
REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2014



An FAO Reference Centre and a Stockholm Convention Regional Centre



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The Governing Council members who served during the year and to the date of this report were:

Prof. Dr. Bill Hansson	Chair
Mr. Nicolas P. Retsinas	Chair, Audit and Finance Committee
Mr. Donald W. Kaniaru	Member
Prof. Canute P.M. Khamala	Member
Dr. Janice Jiggins	Chair, Programme Committee, term ended in November 2014
Dr. Lukas Bertschinger	Chair, Nominating Committee
Prof. Noboru Minakawa	Member
Prof. Kongming Wu	Member
Prof. Anthony Youdeowei	Member
Dr. Roberta L. Bondar	Member, Left in 2014
HE Florence A. Chenoweth, Ph.D.	Member
Dr. Carlos Lascano	Chair, Programme Committee, term started in November 2014
Dr. Elske van de Fliert	Member, term started in November 2014
Dr. Ylva Hillbur	Member, term started in November 2014
Segenet Kelemu, Ph.D.	Director General

Management

Segenet Kelemu, Ph.D. - Director General

Chris Prideaux, Ph.D. - Director of Research and Partnerships

Gatigwa Kimana – Interim Director of Finance and Administration

Bankers

Standard Chartered Bank (Kenya) Limited

Harambee Avenue

PO Box 20063 - 00100

Nairobi

Kenya

Commercial Bank of Africa Limited

Wabera Street

PO Box 30437 - 00100

Nairobi.

Kenya

Citibank, NA

PO Box 30711 - 00100

Nairobi

Kenya

The Co-operative Bank of Kenya Limited

Homabay Branch

PO Box 406 - 40300

Homabay

Kenya

Equity Bank

Mbita Branch

PO Box 101 -40305

Mbita

Kenya

Auditors

KPMG Kenya

Certified Public Accountants

8th Floor, ABC Towers, Waiyaki Way

PO Box 40612 - 00100 GPO

Nairobi

Kenya

Lawyers

Ndungu Njoroge & Kwach Advocates

International Life House

PO Box 41546 - 00100

Nairobi

Kenya

Behan & Okero

Bando Chambers, Temple Road,

PO Box 1234-40100

Kisumu,

The Governing Council presents its report for the year ended 31 December 2014 which shows the state of the Centre's affairs.

1. Principal Activities

The Centre carries out and promotes advanced research and training relating to insect science and its application.

2. Operating Results

During the year, *icipe* grants income amounted to US\$ 30,783,859 (2013: US\$ 24,594,178). The grant income, together with other income, totaled US\$ 32,443,567 (2013: US\$ 26,966,108). Expenditure for the year was US\$ 31,583,833 (2013: US\$ 23,150,794), resulting in a surplus of US\$ 859,734 (2013: US\$ 3,815,314).

3. Financial Statements

At the date of this report, the Governing Council is not aware of any circumstances, which would have rendered the values attributed to the assets and liabilities in the financial statements of the Centre misleading.

4. *icipe's* Environmental Friendly Initiatives Towards Life and General Environmental Sustainability

In 2006-2007, *icipe* subjected itself to a rigorous Environmental Audit, both at its headquarters in Nairobi as well as on its T.R. Odhiambo campus in Mbita Point on the shores of Lake Victoria that was undertaken by the National Environment Management Authority (NEMA), Kenya. *icipe* has a strong policy framework for addressing and prioritizing climate change and sustainable development. Climate change and environmental considerations are now integrated into all projects, and the Centre places a strong emphasis on regular monitoring of environmental impact of its research and development activities.

icipe's projects have environmental sustainability and, increasingly, climate change as a policy priority, and several of *icipe's* current projects are having an impact on global policy debates, for example the African Fruit Fly Initiative with its emphasis on the disastrous effects of the introduction of alien invasive species to Africa and their adverse impact on agricultural productivity and intra- and inter-continental trade, or the Centre's research and lobbying efforts for integrated and environmental friendly vector management as a key intervention strategy for malaria control in Africa and as an effective alternative to the use of DDT for vector control; *icipe* is pursuing the latter objective as part of its mandate as a regional centre of the UN's Stockholm Convention.

icipe principles of conserving natural variety and maintaining environmental integrity by promoting alternatives to destructive synthetic pesticides shall continue to promote the use of environmental friendly pest control strategies.

