



Financial Report

2007 creating systems for a healthy future



AMREF

Better Health for Africa

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DIRECTORS, OFFICERS AND ADMINISTRATION

FOR THE YEAR ENDED 30 SEPTEMBER 2007

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DIRECTORS

Prof. Miriam Were	Chair
Mr. Alistair Boyd	Retired March 2007
Mr. Anthony Durrant	
Mr. Scott Griffin	
Dr. Stephen Joseph	
Dr. Eunice Kierieni	Retired March 2007
Mr. Iain Knapman	
Dr. Ulrich Laukamm-Josten	
Prof. Adetokunbo O Lucas	
Prof. Souleymane Mboup	Joined October 2006
Dr. Pascaol Mocumbi	
Dr. Fatma Hafidh Mrisho	
Ms. Mwikali Muthiani	Joined October 2006
Mr. Marc Odendall	
Dr. Laetitia Rispel	Joined October 2006
Dr. Thomas van der Heijden	
Dr. Nizar Verjee	
Dr. Alfonso Villalonga	Retired March 2007
Dr. Paul Zuckerman	

MANAGEMENT

Dr. Michael Smalley	Director General
Dr. Florence Musiime	Deputy Director General
Ms. Jenny Panow	Chief Operations Officer
Dr. Peter Ngatia	Director of Capacity Building
Dr. Daraus Bukenya	Director of Community Partnerships
Ms. Mette Kjaer	Kenya Country Director
Dr. Paul Waibaale	Tanzania Country Director (left 31 October 2007)
Mr. Joshua Kyallo	Uganda Country Director
Dr. John Nduba	Ethiopia Country Director
Ms. Blanche Pitt	South Africa Country Director
Dr. Harry Jeene	Director of Programme Development (left 15 August 2007)
Ms. Catherine Mahoney	Director of Communications and Fundraising (left 17 September 2007)

SECRETARY

Ms. Jenny Panow (Acting)
AMREF
P.O. Box 27691
00506 NAIROBI

AUDITORS

Ernst & Young
Kenya-Re Towers, Upperhill
Off Ragati Road
P.O. Box 44286
00100 NAIROBI

REGISTERED OFFICE

Wilson Airport
Langata Road
PO Box 27691
00506 NAIROBI

LAWYERS

Kaplan & Stratton Advocates
9th Floor, Williamson House
4th Ngong Avenue
P.O. Box 40111
00100 NAIROBI

BANKERS

Barclays Bank PLC, London, UK
Citibank N.A., Nairobi, KENYA
Barclays Bank of Kenya Limited, Nairobi, KENYA
National Bank of Kenya Limited, Nairobi, KENYA
National Bank of Commerce Limited, Dar-es-Salaam, TANZANIA
Standard Chartered Bank Tanzania Limited, Dar-es-Salaam, TANZANIA
Barclays Bank of Uganda Limited, Kampala, UGANDA
Nedbank, Pretoria, SOUTH-AFRICA
Commercial Bank of Ethiopia, Addis Ababa, ETHIOPIA
Stanbic Bank Uganda, Kampala, UGANDA



REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 SEPTEMBER 2007

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AMREF Financial Report 2007

The Directors have the pleasure of submitting their report together with the audited financial statements for the year ended 30 September 2007 which disclose the state of the company's affairs.

1. OBJECTIVES OF THE FOUNDATION

The African Medical and Research Foundation (AMREF) is committed to improving health and health care in Africa. We aim to ensure that every African can enjoy the right to good health by helping to create vibrant networks of informed and empowered communities and health care providers working together in strong health systems.

This mission is to be achieved by developing, testing and promoting the adoption of appropriate models for improving health; contributing to capacity development at all levels and contributing to the development of an enabling environment for health improvement.

AMREF works with communities to implement projects, learns from its activities and uses its knowledge to influence others.

2. PRINCIPAL ACTIVITIES

The principal activities of the Foundation, to achieve the above stated objectives include; improving community health, capacity building through training and outreach, and advocating for changes to improve the health and well-being of poor people in Africa.

3. INCORPORATION

The company is incorporated in Kenya as a company limited by guarantee under the Companies Act and is domiciled in Kenya.

4. RESULTS

The results for the year are set out on page 7.

