



**AMREF HEALTH AFRICA  
(FORMERLY AFRICAN MEDICAL  
AND RESEARCH FOUNDATION)**

**(A Company Limited by Guarantee)**

**ANNUAL  
FINANCIAL STATEMENTS**

**30 SEPTEMBER 2014**

AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

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AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

DIRECTORS, OFFICERS AND ADMINISTRATION  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

DIRECTORS

Mr. Omari Issa	-	Chair
Dr. Tewabech Bishaw		
Mr. Gautam Dalal		
Ms. Marry de Gaay Fortman		
Lady Sue Woodford Hollick		
Ms. Irene Kitinya		
Mrs. Muthoni Kuria		
Prof. Souleymane Mboup	-	Retired - June 2014
Prof. Keith Mc Adam		
Mr. Nicholas Merindol		
Prof. Richard O. Muga		
Prof. Mutuma Mugambi		
Mr. Joseph Pegues		
Mr. Mario Raffaelli		
Dr. Eva Hawa Sinare		
Ms Mary Ann Mackenzie	-	Joined - July 2014
Ms Kellen Eileen Kariuki	-	Joined - July 2014
Mr Tjark de Lange	-	Joined - December 2014
Dr. Noerine Kaleeba		Retired - October 2013

MANAGEMENT

Dr Lennie Bazira S. Kyomuhangi	-	Interim CEO - Effective 1 <sup>st</sup> November 2014
Dr. Teguest Guerma	-	Director General - Up to 31 <sup>st</sup> December 2014
Dr. Peter Ngatia	-	Director of Capacity Building
Dr. John Nduba	-	Director of Health Programme
Mrs. Nancy Muriuki	-	Director of Human Resources
Ms. Mette Kjaer	-	Head of Programme Management - Up to 20 <sup>th</sup> November 2014
Mr. Jonathan Dutton	-	Director of Finance - Joined 24 <sup>th</sup> November 2014
Ms. Wanjiru Ruhanga	-	Director of Communications - Up to 30 <sup>th</sup> December 2014
Ms. Desta Lakew	-	Head of Fundraising - Joined 15 <sup>th</sup> January 2014
Mr. Timothy Munyao	-	Corporate Finance Manager
Dr. Meshack Ndirangu	-	Acting Kenya Country Director
Dr. Festus Ilako	-	Tanzania Country Director
Mr. Abenet Berhanu	-	Uganda Country Director
Dr. Florence Temu	-	Ethiopia Country Director
Dr. Connie Osborne	-	South Africa Country Director
Dr. George Bhoka	-	South Sudan Country Director
Dr. Mor Ngom	-	Programme Coordinator West Africa

COMPANY SECRETARY

Axis Kenya  
Certified Public Secretaries  
1<sup>st</sup> Floor, Empress Plaza  
Ring Rd Parklands, Westlands  
P. O. Box 764-00606  
Nairobi, Kenya

AUDITORS

Deloitte & Touche  
Deloitte Place, Waiyaki Way, Muthangari  
P.O. Box 40092  
00100 Nairobi, Kenya

AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

DIRECTORS, OFFICERS AND ADMINISTRATION (continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

REGISTERED OFFICE

Amref Health Africa Head Quarters  
Langata Road  
P.O. Box 27691  
00506 NAIROBI

LAWYERS

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

BANKERS

Barclays Bank, London, UK  
Citibank N.A., Nairobi, KENYA  
Barclays Bank of Kenya, Nairobi, KENYA  
National Bank of Kenya, Nairobi, KENYA  
Ecobank, Nairobi, KENYA  
National Bank of Commerce, Dar-es-Salaam, TANZANIA  
Standard Chartered Bank Tanzania, Dar-es-Salaam, TANZANIA  
Standard Chartered Bank Kenya, Nairobi, KENYA  
Barclays Bank of Uganda, Kampala, UGANDA  
Nedbank, Pretoria, SOUTH AFRICA  
Commercial Bank of Ethiopia, Addis Ababa, ETHIOPIA  
Stanbic Bank Uganda, Kampala, UGANDA  
Ecobank, Dakar, SENEGAL  
Chase Bank, Nairobi, KENYA  
I&M Bank, Nairobi, KENYA  
KCB South Sudan, SOUTH SUDAN  
Equity Bank, Nairobi, KENYA

AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

The Directors have the pleasure of submitting their report together with the audited financial statements for the year ended 30 September 2014, which disclose the state of the Company's affairs.

**1. OBJECTIVES OF THE COMPANY**

The Amref Health Africa 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 Health Africa 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 company is to achieve the above stated objectives which 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.

