

Deloitte.

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

**ANNUAL
FINANCIAL STATEMENTS**

30 SEPTEMBER 2015

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

CONTENTS	PAGE
Directors, Officers and Administration	2 - 3
Report of the Directors	4
Statement of Directors' Responsibilities	5
Report of the Independent Auditors	6 - 7
Financial Statements:	
Statement profit or loss and comprehensive income	8
Statement of Financial Position	9
Statement of Changes in Reserves and Funds	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 29

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

DIRECTORS, OFFICERS AND ADMINISTRATION
FOR THE YEAR ENDED 30 SEPTEMBER 2015

DIRECTORS

Mr. Omari Issa	-	Chair
Mr Mario Raffaelli	-	Vice Chair
Mr. Gautam Dalal		
Mrs. Irene Odera Kitinya		
Prof. Richard Otieno Muga		
Ms. Mary Ann Mackenzie		
Ms. Kellen Eileen Kariuki		
Dr. Eva Hawa Sinare		
Mr. Tjark de Lange	-	Appointed - December 2014
Mr Timothy Wilson	-	Appointed - December 2015
Mr. Nicholas Merindol	-	Retired - March 2015
Mrs. Muthoni Kuria	-	Retired - October 2015
Lady Sue Woodford Hollick	-	Retired - October 2015
Prof. Keith McAdam	-	Retired - October 2015
Prof. Mutuma Mugambi	-	Retired - October 2015
Mr. Joseph Pegues	-	Retired - October 2015
Ms Marry de Gaay Fortman	-	Retired - October 2015
Dr Tewabech Bishaw	-	Retired - October 2015

MANAGEMENT TEAM

Dr. Githinji Gitahi	-	Group CEO – Effective 1 June 2015
Dr. Peter Ngatia	-	Director of Capacity Building
Dr. Meshack Ndirangu	-	Kenya Country Director
Dr. Festus Ilako	-	Director Business Development
Mr. Abenet Berhanu	-	Uganda Country Director
Dr. Florence Temu	-	Ethiopia Country Director
Mrs. Nancy Muriuki	-	Human Resources Director
Dr. Joachim Osur	-	Director, Regional Projects and Field Offices
Dr. Bettina Vadera	-	Chief Executive Officer & Medical Director Amref Flying Doctors
Dr. Rita Noronha	-	Acting Tanzania Country Director
Mr. Jonathan Dutton	-	Group CFO - Effective 24 November 2014
Dr. Sylla Thiam	-	Regional Director, West Africa - Effective 1 April 2015
Ms. Mette Kjaer	-	Head of Programme Management - Up to 20 November 2014
Dr. Teguest Guerma	-	Director General - Up to 31 December 2014
Dr. Mor Ngom	-	Programme Coordinator West Africa - Up to 31 March 2015
Dr. George Bhoka	-	South Sudan Country Director- Up to 30 June 2015
Dr. John Nduba	-	Director of Health Programme - Up to 30 September 2015
Dr. Connie Osborne	-	Regional Director Southern Africa - Up to 31 October 2015
Dr. Lennie Bazira S. Kyomuhangi	-	Chief Programme Officer – Up to 29 February 2016

COMPANY SECRETARY

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

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

DIRECTORS, OFFICERS AND ADMINISTRATION (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2015

AUDITORS

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

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

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 2015

The Directors have the pleasure of submitting their report together with the audited financial statements for the year ended 30 September 2015, which disclose the state of the Company's affairs.

1. OBJECTIVES OF THE COMPANY

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 Amref Health Africa are 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 combined financial statements incorporate the financial statements of Amref Health Africa Headquarters, Amref Health Africa in Kenya, Amref Health Africa South Sudan, Amref Health Africa West Africa, Amref Health Africa Tanzania, Amref Health Africa Southern Africa, Amref Health Africa Uganda, Amref Health Africa Ethiopia and Amref Flying Doctors, all of which are included for the full period 1 October 2014 to 30 September 2015.

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. RESULTS

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

5. DIRECTORS

The names of the Directors who have served during the period under review are set out on page 2.

