AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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Organization information

REGISTERED OFFICE / PRINCIPAL PLACE OF BUSINESS

APHRC Campus
Manga Close, off Kirawa Road
P.O. Box 10787-00100
Nairobi — Kenya

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
Certified Public Accountants
PwC Towers
Waiyaki Way / Chiromo Road, Westlands
P.O Box 43693 - 00100
Nairobi — Kenya

PRINCIPAL BANKERS

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
GIgIrl 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

Ecobank Senegal,
Avenue Cheikh,
P.O Box 9095,
Senegal- Dakar

UBS Financial Services Inc.
1285 Ave of the Americas
New York, NY 10019 - USA

Organization information (continued)

LEGAL ADVISERS

Mboya Wangong'u and Waiyaki
Lex Chambers, Maji Mazuri Road
Off James Gichuru Road, Lavington
P.O. Box 74041 – 00200
Nairobi - Kenya

Njoroge Regeru and Company Advocates
Arbor House, Arboretum Drive
Off Bishop Road
P.O. Box 46971-00100
Nairobi - Kenya

Robson Harris & Co Advocates
Transnational Plaza, City Hallway
P.O. Box 67845-00200
Nairobi, Kenya

Directors' report

The directors submit their report together with the audited financial statements for the year ended 31 December 2020, which disclose the state of affairs of African Population and Health Research Center (APHRC).

PRINCIPAL ACTIVITIES AND MISSION

APHRC is committed to conducting high quality, policy relevant research on population and health related issues facing sub-Saharan Africa. APHRC's mission is to generate evidence, strengthen research capacity and engage policy to inform action on population health and well-being in Africa.

RESULTS

The surplus for the year of USD 342,979 (2019: USD 138,752) has been added to the general fund.

DIRECTORS

The directors who held office during the year and to the date of this report were:

Patricia Vaughan	Chairperson of the Board (Rotated out on 31 December 2020)
Bunmi Makinwa	Chairperson of the Board (w.e.f 1 January 2021)
Catherine Kyobutungi	Executive Director
Nalinee Sangrujee	Member
Bright Simons	Member (Chairperson, Finance and Risk Management)
Ole Petter Ottersen	Member
Ruth Levine	Member
Dan Laster	Member
Tamara Fox	Member (Rotated out on 31 December 2020)
Timothy Stiles	Member (Rotated out on 31 December 2020)
James Ole Kiyiapi	Member (Rotated out on 31 December 2020)
Pam Fredman	Member (w.e.f 1 January 2021)
Ousmane Faye	Member (w.e.f 1 January 2021)
Thomas Finkbeiner	Member (w.e.f 1 January 2021)
Martin Mbaya	Member (w.e.f 1 January 2021)
Wilfred Nderitu	Member (w.e.f 1 January 2021)

AUDITOR

PricewaterhouseCoopers LLP have expressed willingness to continue in office.

By order of the Board

Bright Simons Simons
Chairperson, Finance and Risk Management
05 May 2021, 23:21:13, EAT

Catherine Kyobutungi
Catherine Kyobutungi
Executive Director
30 Apr 2021, 18:37:30, EAT

30/4/ 2021

Executive director's report

APHRC continued to implement its three core programs of research, Research Capacity Strengthening (RCS) and, Policy Engagement and Communications (PEC), in spite of the challenges posed by the Covid-19 pandemic. This being our fourth year of implementing our 2017-2021 strategic plan, we continued making great strides in rolling out the signature issue approach articulated in the plan. Our regionalization strategy saw our West Africa Regional Office (WARO) in Dakar, Senegal enters its second year of operations with an increase in the number of staff, projects, funding portfolio, scale, and regional reach. The Center as a whole experienced an increase in the number of large-scale multi-country projects with 40 new projects being funded. Research, RCS, and PEC all had projects involving partnerships outside Kenya. There was also a sustained and strengthened engagement with regional bodies.

The effect of the Covid-19 pandemic saw APHRC record a drop of 13% in income and 14% in expenditure. This drop was occasioned by the suspension of fieldwork activities for our research projects, in addition to a significant drop in travel and accommodation-related expenses for meetings, conferences, workshops, and training which account for a major portion of the Center's work. Towards the end of the year, there was a significant resumption of data collection activities for some of our research projects which helped in attaining a modest level of program implementation. As the pandemic progressed, APHRC came up with innovative ways of continuing to implement projects activities in a new normal. This included staff working remotely, use of phone interviews to collect data, conducting online training, meetings, workshops and conferences and, physical data collection where circumstances allowed.

The Center enjoyed unparalleled support from our funders. Through a structured engagement process, we were able to obtain approval for reprogramming some activities, budgetary re-allocations, and costed extensions. Besides, we obtained direct Covid-19 mitigation funds. We instituted stringent measures to mitigate the potential financial impact including spending accrued leave and other measures that saw a reduction in unrestricted spending. We are pleased to report that these measures have seen APHRC ending the year with a surplus of US$0.3m, a slight improvement from the 2019 US$0.1m surplus.

We began the operationalization of Ulwazi Place, APHRC's training Center in January 2020. The facility showed a good and profitable performance in the first quarter before its operations were suspended due to the Covid-19 Pandemic. This led to the facility's closure for a significant part of the year. We are optimistic about posting good performance in the future once the effects of the pandemic on travel and meetings subside.

Our regular staff numbers fell by 9% from 170 at the end of 2019 to 159 at the end of 2020 compared to a 26% growth in the previous year mainly on account of staff redundancy in one long-term core-funded project. We had planned to suspend this project for a year to help reorient it for better impact and so the pandemic wasn't the main reason for the redundancy. Our staff in the year 2020 came from 11 African countries and two non-African countries. For the fourth year running, there were more women than men staff with the proportion decreasing by one percentage point to 54%.

APHRC continued to perform evaluations of its performance in select areas to ensure that it meets its strategic goals. In 2020 we had an evaluation of the Consortium for Advanced Research Training in Africa (CARTA) influence at 10 years. The evaluation sought to find the effectiveness of CARTA in relation to its strategic intentions, this being a mid-term evaluation of CARTA's 20-year plan. We also did an evaluation of Innovating for Maternal and Child Health in Africa (IMCHA) project, an initiative that aims to improve Maternal, New-born, and Child Health (MNCH) outcomes by strengthening health systems, using primary health care as an entry point. The purpose of the evaluation was to document the so-called Health Policy and Research Organization (HPRO) model and assess the value of this model of knowledge translation and policy engagement in evidence-informed decision-making.