As a research Centre, *icipe's* main environmental impact arise from waste generation, water use and energy consumption. To minimise impact on the environment, *icipe* has a number of objectives, which include:

- To train, promote and encourage waste reduction, reuse, recycle and proper waste disposal;

- To ensure that its suppliers and contractors are compliant to environmental policies and standards;
- To monitor the implementation of the policy by carrying out internal periodic audits; and
- To make responsible use of energy and water.

In 2012 *icipe* contracted solar energy conservation specialists to provide a work plan for *icipe* to improve its carbon footprint and minimize its energy and water consumptions. The funding was secured from the Swiss Agency for Development and Cooperation (SDC) to implement the water & energy savings and solar energy measures.

icipe fully complies with all NEMA requirements, the Environmental Management and Co-ordination Act (EMCA); Local Government Act; Penal Act; Public Health Act, Traffic and Factories Act and other relevant national codes of practice by the Government of Kenya.

icipe has an Occupational Health and Safety (formerly the Laboratory Order and Safety - LOS) Committee which is responsible for overseeing the management of risk to the environment. This involves:

- Formulation of environmental policies;
- Ensure full complementation of the policy by means of monitoring and internal audits;
- Taking appropriate action where standards are not being met;
- Regular review of the effectiveness of existing policies.

icipe's legal office is responsible for ensuring that the rules and regulations laid out in the national laws governing the protection of the environment are adhered to.

As a strategy to reduce its carbon footprint, *icipe* has introduced a wide range of efficiency measures across its operations, from reducing air travel (for instance through the increased use of tools like video conferencing) to cutting electricity and paper use in its offices.

icipe is also engaged in key areas of environmental sustainability by addressing management of fragile ecosystems and maintenance of their bio-diversity through research and development work that support natural resource based community enterprises. This work is designed to achieve a paradigm shift in the thinking of local and community authorities towards conservation and utilization of natural resources and biodiversity on which rural livelihoods most often depend. *icipe* has identified the key entry points, in partnership with essential stakeholders that have potential for scaling up its research and development projects by:

- Providing science based working models of community enterprises that have potential to contribute to livelihood security and to change community and local authority approaches towards the management of fragile and threatened ecosystems.
- Increasing institutional, human resource and technological capacities in insect science and biodiversity to plan and implement policies, programmes and activities that contribute to environmental sustainability. This point to the need to increase joint programmes with key partners with a potential to leverage widespread change.
- Providing informed positions on the impact, opportunities and threats of climate change to communities in fragile and threatened ecosystems that the Centre's programs are working with.

5. Governing Council

The membership of the Governing Council during the year is detailed on page 1.

6. Auditors

KPMG served as auditors during the year.

By order of the Governing Council



Prof. Dr. Bill Hansson
Chair

23 March 2015

Management is required to prepare financial statements of the International Centre of Insect Physiology and Ecology (*icipe* or the Centre) for each financial year which give a true and fair view of the state of affairs of the Centre as at the end of the financial year and of the results of activities and cash flows of the Centre for that year. Management is also required to ensure that the Centre keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Centre. They are also responsible for safeguarding the assets of the Centre.

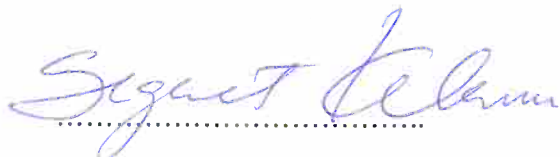
The Centre's management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 2 and, for such internal controls as the Governing Council determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the basis of accounting described in Note 2. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Centre and of its results of activities and cash flows. Management further accepts 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.

The Governing Council exercises its responsibility for these financial statements through its Audit and Finance Committee. The Committee meets with management and external auditors to review matters relating to financial planning, financial reporting, risk management, internal control and auditing.

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

Signed on behalf of management by:



Segenet Kelemu, Ph.D.
Director General

Date: 23 March 2015



Gatigwa Kimana
Interim Director Finance & Administration

Date: 23 March 2015



KPMG Kenya
Certified Public Accountants
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REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING COUNCIL OF INTERNATIONAL CENTRE OF INSECT PHYSIOLOGY AND ECOLOGY (ICIPE)

We have audited the accompanying financial statements of The International Centre of Insect Physiology and Ecology (*icipe* or the Centre), set out on pages 9 to 20 which comprise statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in reserves and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies set out in Note 2 and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. Management is also responsible for determining that the basis of accounting in Note 2 is an acceptable basis for preparing the special purpose financial statements in the circumstances.