6. AUDITORS

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

7. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved at the meeting of the Directors held on 16 May 2016.

By Order of the Board



Mr. Omari Issa
Chair

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2015

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 control.

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 16 May 2016 and are signed on their behalf by:



Mr. Omari Issa
Chair



Ms. Kellen Eileen Kariuki
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 2015, 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 the 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 financial position of Amref Health Africa as at 30 September 2015 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

16 May 2016

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2015

CONTINUING OPERATIONS

	Notes	2015 US\$ '000	2014 US\$ '000
INCOME			
Grants – Restricted	4	69,145	83,346
Other income	5	2,571	3,134
Financing income	6	148	259
Income from commercial activities	7(a)	14,706	15,036
Total income		<u>86,570</u>	<u>101,775</u>
EXPENDITURE			
Direct programme activity	8(a)	63,830	75,651
Programme monitoring and support	8(b)	5,299	5,291
Institutional development	8(c)	2,160	2,371
Administration	8(d)	6,896	6,763
Expenditure relating to commercial activities	7(b)	13,460	14,106
Total expenditure		<u>91,645</u>	<u>104,182</u>
DEFICIT FOR THE YEAR		<u>(5,075)</u>	<u>(2,407)</u>

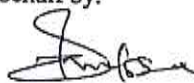
The notes set out on pages 12 to 29 form an integral part of these financial statements.

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

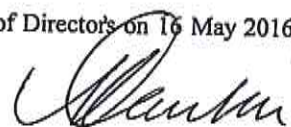
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

ASSETS	Notes	2015 US\$ '000	2014 US\$ '000
Non-current assets			
Property and equipment	11	7,562	7,766
Current assets			
Inventories	13	310	357
Debtors and prepayments	14	8,467	4,319
Grants receivable	15(a)	19,976	25,380
Investments	12	503	568
Cash and cash equivalents	16	16,119	21,204
		<u>45,375</u>	<u>51,828</u>
Assets classified as held for sale	17	89	174
TOTAL ASSETS		<u>53,026</u>	<u>59,768</u>
FUNDS AND LIABILITIES			
Funds			
Accumulated (deficit)/reserve		(4,125)	1,070
Aircraft replacement fund		1,831	1,577
Aircraft maintenance fund		194	124
Accumulated assets reserve		7,562	7,766
TOTAL FUNDS		<u>5,462</u>	<u>10,537</u>
Current liabilities			
Unexpended grants	15(b)	36,382	38,900
Creditors and accruals	18	11,182	9,745
Borrowings	19	-	181
		<u>47,564</u>	<u>48,826</u>
Non-current liabilities			
Borrowings	19	-	405
TOTAL FUNDS AND LIABILITIES		<u>53,026</u>	<u>59,768</u>

The financial statements set out on pages 8 to 29 were approved by the Board of Directors on 16 May 2016 and signed on its behalf by:



Mr. Omari Issa
Chair



Ms. Kellen Eileen Kariuki
Director

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 CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Accumulated reserve/ (deficit) US\$'000	Aircraft replacement fund US\$'000	Aircraft maintenance fund US\$'000	Accumulated assets reserve US\$'000	Total US\$'000
At 1 October 2013	3,352	1,323	183	8,074	12,932
Deficit for the year	(2,407)	-	-	-	(2,407)
Aircraft maintenance funds added during the year	-	-	(59)	-	(59)
Depreciation transfer	858	-	-	(858)	-
Eliminated on disposal	(20)	-	-	20	-
Aircraft depreciation/maintenance transfer	(254)	254	-	-	-
Additions to property and equipment	(479)	-	-	550	71
Disposal of property plant and equipment	20	-	-	(20)	-
At 30 September 2014	<u>1,070</u>	<u>1,577</u>	<u>124</u>	<u>7,766</u>	<u>10,537</u>
At 1 October 2014	1,070	1,577	124	7,766	10,537
Deficit for the year	(5,075)	-	-	-	(5,075)
Aircraft maintenance funds utilised during the year	(70)	-	70	-	-
Depreciation transfer	867	-	-	(867)	-
Eliminated on disposal	(42)	-	-	42	-
Aircraft depreciation/maintenance transfer	(254)	254	-	-	-
Additions to property and equipment	(694)	-	-	694	-
Disposal of property plant and equipment	73	-	-	(73)	-
At 30 September 2015	<u>(4,125)</u>	<u>1,831</u>	<u>194</u>	<u>7,562</u>	<u>5,462</u>

