF	Children's Investment Fund Foundation
COG	Council of Governors
CUSSH	The Complex Urban Systems for Sustainability and Health
DAAD	Deutscher Akademischer Austausch Dienst
ECD	Early Childhood Development
EPHA	European Public Health Alliance
ESRC	Economic and Social Research Council
HIV	Human Immunodeficiency Virus
HPRO	Health Protection and Research Organization
IAGG	International Association of Gerontology and Geriatrics
ICRW	International Center for Research on Women
IDRC	International Development Research Center
IDS	Institute for Development Studies
IIED	International Institute for Environment and Development
IOM	International Organization for Migration
IPAS	International Pregnancy Advisory Services
IPPF	International Planned Parenthood Federation
IRC	International Rescue Committee
KEMRI	Kenya Medical Research Institute
LGBT	Lesbian, Gay, Bisexual, and Transgender
LSHTM	London School of Hygiene & Tropical Medicine

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

GLOSSARY OF TERMS (continued)

MNCH	Maternal, Newborn and Child Health
NACC	National Aids Control Council
NCD	Non-communicable Disease
NIDI	Netherlands Interdisciplinary Demographic Institute
NIH	National Institutes of Health
NOW	Netherlands Organization for Scientific Research
NSSF	National Social Security Fund
PEC	Policy Engagement and Communication
RELI	Regional Education Learning Initiative
SIDA	Swedish International Development Agency
SSA	Sub Saharan Africa
UCL	University College London
UMC	University Medical Center Utrecht
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
US\$	United States Dollar
WHO	World Health Organization
YSRHR	Youth Sexual Reproductive Health and Rights

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

TABLE OF CONTENTS	PAGES
Officials and advisers	2
Executive Director's report	3
Report of the Directors	4
Statement of Directors' responsibilities	5
Independent auditors' report	6 - 7
Financial statements	
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in funds	10
Statement of cash flows	11
Notes to the financial statements	12 - 32

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

OFFICIALS AND ADVISERS

Directors	Tamara Fox Alex Ezeh (Up to 30 September 2017) Catherine Kyobutungi (W.E.F 1 October 2017) Trudy Harpham Tade Aina Goran Bondjers Akpan Ekpo Patricia Vaughan Timothy Stiles James Ole Kiyapi Nancy Birdsall Naline Sangrujee	Chairperson, Board of Directors Former Executive Director Current Executive Director
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 I & 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


The year 2017 marked the second year of APHRC adopting the International Financial Reporting Standards (IFRS). The accounting and audit process was therefore smoother as all adjustments including the restatement of comparative figures was done in the previous year. The year also marked the first transition in the Executive Director (ED) position. The transition was smooth with the exiting ED leaving the position in September and the new ED starting in October. The recruitment process was undertaken by a global search firm, which explains the relatively higher recruitment costs for 2017.

Our income for 2017 grew by 11% to US\$ 13.6 million. Program expenditure grew by 9% but general administration expenses declined by 12% on account of nominal exchange losses and no revaluation losses. Total expenditure grew at 5% to US\$ 13.1m for a surplus of \$0.5 million. The most notable growth was in seminars and workshops due to an increase in the number of projects having large meetings. The meetings included the Faculty and Administrators workshop under the Consortium for Advanced Research Training in Africa (CARTA), a data analysis workshop for 19 country teams under the Countdown 2030 Regional Initiative and several national level seminars under the Regional Education Learning Initiative (RELI). The Center had a very successful year in terms of fundraising with the 2018 budget increasing by 20% and 86% of the budgeted income already confirmed by November 2017.

APHRC's work has continued to attract accolades. The Center was again ranked as a top influencer in domestic health policy in sub-Saharan Africa as part of the Global Go to Think Tanks report released by the University of Pennsylvania's Lauder Institute. Our staff published 58 papers in peer-reviewed journals, 26 technical reports and book chapters, 15 briefing papers and fact sheets and 30 blogs and opinion articles in 2017. Fellows in our flagship doctoral program, the CARTA published 148 peer-reviewed articles. We continued to engage policy makers with our research evidence and scored a number of policy wins including adoption of the Common African Position (CAP) on long-term care systems by the African Union. APHRC's Aging and Development Unit led preparation of the CAP, which offers a model for African countries to use in the establishment of quality and appropriate care systems for their older populations. Our staff continued to serve on several boards, expert panels and commissions, and to give keynote addresses at major conferences.