5. DIRECTORS

The Directors who served since 1 October 2006 are set out on page 2

6. AUDITORS

In accordance with the Foundation's Policy on rotation of auditors, Ernst & Young were appointed auditors after KPMG retired at the conclusion of the AGM for the year ended September 2006. The auditors, Ernst and Young have indicated their willingness to continue in office in accordance with section 159(2) of the Companies Act (Cap 486).

7. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved at a meeting of the Directors held on 29 February 2008.

By Order of the Board

Prof Miriam Were

Chair AMREF Board of Directors

29 February 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

The Company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising of the balance sheet at 30th September 2007, the income statement, statement of changes in reserves and funds and cash flow statement for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The Directors responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are responsible in the circumstances.

The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the company, as indicated above, were approved by the Board of Directors on 29 February 2008 and are signed on their behalf by:

Prof Miriam Were

Chair, Board of Directors

Mr Iain Knapman

Director

29 February 2008

REPORT OF THE INDEPENDENT AUDITORS

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AMREF Financial Report 2007

We have audited the accompanying financial statements of African Medical and Research Foundation, as set out on pages 7 to 19 which comprise the income and expenditure statement, balance sheet of the company as at 30 September 2007, and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The financial statements for the year ended 30 September 2006 were audited by another auditor whose report dated 09 March 2007 expressed an unqualified opinion on the financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of the financial position of the company as at 30 September 2007 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and Kenyan Companies Act.

Report on Other Legal Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- i)** We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii)** In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii)** The company's balance sheet and income and expenditure statement are in agreement with the books of account.

Ernst & Young

Nairobi

2008

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Note	2007 US\$'000	2006 US\$'000
INCOME			
Grants- restricted	3	51,662	39,569
Grants – unrestricted	3	794	1,320
Other income	4	3,530	2,761
Net Financing income	5	575	424
TOTAL INCOME		56,561	44,074
EXPENDITURE			
Direct programme activity		48,626	37,914
Programme monitoring and support	6(a)	2,334	2,198
Institutional development	6(b)	2,482	1,625
Administration	6 (c)	2,148	1,937
TOTAL EXPENDITURE		55,590	43,674
OPERATING SURPLUS FOR THE YEAR		971	400

The notes set out on pages 11 to 19 form an integral part of these financial statements.

BALANCE SHEET
AS AT 30 SEPTEMBER 2007

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ASSETS

NON-CURRENT ASSETS

Property, plant and equipment 9

CURRENT ASSETS

Inventories 10
Debtors and prepayments 11
Grants receivable 12(a)
Investments
Bank balances and cash 13

Total current assets

TOTAL ASSETS

FUNDS AND LIABILITIES

FUNDS (Page 10)

Capital reserve
Accumulated reserve
Aircraft replacement reserve
Aircraft maintenance reserve
Health Learning materials fund

TOTAL FUNDS

CURRENT LIABILITIES

Unexpended grants 12(b)
Creditors and accruals 14

Total current liabilities

TOTAL FUNDS AND LIABILITIES

	2007 US\$'000	2006 US\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	7,422	6,162
CURRENT ASSETS		
Inventories	612	515
Debtors and prepayments	2,598	1,476
Grants receivable	16,304	8,753
Investments	1,001	949
Bank balances and cash	15,040	24,953
Total current assets	35,555	36,646
TOTAL ASSETS	42,977	42,808

FUNDS AND LIABILITIES		
FUNDS		
Capital reserve	7,422	6,162
Accumulated reserve	4,561	3,358
Aircraft replacement reserve	250	1,064
Aircraft maintenance reserve	131	242
Health Learning materials fund	-	77
TOTAL FUNDS	12,364	10,903
CURRENT LIABILITIES		
Unexpended grants	25,826	28,237
Creditors and accruals	4,787	3,668
Total current liabilities	30,613	31,905
TOTAL FUNDS AND LIABILITIES	42,977	42,808

The financial statements set out on pages 7 to 19 were approved by the Board of Directors on 29 February 2008 and signed on its behalf by:

Prof Miriam Were
Chair, Board of Directors
Mr Iain Knapman
Director

The notes set out on pages 11 to 19 form an integral part of these financial statements.

STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 2007^c

	Capital Reserve US\$'000	Accumulated Reserve US\$'000	Aircraft Replacement Fund US\$'000	Aircraft Maintenance Fund US\$'000	Health Learning Material Fund US\$'000	Total US\$'000
2006						
At 1 October 2005	6,691	2,435	814	176	77	10,193
Surplus for the year	-	400	-	-	-	400
Depreciation transfer	(830)	830	-	-	-	-
Appropriations	-	(316)	250	66	-	-
Additions to property, plant and equipment	333	(23)	-	-	-	310
Disposal of property, plant and equipment	(32)	32	-	-	-	-
At 31 September 2006	6,162	3,358	1,064	242	77	10,903
2007						
At 1 October 2006	6,162	3,358	1,064	242	77	
Surplus for the year	-	971	-	-	-	971
Transfer of Health Learning Materials Fund		77			(77)	-
Depreciation transfer	882)	882	-	-	-	-
Maintenance provision of sold aircraft	-	174	-	(174)	-	-
Appropriations	-	(313)	250	63	-	-
Additions to property, plant and equipment	2,533	(979)	(1,064)	-	-	490
Disposal of property, plant and equipment	(391)	391	-	-	-	-
At 30 September 2007	7,422	4,561	250	131	-	12,364



CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2007

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CASH FLOWS FROM OPERATING ACTIVITIES

Surplus for the year

Adjustments for:

Capital reserve

Gain on disposal of property, plant and equipment

Depreciation charge

Interest income

Operating surplus before working capital changes

(Increase) in inventories

(Increase) in debtors and prepayments

Net movement in grant receivable/unexpended

(Increase) in fair value of investments

Increase in creditors and accruals

Cash flows from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment

Proceeds on disposal of property, plant and equipment

Interest received

Net cash used in investing activities

Net (decrease)/increase in cash and cash equivalents

Cash and cash equivalents at 1 October 2006 and 2005

Cash and cash equivalents at 30 September

	2007 US\$'000		2006 US\$'000
	971		400
	490		310
	(745)		(26)
	882		830
	(523)		(364)
	1,075		1,150
	(97)		(89)
	(1,122)		(203)
	(9,962)		7,224
	(52)		(62)
	1,119		924
	(9,039)		8,944
	(2,533)		(333)
	1,136		58
	523		364
	(874)		89
	(9,913)		9,033
	24,953		15,920
	15,040		24,953

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The notes set out on pages 11 to 19 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

1. ADOPTION OF REVISED INTERNATIONAL REPORTING STANDARD

The Foundation has adopted the revised IAS 24 which requires the disclosure of compensation to key management personnel.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) **Basis of preparation**

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards. The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based in the Directors' best knowledge of current events and actions, actual results ultimately may differ from the estimates.

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

b) **Income recognition**

- i) Grant income is recognised when expenditure is incurred;
- ii) Trust fund income is recognised on a receipts basis;
- iii) Air Ambulance recoveries are recognized in the year the service is provided;
- iv) Donations in kind are recognised in the financial statements at the amount attributed to them by the donor, or in the absence of this, at their estimated present market value.

c) **Foreign currency transactions**

Transactions in foreign currencies are converted to US dollars using the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated to US dollars using the exchange rates ruling at the balance sheet date. Resulting exchange gains and losses are recognized in the income and expenditure statement. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate ruling at the date of the transaction.



d) Recognition and measurement of financial instruments

i) Classification

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise.

The financial instruments of the company mainly comprise:

Available for sale financial assets

These are investments in equity securities and government securities.

Originated loans and receivables

These are loans and receivables created by the company for providing money to a debtor. These include debtors, prepayments and grants receivable.

Financial liabilities

The Company has financial liabilities, which consist mainly of trade creditors and unexpended grants.

ii) Recognition

Available for sale financial assets, originated loans and receivables and financial liabilities are recognized on the day they are transferred to the company.

iii) Measurement

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition, all non-trading financial liabilities and originated loans and receivables are measured at amortized cost less impairment losses. Amortized cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

Available for sale investments are measured at fair value based on quoted market prices.

iv) Derecognition

A financial asset is derecognized when the company loses control over the contractual rights that comprise that asset. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognized when it is extinguished.

e) Property, plant and equipment

Assets donated to the Foundation are included in the financial statements at the amount attributed to them by the donor. Property, plant and equipment purchased for donor-funded health programmes are expensed in the year of purchase. All other property, plant and equipment are capitalized.