Auditors' Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 the auditors' 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, the auditors considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of International Centre of Insect Physiology and Ecology as at 31 December 2014, and the financial performance and cash flows for the year then ended in accordance with accounting policies set out in note 2.



**REPORT OF THE INDEPENDENT AUDITORS
TO THE GOVERNING COUNCIL OF INTERNATIONAL CENTRE OF INSECT
PHYSIOLOGY AND ECOLOGY (ICIPE)
(CONTINUED)**

Basis of accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statements are prepared to solely comply with the financial reporting provisions of the Centre.

The Engagement Partner responsible for the audit resulting in this independent auditors' report is CPA John Ndunyu - P/2100.

John Ndunyu

Date: 23 March 2015

The International Centre of Insect Physiology and Ecology (*icipe*)
Statement of financial position
For The Year Ended 31 December 2014

Description	Note	2014 US\$	2013 US\$
<u>Non-Current Assets</u>			
Property and Equipment (Unrestricted)	4(a)	1,134,364	1,269,666
Property and Equipment (Restricted)	4(b)	10,400,983	5,178,419
Sub Total Non-Current Assets		<u>11,535,347</u>	<u>6,448,085</u>
<u>Current Assets</u>			
Consumable Stores		22,536	36,783
Grants Receivable	5	3,843,374	865,329
Receivables and Prepayments	6	4,531,477	4,210,675
Bank and Cash Balances	7	<u>28,165,980</u>	<u>30,482,774</u>
Sub Total Current Assets		<u>36,563,367</u>	<u>35,595,561</u>
Total Assets		<u>48,098,714</u>	<u>42,043,646</u>
<u>Current Liabilities</u>			
Payables and Accruals	8	2,734,480	2,291,857
Unexpended Operating Grants	16	<u>22,458,419</u>	<u>22,900,432</u>
Sub Total Current Liabilities		<u>25,192,899</u>	<u>25,192,289</u>
<u>Long Term Liabilities</u>			
Provision for Staff Repatriation	9	312,004	339,844
Total Liabilities		<u>25,504,903</u>	<u>25,532,133</u>
Total Assets Less Total Liabilities		<u>22,593,811</u>	<u>16,511,513</u>
<u>Financed By:</u>			
Accumulated Surplus		1,507,678	2,724,069
General Reserves		10,685,150	8,609,025
Restricted Assets Capital Fund	4(b)	10,400,983	5,178,419
Total Capital Fund & Reserves		<u>22,593,811</u>	<u>16,511,513</u>

The financial statements were approved by the Governing Council on 23 March 2015 and signed on its behalf by

.....
Prof. Dr. Bill Hanson
Chair of the Governing Council

.....
Dr. Segenet Kelemu, Ph.D.
Director General

The notes set out on pages 13 to 20 form an integral part of these financial statements.

The International Centre of Insect Physiology and Ecology (*icipe*)
Statement of Comprehensive Income
For The Year Ended 31 December 2014

Description	Note	2014 US\$	2013 US\$
<u>Income</u>			
Unrestricted Core Grants	16	7,546,254	6,767,396
Restricted Projects Grants	16	23,237,605	17,826,782
Miscellaneous Income	11	1,659,708	1,615,578
Currency translation gain		-	756,352
Total Income		<u>32,443,567</u>	<u>26,966,108</u>
<u>Expenditure</u>			
Research costs			
Research and NRES Strengthening		18,371,237	16,570,969
Scientific Equipment		3,257,886	527,831
Office Equipment and Furniture		74,558	95,244
Computer Equipment		187,606	92,579
Vehicles		319,605	129,581
MLEID Lab		-	171,746
Bee Health Lab		1,829,510	1,183,003
Mbita Apartments		549,352	45,207
Mosquito Insectary		84,861	-
TseTse Insectary		70,686	29,902
Sub Total Research Costs		<u>24,745,301</u>	<u>18,846,062</u>
Corporate costs			
Centre Management		1,161,609	1,027,200
Administration and Finance		1,321,180	1,265,331
Other Support Units		2,017,476	1,714,592
Utilities		1,686,910	1,297,270
Overhead Recovery		(1,056,969)	(999,661)
Currency Translation loss		<u>1,708,326</u>	-
Sub Total Corporate Costs		<u>6,838,532</u>	<u>4,304,732</u>
Total Expenditure		<u>31,583,833</u>	<u>23,150,794</u>
Surplus for the Year		<u>859,734</u>	<u>3,815,314</u>

The notes set out on pages 13 to 20 form an integral part of these financial statements.