We are now on our fourth strategic plan (2017-2021) since commencement of independent operations in 2001. The highlight of the new strategic plan is the focus on signature issues – areas of research where we will deepen our understanding and which, at the same time will guide our policy engagements over the plan period.

We appreciate our staff and the Board for their commitment and dedication that continue to help us make strides in our vision of transforming lives in Africa through research.


Catherine Kyobutungi
Executive Director

April 30, 2018

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

REPORT OF THE DIRECTORS

The Directors present their audited financial statements for the year ended 31 December 2017.

Center and nature of activities

The African Population and Health Research Center (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 generate evidence, strengthen research capacity and engage policy to inform action on population health and wellbeing in Africa.

Results

The results for the year ended 31 December 2017 are set out on page 8.

Board of Directors

The current Directors are shown on page 2.

Auditors

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

BY ORDER OF THE BOARD



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


.....
Executive Director

April 30, 2018

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 financial statements in accordance with International Financial Reporting Standards.

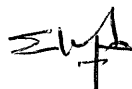
They also accept responsibility for:

- 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 April 20, 2018 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 32, which comprise the statement of financial position as at 31 December 2017, 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 2017 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.

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.

Deloitte & Touche

**Certified Public Accountants (Kenya)
Nairobi, Kenya**

9 May, 2018

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 Restricted Income US\$	2017 Unrestricted Income US\$	2017 Total US\$	2016 Total US\$
INCOME					
Grant income	3	10,644,503	2,058,007	12,702,510	11,230,890
Other income	4		367,633	367,633	502,415
Kitisuru building rental income			423,288	423,288	390,147
Service charge income			85,565	85,565	62,018
Total income		10,644,503	2,934,493	13,578,996	12,185,470
EXPENDITURE					
Direct programme expenses	5	10,644,503	562,539	11,207,042	10,199,526
Administration and support costs	6		1,687,648	1,687,648	1,742,081
APHRC campus development	7		-	-	8,310
APHRC campus administration expenses	8		193,099	193,099	180,301
Exchange loss			-	-	141,491
Loss on disposal of investment			4,052	4,052	76,755
Total expenditure		10,644,503	2,447,338	13,091,841	12,348,464
SURPLUS/(DEFICIT) FOR THE YEAR		-	487,155	487,155	(162,994)
Total comprehensive income for the year		-	-	487,155	(162,994)

The notes set out on pages 12 to 32 form an integral part of these financial statements.

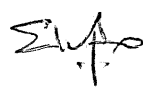
AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 US\$	2016 US\$
ASSETS			
Non-current assets			
Property and equipment	9	8,584,947	8,850,824
Intangible assets	10	3,233	-
		<hr/>	<hr/>
		8,588,180	8,850,824
		<hr/>	<hr/>
Current assets			
Grant receivable	15	1,173,881	1,274,309
Investments	12	-	28,245
Debtors and prepayments	13	580,602	303,888
Cash and cash equivalents	11	9,241,252	10,528,628
		<hr/>	<hr/>
Total current assets		10,995,735	12,135,070
		<hr/>	<hr/>
TOTAL ASSETS		19,583,915	20,985,894
		<hr/> <hr/>	<hr/> <hr/>
FUNDS AND LIABILITIES			
Fund balance		10,335,688	9,848,533
		<hr/>	<hr/>
Current liabilities			
Creditors and accruals	14	1,054,232	1,109,993
Deferred grants	15	8,193,995	10,027,368
		<hr/>	<hr/>
Total current liabilities		9,248,227	11,137,361
		<hr/>	<hr/>
TOTAL FUNDS AND LIABILITIES		19,583,915	20,985,894
		<hr/> <hr/>	<hr/> <hr/>

The financial statements shown on pages 8 to 32 were approved and authorized for issue by the Directors on April 30, 2018 and signed on their behalf by:



 Chairperson, Board Finance Committee



 Executive Director

The notes set out on pages 12 to 32 form an integral part of these financial statements.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF CHANGES IN FUNDS AS AT 31 DECEMBER 2017