Executive director's report (Continued)

In terms of strengthening our systems and processes, we finalized and rolled out the safeguarding policy which provides guidance on the procedures and practices to be adhered to by all APHRC representatives in safeguarding various APHRC stakeholders. To adapt to the pandemic, we instituted measures to support staff to work from home, expanded our online infrastructure, automated more administrative processes, and banked on innovative approaches to keep most of our programmatic areas of work going. These measures were spearheaded by a special Covid-19 response team that was constituted at the onset of the pandemic.

In the course of the year, we won major awards which include taking the second-place position in the Global Center for Healthy Workplace Award which speaks to our holistic approach to staff wellbeing. The Center also emerged as one of the top 10 visionaries in the Rockefeller Food System Vision Prize and won US$ 200,000 in recognition of our bold idea to address food system challenges in Nairobi. APHRC was also recognized as a High Scorer in the Global Health 50/50 report on gender equality.

APHRC staff have made immense contributions to the discourse around Covid-19 in Africa. They have provided expert advice in several media outlets, on webinar panels both locally and internationally, by writing blogs and opinion pieces. We have also partnered with other organizations and the Government of Kenya in research work and/or in responses towards addressing the Covid-19 pandemic.

Some initiatives launched before 2020 continued to be implemented albeit slower than was anticipated due to the Covid-19 pandemic. They include the culture shift program which seeks to impact positive change in how staff achieve work-life balance, listen and share their feedback, and demonstrate excellence and commitment in their work. The implementation of a new Enterprise Resource Planning solution that began in 2019 saw some good progress towards the finalization of some remaining portals with the financial management one being finalized. Other notable achievements have been the security enhancement at our premises, moving our backup to the cloud, the development of new policies and guidelines including those on remote working, and expansion of others like the one on working with children and vulnerable adults, and whistleblowing.

We have come this far due to the unwavering support of our funders and partners, the hard work by all staff, and our Board members' commitment and dedication. We hope to continue receiving similar support as we strive to transform lives in Africa through research even as we embark on developing our 2022 – 2026 strategic plan.

Catherine Kyobutungi

Catherine Kyobutungi
Executive Director
30 Apr 2021, 18:37:30, EAT

30/4/2021

Statement of directors' responsibility

The directors of APHRC are required to prepare financial statements for each financial year which give a true and fair view of the financial position of APHRC at the end of the financial year and its financial performance for the year then ended.

The directors of APHRC are responsible for ensuring that APHRC keeps proper accounting records that are sufficient to show and explain the transactions of APHRC; disclose with reasonable accuracy at any time the financial position of APHRC; and that enables them to prepare financial statements of APHRC that comply with prescribed financial reporting. They are also responsible for safeguarding the assets of APHRC and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

II. Selecting suitable accounting policies and then apply them consistently; and

III. Making judgements and accounting estimates that are reasonable in the circumstances

Having made an assessment of APHRC'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 APHRC'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 30/4/ 2021 and signed on its behalf by:

Bright Simons Simons	Catherine Kyobutungi
~~Signer ID: AD2N4CD3C5...~~	~~Signer ID: GHBR17BFB2...~~
05 May 2021, 23:21:13, EAT	30 Apr 2021, 18:37:30, EAT
Chairperson, Finance and Risk Management	Executive Director

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of African Population and Health Research Center (APHRC) set out on pages 10 to 37 which comprise the statement of financial position at 31 December 2020 and the statement of comprehensive income, statement of changes in fund balance and statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of APHRC at 31 December 2020, 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 APHRC in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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 the IESBA Code.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 identified above 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, 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.

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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC) (continued)

Report on the audit of the financial statements (continued)

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the APHRC'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 APHRC or to cease operations, or have no realistic alternative but to do so.

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the APHRC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's 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 APHRC'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 APHRC 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.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC) (continued)

Report on the audit of the financial statements (continued)

We communicate with the directors 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.

CPA Stephen Ochieng' Norbert's, Practicing Certificate Number P/1819
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
7 May **2021**

Statement of comprehensive income

	Notes	Restricted Income 2020 USD	Unrestricted Income 2020 USD	Total 2020 USD	Total 2019 USD
INCOME					
Grant income	5	12,218,904	2,936,739	15,155,643	17,371,679
Other income	6	-	800,929	800,929	1,012,067
Total income		**12,218,904**	**3,737,668**	**15,956,572**	**18,383,746**
EXPENSES					
Direct programme expenses	7	12,218,904	795,282	13,014,186	15,272,474
Administration & support costs	8	-	2,759,700	2,759,700	3,149,305
Total expenses		**12,218,904**	**3,554,982**	**15,773,886**	**18,421,779**
Net operating income		-	182,686	182,686	(38,033)
Finance income	13	-	160,293	160,293	176,785
Surplus for the year		-	**342,979**	**342,979**	**138,752**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	**342,979**	**342,979**	**138,752**

The notes on pages 14 to 37 are an integral part of these financial statements.

Statement of financial position

	Notes	As at 31 December 2020 USD	2019 USD
ASSETS			
Non-current assets			
Property and equipment	9	13,006,241	13,146,771
Intangible assets	10	91,542	147,955
		13,097,783	13,294,726
Current assets			
Cash and bank balances	13	11,432,868	13,030,647
Debtors and deposits	12	800,033	1,029,593
Grant receivable	11	1,460,302	1,464,832
		13,693,203	15,525,072
TOTAL ASSETS		**26,790,986**	**28,819,798**
FUND BALANCE AND LIABILITIES			
Fund balance		14,678,615	14,394,430
Non - current liabilities			
Development bank loan	16	-	1,250,000
Current liabilities			
Deferred grants	11	11,241,264	11,802,200
Creditors and accruals	14	871,107	1,373,168
		12,112,371	13,175,368
TOTAL FUND BALANCES AND LIABILITIES		**26,790,986**	**28,819,798**

The notes on pages 14 to 37 are an integral part of these financial statements.