Amref Health Africa consolidated financial statements incorporate the financial statements of Amref Health Africa Headquarters, Amref Health Africa Kenya, Amref Health Africa South Sudan, Amref Health Africa West Africa, Amref Health Africa Tanzania, Amref Health Africa South Africa, Amref Health Africa Uganda, Amref Health Africa Ethiopia and Amref Flying Doctors all of which are for the period 1 October 2013 to 30 September 2014.

Inter-company transactions and balances are eliminated upon combination of the financial statements.

**3. INCORPORATION**

Amref Health Africa is incorporated in Kenya as a company limited by guarantee under the Kenyan Companies Act and is domiciled in Kenya.

**4. CHANGE OF NAME**

Africa Medical and Research Foundation changed its name to Amref Health Africa effective 12 February 2014 via certificate C 1/61.

**5. RESULTS**

The results for the year are set out on page 8.

**6. DIRECTORS**

The names of the current directors are set out on page 2.

Prof. Souleymane Mboup retired from the board in June 2014. Dr. Noerine Kaleeba retired from the board in October 2013. Ms Mary Ann Mackenzie and Ms Kellen Eileen Kariuki joined the board in July 2014. Mr Tjark de Lange joined the board in December 2014.

**7. AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office in accordance with section 159(2) of the Kenyan Companies Act (Cap 486).

**8. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved at a meeting of the Directors held on 2 March 2015.

By Order of the Board



Mr. Omari Issa  
Chair, Amref Health Africa Board of Directors

**AMREF HEALTH AFRICA**  
(A Company Limited by Guarantee)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.


Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

**APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements of the company, as indicated above, were approved by the Board of Directors on 2 March 2015 and are signed on their behalf by:



Mr. Omari Issa  
Chair, Amref Health Africa Board of Directors



Mrs. Muthoni Kuria  
Director

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMREF HEALTH AFRICA (A Company Limited by Guarantee)

### Report on the Financial Statements

We have audited the accompanying financial statements of Amref Health Africa, set out on pages 8 to 29 which comprise the statement of financial position as at 30 September 2014, and the statement of profit or loss and other comprehensive income, statement of changes in reserves and funds and statement of cash flows 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 of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 controls 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 controls. 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 accompanying financial statements give a true and fair view of the state of the financial position of Amref Health Africa as at 30 September 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AMREF HEALTH AFRICA (A Company Limited by Guarantee)

**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 statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

*The engagement partner responsible for the audit resulting in this independent auditors' report is CPA Bernadette Wahogo – P/No. 1698.*

*Deloitte & Touche*

Certified Public Accountants (Kenya)

Nairobi, Kenya

*2 March* 2015



AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

CONTINUING OPERATIONS		2014	2013
	Notes	US\$ '000	US\$ '000
<b>INCOME</b>			
Grants – Restricted	2	83,346	84,058
Grants- Unrestricted	2	-	1,323
		<hr/>	<hr/>
		83,346	85,381
Other income	3	3,134	1,856
Financing income	4	259	389
Income from commercial activities	5(a)	15,036	14,370
		<hr/>	<hr/>
<b>Total income</b>		101,775	101,996
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Direct programme activity	6(a)	75,651	72,052
Programme monitoring and support	6(b)	5,291	5,382
Institutional development	6(c)	2,371	2,098
Administration	6(d)	6,763	8,295
Expenditures relating to commercial activities	5(b)	14,106	13,527
		<hr/>	<hr/>
<b>Total expenditure</b>		104,182	101,354
		<hr/>	<hr/>
(Deficit) /surplus for the year from continuing operations		(2,407)	642
<b>DISCONTINUED OPERATIONS</b>			
Loss for the year from discontinued operations	22	-	(202)
		<hr/>	<hr/>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<hr/> <hr/> (2,407)	<hr/> <hr/> 440

The notes set out on pages 12 to 29 form an integral part of these financial statements.


AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)


STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2014

ASSETS	Notes	2014 US\$ '000	2013 US\$ '000
<b>Non-current assets</b>			
Property and equipment	9	7,766	8,074
Investments	10(a)	10	-
		<u>7,776</u>	<u>8,074</u>
<b>Current assets</b>			
Inventories	11	357	385
Debtors and prepayments	12	4,319	4,387
Grants receivable	13(a)	25,380	18,476
Investments	10(b)	558	510
Cash and cash equivalents	14	21,204	22,715
		<u>51,818</u>	<u>46,473</u>
Assets classified as held for sale	15	174	202
<b>TOTAL ASSETS</b>		<u>59,768</u>	<u>54,749</u>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Accumulated reserve		1,070	3,352
Aircraft replacement fund		1,577	1,323
Aircraft maintenance fund		124	183
Accumulated assets reserve		7,766	8,074
<b>TOTAL FUNDS</b>		<u>10,537</u>	<u>12,932</u>
<b>Current liabilities</b>			
Unexpended grants	13(b)	38,900	30,648
Creditors and accruals	16	9,745	9,741
Borrowings	17	181	280
		<u>48,826</u>	<u>40,669</u>
<b>Non-current liabilities</b>			
Borrowings	17	405	1,148
<b>TOTAL FUNDS AND LIABILITIES</b>		<u>59,768</u>	<u>54,749</u>

The financial statements set out on pages 8 to 29 were approved by the Board of Directors on  
signed on its behalf by:

March 2015 and

  
Mr. Omari Issa  
Chair, Board of Directors

  
Mrs. Muthoni Kuria  
Director

The notes set out on pages 12 to 29 form an integral part of these financial statements.