	Accumulated fund	*Revaluation reserve	*Investment revaluation reserve	Total
	US\$	US\$	US\$	US\$
As at 1 January 2016	7,457,701	2,618,637	(58,355)	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>-</u>	<u>9,848,533</u>
As at 1 January 2017	7,327,196	2,521,337	-	9,848,533
Transfer of revaluation depreciation	32,489	(32,489)	-	-
Surplus for the year	487,155	-	-	487,155
At 31 December 2017	<u>7,846,840</u>	<u>2,488,848</u>	<u>-</u>	<u>10,335,688</u>

* Revaluation reserve

This represents gain or loss on revaluation of land and building. There was no revaluation of land and building during the period under review.

* Investment revaluation reserve

This represents gain or loss on revaluation of available for sale financial assets

The notes set out on pages 12 to 32 form an integral part of these financial statements.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2017

	Note	2017 US\$	2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the year		487,155	(162,994)
Adjustments for:			
Depreciation	6	265,877	293,991
Amortization charge	6	1,617	4,174
Write-off of PPE			69,302
Deferred income amortization			(23,535)
Fair value loss on the investments	12	4,052	76,755
Gain on disposal		(1,017)	-
Surplus before working capital changes		757,684	257,693
Working capital changes			
(Increase)/decrease in debtors and prepayments		(276,714)	(124,946)
Decrease/(increase) in grants receivable		100,428	(239,030)
Decrease in deferred grants		(1,833,373)	(125,497)
(Decrease)/increase in creditors and accruals		(55,761)	130,534
Net cash used in operating activities		(1,307,736)	(101,246)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from liquidation of investments		24,193	300,000
Proceeds from sale of assets		1,017	-
Purchase of property and equipment		(4,850)	(99,561)
Net cash generated from investing activities		20,360	200,439
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,287,376)	99,193
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		10,528,628	10,429,435
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER		9,241,252	10,528,628
Represented by:			
Bank and cash balances	11	9,241,252	10,528,628

The notes set out on pages 12 to 32 form an integral part of these financial statements.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 ACCOUNTING POLICIES

Statement of compliance

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

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 2017*

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.

Annual Improvements to 2010-2012

The annual improvements to IFRSs 2012-2014 cycle include a number of amendments to various IFRSs, which are summarized below:

The amendments to IFRS 5 add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to IFRS 7 add additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required.

The application of these amendments has had no material impact on the disclosures or on the amounts recognized in the Center's financial statements.

Amendments to IAS 7 Disclosure Initiative

The amendments to IAS 7 Presentation of Financial Statements address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements;
- c) clarification that an entity's share of Other Comprehensive Income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- d) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The amendments to the standard has had no impact on the Center's financial statements.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

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)

ii) *Relevant new and amended standards in issue but not yet effective in the year ended 31 December 2017*

<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

iii) *Impact of new and amended standards on the financial statements for the year ended 31 December 2017 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 de-recognition. Another revised version of IFRS 9 was issued in July 2014 mainly to include:

- a) impairment requirements for financial assets; and
- b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized 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 amortized 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 nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies) in other comprehensive income, with only dividend income generally recognized 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 a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes 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.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

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)

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

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

IFRS 15 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 recognize 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

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 introduces a comprehensive model for identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current guidance including IAS 17 Leases and the related interpretations when it becomes effective.

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.

iv) Early adoption of standards

The Center did not early adopt new or amended standards in 2017.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 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.

Property and equipment

Land and building are stated at the revalued amount as professionally valued from time to time less accumulated depreciation and accumulated impairment losses. Equipment are stated at the cost amount 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 value of the 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 financial assets

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% 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 Generalli 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

Where necessary, comparative information has been adjusted to conform to changes in presentation in the current year. In particular land previously classified as prepaid operating lease has been presented under property and equipment.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

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.

Classification of leases of land as finance or operating leases

At the inception of each lease of land, the Center considers the substance rather than the form of the lease contract. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

- The lease transfers ownership of the asset to the lessee by the end of the lease term;
- The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- The lease term is for the major part of the economic life of the asset even if title is not transferred;
- At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- The lessee has the ability to continue to lease for a secondary period at a rent that is substantially lower than market rent

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.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical accounting judgements

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.