The International Centre of Insect Physiology and Ecology (*icipe*)
Statement of Changes in Reserves
For The Year Ended 31 December 2014

	Note	Accumulated Surplus US\$	General Reserve US\$	Restricted Assets Capital Fund US\$	Total Reserves US\$
Year ended 31 December 2013					
At 01 January		696,755	6,821,025	3,607,597	11,125,377
Restricted fixed assets acquisitions		-	-	2,275,093	2,275,093
Restricted fixed assets disposals		-	-	(117,832)	(117,832)
Restricted fixed assets depreciation		-	-	(608,479)	(608,479)
Adjustments		-	-	22,040	22,040
Surplus		3,815,314	-	-	3,815,314
Transfer to general reserve		(1,788,000)	1,788,000	-	-
At 31 December 2013		2,724,069	8,609,025	5,178,419	16,511,513
Year ended 31 December 2014					
At 01 January		2,724,069	8,609,025	5,178,419	16,511,513
Surplus		859,734	-	-	859,734
Restricted fixed assets acquisitions		-	-	6,374,064	6,374,064
Net book value of disposed restricted assets		-	-	(1,773)	(1,773)
Restricted fixed assets depreciation		-	-	(1,149,727)	(1,149,727)
Transfer to general reserve	10	(2,076,125)	2,076,125	-	-
At 31 December 2014		1,507,678	10,685,150	10,400,983	22,593,811

The notes set out on pages 13 to 20 form an integral part of these financial statements.

The International Centre of Insect Physiology and Ecology (*icipe*)
Statement of Cash Flows
For The Year Ended 31 December 2014

	Note	2014 US\$	2013 US\$
Operating Activities:			
Net surplus for the year		859,734	3,815,314
Adjustments for:			
Depreciation		364,214	313,564
Gain on disposal of assets		(13,301)	(81,616)
Operating surplus before working capital changes		1,210,647	4,047,262
Consumable stores		14,247	12,572
Grants receivable		(2,978,045)	(159,736)
Receivables and prepayments		(320,802)	(1,718,334)
Payables and accruals		442,623	183,389
Unexpended operating grants		(442,013)	11,384,680
Provision for staff repatriation	9	(6,615)	129,747
Staff repatriation payments	9	(21,225)	(63,890)
Net cash flows from operating activities		(2,101,183)	13,815,690
Investing Activities:			
Purchase of unrestricted property and equipment		(230,119)	(632,671)
Proceeds from disposal of assets		14,508	81,616
Net cash flows used in investing activities		(215,611)	(551,055)
Financing Activities:			
Net movement in cash and cash equivalents		(2,316,794)	13,264,635
Cash and cash equivalents at the beginning of the year		30,482,774	17,218,139
Cash and cash equivalents at the end of the year	7	28,165,980	30,482,774

The notes set out on pages 13 to 20 form an integral part of these financial statements.

1. Organisation Structure and Nature of Activities

The International Centre of Insect Physiology and Ecology (*icipe*), based in Nairobi, Kenya, is a unique international research organisation involved in developing technologies to alleviate world poverty and to ensure food security and good health for the peoples of the tropics through management of both harmful and useful arthropods. The Centre's current activities are focused around improving and promoting the 4Hs – Human, Animal, Plant and Environmental Health. Both Scientists and Integrated Pest Management practitioners benefit from the Centre's educational and training facilities and opportunities, from post-doctoral to farmer level.

icipe collaborates with many local and international institutions in delivering and testing its improved scientific management techniques.

2. Significant Accounting Policies

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Revenue recognition

- (i) Restricted funds primarily include restricted purpose grants and cost reimbursement contracts for which the Centre has fiscal responsibility. Restricted funds income is recognised when funds are expended irrespective of whether funds have been received from the donors.

Restricted funds received during the year are recorded as unexpended operating grants until they are expended. Any unexpended restricted funds at the end of the year are carried forward to the next financial year as current liabilities.

- (ii) Unrestricted funds (core support) refer to donations received to fund the operations of the Centre, and for providing support, primarily for research and training activities. Unrestricted funds are recognised as income in the year they are received. However, if a donor has committed to provide unrestricted funds to *icipe* in a particular financial year and these funds are not received in the year, income relating to the financial year is accrued.
- (iii) Grant advances received during one year against the following year's commitments are treated as advances in the year of receipt and as income in the following year.
- (iv) Other donor incomes are recognised on receipt while any other income is recognised when earned.

(b) Expenditure

Expenditure is accounted for on an accruals basis.