Depreciation is calculated on the straight line basis to write down the cost of each asset, to its residual value over its estimated useful life as follows:

Buildings	2.5% p.a
Aircraft: Engine	25.0% p.a
Aircraft: Hull	5.0% p.a
Motor vehicles, medical, surgical and radio equipment	25.0% p.a
Furniture, fittings and general equipment	12.5% p.a
Information technology hardware and software	33.3% p.a

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method. Provision is made for obsolete and defective stocks

g) Debtors and prepayments

Debtors and prepayments are stated at nominal value less write-down for any amounts expected to be irrecoverable.

h) Retirement benefit obligations

The company operates a defined contribution retirement benefit scheme for all its local employees. In respect of employees on international contract, the company contributes to individual retirement benefit schemes chosen by the staff concerned.

The company's contributions of 14% of basic pay to the defined contribution scheme and the individual retirement benefit schemes are charged to the income statement in the year to which they relate.

i) Capital reserve

The capital reserve has been created to reflect the amounts donated for and monies spent on property and equipment. The reserve is adjusted through the general reserve to reflect movements in property, plant and equipment for acquisition, depreciation and disposals such that the capital reserve is equivalent to the net book amount of the property, plant and equipment it represents.

j) Aircraft replacement fund

The aircraft replacement fund was created with the aim of investing at least the amount equivalent to the depreciation charged on the caravan aircraft each year to enable the company to replace the aircraft when necessary. This also includes any other funds specifically received for future replacement of aircraft.

k) Aircraft maintenance reserve

The aircraft maintenance reserve was created to cover the estimated cost of the next major overhaul of aircraft on the basis of hours flown.

l) Health learning materials fund

The Health Learning Materials (HLM) Fund is a deposit of proceeds in Kenya Shillings from the sale of certain printing equipment, the income of which has been set aside for production of health learning materials.

m) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

n) Impairment

The carrying value of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated and an impairment loss recognized in the income and expenditure account if the carrying amount exceeds its recoverable amount.

o) Cash and cash equivalents

Cash and cash equivalents comprise bank balances, bank deposits and cash. Bank overdrafts are payable on demand and form an integral part of the cash management and are included as a component of cash and cash equivalents for the purposes of the statement of cash flow, where applicable.

3. GRANT FUNDS

	Restricted Funds 2007 US\$'000	Unrestricted Funds 2007 US\$'000	Total Funds 2007 US\$'000	Total Funds 2006 US\$'000
Grants receivable (Note 12 (a))	(8,652)	(101)	(8,753)	(4,276)
Unexpended grants	26,271	1,966	28,237	16,536
Net grant funds brought forward	17,619	1,865	19,484	12,260
Grants received during the year	40,102	2,142	42,244	49,657
Goods in kind	-	-	-	14
Total grants available for operations	57,721	4,007	61,728	61,931
Less:				
- Grants receivable (Note 12 (a))	16,150	154	16,304	8,753
- Unexpended grants (Note 12 (b))	(22,855)	(2,971)	(25,826)	(28,237)
- Advance to partners	740	-	740	(1,248)
Transfer to capital reserves	(94)	(396)	(490)	(310)
Net grant income	51,662	794	52,456	40,889

4. OTHER INCOME

Income from Air Ambulance recoveries	1,727	1,703
Miscellaneous income	1,803	1,058
	3,530	2,761

5. NET FINANCING INCOME

Increase in fair value of investments	52	60
Interest income	523	364
	575	424

6. EXPENDITURE

(a) Programme monitoring and support expenditure includes costs relating to the Directorate of Programme Development, Information Technology, Director General, Deputy Director General and country level support costs, except Finance, Administration, Human Resources department costs and Communications and Fundraising expenses.

(b) Institutional development expenditure includes costs relating to the Director General, Deputy Director General, Directorate of Communications and Fundraising, Human Resources and all country level costs relating to Communication and Fundraising.

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(c) Administration expenditure includes costs relating to Corporate Governance, the Director General, Finance, Administration, Internal Audit and all country level costs relating to Finance & Administration.