The financial statements on pages 10 to 37 were approved for issue by the Board of Directors on 30/4/ 2021 and signed on its behalf by:

Bright Simons Simons
Signer ID: AD2N4CD3C5...
05 May 2021, [illegible]:13, EAT
Chairperson, Finance and Risk Management

Catherine Kyobutungi
Catherine Kyobutungi
Signer ID: GHBR17BFB2...
30 Apr 2021, 18:37:30, EAT
Executive Director

Statement of changes in fund balance

	Accumulated fund USD	Revaluation reserve USD	Total USD
Year ended 31 December 2019			
At start of year	9,103,408	2,456,359	11,559,767
Revaluation gain on land	-	1,428,007	1,428,007
Revaluation gain on buildings	-	1,267,904	1,267,904
Transfer of revaluation depreciation	90,291	(90,291)	-
Surplus for the year	138,752	-	138,752
At end of year	**9,332,451**	**5,061,979**	**14,394,430**
Year ended 31 December 2020			
At start of year	9,332,451	5,061,979	14,394,430
Revaluation loss on building - Ulwazi (note 9)	-	(58,794)	(58,794)
Transfer of revaluation depreciation	88,582	(88,582)	-
Surplus for the year	342,979	-	342,979
	9,764,012	**4,914,603**	**14,678,615**

The notes on pages 14 to 37 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December 2020 USD	2019 USD
Cash flows from operating activities			
Surplus for the year		342,979	138,752
Adjustment for:			
Depreciation	9	391,060	399,769
Amortisation charge	10	82,760	75,592
Gain on disposal	6	-	(18,657)
		816,799	**595,456**
Movement in working capital			
Decrease/(Increase) in debtors and deposits		229,560	(120,290)
Decrease/(Increase) in grants receivable		4,530	(15,490)
(Decrease)/Increase in deferred grants		(560,936)	1,921,488
(Decrease)/increase in creditors and accruals		(502,061)	488,605
Net cash (used in)/generated from operations		**(12,108)**	**2,869,769**
Cash flow from investing activities			
Proceeds from sale of property and equipment		-	18,657
Purchase of property & equipment	9	(309,324)	(2,281,300)
Purchase of intangible assets	10	(26,347)	(221,931)
Net cash used in investing activities		**(335,671)**	**(2,484,574)**
Cash flow from financing activities			
(Repayment of)/Proceeds from borrowings		(1,250,000)	1,250,000
Net movement in cash and cash equivalents		(1,597,779)	1,635,195
Cash and cash equivalents at beginning of year		13,030,647	11,395,452
Cash and cash equivalents at end of year	13	**11,432,868**	**13,030,647**

The notes on pages 14 to 37 are an integral part of these financial statements.

Notes

1 General Information

African Population and Health Research Center (APHRC or the "organization") is registered in Kenya 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. APHRC is also registered in Senegal as a Non – Government Organization under registration certificate No.15204. The address of its registered offices is indicated on page 1 of these financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). They are presented in United States Dollars (USD).

The financial statements comprise the statement of financial position at 31 December 2020 and the statements of comprehensive income, statement of changes in fund balance and statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below. Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Directors to exercise their judgment in the process of applying the Organization's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Organization's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

b) Changes in accounting policy and disclosures

(i) New standards, amendments and interpretations adopted by the Organization

Revised conceptual framework for financial reporting and a number of amendments to standards became effective for the first time in the financial year beginning 1st January 2020 and have been adopted by the Organization. Neither the revision nor the amendments had a material effect on the Organization's financial statements. The revisions and amendments were as follows:

Amendments to IAS 1 and IAS 8 titled Definition of Material (Published in October 2018)

These amendments include:

- Use of a consistent definition of materiality through IFRSs and the conceptual framework for financial reporting;
- Clarification on the explanation of the definition of material; and,
- Incorporation of some of the guidance in IAS 1 about immaterial information.

Notes (continued)

2 Summary of significant accounting policies (continued)

b) Changes in accounting policy and disclosures (continued)

Amendments to IAS 1 and IAS 8 titled Definition of Material (Published in October 2018) (continued)

The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments are effective from 1st January 2020, with early application permitted.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (Published September 2019)

In relation to the potential effects the Interbank Offered Rate (IBOR) reform could have on financial reporting - the amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements. These amendments provide certain reliefs in connection with IBOR. The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. The amendments are effective from 1st January 2020, with early application permitted.

Amendment to IFRS 3 - Definition of a Business (Published October 2018)

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions. The amendments are effective for annual periods beginning on or after 1 January 2020.

Revised conceptual framework for financial reporting

The IASB issued a revised conceptual framework which will be used in standard-setting decisions with immediate effect.

Key changes include: increasing the prominence of stewardship in the objective of financial reporting; reinstating prudence as a component of neutrality; defining a reporting entity, which may be a legal entity, or a portion of an entity; revising the definitions of an asset and a liability; removing the probability threshold for recognition and adding guidance on derecognition; adding guidance on different measurement basis; and stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from 1st January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2020 are not material to APHRC.

Notes (continued)

2 Summary of significant accounting policies (continued)

b) Changes in accounting policy and disclosures (continued)

(ii) New standards and interpretations that are not yet effective and have not been early adopted

As at 31 December 2020, the following standards and interpretations with an effect to the organization had been issued but were not mandatory for annual reporting periods ending on 31 December 2020.

Amendments to IFRS 16, 'Leases' COVID-19 - Related Rent Concessions Amendment (Published in June 2020)

In the amendments, the IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The amendments are effective for annual periods beginning on or after 1 June 2020.

Amendments to IAS 16 'Property, Plant and Equipment' on proceeds before intended use (Published in May 2020)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022.

Amendment to IAS 1 'Presentation of Financial Statements' on classification of liabilities as current or non-current (Published in January 2020)

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendments are effective for annual periods beginning on or after 1 January 2022.

Annual improvements cycle 2018 -2020 (published in May 2020 and effective for annual periods beginning on or after 1 January 2022)

These amendments include minor changes to:

IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.

IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.

IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

The Directors are of the view that the above amendments will not have any material impact on the financial statements of the Organization.

There are no other IFRSs or IFRIC interpretations not yet effective that would be expected to have a material impact on APHRC's financial statements.