AMREF HEALTH AFRICA  
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STATEMENT OF CHANGES IN RESERVES AND FUNDS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Accumulated reserve US\$'000	Aircraft Replacement fund US\$'000	Aircraft Maintenance fund US\$'000	Accumulated assets reserve US\$'000	Total US\$'000
At 1 October 2012	5,016	1,250	125	5,763	12,154
Surplus for the year	440	-	-	-	440
Aircraft maintenance funds added during the year	-	-	58	-	58
Depreciation transfer	661	-	-	(661)	-
Aircraft depreciation/maintenance transfer	(73)	73	-	-	-
Additions to property and equipment	(2,692)	-	-	2,972	280
	<u>3,352</u>	<u>1,323</u>	<u>183</u>	<u>8,074</u>	<u>12,932</u>
At 30 September 2013	3,352	1,323	183	8,074	12,932
At 1 October 2013	3,352	1,323	183	8,074	12,932
Deficit for the year	(2,407)	-	-	-	(2,407)
Aircraft maintenance funds utilised during the year	-	-	(59)	-	(59)
Depreciation transfer	858	-	-	(858)	-
Aircraft depreciation/maintenance transfer	(254)	254	-	-	-
Additions to property and equipment	(479)	-	-	550	71
	<u>1,070</u>	<u>1,577</u>	<u>124</u>	<u>7,766</u>	<u>10,537</u>
At 30 September 2014	1,070	1,577	124	7,766	10,537

The Aircraft Replacement Fund was created with the aim of investing at least the amount equivalent to the depreciation charged on the aircraft each year to enable the Company to replace the aircraft when necessary. This includes any other funds specifically received for the future replacement of the aircraft. The amounts are not distributable.

The Aircraft Maintenance Fund was created to cover the estimated cost of the next major overhaul of the aircraft on the basis of hours flown. The amounts are not distributable.

The Accumulated Assets Reserve was created to separate reserves that specifically relate to property and equipment and reflects the net book value of the non-current assets as at year end.

The notes set out on pages 12 to 29 form an integral part of these financial statements.

AMREF HEALTH AFRICA  
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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	2014 US\$ '000	2013 US\$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Deficit)/ surplus for the year		(2,407)	440
Adjustments for:			
Change in fair value of short term investments		(48)	(32)
Net movement in funds		12	338
Gain on disposal of property and equipment		(6)	(45)
Depreciation charge on property and equipment	9	858	661
Interest income	4	(259)	(389)
Interest income from commercial activities		(123)	(90)
		<hr/>	<hr/>
Operating (deficit)/ surplus before working capital changes		(1,973)	883
Decrease/ (increase) in assets held for sale		28	(202)
Decrease in inventories		28	249
Decrease in debtors and prepayments		68	2,947
Net movement in grant receivable/unexpended grants		1,348	4,094
Increase in creditors and accruals		4	772
		<hr/>	<hr/>
Cash flows (used in) / generated from operating activities		(497)	8,743
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	9	(550)	(2,972)
Purchase of investment	10(a)	(10)	-
Proceeds on disposal of property and equipment		6	45
Interest received		382	479
Proceeds from maturity of investments		-	712
		<hr/>	<hr/>
Net cash used in investing activities		(172)	(1,736)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan received	17	-	1,540
Loan repaid	17	(842)	(112)
		<hr/>	<hr/>
Net cash (used in)/ generated from financing activities		(842)	1,428
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1,511)	8,435
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		22,715	14,280
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14	21,204	22,715
		<hr/> <hr/>	<hr/> <hr/>

The notes set out on pages 12 to 29 form an integral part of these financial statements.

AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards. For the purposes of the Kenyan Companies Act, the balance sheet is equivalent to the statement of financial position and the profit and loss account is presented as the statement of profit or loss and other comprehensive income.

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

(i) *Standards and interpretations affecting amounts reported in the current period (and/or prior periods)*

Several new and revised standards and interpretations became effective during the year. The directors have evaluated the impact of these new standards and interpretations and are of the opinion that none of them had a significant impact on the company's financial statements.

(ii) *Standards and interpretations issued but not yet effective*

At the date of authorization of these financial statements, several other new and revised standards and interpretations were in issue but not yet effective. The adoption of these standards and interpretations, when effective, is not expected to have a material impact on the financial statements of the company.