	2007 US\$'000		2006 US\$'000
7. OPERATING SURPLUS			
The operating surplus is arrived at after charging/(crediting)			
Depreciation	882		830
Staff costs	12,585		10,020
Auditors' remuneration	32		31
Directors remuneration-other	327		384
(Gain on disposal of property, plant and equipment)	(745)		(26)
The following items are included within staff costs:			
Termination benefits	60		115
Retirement benefit costs- defined contribution plans	1,412		1,047
The number of employees engaged at year end were 803 (2006-766).			
8. RELATED PARTY TRANSACTIONS			
a) Names and position of key management personnel			
The names and position of the personnel in key management positions of AMREF during the year are as disclosed on page 2.			
b) Key Management Compensation			
Short term employee benefits	1,607		1,585
Termination benefits	504		492
	2,111		2,077

9. PROPERTY AND EQUIPMENT

a) 30 September 2007

	Land and buildings US\$'000	Aircraft US\$'000	Motor vehicles US\$'000	Furniture, fittings & general equipment US\$'000	Total US\$'000
COST OR VALUATION					
At 1 October 2006	4,501	2,999	801	2,591	10,892
Additions	60	1,973	141	359	2,533
Disposals	-	(1,367)	(26)	(8)	(1,401)
At 30 September 2007	4,561	3,605	916	2,942	12,024
DEPRECIATION					
At 1 October 2006	1,138	1,338	466	1,788	4,730
Charge for the year	126	250	158	348	882
On Disposals	-	(984)	(24)	(2)	
At 30 September 2007	1,264	604	600	2,134	4,602
NET BOOK VALUE					
At 30 September 2007	3,297	3,001	316	808	7,422
b) 30 September 2006					
COST OR VALUATION					
At 1 October 2005	4,490	2,999	676	2,447	10,612
Additions	11	-	174	148	333
Disposals	-	-	(49)	(4)	(53)
At 30 September 2006	4,501	2,999	801	2,591	10,892
DEPRECIATION					
At 1 October 2005	1,026	1,088	351	1,456	3,921
Charge for the year	112	250	134	334	830
Disposals	-	-	(19)	(2)	(21)
At 30 September 2006	1,138	1,338	466	1,788	4,730
NET BOOK VALUE					
At 30 September 2006	3,363	1,661	335	803	6,162

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In the opinion of the Directors, there is no major impairment of property, plant and equipment.

	2007 US\$'000	2006 US\$'000
10. INVENTORIES		
Aviation spare parts	271	247
Printed books and manuals	182	156
Sundry stocks	159	112
	612	515
11. DEBTORS AND PREPAYMENTS		
Trade receivables	1,821	1,142
National offices	44	17
Programme advances	447	188
Staff debtors	50	61
Others	442	193
Provision for bad debts	(206)	(125)
	2,598	1,476
12. GRANTS RECEIVABLE/UNEXPENDED		
(a) Grants receivable		
Restricted	16,150	8,652
Unrestricted	154	101
<i>At 30 September</i>	16,304	8,753
Grants receivable represent expenditure incurred on projects for which there are commitments from donors for which a donation has not been received by the year-end.		
(b) Unexpended grants		
Restricted	22,855	26,271
Unrestricted	2,971	1,966
<i>At 30 September</i>	25,826	28,237
Unexpended grants represent grants and donations received in advance of expenditure which remain un-utilized as at the balance sheet date.		
13. CASH AND CASH EQUIVALENTS		
Cash in bank and at hand	4,432	11,370
Short term bank deposits	10,608	13,583
	15,040	24,953

The weighted average interest rate on the term deposit was 4.2% (2006- 3.83%)

14. CREDITORS AND ACCRUALS

	2007 US\$'000	2006 US\$'000
Trade creditors	2,149	1,542
Accruals	2,638	2,126
	4,787	3,668

15. CONTINGENT LIABILITY

A contractor has made a claim against AMREF for breach of contract. The amount claimed is US\$ 2.2 million, of which US\$ 1.3 million relates to general damages. The Directors have consulted their legal experts who advise that general damages are not awardable for breach of contract and that the claim is exaggerated.