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
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 US\$ '000	2014 US\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(5,075)	(2,407)
Adjustments for:			
Change in fair value of short term investments		65	(48)
Net movement in funds		-	12
Gain on disposal of property and equipment		(18)	(6)
Depreciation charge on property and equipment	11	867	858
Interest income	6	(148)	(259)
Interest income from commercial activities		(220)	(123)
Operating deficit before working capital changes		(4,529)	(1,973)
Decrease in assets held for sale		85	28
Decrease in inventories		47	28
(Increase)/decrease in debtors and prepayments		(4,148)	68
Net movement in grant receivable/unexpended grants		2,886	1,348
Increase in creditors and accruals		1,497	4
Net cash used in operating activities		(4,222)	(497)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	11	(694)	(550)
Purchase of investment		-	(10)
Proceeds from disposal of property and equipment		49	6
Interest received		368	382
Net cash used in investing activities		(277)	(172)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repaid	19	(586)	(842)
Net cash used in financing activities		(586)	(842)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(5,085)	(1,511)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
		21,204	22,715
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
	16	16,119	21,204

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

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 fair 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 rates 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 statement of profit and loss and other comprehensive income. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rates ruling at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2015

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, other receivables and grants receivable.) 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.

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 2015

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 allowable 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.

(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.

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 a change in presentation in the current year.

2. 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 have 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.

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.

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

3 GOING CONCERN

In the year ended 30 September 2015 the Group had a deficit of US\$ 5,075,000 (2014 – deficit of US\$ 2,407,000) from operations. The Group also had negative cash-flows from operations of US\$ 4,222,000 (2014: US\$ 497,000). As at 30 September 2015, the Group had an accumulated deficit of US\$ 4,185,000 (2014: accumulated reserve of US\$ 1,070,000) and current liabilities exceeded current assets by US\$ 2,249,000 (2014: Net current assets of US\$ 3,002,000). The Board is committed to improving the Group's results and is projecting a substantial improvement in the year 2016.

The Group has restructured its administration and finance functions and expects to achieve savings of approximately US\$ 720,000. The board has approved the upgrading of the Training Centre to a University and once implemented, fees ceded to partnering universities will be retained realising additional revenues of over US\$600,000 per annum. Amref Flying Doctors will be covering the disciplined forces under a new National Hospital Insurance Fund scheme expected to yield revenues of US\$ 1 million per annum.

In addition, the restructuring of the South Sudan field office and the Southern African office is expected to reduce the losses generated by these offices which were over US\$ 2,000,000 in the year to 30 September 2015.

On this basis, the Board considers it appropriate to prepare the financial statements on a going concern basis.

4 GRANT FUNDS

	Restricted Funds 2015 US\$ '000	Restricted Funds 2014 US\$ '000
Grants receivable brought forward- (Note 15(a))	(25,380)	(18,476)
Unexpended grants brought forward- (Note 15(b))	38,900	30,648
Net grant funds brought forward	13,520	12,172
Grants received during the year	66,084	82,355
Total grants available for operations	79,604	94,527
Add: Grants receivable – (Note 15(a))	19,976	25,380
Less: Unexpended grants – (Note 15(b))	(36,382)	(38,900)
Unrestricted items reclassified to other income	(1,197)	(467)
Receivable grants written off – (Note 15(a))	5,555	-
Provision for doubtful receivables – (Note 15(a))	1,589	2,806
Net grant income	69,145	83,346

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 US\$ '000	2014 US\$ '000
5. OTHER INCOME		
Students fees	1,184	1,087
Fundraising activities	15	95
Library charges	11	13
Training centre income	-	824
Miscellaneous income	1,361	1,115
	<u>2,571</u>	<u>3,134</u>
6. FINANCING INCOME		
Interest income	148	259
7. COMMERCIAL ACTIVITIES		

The commercial activities are implemented by Amref Flying Doctors Limited which specialises in air ambulance service. It 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.