Notes (continued)

2 Summary of significant accounting policies (continued)

(c) Revenue recognition

The organization recognizes revenue when performance obligations have been settled, the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the organization's activities as described below. The organization bases its estimates on historical results, taking into consideration the type of donor, the type of transaction, and the specifics of each arrangement.

Revenue is recognized as follows:

(i) Donor/ grant income

Restricted income is recognized when expenditure is incurred and when grant conditions are fulfilled. Grant receivable represent the amount the organization claims from donors on expenses incurred and accounted for on behalf of the donors.

Grants received in advance are treated as deferred grants. They are credited to the income and expenditure statement when activities for which they are provided for have been undertaken.

Unrestricted income is recognized on receipt.

(ii) Rental/service charge income

Rental/service charge income is recognized as it accrues.

(iii) Interest income

Interest income is recognized using the effective interest method.

(iv) Guest house income/Ulwazi place income

Sales are recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided and collectability of the related receivables is reasonably assured.

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

Notes (continued)

2 Summary of significant accounting policies (continued)

(e) Property and equipment

(i) Land and buildings

Land and buildings are initially recorded at cost. Subsequently, they are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Land and buildings are revalued by independent professional valuers after every 3 years or whenever their carrying amounts are likely to differ materially from their revalued amounts. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve in the fund balance through the statement of other comprehensive income. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

(ii) Other property and equipment

Other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the organization and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

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

Leasehold land is depreciated over the remaining period of the lease. Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating surplus. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to the general fund.

Notes (continued)

2 Summary of significant accounting policies (continued)

(f) Intangible assets

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the organization are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed three years.

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives. Software has a maximum expected useful life of three years.

(g) Leases

Right-of-use assets and lease liabilities arising from all leases will be charged to the balance sheet by the lessee. A lessee measures lease liability at the present value of future lease payments. The lease asset is measured initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortized in a similar way to other assets such as property, plant and equipment.

Where APHRC is a lessor, the right of use asset is reported as an asset; revenue and depreciation (with regards to the asset) are reported under the statement of comprehensive income.

(h) Financial assets

i) Initial recognition

Financial instruments are recognised when, and only when, the organisation becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date which is the date the organisation commits itself to the purchase or sale.

(ii) Classification

The organisation classifies its financial instruments into the following categories:

a) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost;

Notes (continued)

2 Summary of significant accounting policies (continued)

(h) Financial assets (continued)

(ii) Classification (continued)

b) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income;

c) All other financial assets are classified and measured at fair value through profit or loss;

Notwithstanding the above, the organisation may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income; and

- on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

d) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The organisation may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

e) All other financial liabilities are classified and measured at amortised cost.

Financial assets below were held during the year and were classified at amortised cost:

- Cash and cash equivalents;
- Grant receivables; and,
- Other receivables(debtors and deposits).

(iii) Recognition and measurement

On initial recognition:

a) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
b) Receivables are measured at their transaction price.
c) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured at amortised cost. Interest income and exchange gains and losses on monetary items are recognised in profit or loss.

Notes (continued)

2 Summary of significant accounting policies (continued)

(h) Financial assets (continued)

(iv) Impairment

The organisation recognises a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The organisation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets.

The were no material expected credit losses identified during the year relating to the financial assets held by the organisation.

v) Presentation

All financial assets are classified as non-current except those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except, those expected to be settled in the organisation's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Organisation does not have an unconditional right to defer settlement for at least 12 months after the financial reporting date.

vi) Derecognition /write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the organisation has transferred substantially all risks and rewards of ownership, or when the organisation has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged cancelled or expires. When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

Notes (continued)

2 Summary of significant accounting policies (continued)

(h) Financial assets (continued)

vii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(i) 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 purposes of the statement of cash flows, cash and cash equivalents comprise of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Employee benefits

Retirement benefit obligations

APHRC 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 Limited and GA Insurance Limited for locally administered funds and Utmost Worldwide Pension Fund and Investors Trust for internationally administered funds. Contributions are determined by the rules of the scheme. APHRC also contributes to the statutory defined contribution pension scheme, the National Social Security Fund (NSSF). A defined contribution plan is a pension plan under which the organization pays fixed contributions into a separate entity. The organization has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The organization's contributions to the defined contribution schemes are recognized as an employee benefit expense when they fall due. The organization has no further payment obligations once the contributions have been paid.

(k) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

(l) Provisions

Provisions are recognized when: the organization has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

3 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Notes continued)

3 Critical accounting estimates and assumptions (continued)

The organization makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Valuation of land and buildings

The carrying value of the land and buildings will be determined by a valuation by an independent professional valuer using a number of assumptions. Any changes in these assumptions will impact the carrying value of the land in the statement of financial position. The accounting treatment is detailed under the accounting policy Note 2 (e).

4 Financial risk management objectives and policies

The organization's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.
The organization's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The organization does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under guidance of the Board of Directors.

Market risk

(i) Foreign exchange risk

The organization receives grants and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Kenya Shilling (KES), Great Britain Pound (GBP), Euro, Naira and West African CFA franc (CFA). Foreign exchange risk arises from future commercial transactions, and recognized assets and liabilities.

Management's policy to manage foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge, maintain funds in the operating currency (USD) and negotiate for funding in USD.

The table below summarises the effect on surplus had the USD weakened/strengthened by 10% (2019:10%) against each of the currencies held, with all variables held constant.

Year 2020

	KES	Euro	GBP	Naira	CFA
USD effect on 10% increase surplus/ (deficit)	(1,080)	9,003	7,732	434	14,944
USD effect on 10% decrease surplus/ (deficit)	1,080	(9,003)	(7,732)	(434)	(14,944)

Year 2019

	KES	Euro	GBP	Naira	CFA
USD effect on 10% increase surplus/ (deficit)	32,141	6,562	15,716	534	14,953
USD effect on 10% decrease surplus/ (deficit)	(32,141)	(6,562)	(15,716)	(534)	(14,953)

Notes (continued)

4 Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Price risk

The organization does not hold any financial instrument subject to price risk.

(iii) Cash flow and fair value interest rate risk.