Although there can be no assurance, the Directors believe, based on the information currently available and legal advice obtained, that the claim can be successfully defended and therefore no provision has been made in the financial statements

16. TAXATION

No taxation is provided for in these financial statements, as the Foundation is exempt from income taxation in Kenya in recognition of its charitable status under paragraph 10 of First Schedule of the Income Tax Act (Cap. 470)

17. OPERATING LEASE

Operating lease rentals are payable as follows:

	2007 US\$'000	2006 US\$'000
Tenancy:		
Less than 1 year	2	105
Between one and five years	207	21
	209	126

18. CURRENCY

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



ANALYSIS OF EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2007

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Priority Intervention Areas

Family Health	
HIV/AIDS/STI	
Training / Development of Health Learning Materials Clinical Outreach Services, Emergency and Disaster preparedness Safe water and Basic Sanitation Malaria	
Direct Programme Activity Expenditure	

Indirect Expenditure

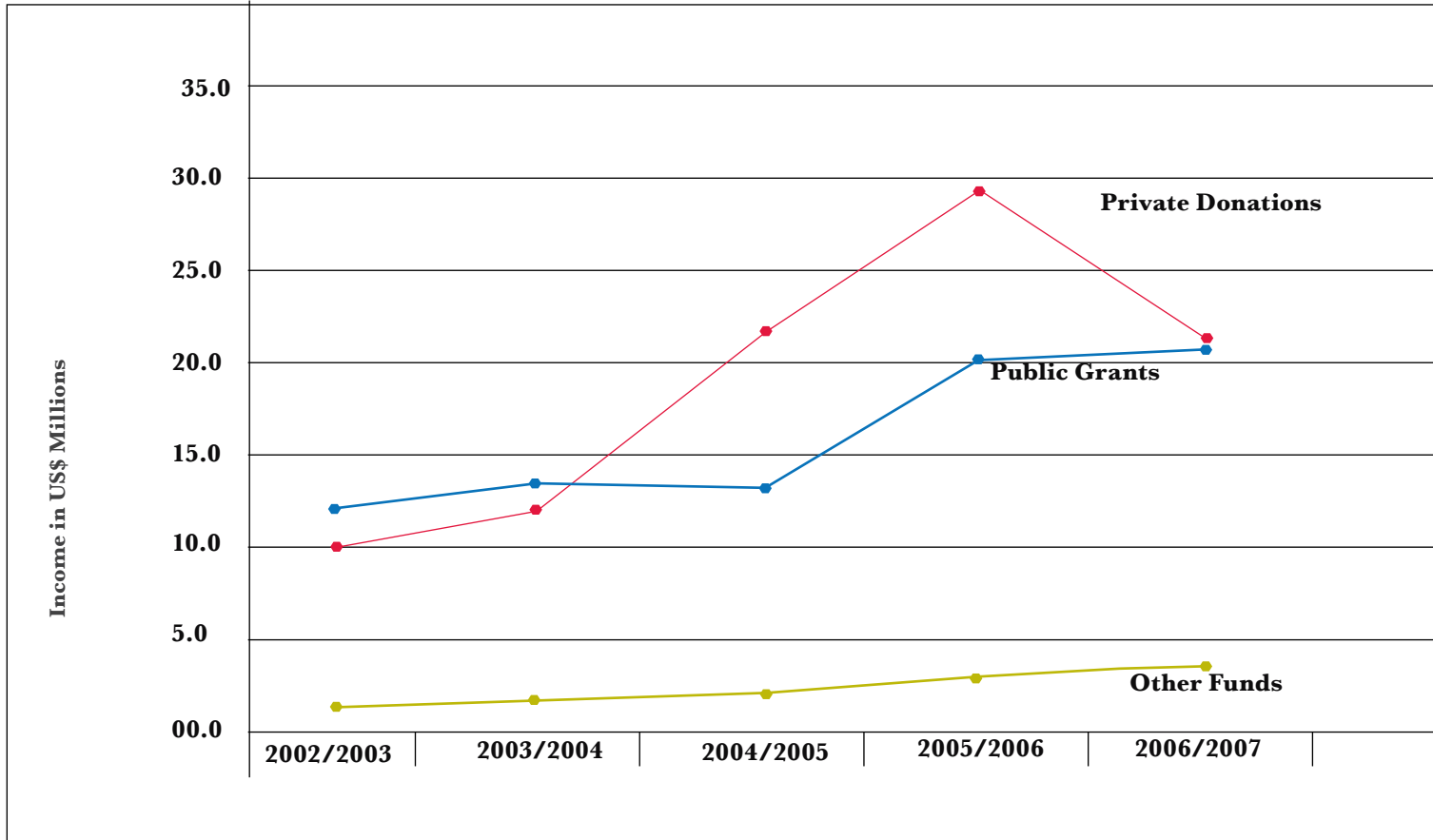
Staff Costs	
Travel and Transport	
Office Costs	
Communication	
Sub Total	
Total Operating Expenditure	
Capital Expenditure	