	2015 US\$ '000	2014 US\$ '000
(a) Income from commercial activities		
Air ambulance income	9,974	11,638
Medical and assistance services	2,146	2,042
Subscription income	2,268	1,135
Grant income	17	58
Interest income	220	123
Training income	20	-
Other income	61	40
	<u>14,706</u>	<u>15,036</u>
(b) Expenditure related to commercial activities		
Direct costs	8,049	9,135
Staff costs	2,172	2,173
Other operating costs	2,041	1,739
Marketing costs	627	504
Depreciation	544	470
Interest expenditure	9	67
Amortisation of intangible assets	18	18
	<u>13,460</u>	<u>14,106</u>

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

8. EXPENDITURE

	2015 US\$ '000	2014 US\$ '000
(a) Direct programme activity		
Personnel costs	23,491	25,094
Financial contributions to partners	3,669	8,108
Project workshops, training, facilitation and travel	15,903	19,076
Project assets	2,510	3,710
Supplies and services	12,810	14,281
Communication	1,115	1,251
Finance costs	612	483
Other costs	3,720	3,648
	<u>63,830</u>	<u>75,651</u>
(b) Programme monitoring and support		
Personnel costs	1,947	1,756
Financial contributions to partners	305	567
Travel and accommodation costs	1,321	1,334
Project assets	205	259
Supplies and services	1,063	999
Communication	93	87
Finance costs	51	34
Other costs	314	255
	<u>5,299</u>	<u>5,291</u>
(c) Institutional development		
Personnel costs	795	787
Financial contributions to partners	124	254
Travel and accommodation costs	538	598
Project assets	85	116
Supplies and services	433	448
Communication	38	39
Finance costs	21	15
Other costs	126	114
	<u>2,160</u>	<u>2,371</u>

AMREF HEALTH AFRICA

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

8. EXPENDITURE (Continued)

	2015 US\$ '000	2014 US\$ '000
(d) Administration		
Personnel costs	2,534	1,870
Financial contributions to partners	396	605
Transport and accommodation cost	1,719	1,422
Project assets	267	277
Supplies and services	1,383	1,065
Communication	120	93
Finance costs	66	36
Other costs	411	1,395
	<u>6,896</u>	<u>6,763</u>
(e) Analysis of total expenditure		
Restricted expenditure	69,145	83,346
Other expenditure	22,500	20,836
	<u>91,645</u>	<u>104,182</u>

9. OPERATING DEFICIT

The operating deficit is arrived at after charging:

Depreciation	867	858
Staff costs	27,457	25,370
Auditors' remuneration	79	78
Gain on disposal of property and equipment	18	6
	<u>3,011</u>	<u>2,864</u>

The following items are included within staff costs:
Retirement benefit costs - defined contribution plans

Staff costs comprise salaries, pension benefit at 14%, medical benefit at 8%, allocations to the training fund at 2% and security allocations at 1%.

10. 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

	2015 US\$ '000	2014 US\$ '000
Short term employee benefits	2,565	2,362
Termination benefits	45	72
	<u>2,610</u>	<u>2,434</u>

c) Amref European and North American offices

199	172
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AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2015

11. PROPERTY AND EQUIPMENT

	Land and buildings US\$ '000	Aircraft US\$ '000	Motor vehicles US\$ '000	Furniture, Fittings & general equipment US\$ '000	Total US\$ '000
COST OR REVALUATION					
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
At 1 October 2014	4,799	5,949	1,402	3,200	15,350
Additions	44	-	410	240	694
Disposals	-	-	-	(73)	(73)
Write off	-	-	(74)	(80)	(154)
At 30 September 2015	4843	5,949	1,738	3,287	15,817
DEPRECIATION					
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
At 1 October 2014	2,067	1,924	1,015	2,578	7,584
Charge for the year	133	254	200	280	867
Eliminated on disposals	-	-	-	(42)	(42)
Eliminated on write off	-	-	(74)	(80)	(154)
At 30 September 2015	2,200	2,178	1,141	2,736	8,255
NET BOOK VALUE					
At 30 September 2015	2,643	3,771	597	551	7,562
At 30 September 2014	2,732	4,025	387	622	7,766