The organization does not hold any financial instrument subject to cash flow and fair value interest rate risks.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Management is responsible for managing and analysing credit risk for each new donor and partner before standard payment and implementation terms are offered. The organization does not have any significant concentrations of credit risk.

For banks and financial institutions, only reputable well-established financial institutions are accepted. For receivables, the senior accountants assess the credit quality of the donors/partners, taking into account its financial position, past experience and other factors. The organization does not grade the credit quality of receivables. Individual risk limits are set based on internal ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The amount that best represents the organization's maximum exposure to credit risk at 31 December 2020 is made up as follows:

:	Fully performing 2020 USD	Past due 2020 USD	Impaired 2020 USD
Cash and cash equivalents	11,431,988	-	-
Debtors and prepayments	800,033	-	-
Grants receivable	1,460,302	-	-
	13,692,323	**-**	**-**

:	Fully performing 2019 USD	Past due 2019 USD	Impaired 2019 USD
Cash and cash equivalents	13,030,066	-	-
Debtors and prepayments	1,029,593	-	-
Grants receivable	1,464,832	101,910	-
	15,524,491	**101,910**	**-**

Notes (continued)

4 Financial risk management objectives and policies (continued)

Credit risk (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

Management perform cash flow forecasting and monitor rolling forecasts of the organization's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

The organization's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the organization's reputation. The organization relies on grants to fund working capital requirements.

The table below analyses the organization's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

At 31 December 2020	**Less than 1 year USD**	**Between 1 and 2 years USD**	**Between 2 and 5 years USD**	**Over 5 years USD**
Payables	871,107	-	-	-
Deferred income	11,241,264	-	-	-
At 31 December 2019				
Payables	1,373,168	-	-	-
Deferred income	11,802,200	-	-	-
Bank development loan	-	-	1,250,000	

Capital risk management

The organization's objectives when managing capital is to safeguard the organization's ability to continue as a going concern.

The organization places emphasis on proper planning during the annual budget preparation process, cash flow monitoring and monthly tracking of actual operating results against budget.

Notes (continued)

5 Grant income

	2020 USD	2019 USD
Restricted income	12,218,904	14,264,182
Unrestricted income		
Hewlett Foundation	968,437	850,000
Packard Foundation	-	250,000
Echidna Giving	150,000	-
Overhead recoveries	1,818,302	2,007,497
Sub-total	2,936,739	3,107,497
Total	**15,155,643**	**17,371,679**

6 Other income

	2020	2019
Training income	60,204	47,613
Miscellaneous income	54,129	398,335
Disposal of uncapitalized assets	4,386	-
Gain on disposal of property and equipment	-	18,656
APHRC campus rental income	453,151	447,890
Service charge income	100,743	99,573
Ulwazi place income	128,316	-
Total	**800,929**	**1,012,067**

7 Direct programme expenses

	Restricted USD	Unrestricted USD	2020 USD	2019 USD
Field assistants and consultants	1,381,121	119,493	1,500,614	1,877,126
Program staff salaries and benefits	5,127,849	537,118	5,664,967	5,729,854
Public relations and advertising	1,475	-	1,475	12,715
Computers and other equipment	79,179	363	79,542	5,533
Seminars and workshops	472,891	21,295	494,186	1,849,304
Fellowships	2,355,028	53,896	2,408,924	2,831,907
Travel costs	563,118	12,770	575,888	704,967
Training	53,938	6,129	60,067	135,480
Printing and stationery	31,995	-	31,995	97,110
Recruitment	216	-	216	1,363
Sub grants	1,823,277	4,928	1,828,205	1,352,782
Publications	8,777	3,569	12,346	27,367
Field office supplies	142,097	8,204	150,301	300,462
Motor vehicle expenses	6,540	1,234	7,774	21,303
Communications and postage	24,305	1,955	26,260	29,104
Field office rent & expenses	2,813	13,210	16,023	23,106
Community development	6,511	1,627	8,138	36,116
Other program costs	137,774	9,491	147,265	236,875
Total	**12,218,904**	**795,282**	**13,014,186**	**15,272,474**

Notes (continued)

8 Administration and support costs

	2020 USD	2019 USD
Travel costs and allowances	31,098	30,217
Board costs	11,927	138,202
Staff salaries and benefits	1,174,831	1,161,384
Other overhead costs	199,497	34,159
Professional fees	73,163	61,910
Office rent	27,949	20,117
Stationery and office supplies	116,816	230,299
Communication and postage	52,426	49,680
Motor vehicle running	12,358	23,301
Staff development	73,864	124,905
Recruitment expenses	874	33,285
Insurance	13,772	13,267
Equipment	39,475	185,963
Fundraising costs	26,651	11,143
Depreciation	391,064	399,769
Amortization	82,759	75,592
Exchange loss	-	75,316
APHRC campus development	39,470	41,063
Ulwazi place development cost	36,750	113,063
Ulwazi place cost operation cost	172,475	-
Provision for bad debts	-	101,910
Service charge expenses (i)	182,481	224,760
Total	**2,759,700**	**3,149,305**

8 (i) Service charge expenses

	2020 USD	2019 USD
Staff costs	25,060	25,899
Security	79,737	79,296
Office cleaning & maintenance	62,262	64,747
Fuel	954	4,446
Electricity	236	14,359
Office supplies	531	18,997
Insurance	7,492	5,628
Water	3,284	8,553
Audit fees	2,925	2,835
Total	**182,481**	**224,760**

Notes (continued)

9. Property and equipment

	Freehold land	Lease hold land	Building	Computers	Motor vehicles	Furniture and fittings	Equipment and tools	Work In Progress (WIP)	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cost/valuation									
At 1 January 2020	197,355	5,032,563	9,506,054	140,356	234,029	68,067	231,765	-	15,410,189
Additions	-	-	279,034	-	30,290	-	-	-	309,324
Revaluation adjustment*	-	-	(58,794)	-	-	-	-	-	(58,794)
At 31 December 2020	**197,355**	**5,032,563**	**9,726,294**	**140,356**	**264,319**	**68,067**	**231,765**	-	**15,660,719**
Depreciation									
At 1 January 2020	-	240,585	1,424,720	121,072	180,655	68,067	228,319	-	2,263,418
Disposal	-	-	-	-	-	-	-	-	-
Charge for the year	-	59,619	287,561	13,072	29,947	-	861	-	391,060
At 31 December 2020	-	**300,204**	**1,712,281**	**134,144**	**210,602**	**68,067**	**229,180**	-	**2,654,478**
Net book amount	**197,355**	**4,732,359**	**8,014,013**	**6,212**	**53,717**	-	**2,585**	-	**13,006,241**

* The revaluation adjustment accounted for any residual Ulwazi costs that were not factored into the previous year's revaluation calculation. Capitalization of this cost amounting to USD 58,794 transformed a USD 17,834 revaluation gain to a USD 40,961 revaluation loss.