(iii) *Early adoption*

The company did not early adopt any new standards and/or interpretation that are in issue but not yet effective.

(a) Basis of preparation

The company prepares its financial statements under the historic cost convention as modified by financial instruments that are measured at fair value. The principal accounting policies adopted are set out below:

(b) Income recognition

- i. Restricted grant income (grants received for specific purposes) is recognised when expenditure is incurred and when grant conditions are fulfilled. Unrestricted grant income (non-specific grants) is recognised when received or when firm commitment has been obtained from the donors;
- ii. Air Ambulance recoveries are recognized in the year the service is provided;
- iii. Donations in kind are recognised in the financial statements at the amount attributed to the donation by the donor, or in the absence of this, at their estimated present market value; and
- iv. Other income is recognised when received, earned or invoiced depending on its nature.

(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.

AMREF HEALTH AFRICA  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Recognition and measurement of financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The company's financial assets are mainly classified as follows:

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, grants receivable, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

*Financial assets at Fair Value Through Profit or Loss (FVTPL)*

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included under other income. The company classifies Government Securities, bank deposits, commercial paper and corporate bonds under financial assets at FVTPL.

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The objective evidence of impairment of receivables arises when a counter party is in significant financial difficulty or when there is a default or delinquency in the interest or principal payments. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

AMREF HEALTH AFRICA  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Recognition and measurement of financial instruments (continued)

The carrying amount of the financial asset is reduced by the impairment loss indirectly through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

*Derecognition of financial assets*

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Financial liabilities

*Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as other financial costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

*Other financial liabilities*

Other financial liabilities (including trade and other payables, unexpended grants) are initially measured at their fair values plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of the financial liability. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

*Derecognition of financial liabilities*

The company derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(e) Property and equipment

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



AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property and equipment (Continued)

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: Hull	5.0 % p.a
Aircraft: Engine	25.0% 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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(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) Grants receivable/unexpended grants

Grants received for specific purposes are treated as unexpended grants and credited to the income and expenditure statement when the activities for which they were provided for have been undertaken. Any unexpended grants are carried forward as liabilities. Excess of expenditure over receipts for specific grants are recognised as revenue and included in the financial statements as accounts receivable from donors.

(i) Retirement benefit obligations

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

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

(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 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.



AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) 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.

(m) 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.

(n) Comparatives

Where necessary, comparative figures have been adjusted to conform to change in presentation in the current year.

(o) Critical accounting judgements and key sources of estimation uncertainty.

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

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

*Key sources of estimation uncertainty*

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

i) *Equipment*

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

AMREF HEALTH AFRICA  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Critical accounting judgements and key sources of estimation uncertainty. (Continued)

ii) *Impairment*

At each statement of financial position date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

iii) *Provisions and contingent liabilities*

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

2 GRANT FUNDS

	<b>Restricted Funds 2014 US\$ '000</b>	<b>Total Funds 2014 US\$ '000</b>	<b>Restricted Funds 2013 US\$ '000</b>	<b>Unrestricted Funds 2013 US\$ '000</b>	<b>Total Funds 2013 US\$ '000</b>
Grants receivable brought forward- (Note 13(a))	(18,476)	(18,476)	(21,242)	(961)	(22,203)
Unexpended grants brought forward- (Note 13(b))	30,648	30,648	26,510	269	26,779
<b>Net grant funds brought forward</b>	<b>12,172</b>	<b>12,172</b>	<b>5,268</b>	<b>(692)</b>	<b>4,576</b>
Grants received during the year	82,355	82,355	90,658	(272)	90,386
<b>Total grants available for operations</b>	<b>94,527</b>	<b>94,527</b>	<b>95,926</b>	<b>(964)</b>	<b>94,962</b>
Add: Grants receivable – (Note 13 (a))	25,380	25,380	18,476	-	18,476
Less: Unexpended grants – (Note 13 (b))	(38,900)	(38,900)	(30,648)	-	(30,648)
Funding for Uganda projects	-	-	-	2,567	2,567
Advance to implementing partners	(467)	(467)	(3,198)	-	(3,198)
Transfer to accumulated assets reserve	-	-	-	(280)	(280)
Provision for doubtful receivables	2,806	2,806	3,502	-	3,502
<b>Net grant income</b>	<b>83,346</b>	<b>83,346</b>	<b>84,058</b>	<b>1,323</b>	<b>85,381</b>

AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014 US\$ '000	2013 US\$ '000
<b>3. OTHER INCOME</b>		
Students fees	1,087	945
Fundraising activities	95	148
Library charges	13	31
Training center income	824	-
Miscellaneous income	1,115	732
	<u>3,134</u>	<u>1,856</u>
<b>4. FINANCING INCOME</b>		
Interest income	<u>259</u>	<u>389</u>
<b>5. COMMERCIAL ACTIVITIES</b>		

The commercial activities are implemented by Amref Flying Doctors Limited which specialises in air ambulance services and is aiming to achieve profitable business growth while providing efficient and effective aero-medical patient transport locally, regionally and internationally to a wide clientele. Profits generated by Amref Flying Doctors are crucial in helping Amref Health Africa achieve its fundraising and financial obligations.