(c) Property and equipment

Assets purchased either fully or partially from restricted funds are charged to the statement of comprehensive income in the year of purchase. These are then capitalised in the statement of financial position through the capital fund. Annual depreciation on these assets is recorded through this fund.

Assets purchased using *icipe* own funds are capitalised in the year of purchase.

Assets capitalised in the year of purchase have been depreciated at annual rates estimated to write-off the assets over their expected useful life. The annual rates used are:

<u>Type of Asset</u>	<u>%</u>
Land and buildings	2.5
Scientific equipment	12.5
Furniture and office equipment	12.5
Motor vehicles	25.0
Computer equipment	25.0
Other Assets	12.5

(d) Translation of foreign currencies

Transactions during the year are converted to US\$ at the rates ruling when transactions are effected. Balances denominated in foreign currencies at the year-end are translated into US dollars at the Central Bank exchange mean rate ruling at the year-end. Gains and losses are dealt with in the statement of comprehensive income.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(f) Pension fund contributions

The Centre makes regular monthly pension contributions to an offshore Pension fund (Zurich International) for Professional Staff and to private individual Pension Plans for Support Staff. Effective January 2015 pension contributions to the offshore Pension fund are being channelled through AIARC (the Association of International Agricultural Research Centres) for investment by Generalli the new Pension fund managers.

(g) Consumable Stores

The Centre has adopted the just in time purchasing system, and does not hold any consumable stock, except for fuel which is stated at the lower of cost and net realisable value.

(h) Doubtful Debts

Allowances are made for doubtful debts in specific cases on the basis of their lack of recoverability. On the basis of management's assessment, a 10% provision is also recorded on the remainder of grants receivable and on any other receivables that management deem necessary to provide for.

(i) Comparatives

Comparative figures where necessary conform to changes in presentation in the current year.

(j) Land donated by the Government

The Government of Kenya donated five pieces of land where the Centre has permanent structures and which facilitate the Centre's research activities. These are Kasarani-Duduville Campus, Mbita-*icipe* Thomas Odhiambo Campus, Kwale-Muhaka field station, Nairobi-Riverside and Nairobi Arboretum Land. The land was donated at nil consideration.

3. Financial Risk Management

The Centre's operations expose it to a variety of financial risks, including credit risk and the effects of foreign exchange risk. The Centre's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out under policies approved by the Governing Council. Finance Department identifies, evaluates and manages financial risks according to these policies. The policies lay down principles for overall risk management, as well as those covering specific areas such as foreign exchange risk, and investing excess liquidity.

Market risk

(a) Foreign exchange risk

The Centre operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Swiss Franc, Swedish Krona and Kenya Shilling. Foreign exchange risk arises from future transactions and recognised assets and liabilities.

The Centre manages foreign exchange risk by converting its foreign currency collections into spending currency on an ongoing basis to cater for its operational requirements. As a result, the Centre does not hold large amounts in currency deposits other than in the recipient and spending currencies.

Sensitivity considerations with respect to the movement in the foreign exchange movement indicate volatility leading to uncertainty on the exchange rates that may prevail and this may have significant effect on the future results of the Centre owing to the multiplicity of currency amounts the Centre maintains.

The Centre, as a matter of practice transacts in the currency most favoured by the stability in exchange rates among the the basket of currencies that it holds.

(b) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities due to the dynamic nature of the underlying businesses. Management monitors rolling forecasts of the Centre's liquidity reserve on the basis of expected cash flow.