Notes (continued)

9. Property and equipment (continued)

	Freehold land	Lease hold land	Building	Computers	Motor vehicles	Furniture and fittings	Equipment and tools	Work In Progress (WIP)	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cost/valuation									
At 1 January 2019	146,229	3,655,683	5,849,093	121,721	249,243	68,067	227,456	165,201	10,482,693
WIP movement to buildings	-	-	165,201	-	-	-	-	(165,201)	-
Additions	-	-	2,223,856	18,635	34,500	-	4,309	-	2,281,300
Disposals	-	-	-	-	(49,714)	-	-	-	(49,714)
Revaluation	51,126	1,376,880	1,267,904	-	-	-	-	-	2,695,910
At 31 December 2019	**197,355**	**5,032,563**	**9,506,054**	**140,356**	**234,029**	**68,067**	**231,765**	**-**	**15,410,189**
Depreciation									
At 1 January 2019	-	180,965	1,142,664	107,999	194,201	60,078	227,456	-	1,913,363
Disposal	-	-		-	(49,714)	-	-	-	(49,714)
Charge for the year	-	59,620	282,056	13,073	36,168	7,989	863	-	399,769
At 31 December 2018	**-**	**240,585**	**1,424,720**	**121,072**	**180,655**	**68,067**	**228,319**	**-**	**2,263,418**
Net book amount	**197,355**	**4,791,978**	**8,081,334**	**19,284**	**53,374**	**-**	**3,446**	**-**	**13,146,771**

Freehold land (LR 2951/471), leasehold land (LR 2951/581 and LR 2951/615), APHRC campus building and training center (Ulwazi place) were last valued by a professional valuer in the year ended 31 December 2019 respectively on an open market basis. Land is included in level 3 of the fair valuation hierarchy (that is, the fair value is based on unobservable inputs). Using the cost model, the following would be the carrying amounts of the revalued property:

	Free hold land	Leasehold land	Building
	USD	USD	USD
Net book amount at 31 December 2020	67,156	1,132,763	6,974,990
Net book amount at 31 December 2019	67,156	1,132,763	6,695,956

Notes (continued)

10 Intangible assets

	2020 USD	2019 USD
Cost		
At start of year	401,735	179,804
Additions	26,347	221,931
Disposals/write-offs	-	-
At end of year	**428,082**	**401,735**
Amortisation		
At start of year	253,780	178,188
Amortisation for the period	82,760	75,592
At end of year	**336,540**	**253,780**
Net book value	**91,542**	**147,955**

Notes (continued)

11 Grant receivable/Deferred grants

Details	Grant Receivable 2019	Deferred Income 2019	Receipts 2020	Income 2020	Grant Receivable 2020	Deferred Income 2020
Africa Academy of Science Deltas CPE	-	22,491	1,325	23,816	-	-
AIGHD - Digital Revolution and UHC(i-PUSH)	61,046	-	242,171	231,788	50,663	-
AIGHD- JL Chair 4	113,966	-	127,866	29,921	16,021	-
AREF_EXCELL	-	3,282	(1,482)	1,800	-	-
BMGF Scoping grant	-	-	100,492	12,285	-	88,207
Brown University (BIARI) - CARTA Support	-	11,293	-	-	-	11,293
Cardiff: Covid-19 Human Rights	-	-	-	15,496	15,496	-
Carnegie - CARTA 2020	-	-	810,891	120,652	-	690,239
Carnegie - CARTA 4	-	439,431	-	439,431	-	-
CGD's Education Program	-	-	-	10,340	10,340	-
CHCB - Mobile Technology PPP for vaccines Uganda	-	2,754	17,686	20,439	-	1
CIFF - 8th African Population Conference	17,492	-	20,362	2,870	-	-
CIFF - Measurement and Impact Evaluations	-	199,961	-	16,313	-	183,648
CIFF - MEBCI 2.0 Evaluation	-	-	100,000	6,205	-	93,795
CIFF - Pharm Access Evaluation	-	-	127,831	31,761	-	96,070
CIFF- In their Hands Evaluation	-	44,790	137,573	133,196	-	49,167
CIFF- SAFIRE Evaluation	-	525,557	413,241	442,071	-	496,727
CIFF- Tayari Project	-	145	(145)	-	-	-
College of William & Mary-Listen 4 Influence	-	-	19,952	19,952	-	-
Columbia University - Global Gag Rule	54,697	-	66,775	12,078	-	-
Comic Relief - PAMANECH II	-	117,633	99,831	168,066	-	49,398
DAAD CARTA 2016	-	23,964	33,439	18,827	-	38,576
DANIDA-Ghana Care	-	-	40,824	-	-	40,824
DFID - Covid 19 Sero survey	-	2	-	10,525	10,523	-
DFID/Pop Council-AGIARP	23,711	-	30,721	7,010	-	-
Drexel AICS	-	-	47,126	53,616	6,490	-
Duke - Support JL Chair 4 Project	-	-	4,957	4,957	-	-
EC- Healthy Food Africa (HFA)	-	-	88,394	36,368	-	52,026