	2014 US\$ '000	2013 US\$ '000
(a) Income from Commercial Activities		
<b>Amref Flying Doctors</b>		
Air ambulance income	11,638	11,859
Medical and assistance services	2,042	1,700
Subscription income	1,135	596
Grant income	58	18
Interest income	123	90
Other income	40	107
	<u>15,036</u>	<u>14,370</u>
(b) Expenditures related to commercial activities		
<b>Amref Flying Doctors</b>		
Direct costs	9,135	9,694
Staff costs	2,173	1,901
Other operating costs	1,739	1,284
Marketing costs	504	380
Depreciation	470	219
Interest expenditure	67	36
Amortisation of intangible assets	18	13
	<u>14,106</u>	<u>13,527</u>

AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

6. EXPENDITURE

	2014 US\$ '000	2013 US\$ '000
<b>(a) Direct programme activity</b>		
Personnel costs	25,094	21,409
Financial contribution to partners	8,108	6,675
Project workshops, training, facilitation and travel	19,076	24,606
Project assets	3,710	3,802
Supplies and services	14,281	10,701
Communication	1,251	1,474
Finance costs	483	528
Other costs	3,648	2,857
	<u>75,651</u>	<u>72,052</u>
<b>(b) Programme monitoring and support</b>		
Personnel costs	1,756	1,543
Financial contribution to partners	567	481
Travel and accommodation costs	1,334	1,774
Project assets	259	274
Supplies and services	999	772
Communication	87	106
Finance costs	34	38
Other costs	255	394
	<u>5,291</u>	<u>5,382</u>
<b>(c) Institutional development</b>		
Personnel costs	787	602
Financial contribution to partners	254	188
Travel and accommodation costs	598	691
Project assets	116	107
Supplies and services	448	301
Communication	39	41
Finance costs	15	15
Other costs	114	153
	<u>2,371</u>	<u>2,098</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

6. EXPENDITURE (Continued)

	2014 US\$ '000	2013 US\$ '000
(d) Administration		
Personnel costs	1,870	2,172
Financial contribution to partners	605	677
Transport and accommodation cost	1,422	2,495
Project assets	277	385
Supplies & Services	1,065	1,085
Communication	93	149
Finance costs	36	53
Other costs	1,395	1,279
	<u>6,763</u>	<u>8,295</u>
(e) Analysis of total expenditure		
Restricted expenditure	83,346	84,058
Other expenditure	20,836	17,296
	<u>104,182</u>	<u>101,354</u>

7. OPERATING (DEFICIT)/ SURPLUS

The operating (deficit)/ surplus is arrived at after charging;

Depreciation	858	661
Staff costs	25,370	24,779
Auditors' remuneration	78	71
Gain on disposal of property and equipment	6	45
	<u>26,312</u>	<u>25,556</u>

The following items are included within staff costs:

Retirement benefit costs- defined contribution plans	2,864	2,797
	<u>2,864</u>	<u>2,797</u>

Staff costs comprise salaries, pension benefit at 14%, Medical benefit at 8% and Training fund at 2%.

8. RELATED PARTY TRANSACTIONS

a) The names and position of the personnel in key management positions of Amref Health Africa during the year are as disclosed on page 2.

b) Key Management Compensation

	2014 US\$ '000	2013 US\$ '000
Short term employee benefits	2,362	2,275
Termination benefits	72	450
	<u>2,434</u>	<u>2,725</u>

c) Amref European and North American offices

	<u>172</u>	<u>68</u>
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AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

9. PROPERTY AND EQUIPMENT

	Land and buildings US\$ '000	Aircraft US\$ '000	Motor vehicles US\$ '000	Furniture, Fittings & general equipment US\$ '000	Total US\$ '000
<b>COST OR REVALUATION</b>					
At 1 October 2012	4,714	3,609	1,164	2,486	11,973
Additions	72	2,340	152	408	2,972
Disposals	-	-	(125)	-	(125)
Reclassification	-	-	(2)	2	-
At 30 September 2013	4,786	5,949	1,189	2,896	14,820
At 1 October 2013	4,786	5,949	1,189	2,896	14,820
Additions	13	-	233	304	550
Disposals	-	-	(20)	-	(20)
At 30 September 2014	4,799	5,949	1,402	3,200	15,350
<b>DEPRECIATION</b>					
At 1 October 2012	1,780	1,597	796	2,037	6,210
Charge for the year	152	73	177	259	661
Eliminated on disposals	-	-	(125)	-	(125)
Eliminated on reclassification	-	-	(2)	2	-
At 30 September 2013	1,932	1,670	846	2,298	6,746
At 1 October 2013	1,932	1,670	846	2,298	6,746
Charge for the year	135	254	189	280	858
Eliminated on disposals	-	-	(20)	-	(20)
At 30 September 2014	2,067	1,924	1,015	2,578	7,584
<b>NET BOOK VALUE</b>					
At 30 September 2014	2,732	4,025	387	622	7,766
At 30 September 2013	2,854	4,279	343	598	8,074