4. Property and Equipment

(a) Unrestricted Assets

	<u>Riverside House</u>	<u>Arboretum Land</u>	<u>Arboretum House</u>	<u>Dudu Guest House</u>	<u>Scientific Equipment</u>	<u>Computer Equipment</u>	<u>Furniture & Office Equipment</u>	<u>Motor Vehicles</u>	<u>Totals</u>
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
Cost									
At 01 January	310,949	3,077	164,067	2,333	1,057,605	919,037	235,039	502,247	3,194,354
Additions	-	-	-	-	86,970	134,387	8,762	-	230,119
Disposals	-	-	-	-	(3,531)	-	-	(9,757)	(13,288)
At 31 December	<u>310,949</u>	<u>3,077</u>	<u>164,067</u>	<u>2,333</u>	<u>1,141,044</u>	<u>1,053,424</u>	<u>243,801</u>	<u>492,490</u>	<u>3,411,185</u>
Depreciation									
At 01 January	201,508	3,077	83,266	902	453,312	611,740	166,194	404,689	1,924,688
Disposals	-	-	-	-	(2,324)	-	-	(9,757)	(12,081)
Charge for the year	<u>9,120</u>	<u>-</u>	<u>4,102</u>	<u>58</u>	<u>123,238</u>	<u>164,101</u>	<u>16,430</u>	<u>47,165</u>	<u>364,214</u>
At 31 December	<u>210,628</u>	<u>3,077</u>	<u>87,368</u>	<u>960</u>	<u>574,226</u>	<u>775,841</u>	<u>182,624</u>	<u>442,097</u>	<u>2,276,821</u>
Net Book Value									
At 31 December 2014	<u>100,321</u>	<u>-</u>	<u>76,699</u>	<u>1,373</u>	<u>566,818</u>	<u>277,583</u>	<u>61,177</u>	<u>50,393</u>	<u>1,134,364</u>
At 31 December 2013	<u>109,441</u>	<u>-</u>	<u>80,801</u>	<u>1,431</u>	<u>604,293</u>	<u>307,297</u>	<u>68,845</u>	<u>97,558</u>	<u>1,269,666</u>

4. Property and Equipment (continued)

(b) Restricted Assets

Cost	<u>Land & Buildings</u> US \$	<u>Scientific Equipment</u> US \$	<u>Computer Equipment</u> US \$	<u>Office Equipment & Furniture</u> US \$	<u>Motor Vehicles</u> US \$	<u>Others</u> US \$	<u>Totals</u> US \$
At 1st January 2014	5,203,033	2,585,295	469,852	304,649	1,540,991	115,972	10,219,792
Additions	2,534,409	3,257,886	187,606	74,558	319,605	-	6,374,064
Disposals	-	-	(1,886)	(217)	(27,830)	-	(29,933)
At 31st December	<u>7,737,442</u>	<u>5,843,181</u>	<u>655,572</u>	<u>378,990</u>	<u>1,832,766</u>	<u>115,972</u>	<u>16,563,923</u>
Depreciation							
At 1st January 2014	2,364,416	899,078	310,615	105,670	1,262,313	99,280	5,041,373
Disposals	-	-	(196)	(133)	(27,830)	-	(28,159)
Charge for the year	<u>193,436</u>	<u>614,517</u>	<u>102,318</u>	<u>38,461</u>	<u>190,747</u>	<u>10,248</u>	<u>1,149,727</u>
At 31st December	<u>2,557,852</u>	<u>1,513,595</u>	<u>412,737</u>	<u>143,998</u>	<u>1,425,230</u>	<u>109,528</u>	<u>6,162,940</u>
Net Book Value At 31st December 2014	<u>5,179,590</u>	<u>4,329,586</u>	<u>242,835</u>	<u>234,992</u>	<u>407,536</u>	<u>6,444</u>	<u>10,400,983</u>
At 31st December 2013	<u>2,838,616</u>	<u>1,686,217</u>	<u>159,237</u>	<u>198,979</u>	<u>278,678</u>	<u>16,693</u>	<u>5,178,419*</u>

Property and equipment, purchased from restricted funds are written off to the statement of comprehensive income in the year of purchase. Until 2013, these were presented through a disclosure note in the financial statements. Starting 2014, these are shown in the statement of financial position through a capital fund.

*This figure was understated in the prior year financial statements by US\$ 21,242. This has been restated in the current year.

5. Grants Receivable		
Description	2014	2013
	US\$	US\$
Grants receivables	4,500,915	961,476
Allowance for bad debts	(657,541)	(96,147)
Total	<u>3,843,374</u>	<u>865,329</u>
6. Receivables and Prepayments		
Staff debtors and accountable advances	223,556	236,728
Other debtors and Prepayments	1,465,818	2,376,953
Associated organisations	2,842,103	1,615,802
Allowance for bad debts		(18,808)
Total	<u>4,531,477</u>	<u>4,210,675</u>
7. Bank and Cash Balances		
Cash at bank	28,141,472	30,463,621
Cash in hand	24,508	19,153
Total	<u>28,165,980</u>	<u>30,482,774</u>
8. Payables and Accruals		
Leave passage	14,155	12,743
Leave liability	226,243	213,976
Other payables	1,763,843	1,508,353
Accruals & Commitments	730,239	556,785
Total	<u>2,734,480</u>	<u>2,291,857</u>
9. Provisions for Staff Repatriation		
Balance at 01 January	339,844	273,987
Provision for the year	(6,615)	129,747
Payments in the year	(21,225)	(63,890)
Total	<u>312,004</u>	<u>339,844</u>
10. Transfer to general reserves		

In December 2014, US\$ 2,076,125 has been transferred to the General Reserves to achieve a level of 4 months operational needs in line with the Governing Council recommendation.