Details	Grant Receivable 2019	Deferred Income 2019	Receipts 2020	Income 2020	Grant Receivable 2020	Deferred Income 2020
Echidna Giving - Grow follow-up study	-	55,919	140,000	112,273	-	83,646
Echidna Giving - IGE - West Africa	-	76,669	140,000	84,687	-	131,982
Elma Foundation - ECD Evaluation	143,287	-	37,494	2,802	108,595	-
ERD - Parenting Empowerment/ECD RP	-	16,015	137,624	141,240	-	12,399
ESPRC- IDEAMAPS Network	-	-	140,619	57,145	-	83,474
FAWE – CSE	-	754	-	754	-	-
Fidelity Charitable Trust - A LOT-Change	-	25,464	(25,464)	-	-	-
Fidelity Charitable Trust - ALOT CHANGE III	-	77,725	300,000	242,750	-	134,975
Fidelity Charitable Trust - RELI III	-	177,450	247,994	425,443	-	1
Fidelity Charitable Trust - RELI IV.	-	-	260,000	2,657	-	257,343
Fidelity Charitable Trust - UEG III (Urban Education III)	-	399,241	289,994	209,043	-	480,192
Ford - LGBTQ Research in SSA	-	9,388	-	9,388	-	-
Gates - Fecal waste Management	-	614,214	308,312	393,762	-	528,764
Gates - GIS for Reducing Inequities	-	98,786	-	41,357	-	57,429
Gates – Immunization	-	2,103,786	26,043	1,568,595	-	561,234
Gates- Data Systems	-	-	509,411	641	-	508,770
Gates-CD to 2030: Strengthening Global	-	969,128	19,711	399,290	-	589,549
Gates-Strengthening Institutional Res Capacity	-	407,292	9,408	19,608	-	397,092
GCRF - Adolescent Hub	36,141	-	74,742	83,949	45,348	-
GCRF- DIDA consulting	-	-	-	4,500	4,500	-
Grand Challenges Canada-Saving Brains	18,722	-	79,438	70,293	9,577	-
Heinrich Boll (HBS)-Right to Food II	7,338	-	7,338	-	-	-
Hewlett - Covid Mitigation Funds Received	-	-	100,000	47,144	-	52,856
Hewlett - Measurement and Impact Evaluations	-	181,837	-	140,886	-	40,951
Hewlett - Quality Post Abortion Care Services	-	16,106	290,531	306,638	1	-
Hewlett - Use of County Data Systems in Kenya	-	492,206	(258,437)	71,052	-	162,717
Hewlett- Care-Economy Africa	-	-	580,000	14	-	579,986
Hivos - Kigali UHC conference	20,191	-	20,191	-	-	-
Hivos - Youth Research Academy	-	-	-	-	-	-
IAGG-Africa Regional Secretariat Policy & Cap Strength	-	20,077	27,969	(7,709)	-	55,755
IBIS - APHRC_ infanticide study in Senegal	-	-	27,169	6,267	-	20,902
IDRC - ADDRF 3	-	80,727	-	-	-	80,727

Details	Grant Receivable 2019	Deferred Income 2019	Receipts 2020	Income 2020	Grant Receivable 2020	Deferred Income 2020
IDRC - ADDRF IV	-	133,175	-	(8,574)	-	141,749
IDRC - COVID 19 - AI.	-	-	300,389	-	-	300,389
IDRC – RECAP	-	-	202,325	49,545	-	152,780
IDRC - Women in STEM Project	-	-	57,824	17,311	-	40,513
IDRC- Cost of Eating Healthy	-	147,699	124,405	142,669	-	129,435
IDRC- HPRO -Moving Maternal, New-born & CH	47,440	-	303,355	68,931	-	186,984
IDRC-Gender Socialization VYA in Schools & SRH	-	30,921	34,619	43,544	-	21,996
IFPRI-Market to mouth infant food contamination	21,514	-	21,514	-	-	-
In-depth - H3Africa (Awi Gen) II	-	12,744	37,905	118,411	67,762	-
IPAS Guttmacher Genuity - ADDRF	-	16,819	-	882	-	15,937
IPAS-Assessment Provision Medical Abortion Kenya	2,043	-	2,043	-	-	-
IRC-Violence Against Women & Girls	-	-	12,774	12,774	-	-
IUSSP Policy Engagement Training	-	-	50,539	15,464	-	35,075
John Hopkins University- Health Facility Data Analyses	4,264	-	31,039	37,140	10,365	-
Liverpool LSTM - ARISE Hub	50,166	-	165,032	105,373	-	9,493
Loughborough University - BFCI II	-	-	22,640	52,019	29,379	-
Loughborough University - BFCI IIGBP9440	-	-	11,611	11,611	-	-
Loughborough University - CAPAS ECD	-	-	106,806	128,330	21,524	-
LSHTM - COVID 19 Hygiene Hub	-	-	8,537	4,632	-	3,905
LSHTM - MNCH Countdown To 2030	-	-	53,579	53,579	-	-
LSHTM - Nairobi Early Childcare in Slums (NECS)	-	-	23,380	25,124	1,744	-
LSHTM - SHARE	-	-	(732)	4,570	5,302	-
LSHTM: INSPIRE -EA	-	-	14,010	31,631	17,621	-
LSHTM-Evaluation of Dreams	97,705	-	134,368	36,663	-	-
LSTM - DELTAS Africa CPE Seed Fund	-	-	2,690	10,666	7,976	-
LSTM_RCS Evaluation	822	-	822	-	-	-
LUND_MAK - Social Innovation for Postgraduate Training	-	4,839	16,325	14,302	-	6,862
MasterCard (SSRC) - Learning Facilitation Plan	-	202,047	38	202,084	-	1
MMV_MFT in Malaria study	-	-	34,782	44,100	9,318	-
MSK - Gates Calculus Sex Evaluation Project	-	7,823	34,669	42,492	-	-
NASAC - LIRA Study	-	47,670	22	47,692	-	-
New Castle University - GCRF- Food systems AMR	-	-	8,931	26,147	17,216	-