3 GRANT INCOME

	2017 US\$	2016 US\$
Restricted income	10,644,503	9,652,709
Unrestricted income		
Hewlett Foundation	600,000	600,000
Overheads recovery	1,458,007	978,181
Sub total	2,058,007	1,578,181
Total (note 16)	12,702,510	11,230,890

4 OTHER INCOME

Interest income	195,430	227,958
Training income	39,465	27,512
Miscellaneous income	132,738	223,410
Deferred income recognised	-	23,535
	367,633	502,415

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 DIRECT PROGRAMME EXPENSES

	2017 Restricted	2017 Unrestricted	2017 Total	2016 Total
	US\$	US\$	US\$	US\$
Field assistants and consultants	1,094,469	5,854	1,100,323	1,118,822
Program staff salaries and benefits	3,887,485	428,225	4,315,710	3,920,981
Public relations and advertising	5,523	90	5,613	3,390
Computers and other equipment	44,184	-	44,184	78,145
Seminars and workshops	1,822,644	23,131	1,845,775	873,725
Fellowships	2,090,569	10,799	2,101,368	2,783,666
Travel costs	341,301	18,362	359,663	300,320
Training	124,056	12,480	136,536	87,716
Printing and stationery	18,823	1,195	20,018	32,259
Recruitment	70,264	3,371	73,635	24,964
Sub grants	802,492	485	802,977	576,234
Publications, reprint and reports	28,798	9,975	38,773	28,685
Library development	-	-	-	-
Field office supplies	161,044	1,239	162,283	95,620
Motor vehicle expenses	22,948	1,912	24,860	20,541
Communications and postage	32,741	1,449	34,190	29,243
Field office rent and expenses	17,471	1,286	18,757	15,435
Equipment repairs and maintenance	36	-	36	3,525
Community development	-	16,777	16,777	115,947
Other program costs	79,655	5,012	84,667	-
Provision for grants receivable	-	20,897	20,897	-
Total	10,644,503	562,539	11,207,042	10,199,526

6 ADMINISTRATION AND SUPPORT COSTS

	2017 US\$	2016 US\$
Travel costs and allowances	20,764	18,057
Board costs	75,994	62,680
Staff salaries and benefits	911,433	888,692
Other overhead costs	22,672	68,446
Professional fees	39,371	56,496
Office rent	-	-
Stationery and office supplies	165,364	134,685
Communication and postage	32,896	33,212
Motor vehicle running	7,096	7,697
Staff development	65,145	47,361
Recruitment expenses	46,624	38,793
Insurance	9,747	10,049
Fundraising costs	23,048	8,446
Depreciation	265,877	293,991
Amortization	1,617	4,174
Property and equipment write-off	-	69,302
	1,687,648	1,742,081

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 APHRC CAMPUS DEVELOPMENT

	2017 US\$	2016 US\$
Kitisuru building improvements	-	6,192
Road improvements	-	2,118
	<hr/>	<hr/>
	-	8,310
	<hr/>	<hr/>

8 APHRC CAMPUS ADMINISTRATION EXPENSES

Staff costs	24,074	22,452
Security	72,906	69,371
Office cleaning and maintenance	52,663	48,112
Fuel	2,866	2,415
Electricity	12,360	12,002
Office supplies	13,324	14,278
Insurance	5,598	5,694
Water	7,272	3,872
Audit fees	2,036	2,105
	<hr/>	<hr/>
	193,099	180,301
	<hr/>	<hr/>