In the opinion of the directors, there is no impairment of property and equipment.

AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014 US\$ '000	2013 US\$ '000
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10 INVESTMENTS

a) Other investments

Unquoted investment – at cost	10	-
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Ten aviation companies (including Amref Flying Doctors) based at the Wilson Airport had in 2010 initiated the Wilson Airport Terminal Company (WATCO) project with the objective of mobilizing resources for the development of a terminal building at Wilson Airport as a Public Private Partnership with the Government of Kenya.

The members each paid up US\$ 10,000 as share capital for use in formally setting up WATCO and conducting a feasibility study. The amount has been carried at cost.

b) Short term investment

	2014 US\$ '000	2013 US\$ '000
Bank deposits	44	59
Kenya Government debt securities	462	401
Commercial paper and corporate bonds	52	50
	<u>558</u>	<u>510</u>

11 INVENTORIES

Printed books and manuals	97	109
Sundry stocks	260	276
	<u>357</u>	<u>385</u>

12 DEBTORS AND PREPAYMENTS

Receivables	3,811	3,175
Amref European and North American offices	172	68
Programme advances	563	546
Others	772	759
	<u>5,318</u>	<u>4,548</u>
Provision for bad debts	(999)	(161)
	<u>4,319</u>	<u>4,387</u>

AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014 US\$ '000	2013 US\$ '000
<b>13 GRANTS RECEIVABLE/UNEXPENDED</b>		
(a) Grants receivable		
Restricted	31,688	21,978
Provision for doubtful grants	(6,308)	(3,502)
	<hr/>	<hr/>
At 30 September	25,380	18,476
	<hr/>	<hr/>

Grants receivable represent expenditure incurred on projects for which there are commitments from donors for which funds have not been received by the end of the reporting period.

	2014 US\$ '000	2013 US\$ '000
(b) Unexpended grants		
Restricted	38,900	30,648
	<hr/>	<hr/>
At 30 September	38,900	30,648
	<hr/>	<hr/>

Unexpended grants represent grants and donations received in advance of expenditure which remain un-utilized as at end of the reporting period.

	2014 US\$ '000	2013 US\$ '000
<b>14. CASH AND CASH EQUIVALENTS</b>		
Cash in bank and at hand	18,394	18,848
Short term bank deposits	2,810	3,867
	<hr/>	<hr/>
	21,204	22,715
	<hr/>	<hr/>

The weighted average interest rate on the term deposits, held principally in Kenya Shilling, was 11.18% (2013: 8.79%) as at 30 September 2014.

	2014 US\$ '000	2013 US\$ '000
<b>15. ASSETS CLASSIFIED AS HELD FOR SALE</b>		
Assets related to aircraft maintenance department	174	202
	<hr/>	<hr/>

As described in note 22, the company discontinued operations of aircraft maintenance and anticipates to dispose all the inventories by 30 September 2015. The major classes of assets under the aircraft maintenance department were inventory amounting to US\$ 174,010 (2013: US\$ 202,596). There were no liabilities as at the reporting date for this department.



AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014 US\$ '000	2013 US\$ '000
<b>16. CREDITORS AND ACCRUALS</b>		
Trade creditors	6,864	7,333
Accruals and other creditors	2,881	2,408
	<u>9,745</u>	<u>9,741</u>
<b>17. BORROWINGS</b>		
Bank loan	1,428	1,540
Less repayments	(842)	(112)
	<u>586</u>	<u>1,428</u>
Balance as at 30 September	<u>586</u>	<u>1,428</u>

The loan relates to an asset finance loan used to purchase aircraft 5Y FDE and is secured by a short term bank deposit of US\$ 1.7 million held with Chase Bank Limited earning interest at a rate of 3% per annum. The loan was issued at a fixed rate of 5.8% per annum and is to be repaid over a period of 60 months from 29 May 2013.