Details	Grant Receivable 2019	Deferred Income 2019	Receipts 2020	Income 2020	Grant Receivable 2020	Deferred Income 2020
NIH/University California- D43 IDEA-BERC	871	-	34,075	25,663	-	7,541
NIHR Global Health-Improving Health in Slums	44,395	-	238,166	176,437	-	17,334
ODI-Technology for Education.	-	-	45,799	9,287	-	36,512
Oxfam IBIS-YZGA	-	-	36,143	6,742	-	29,401
PATH - ECD II	75,695	-	127,762	211,023	158,956	-
PATH - HMB III	46,839	-	50,620	3,781	-	-
RBM_ Innovation and access for Malaria or ICCE	-	-	11,830	47,320	35,490	-
Rockefeller - Food Systems Funds Received	-	-	200,000	5,980	-	194,020
RTI - Program for Resilient Systems (PROGRESS)	6,481	-	241,605	303,860	68,736	-
Rutgers Safe Choice	-	-	118,700	19,419	-	99,281
SC - Estimating long term disease trajectories fr	-	-	24,693	26,893	2,200	-
SEO-HBD Evaluation Programme	-	-	-	13,082	13,082	-
SIDA- (CPSE)Challenging Politics Social Exclusion	-	1,667,243	49,680	713,170	-	1,003,753
SIDA- CARTA Support 2017	-	822,659	1,309,189	1,571,197	-	560,651
Stitching Pharm Access Int'l - Ngao ya Afya	28,016	-	-	53,349	81,365	-
The President Fellows of Harvard-SSB Study-F.Rcvd	-	-	17,825	432	-	17,393
The Royal Society-FLAIR Fellowship	-	41,175	137,574	102,417	-	76,332
UCL - CUSSH Enrichment	820	-	94,970	41,806	-	52,344
UCL- COVID-19 Global Health 50/50: Gender	-	-	-	39,032	39,032	-
UKRI- COVID19 Reach.	-	-	-	1,409	1,409	-
UMC - CARTA	29,358	-	50,000	25,535	4,893	-
UMC - Early Career Pharmacovigilance	-	-	45,459	13,822	-	31,637
UNICEF - Covid 19	-	-	-	3,303	3,303	-
UNICEF USA - Female Headed Household Study	28,283	-	88,630	49,872	-	10,475
UNICEF USA- Countdown 2030 - Exemplar study	-	-	209,529	19,325	-	190,204
UNICEF: ICCM- MAM	21,068	-	1,628	9,664	29,104	-
University of Ghana - IDRC-Food EPI Ghana	2,171	-	1,689	1,623	2,105	-
University of Ghana (NMIMR) – BioGen CE	-	4,095	27,519	27,608	-	4,006
University of Iowa/NIH - Pat home Study	-	-	-	8,885	8,885	-
University of Manitoba - Countdown	-	149,367	-	272,918	123,551	-
University of Manitoba - Countdown 2030 ASRHR	-	39,899	-	53,402	13,503	-
University of Maryland- UMD: Catalyst Award.	-	-	-	13,410	13,410	-

Details	Grant Receivable 2019	Deferred Income 2019	Receipts 2020	Income 2020	Grant Receivable 2020	Deferred Income 2020
University of Queensland-K NAMHS Nat Adolescents Mental	1	380,928	-	131,631	-	249,296
University of Swansea-LTC study in SSA	-	-	14,750	3,038	-	11,712
University of Warwick-consulting	8,605	-	40,398	31,792	-	1
University of Warwick-Earth observation networking grant	-	-	-	204	204	-
UNU - WFP Nutrition Evaluation	58,281	-	58,281	-	-	-
URC - Urban Nutrition	17,643	-	17,643	-	-	-
USAID- Writing Skills Training	-	-	33,595	38,842	5,247	-
Uthabiti-Childcare	-	-	7,931	7,931	-	-
Wellcome Trust – CUSSH	135,089	-	29,760	91,332	196,661	-
WHO - Abortion Safety Pilot Study	2,098	-	239,870	28,304	-	209,468
WHO - Research & Knowledge Transfer Hub	-	248,980	-	142,028	-	106,952
WT-Deltas Africa	-	630,030	1,642,331	1,695,244	-	577,117
WT-Public Engagement Fellowships	238,573	-	238,573	-	-	-
WT-Public Engagement II	-	-	-	133,719	133,719	-
York: Community of Practice-(CoP)	-	-	-	59,686	59,686	-
Total	**1,464,832**	**11,802,200**	**13,322,375**	**13,878,781**	**1,460,302**	**11,241,264**

Notes (continued)

12 Debtors and deposits

	2020 USD	2019 USD
Staff debtors	69,760	152,175
Staff debtors – Senegal office	3,112	2,268
Receivables from implementing partners and PhD fellows	432,664	500,430
Prepayments	249,342	346,247
Prepayments – Senegal office	28,679	11,996
Utilities and other deposits	16,476	16,477
Total	**800,033**	**1,029,593**

The carrying amounts of the above debtors and receivables approximate their fair values.

13 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following

Statement of financial position amounts:

	2020 USD	2019 USD
Cash at bank	7,938,168	7,848,208
Cash at bank – Senegal office	149,438	149,531
Cash on hand	880	581
Fixed deposits	3,344,382	5,032,327
Total	**11,432,868**	**13,030,647**

The carrying amounts of APHRC's cash and cash equivalents are denominated in the following currencies:

	2020 USD	2019 USD
Kenya Shillings	(10,803)	356,234
US Dollar	11,122,542	12,296,759
Euro	90,030	65,619
GBP	77,320	157,162
Naira	4,341	5,342
CFA	149,438	149,531
Total	**11,432,868**	**13,030,647**

APHRC holds fixed deposits at EcoBank Kenya, Stanbic Bank and I&M Bank. Interest income for the year was USD 160,293 (2019: USD 176,785)

Notes (continued)

14 Creditors and accruals

	2020 USD	2019 USD
Trade creditors	92,864	144,770
Suppliers accruals	479,415	594,532
Staff accruals	171,306	458,926
Due to staff	122,375	172,738
Withholding tax	5,147	2,202
Total	**871,107**	**1,373,168**

15 Related party transactions

Key management compensation

Key management are senior management. The compensation paid/payable to key management for employee services is shown below:

	2020 USD	2019 USD
Salaries	1,668,967	1,873,862
Short-term employment benefits	613,540	581,449
At end of year	**2,282,507**	**2,455,311**

The directors are not compensated for their services as directors. Board expenses are disclosed under Note 8.

Transfers to Senegal Office	2020 USD	2019 USD
Transfers for programme and administration expenses	**1,154,706**	**705,560**

16 Development bank loan

Relates to term loan with I&M bank of USD Nil (2019: USD 1,250,000). The loan was fully paid in the year.

17 Taxation

No provision for corporate tax has been made in these financial statements. APHRC 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. APHRC has an agreement with the Government of Kenya, exempting it from paying corporate taxes. APHRC is also VAT exempted.

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

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