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 PROPERTY AND EQUIPMENT

	Freehold Land	Leasehold Land	Building	Computers	Motor Vehicles	Furniture, fittings	Equipment and tools	Total
COST	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 2016	67,156	2,525,539	7,112,865	462,356	219,795	103,034	249,098	10,739,843
Additions	-	-	10,256	19,629	55,170	-	6,301	91,356
Revaluation	79,073	1,130,144	(1,274,028)	-	-	-	-	(64,811)
Write offs	-	-	-	(380,847)	(4,865)	(34,967)	(19,301)	(439,980)
At 31 December 2016	146,229	3,655,683	5,849,093	101,138	270,100	68,067	236,098	10,326,408
At 1 January 2017	146,229	3,655,683	5,849,093	101,138	270,100	68,067	236,098	10,326,408
Disposals	-	-	-	-	-	(8,642)	-	(8,642)
At 31 December 2017	146,229	3,655,683	5,849,093	101,138	270,100	59,425	236,098	10,317,766
DEPRECIATION								
At 1 January 2016	-	57,697	641,313	431,014	192,493	56,002	173,686	1,552,205
Charge for the year	-	41,090	167,117	2,874	40,264	7,988	34,658	293,991
Elimination on write off	-	-	-	(333,982)	(4,035)	(19,888)	(12,707)	(370,612)
At 31 December 2016	-	98,787	808,430	99,906	228,722	44,102	195,637	1,475,584
At 1 January 2017	-	98,787	808,430	99,906	228,722	44,102	195,637	1,475,584
Charge for the year	-	41,089	167,117	1,232	13,793	7,988	34,658	265,877
Elimination on disposal	-	-	-	-	-	-	(8,642)	(8,642)
At 31 December 2017	-	139,876	975,547	101,138	242,515	52,090	221,653	1,732,819
NET BOOK VALUE								
At 31 December 2017	146,229	3,515,807	4,873,546	-	27,585	7,335	14,445	8,584,947
At 31 December 2016	146,229	3,556,896	5,040,663	1,232	41,378	23,965	40,461	8,850,824

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INTANGIBLE ASSETS

	2017 US\$	2016 US\$
COST		
As at 1 January	228,202	225,232
Additions	4,850	2,970
	<u>233,052</u>	<u>228,202</u>
AMORTISATION		
As at 1 January	228,202	224,028
Charge for the year	1,617	4,174
	<u>229,819</u>	<u>228,202</u>
NET BOOK VALUE		
As at 31 December	<u>3,233</u>	<u>-</u>

11 CASH AND CASH EQUIVALENTS

Cash at bank	4,889,513	1,960,204
Cash on hand	354	770
Fixed deposits	4,351,385	8,567,654
	<u>9,241,252</u>	<u>10,528,628</u>
As at 31 December	<u>9,241,252</u>	<u>10,528,628</u>

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

Kenya shilling denominated deposits 6.48% (2016 – 6.58%)
 USD denominated deposits 3.58% (2016 – 3.83%)
 GBP denominated deposits 1.4% (2016 – 1.29%)

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 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	Market value as at 31.12.2017 US\$	Market value at 31.12.2016 US\$
Old mutual international Executive redemption bond	-	28,245
Total	-	28,245
	2016 US\$	2015 US\$
Movement in available for sale investments		
As at January	28,245	346,645
Disposals	(24,193)	(300,000)
Fair value loss	(4,052)	(18,400)
	-	28,245

13 DEBTORS AND PREPAYMENTS

	2017 US\$	2016 US\$
Staff debtors	94,422	36,413
Other debtors	242,280	208,077
Prepaid staff costs	65,631	39,444
Prepayments	169,012	13,319
Utilities and other deposits	9,257	6,635
	580,602	303,888

14 CREDITORS AND ACCRUALS

Trade creditors	52,289	18,229
Accruals	393,388	473,829
Leave, gratuity and pension accrual	464,656	519,655
Due to Staff (Imprest, Advance) USD	134,250	91,041
Withholding Tax	1,264	1,778
Due to Staff (Imprest, Advance) KES	8,385	5,461
	1,054,232	1,109,993

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 GRANTS RECEIVABLE/DEFERRED GRANTS