Gross Total Expenditure

	2007	2006
	US\$'000	US\$'000
	8,148	6,939
	22,679	16,323
	7,064	6,251
	4,484	3,677
	5,424	3,864
	827	860
	48,626	37,914
	4,317	3,704
	838	724
	1,440	1,082
	369	250
	6,964	5,760
	55,590	43,674
	2,533	333
	58,123	44,007

SOURCE OF FUNDING

2002/2003- 2006/2007



	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Public Grants	12.0	13.6	12.8	20.0	20.8
Private Donations	10.0	12.5	22.2	29.6	21.4
Other Funds	2.0	2.1	2.8	3.2	3.5
Total Funds	24.0	28.2	37.8	52.8	45.7



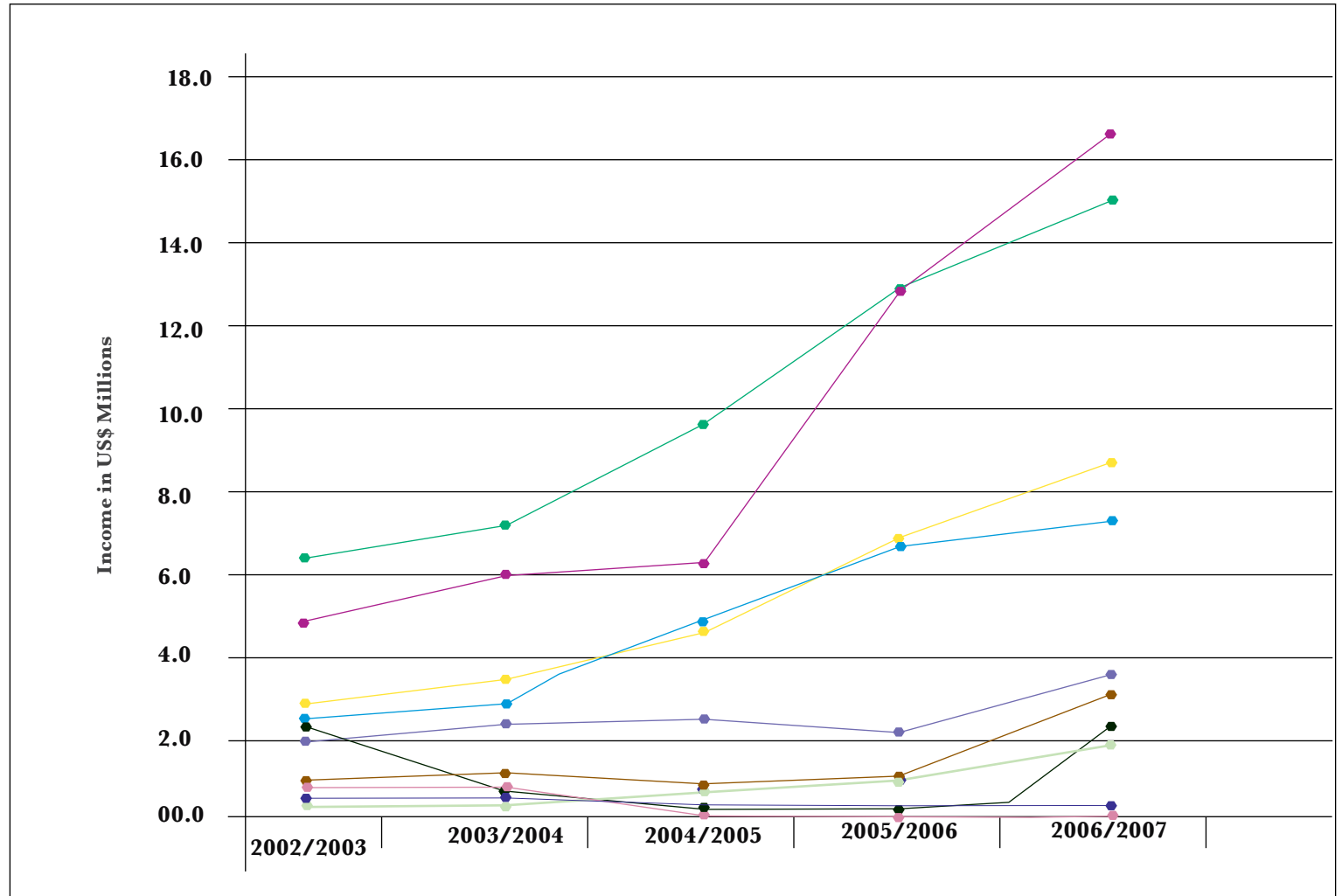
EXPENDITURE BY COUNTRY

2002/2003- 2006/2007

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- Kenya
- Tanzania
- Uganda
- Regional
- Mozambique
- South Africa
- Ethiopia
- Somalia
- Headquarters
- Capital



Years	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Kenya	6.5	6.6	9.6	12.8	15.0
Tanzania	4.8	6.0	6.4	12.8	16.3
Uganda	3.0	3.5	4.3	6.7	8.6
Regional	2.8	2.9	4.9	6.6	7.4
Mozambique	0.7	0.8	0.1	-	-
South Africa	0.9	1.0	0.8	0.9	3.1
Ethiopia	0.5	0.4	0.8	1.4	1.9
Somalia	0.1	0.2	0.1	0.2	0.1
Headquarters	2.0	2.4	2.6	2.3	3.2
Capital	2.6	0.9	0.6	0.3	2.5
Total Expenditure	23.9	24.7	30.2	44.0	58.1

ANALYSIS OF GRANTS RECEIVED BY COUNTRY

2005/2006

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	Government and official agencies US\$ 000	Foundations, NGOs and general public Agency Funds US\$ 000	Total grant funds received US\$ 000	%
USA	5,443	2,707	8,150	16.4%