11. Miscellaneous Income

Description	2014 US\$	2013 US\$
Rental income	1,019,157	901,422
Gain on disposal of unrestricted assets	13,301	81,616
Interest on bank deposits	384,905	377,576
Lease income	51,607	66,758
Screen House income	24,299	49,200
Other income	63,124	78,782
Office & Lab space income	83,640	49,912
Shared printer income	19,675	10,312
Total	<u>1,659,708</u>	<u>1,615,578</u>

12. Personnel Costs

Personnel costs for the year amounted to US\$ 13,352,577 (2013: US \$ 11,422,920), including the salaries and benefits of the Centre's full-time employees. The total pension fund contributions added in 2014 were US\$ 750,488 (2013: US\$ 686,292). There were a total of 569 (2013: 545) personnel on payroll at year end. The total amount of statutory deductions was US\$ 1,664,215 (2013: US\$ 1,409,710) during the year.

The key management compensation for the year amounted to US\$ 640,799 (2013: US\$ 583,840).

13. Taxation

Under the terms of the Headquarters Agreement with the Government of Kenya, the Centre is exempt from corporate taxation.

14. Currency

These financial statements are presented in United States of America dollars (US\$).

15. In Kind Contributions

In 2014, the French Government through IRD and CIRAD stationed six Scientists at *icipe* solidifying and expanding our research and development capacities. Similarly CIM, the German Centre for International Migration and Development, subsidized five scientists which also helped alleviate the financial responsibilities of *icipe*.

16. Grant income balances

Donor	Receivable balance	Unused balance	Receipts during the Year	Adjustment/ Internal Transfers	Receivable balance	Unused balance	Income for the Year	Income for the Year
	01.01.2014	01.01.2014	2014	2014	31.12.2014	31.12.2014	2014	2013
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
Unrestricted Income	-	1,703,335	7,045,227	(3,121,941)	3,219,990	1,300,357	7,546,254	6,767,396
Restricted Income	961,475	21,197,097	17,914,239	4,964,848	1,280,925	21,158,062	23,237,605	17,826,782
Totals	961,475	22,900,432	24,959,466	1,842,907	4,500,915	22,458,419	30,783,859	24,594,178

Appendix: Schedule of Grants

Donor	Receivable balance	Unused balance	Receipts during the Year	Adjustment/ Internal Transfers	Receivable balance	Unused balance	Income for the Year	Income for the Year
	01.01.2014	01.01.2014	2014	2014	31.12.2014	31.12.2014	2014	2013
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
Kenya Government			11,176			-	11,176	11,046
Swedish International Development Cooperation Agency (SIDA)		379,446			3,219,990	-	3,599,436	1,897,232
Swiss Agency for Development and Cooperation (SDC)			1,431,300			-	1,431,300	1,663,202
Aid for Africa			3,000			-	3,000	1,786
Department for Internal Development (DFID)- UK		1,323,889	5,323,372			1,300,357	5,346,904	7,963,765
Federal Ministry for Economic Cooperation and Development (BMZ)			276,379			-	276,379	300,249
Earmarked Core				(3,121,941)		-	(3,121,941)	(5,069,884)
Sub- Total	-	1,703,335	7,045,227	(3,121,941)	3,219,990	1,300,357	7,546,254	6,767,396
IRD/France	10,245		29,143		330	1	19,227	27,417
Swiss Agency for Development and Cooperation (SDC)	14,975	216	3,351,005	300,000	-	3,626,929	9,317	1,212,944
Swedish International Development Cooperation Agency (SIDA)	17,064	1,945,523		177	(17)	13,690	1,914,963	754,542
Department for Internal Development (DFID)- UK – Earmarked Core	2,779	5,737,929		3,612,587	-	6,219,800	3,127,937	321,228
CIRAD/France	1,729		7,168	1,860		3,014	4,285	15,315
Directorate for NGO, International Education and Research Programme (DPO) of Netherlands Government	1				1	-		(19,040)
European Union	171,938	6,182,139	83,707	(5,809)	377,025	976,009	5,489,116	2,302,919
Kilimo Trust	3,008	565			3,008	565		
United States Department of Agriculture (USDA)	12,026	7,656	47,920	24,975		41,400	27,126	10,854
German Academic Exchange Service (DAAD)		248,487	269,355		-	204,525	313,317	312,287
Federal Ministry of Economic Cooperation and Development (GIZ- Germany)	45,713	1,746,169	2,147,995	(22,176)	57,895	2,154,815	1,729,355	1,123,757
International Development Research		118,469	510,742		5,380	333,662	300,929	505,404