Details	Grant Receivable December 2016	Deferred Grant December 2016	Receipts	Refunded	Income 2017	Bad debt provision	Grant Receivable December 2017	Deferred Grant December 2017
General support								
Hewlett Foundation	-	-	600,000	-	600,000	-	-	-
Total General support	-	-	600,000	-	600,000	-	-	-
Project:								
ACB - Support ACB's Surge Capacity	-	-	11,823	-	23,718	-	11,895	-
AHTI - Hypertension Study	-	-	-	-	69,153	-	69,153	-
AHTI - Living Labs	20,898	-	18,306	-	18,306	20,897	1	-
AIID - WOTRO	44,584	-	41,557	-	40,674	-	43,701	-
Indepth - H3Africa(Awi Gen) II	-	-	-	-	4,120	-	4,120	-
Big Win - COG	63,989	-	260,007	-	196,018	-	-	-
British Academy - Baby Friendly (BFCl)	-	-	-	-	10,372	-	10,372	-
Brown University - Intimate Partners Violence	-	1,438	-	-	1,438	-	-	-
Carnegie - Career Tracker	-	48,809	-	-	48,809	-	-	-
Carnegie - CARTA - 2	-	404,823	-	-	404,823	-	-	-
Carnegie - CARTA 3	-	1,228,097	-	-	1,228,097	-	-	-
Carnegie - CARTA 4	-	-	798,100	-	19,271	-	-	778,829
CICF - Afya Kwa Ukoo	-	-	-	-	62,083	-	62,083	-
CICF - MNCH Services	-	15,384	271,720	-	123,752	-	-	163,352
CIFF- Tavari Project	-	249,539	469,993	-	828,341	-	108,809	-
Comic Relief - PAMANECH I	15,636	-	15,636	-	-	-	-	-
Comic Relief - PAMANECH II	-	-	-	-	752	-	752	-
CUSSH UCL APHRC Conference	-	7,924	19,974	-	44,098	-	16,200	-
DAAD - CARTA	-	88,584	94,701	-	34,111	-	-	149,174
Delphi CARTA	11,761	-	-	-	(11,761)*	-	-	-
DFID / ESRC-Urban Risk	92,068	-	194,326	-	154,947	-	52,689	-
DFID - Population Council	-	1	111,786	-	94,138	-	-	17,649
DFID / Pop Council-AGIARP	-	18,414	86,046	-	82,129	-	-	22,331
DUKE - FAITH Study	8,245	-	15,000	-	6,755	-	-	-
Elma Foundation - ECD Evaluation	-	75,000	-	-	76,665	-	1,665	-
EPHA-GF Document Analysis	27,587	-	83,890	-	56,302	-	1	-
ESRC - GALNET	-	-	19,820	-	12,979	-	-	6,841
Fidelity Charitable Trust	38,926	-	-	-	(38,926)	-	-	-
Fidelity Charitable Trust - A LOT Change	-	308,279	-	-	241,685	-	-	66,594

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 GRANTS RECEIVABLE/DEFERRED GRANTS

Details	Grant Receivable December 2016	Deferred Grant December 2016	Receipts	Refunded	Income 2017	Bad debt provision	Grant Receivable December 2017	Deferred Grant December 2017
Fidelity Charitable Trust - RELI	-	-	560,500	-	319,079	-	-	241,421
Fidelity Charitable Trust - Urban Education	-	295,919	-	-	259,849	-	-	36,070
Fidelity Charitable Trust - Urban Education 2	-	-	200,000	-	-	-	-	200,000
Ford Foundation- CARTA - II	-	158,276	-	-	95,787	-	-	62,489
Ford - LGBTQ Research in SSA	-	-	76,000	-	1,829	-	-	74,171
Ford - YSRHR Review Consultancy	-	-	6,750	-	9,743	-	2,993	-
Gates - Immunization	-	1,420,260	-	-	420,888	-	-	999,372
Gates - Fecal waste Management	-	293,967	434,460	-	335,582	-	-	392,845
Guttmacher - Communication Consultancy	-	-	40,000	-	59,973	-	19,973	-
Guttmacher Inst. Comprehensive Sex Education	4,459	-	-	-	(4,459)	-	-	-
Guttmacher - Maternal Near Miss	-	-	9,981	-	16,155	-	6,174	-
Guttmacher - Lancet Commission Report	-	7,030	-	-	7,030	-	-	-
IIED-Towards Inclusive Health System	-	-	-	-	18,329	-	18,329	-
H3A	77,648	-	71,288	-	(6,360)	-	-	-
Health (e) Foundation - Capacity on HIV Care	3,969	-	-	-	(3,969)	-	-	-
Hewlett - PEC General Support	-	134,579	200,000	-	170,746	-	-	163,833
Hewlett - Quality Post Abortion Care Services	-	-	500,000	-	659	-	-	499,341
Hewlett - Research on Unsafe Abortion in Kenya	-	210,667	-	-	137,865	-	-	72,802
Hewlett - Leadership Transition Support	-	1	95,000	-	95,001	-	-	-
Hewlett - Strategic Plan	-	15,325	-	-	15,325	-	-	-
Hewlett - Support for Abortion Research & Policy Confer.	-	47,707	-	-	47,709	-	2	-
IAGG - 2016 Conference	-	14,273	(2,325)	-	9,782	-	-	2,166
ICRW -Transforming Access to Contraception	33,659	-	87,578	-	72,978	-	19,059	-
IDRC - Action for NCD	-	177,978	175,689	-	353,667	-	-	-
IDRC - ADDRIF 3	-	80,727	-	-	-	-	-	80,727
IDRC - ADDRIF IV	-	243,592	234,913	-	243,591	-	-	234,914
IDRC - Doctoral Awards-HIV Prevention Research	-	27,044	-	-	27,044	-	-	-
IDRC - HPRO - Moving Maternal, Newborn & Child Health	-	304,066	866,695	-	519,316	-	-	651,445