The borrowings are payable as follows:

	2014 US\$'000	2013 US\$'000
Within one year	181	280
More than one year	405	1,148
	<u>586</u>	<u>1,428</u>

**18. CONTINGENT LIABILITIES**

As at 30 September 2014, the company had the following contingent liabilities:

Amref Health Africa Kenya had pending lawsuits which relate to legal claims by former employees, a current tenant, refrigeration contractors and some construction companies estimated at US\$ 2.3 million. Judgment in respect of these cases had not been determined as at 30 September 2014. The amounts have not been provided for in these financial statements as it was not possible to accurately quantify the potential liability arising from all of them.

Amref Health Africa Headquarter has pending lawsuits which relate to legal claims by former employees. Judgment in respect of these cases had not been determined as at 30 September 2014. The amounts have not been provided for in these financial statements as it was not possible to accurately quantify the potential liability arising.

AMREF HEALTH AFRICA  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

18. CONTINGENT LIABILITIES (Continued)

The launch of the Maisha air evacuation products was met with resistance by the Flying Doctors Society of Africa (FDSA). This is because the society had been offering similar services since the 1970's. At that time, FDSA also served as a fundraising organ for Amref Flying Doctors. When Maisha was launched, the board of FDSA resisted the move terming it as being in bad faith and targeted at being in direct competition with the society's core business. Pursuant to the legal advice from Amref Health Africa's lawyers, Amref Flying Doctors went ahead and launched the new product and terminated the agreement it had with FDSA. A new Service Agreement between the company and FDSA was drafted and sent to FDSA but has not been accepted to date. The dispute is currently in court.

In addition, AFD has pending lawsuits which relate to a legal claim by a former employee.

Judgment in respect of these cases had not been determined as at 30 September 2014. Although there can be no assurance, the directors believe, based on the information currently available and legal advice obtained, that the above claims can be successfully defended. However, full provision of the amounts owed by FDSA has been made in the financial statements.

19. TAXATION

No taxation is provided for in these financial statements, as the company 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). On this basis the Kenya Revenue Authority granted Amref Health Africa an Income Tax Exemption Certificate for a period of 5 years commencing 17<sup>th</sup> May 2013 to 17th May 2018.

20. OPERATING LEASE

	2014 US\$ 000	2013 US\$ 000
Operating lease rentals are payable as follows:		
Less than 1 year	12	-
Between one and five years	247	259
	<hr/>	<hr/>
	259	259
	<hr/>	<hr/>

21. FINANCIAL RISK MANAGEMENT

Amref Health Africa's principal financial instruments comprise receivables/debtors, cash and cash equivalents, investments, unexpended grants and creditors. These instruments arise directly from its operations.

The company's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign currency risk and equity/price risk), credit risk and liquidity risk. Amref Health Africa seeks to minimize the potential adverse effects of these financial risks. Risk management is carried out under policies approved by the directors.

AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

21. FINANCIAL RISK MANAGEMENT (Continued)

MARKET RISK

Market risk is the risk that the value of an investment will decrease due to movement in market factors. Value may fluctuate due to changes in interest rates, foreign currency rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels.

i) Interest rate risk

Interest rate risk is the risk borne due to changes in interest rates on borrowings and investments. The company has no significant short-term exposure to changes in interest rates as cash and cash equivalents are held as cash in hand, on-demand deposits, or in short-term deposits with maturities of three months or less.

	< 1 year US\$'000	1-3 years US\$'000	Over 3 years US\$'000	2014 Total US\$'000	2013 Total US\$'000
Cash at bank	18,394	-	-	18,394	18,848
Bank deposits	2,810	-	-	2,810	3,867
Investments	558	-	-	558	510
Borrowings	(181)	(405)	-	(586)	(1,428)
	<u>21,581</u>	<u>(405)</u>	<u>-</u>	<u>21,176</u>	<u>21,797</u>

Amref Health Africa has an interest bearing loan from Chase Bank which is collateralized on a fixed deposit with the bank.

ii) Foreign exchange rate risk

Foreign exchange rate risk is a form of risk that arises from the change in price of one currency against another. Amref Health Africa's policy with respect to transactions is to record in US Dollars at the rate in effect at the date of the transaction whatever the currency.

Risk arises where there is a significant fluctuation between the currency of donor contracts signed and the currency of spend. Where there is a significant reduction in purchasing power, the company limits spending by monitoring budgets in US Dollars and reducing activities or if major enough by renegotiating contract ceilings with donors. During the current period there was no significant impairment based on transaction exchange rates.

Amref Health Africa's policy with respect to monetary assets and liabilities denominated in other currencies is to translate at the rate of exchange in effect at the balance sheet date. All gains or losses on changes in currency exchange rates are accounted for in the income statement.

Amref Health Africa does not take speculative positions in foreign exchange contracts or any derivative financial instruments.

iii) Equity risk

Amref Health Africa holds no equity investment and therefore is not exposed to securities price risk.

AMREF HEALTH AFRICA  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

21. FINANCIAL RISK MANAGEMENT (Continued)

CREDIT RISK

The table below represents the company's maximum exposure to credit risk without taking account of the value of any collateral obtained as at the end of the reporting period.