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 2015

12 INVESTMENTS	Average Yield %	2015 US\$ '000	Average Yield %	2014 US\$ '000
Bank deposits	16.8	100	10.2	44
Kenya Government debt securities	12.2	337	11.7	462
Commercial paper and corporate bonds	11.8	56	10.3	52
Unquoted investment – at cost		10		10
		<u>503</u>		<u>568</u>

The investments have maturity terms of more than 90 days.

The unquoted investment relates to ten aviation companies (including Amref Flying Doctors) based at Wilson Airport that initiated the Wilson Airport Terminal Company (WATCO) project in 2010 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.

13 INVENTORIES

Printed books and manuals	86	97
Sundry stocks	224	260
	<u>310</u>	<u>357</u>

14 DEBTORS AND PREPAYMENTS

Receivables	4,802	3,811
Amref European and North American offices	199	172
Programme advances	698	563
Grants to partners	3,520	-
Others	734	772
	<u>9,953</u>	<u>5,318</u>
Provision for bad debts	(1,486)	(999)
	<u>8,467</u>	<u>4,319</u>

AMREF HEALTH AFRICA

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 US\$ '000	2014 US\$ '000
15 GRANTS RECEIVABLE/UNEXPENDED GRANTS		
(a) Grants receivable		
Restricted	22,318	31,688
Provision for doubtful grants	(2,342)	(6,308)
	<u>19,976</u>	<u>25,380</u>
<i>Movement in provisions</i>		
At 1 October	6,308	3,502
Additional provision	1,589	2,806
Write offs	(5,555)	-
	<u>2,342</u>	<u>6,308</u>
(b) Unexpended grants		
Restricted	<u>36,382</u>	<u>38,900</u>

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

	2015 US\$ '000	2014 US\$ '000
16. CASH AND CASH EQUIVALENTS		
Cash in bank and at hand	13,033	18,394
Short term bank deposits	3,086	2,810
	<u>16,119</u>	<u>21,204</u>

The weighted average effective interest rate on Kenya Shilling short term deposits at 30 September 2015 was 12.25% (2014 – 9%). The weighted average effective interest rate on USD short term deposits at 30 September 2015 was 3.85% (2014 – 3%).

	2015 US\$ '000	2014 US\$ '000
17. ASSETS CLASSIFIED AS HELD FOR SALE		
Assets related to aircraft maintenance department	<u>89</u>	<u>174</u>

Amref discontinued operations of aircraft maintenance and anticipates to dispose all the inventories by 30 September 2016. The spare parts that are being held may be utilized in maintenance of the two caravan aircraft the Company owns. The assets held for sale amounted to US\$ 89,265 (2014: US\$ 174,010). There were no liabilities as at the reporting period for this department.

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 US\$ '000	2014 US\$ '000
18. CREDITORS AND ACCRUALS		
Trade creditors	7,646	6,864
Accruals and other creditors	3,536	2,881
	<u>11,182</u>	<u>9,745</u>
19. BORROWINGS		
Bank loan	586	1,428
Less repayments	(586)	(842)
	<u>-</u>	<u>586</u>
	<u>-</u>	<u>586</u>
The borrowings are repayable as follows:		
Within one year	-	181
More than one year	-	405
	<u>-</u>	<u>586</u>
	<u>-</u>	<u>586</u>

The loan was an asset finance loan used to purchase aircraft 5Y FDE and was secured by a short term US dollar denominated 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 was due to be repaid over a period of 60 months from 29 May 2013. As at end of the financial period the Company had fully paid the loan.