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 GRANTS RECEIVABLE/DEFERRED GRANTS

Details	Grant Receivable December 2016	Deferred Grant December 2016	Receipts	Refunded	Income 2017	Bad debt provision	Grant Receivable December 2017	Deferred Grant December 2017
IDRC - MC Gill Univ. - Improving Child Care Options	-	30,883	122,488	-	153,371	-	-	-
IDS - APHRC Social Protection Implications	-	-	9,305	-	3,863	-	-	5,442
IOM - Health Vulnerability Study	30,947	-	35,931	-	-	-	-	4,984
IOM - Migration & SRH	-	-	44,996	-	212,083	-	167,087	-
IPAS - Public Health Cost of Abortion	-	13,500	-	-	11,443	-	-	2,057
IPPF - SAAF Abortion Project	7,682	-	7,682	-	-	-	-	-
IRC - Violence Against Women & Girls	-	3,191	119,143	-	59,569	-	-	62,765
KEMRI - HDSS Data Access	-	21,180	-	-	1,805	-	-	19,375
KEMRI - Parental Skills Training	-	-	-	-	166	-	166	-
LSHTM - ALPHA / ANDLA Workshop	-	-	32,190	-	32,190	-	-	-
LSHTM - Evaluation of Dreams	32,273	-	385,324	-	330,603	-	-	22,448
MacArthur - CARTA	-	41,519	-	-	18,093	-	-	23,426
MacArthur - Quality of Maternal Health Care in Nigeria	-	3,339	-	-	3,339	-	-	-
NACC-Beyond Zero Campaign	-	-	32,827	-	32,826	-	-	-
Nairobi Planetary Health Meeting	5	-	-	-	(5)	-	-	-
National Academy of Sciences	-	9,161	-	-	9,162	-	1	-
NIDI - Resource Flows FP2020	7,467	-	19,979	-	12,512	-	-	-
NIH/Maryland - Measuring Kingship Support for Children	72,722	-	72,722	-	-	-	-	-
NIHR Global Health - Improving Health in Slums	-	-	-	-	44,999	-	44,999	-
Packard - Demographic Dividend	-	487,193	-	-	131,183	-	-	356,010
Packard - Sexuality education - Kinshasa	-	229,994	-	-	122,581	-	-	107,413
Packard - Gender and Agriculture Study	-	-	150,000	-	2,486	-	-	147,514
Packard - Western Kenya III	-	364,140	-	-	353,826	-	-	10,314
PATH - Donor Human Milk	24,636	-	74,817	-	41,963	-	-	8,218
Palladium - Measure Evaluation Phase 4	181,304	-	266,724	-	56,565	-	-	28,855
PATH - ECD	11,246	-	20,040	-	29,142	-	20,348	-
Pathfinder - PHE(ADDRF) Fellowships	-	7,803	-	-	6,700	-	-	1,103
Segal Family - Maternal Near Miss Study	-	31,828	12,500	-	44,328	-	-	-
SIDA - CARTA	-	2,387,781	-	(2,385,221)	-	-	-	2,560