	Fully performing US \$'000	Past due US \$'000	Impaired US \$'000	Total US \$'000
<b>30 September 2014</b>				
Debtors	5,318	-	(999)	4,319
Grants receivable	31,688	-	(6,308)	25,380
Investments	558	-	-	558
Bank balances	21,204	-	-	21,204
	<hr/>	<hr/>	<hr/>	<hr/>
	58,768	-	(7,307)	51,461
	<hr/>	<hr/>	<hr/>	<hr/>
<b>30 September 2013</b>				
Debtors	4,548	-	(161)	4,387
Grants receivable	21,978	-	(3,502)	18,476
Investments	510	-	-	510
Bank balances	22,715	-	-	22,715
	<hr/>	<hr/>	<hr/>	<hr/>
	49,751	-	(3,663)	46,088
	<hr/>	<hr/>	<hr/>	<hr/>

Credit risk is the loss due to a debtor's nonpayment of a loan or other line of credit. The largest concentrations of credit exposure within the company arise from grants receivable, trade receivables, deposits held with service providers, prepayments, term deposits and cash and cash equivalents held with banks.

Grants receivable consist primarily of amounts due from institutional donors with which Amref Health Africa has signed agreements and is in the process of requesting reimbursement.

The company only places significant amounts of funds with recognized financial institutions with strong credit ratings and does not consider the credit risk exposure to be significant.

Trade receivables consist primarily of amounts invoiced by Amref Flying Doctors and are current in nature and relate mainly to medical insurers. Bad and doubtful debts have been provided for as indicated in Note 12.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

21. FINANCIAL RISK MANAGEMENT (Continued)

LIQUIDITY RISK

	1-12 months US \$'000	>12 months US \$'000	Total US \$'000
<b>30 September 2014</b>			
Creditors	6,864	-	6,864
Unexpended grants	38,900	-	38,900
Borrowings	181	405	586
	<hr/>	<hr/>	<hr/>
	45,945	405	46,350
	<hr/>	<hr/>	<hr/>
<b>30 September 2013</b>			
Creditors	7,333	-	7,333
Unexpended grants	30,648	-	30,648
Borrowings	280	1,148	1,428
	<hr/>	<hr/>	<hr/>
	38,261	1,148	39,409
	<hr/>	<hr/>	<hr/>

Liquidity risk for Amref Health Africa consists of the risk that it will encounter difficulties in meeting its liabilities arising mainly from grant advances, creditors and staff.

Liquidity risk is minimized by maintaining sufficient funds as cash in hand, on-demand deposits or short-term deposits with maturities of three months or less to meet short-term liabilities. In addition, investments are all in liquid securities which can easily be sold to meet longer term cash flow needs.

22. DISCONTINUED OPERATIONS

Amref Flying Doctors discontinued operations of the aircraft maintenance unit, which was one of the revenue-generating units. The results of the discontinued operations included in the profit or loss for the prior year are set out below.

Analysis of loss for the year from discontinued operations

	2014 US\$'000	2013 US\$'000
Aircraft maintenance income	-	106
Direct costs	-	(36)
	<hr/>	<hr/>
Operating profit	-	70
	<hr/>	<hr/>
Staff costs	-	(103)
Other operating costs	-	(169)
	<hr/>	<hr/>
Total expenditure	-	(272)
	<hr/>	<hr/>
Loss for the year from discontinued operations	-	(202)
	<hr/>	<hr/>

AMREF HEALTH AFRICA  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

**23. SEGMENTAL INFORMATION**

Segmental information is based on two segments as follows:

- Non - commercial activities
- Commercial activities

Non - commercial activities relate to Amref Health Africa operations for 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.

The commercial activities are implemented by Amref Flying Doctors Limited which specialises in air ambulance services and is aiming to achieve profitable business growth while providing efficient and effective aero-medical patient transport locally, regionally and internationally to a wide clientele. Profits generated by Amref Flying Doctors (AFD) are crucial in helping Amref Health Africa achieve its fundraising and financial obligations.

Information regarding the company's reportable segments is presented below.

*Segment revenue and results*

	Non Commercial Services US\$ '000	Commercial Services US\$ '000	2014 US\$ '000	2013 US\$ '000
<b>Details</b>				
Income	86,739	15,036	101,775	92,302
Expenditure	(90,076)	(14,106)	(104,182)	(91,862)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Operating (deficit)/ surplus	(3,337)	930	(2,407)	440
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Segment assets and liabilities				
Assets	46,991	12,777	59,768	54,749
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Liabilities	44,150	5,081	49,231	41,817
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**24. CURRENCY**

The financial statements are presented in United States of America Dollars (US\$'000), the company's functional and presentation currency.