UK	1,303	2,012	3,314	6.7%
Sweden	4,212	62	4,273	8.6%
Ireland	2,364		2,364	4.8%
Italy	-	5,474	5,474	11.0%
Canada	1,643	305	1,948	3.9%
International organisations	4,067	11,951	16,018	32.3%
Tanzania		44	44	0.1%
Netherlands	-	1,623	1,623	3.3%
Germany	950	1,202	2,152	4.3%
Spain	-	1,857	1,857	3.7%
Kenya	-	352	352	0.7%
Austria	-	221	221	0.4%
Denmark	34		34	0.1%
Norway	-	113	113	0.2%
France	-	296	296	0.6%
Uganda	-	131	131	0.3%
Africa		268	268	0.5%
Other Countries		1,025	1,024	2.1%
Totals	20,016	29,641	49,657	100.0%
	40.3%	59.7%	100.0%	

ANALYSIS OF GRANTS RECEIVED BY COUNTRY

2006/2007

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	GOVERNMENT AND OFFICIAL AGENCIES US\$ 000	FOUNDATIONS, NGOs AND GENERAL PUBLIC AGENCY FUNDS US\$ 000	TOTAL GRANT FUNDS RECEIVED US\$ 000	%
USA	6,103	2,631	8,734	20.7%
UK	320	3,930	4,250	10.1%
SWEDEN	4,962	74	5,036	11.9%
IRELAND	1,806		1,806	4.3%
ITALY	1,033	3,063	4,096	9.7%
CANADA	1,566	603	2,169	5.1%
INTERNATIONAL ORGANISATIONS	3,940	3,756	7,696	18.2%
TANZANIA	-	523	523	1.2%
NETHERLANDS	548	2,537	3,085	7.3%
GERMANY	392	661	1,053	2.5%
SPAIN	-	1,688	1,688	4.0%
KENYA	83	469	552	1.3%
AUSTRIA	-	158	158	0.4%
DENMARK	-	526	526	1.2%
NORWAY	-	-	-	0.0%
FRANCE	-	334	334	0.8%
UGANDA	-	64	64	0.2%
AFRICA	58	398	456	1.1%
OTHER COUNTRIES		20	19	0.0%
TOTALS	20,811	21,433	42,244	100.0%
	49.3%	50.7%	100.0%	



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