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 GRANTS RECEIVABLE/DEFERRED GRANTS

Details	Grant Receivable December 2016	Deferred Grant December 2016	Receipts	Refunded	Income 2017	Bad debt provision	Grant Receivable December 2017	Deferred Grant December 2017
Sida - DSS	-	-	742,006	-	448,759	-	-	293,247
SIDA - CARTA Support 2017	-	-	2,052,677	-	1,150,066	-	-	902,611
Spenser Foundation - Caregiver Child Interactions	-	41,953	-	-	41,953	-	-	-
UK MRC - Food Choices	-	-	-	-	64,226	-	64,226	-
UMC - Frederick PhD Scholarship	-	-	-	-	8,642	-	8,642	-
UNICEF - Baby Friendly Work Place Evaluation	108,139	-	49,775	-	175,395	-	233,759	-
UNICEF - Children's Opportunities Across Lifecycle	113,961	-	22,701	-	(91,260)	-	-	-
UNICEF: ICCM - MAM	-	-	-	-	14,367	-	14,367	-
UNICEF-UNOPS - Urban Health Consultancy	-	-	6,000	-	46,605	-	40,605	-
University of Southampton - Social Pension Impact	-	-	9,764	-	106,343	-	96,579	-
University of Manitoba - Countdown	-	-	260,261	-	174,979	-	-	85,282
Wellcome Trust - CARTA	215,455	-	468,191	-	101,651	-	-	151,085
Wellcome Trust - Deltas Africa	-	443,589	1,352,101	-	1,017,437	-	-	778,253
Wellcome Trust - Engaging Science	-	23,624	-	-	23,624	-	-	-
Wellcome Trust - Voices For Action	-	8,986	10,674	-	19,660	-	-	-
WHO - Global Early Adolescent Study	-	-	-	-	1,923	-	1,923	-
WHO - Research and Knowledge Transfer Hub	-	-	272,269	-	7,602	-	-	264,667
WHO - Piloting the Age - Friendly City Indicator Guide	5,000	-	5,000	-	-	-	-	-
Whole New World Foundation - Data For Life	20,043	-	-	-	13,165	-	33,208	-
APHRC - Ageing Long Term Care	-	-	6,592	-	6,592	-	-	-
Total Project	1,274,309	10,027,368	12,733,893	(2,385,221)	12,102,510	20,897	1,173,881	8,193,995
TOTAL	1,274,309	10,027,368	13,333,893	(2,385,221)	12,702,510	20,897	1,173,881	8,193,995

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 DEFERRED INCOME

	2017 US\$	2016 US\$
As at 1 January	-	23,536
Additions		-
Asset write off	-	(23,536)
Amortization	-	-
	<hr/>	<hr/>
As at 31 December	-	-
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17 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:

	2017 US\$	2016 US\$
Salaries and other short-term employment benefits	2,303,280	2,110,244
	<hr/>	<hr/>

18 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)

18 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
2017			
Cash and cash equivalents	9,241,252	-	-
Investments	-	-	-
Debtors and prepayments	580,602	-	-
Grants Receivable	1,173,881	20,897	-
	<u>10,995,735</u>	<u>20,897</u>	<u>-</u>
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>

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.

	2017 KShs	2016 KShs
Creditors and accruals	1,054,229	1,109,993
Deferred grants	8,193,995	10,027,368
	<u>9,248,224</u>	<u>11,137,361</u>

All payables are current.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

(i) Price risk

The Center does not hold any investments; 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:

Assets

Bank and cash balances

	2017 US\$	2016 US\$
Shillings	258,616	212,370
Pound	491,808	669,146
Euros	35,293	30,542
Naira	2,474	6,981
	<u>788,191</u>	<u>919,039</u>

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 2017, 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\$ 39,410 higher/lower (US\$ 45,952 in 2016), 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)

19 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.

20 CONTINGENT LIABILITIES

A contingent liability relating to a civil suit lodged against the Center by a former employee crystallized after year. The contingent liability has been included in the accruals as at year-end.

21 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.

22 CURRENCY

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