20. CONTINGENT LIABILITIES

As at 30 September 2015, the Company had the following contingent liabilities:

Amref Health Africa in Kenya, Uganda and Tanzania had pending lawsuits which relate to legal claims by former employees, a current tenant, refrigeration contractors and some construction companies estimated at US\$ 3.6 million. Judgment in respect of these cases had not been determined as at 30 September 2015.

Amref Health Africa Headquarter has pending lawsuits which relate to legal claims by former employees and tenants estimated at US\$ 3.1 million. Judgment in respect of these cases had not been determined as at 30 September 2015.

The amounts above 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
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

20. 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 (AFD). 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 FDSA's core business. Pursuant to legal advice from Amref Health Africa's lawyers, AFD 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 2015. 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.

21. 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 on 17th May 2013 which therefore expires on 17th May 2018.

22. OPERATING LEASE

	2015	2014
	US\$ 000	US\$ 000
Operating lease rentals are payable as follows:		
Less than 1 year	6	-
Between one and five years	279	259
	<u>285</u>	<u>259</u>

23. 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 2015

23. 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.

	2015 US\$'000	2014 US\$'000
Cash at bank	13,033	18,394
Bank deposits	3,086	2,810
Investments	493	558
Borrowings	-	(586)
	<u>16,612</u>	<u>21,176</u>

As at 30 September 2015, Amref Health Africa had fully paid off the interest bearing loan from Chase Bank which was collateralized on a fixed deposit with the bank. At the end of the reporting period, an increase/decrease in 5% on the prevailing interest rates would have resulted in a decrease/increase of US\$ 831,000 (2014: US\$ 1,059,000) in the results for the year.

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 investments 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 2015

23. 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.

	Total US \$'000	Impaired US \$'000	Fully performing US \$'000
30 September 2015			
Debtors	9,953	(1,486)	8,467
Grants receivable	22,318	(2,342)	19,976
Investments	493	-	493
Bank balances	16,119	-	16,119
	<u>48,883</u>	<u>(3,828)</u>	<u>45,055</u>
30 September 2014			
Debtors	5,318	(999)	4,319
Grants receivable	31,688	(6,308)	25,380
Investments	558	-	558
Bank balances	21,204	-	21,204
	<u>58,768</u>	<u>(7,307)</u>	<u>51,461</u>

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 14.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

23. FINANCIAL RISK MANAGEMENT (Continued)

LIQUIDITY RISK

	1-12 months US \$'000	>12 months US \$'000	Total US \$'000
30 September 2015			
Creditors	7,646	-	7,646
Unexpended grants	36,382	-	36,382
	<u>44,028</u>	<u>-</u>	<u>44,028</u>
30 September 2014			
Creditors	6,864	-	6,864
Unexpended grants	38,900	-	38,900
Borrowings	181	405	586
	<u>45,945</u>	<u>405</u>	<u>46,350</u>

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.

24. 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. It 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.

AMREF HEALTH AFRICA
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

24. SEGMENTAL INFORMATION (Continued)

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

Segment revenue and results

	Non Commercial Services US\$ '000	Commercial Services US\$ '000	2015 US\$ '000	2014 US\$ '000
Income	71,864	14,706	86,570	101,775
Expenditure	(78,185)	(13,460)	(91,645)	(104,182)
Operating (deficit)/ surplus	<u>(6,321)</u>	<u>1,246</u>	<u>(5,075)</u>	<u>(2,407)</u>
Segment assets and liabilities				
Assets	<u>40,058</u>	<u>12,968</u>	<u>53,026</u>	<u>59,768</u>
Liabilities	<u>43,597</u>	<u>4,027</u>	<u>47,624</u>	<u>49,231</u>

25. CURRENCY

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

26. SUBSEQUENT EVENTS

As at 30 September 2015, Amref Flying Doctors had a balance of US\$ 3,084,941 held at Chase Bank Kenya Limited. On 7 April 2016, the Central Bank of Kenya placed Chase Bank under receivership for a period of 12 months due to liquidity difficulties experienced by the Bank on 6 April 2016 rendering the account inaccessible.

This event has no effect on the financial statements as at 30 September 2015.