Donor	Receivable balance	Unused balance	Receipts during the Year	Adjustment/ Internal Transfers	Receivable balance	Unused balance	Income for the Year	Income for the Year
	01.01.2014	01.01.2014	2014	2014	31.12.2014	31.12.2014	2014	2013
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
Centre (IDRC - Canada)								
International Fund for Agricultural Development (IFAD)		213,919	369,600		21,078	284,823	319,774	390,227
Government of Finland		445,966	1,542,375			431,658	1,556,683	1,326,415
Japan International Research Center for Agricultural Sciences (JIRCAS)	3,502				3,502	-		
University of California/NIH	805	152,569	188,031		805	171,043	169,557	
London School of Hygiene and Tropical Medicine (LSHTM/NIH)								90,331
Food and Agricultural Organization (FAO)	645	163,155	125,400	121,264	645	174,655	235,164	152,306
Biovision Foundation for Ecological Development	76,299	336,057	2,162,757	20,205	110,363	513,152	2,039,931	1,716,154
University of California			4,995			3,459	1,536	
Research for Organic Agriculture (FIBL)	91,573	93,658	251,716	57	75,864	88,057	241,665	253,965
World Trade Organization (WTO/UNOPS)		468,372				207,769	260,603	256,128
World Federation of Scientists		2,058	16,225			1,604	16,679	23,360
Dupont	63,709				63,709	-		
Department for Internal Development (DFID)- UK		6,639				6,639		
Conservation International (CEPF)		30,877			16,092	-	46,969	23,047
United Nations Environmental Programme (UNEP)	2				2	-		3,068
The Ford Foundation	58,197	328			58,197	328		
WWF/Ford Foundation	5,601				5,601	-		
African Fund for Development (ADB)		1,039				1,039		
Institute Of International Education			20,000			5,636	14,364	
University of Florida/NIH		12,639	19,000			16,523	15,116	31,117
Wageningen University	942	40,373	394,677	4,500	30,484	10,172	458,920	399,288
OHIO State University/NIH	100,165	72	76,452		25,133	72	1,420	168,989
London School of Hygiene and tropical medicine								111,143

Donor	Receivable balance	Unused balance	Receipts during the Year	Adjustment/ Internal Transfers	Receivable balance	Unused balance	Income for the Year	Income for the Year
	01.01.2014	01.01.2014	2014	2014	31.12.2014	31.12.2014	2014	2013
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
LSHTM/Gates Foundation								
International Institute of tropical Agriculture/IITA/Gates								362,968
Intl Livestock Res. Institute (ILRI)			15,975			3,200	12,775	
Universite Laval/Pep			49,000			19,577	29,423	
Liverpool School of tropical medicine/Gates	1	140,005	325,958	(2,777)	485	140,094	323,576	
OPEC Fund for International Development (OFD)		1,075				1,075		
Vanderbilt University/NIH		367				118	249	14,535
International Centre for Tropical Agriculture (CIAT)	1				1	-		
Smithsonian Institute		11,739				10,359	1,380	1,424
KEMRI						-		
CordAid		6,372				3,596	2,776	20
Global Biodiversity Information (GBIF)	1,858				1,858	-		
IDRC	15,344		9,727			299	(5,916)	
University of California						-		
Rothamsted Research		4,605				4,605		
Wellcome Trust			55,092		27,784	1	82,875	
Google.org		4,407				1,779	2,628	553,323
AUSAID						-		
Islamic Development Bank		29,165				29,165		
McKnight Foundation	48	271,768			77	163,490	108,308	126,423
London School of Hygiene and Tropical Medicine (LSHTM)	1,420	680			1,420	680		
London School of Hygiene and Tropical Medicine (LSHTM/BMGF)		42,067	125,261			7,182	160,146	56,775
Pennsylvania State University/ National Science Foundation	1		185,459	25,128	1	143,968	66,619	
National Museums of Kenya NMK/IDRC	1				1	-		25,177
National Science Foundation		5,233	15,770			6,889	14,114	49,197
Université de Neuchâtel	1,464				1,463	(1)		(1)

Donor	Receivable balance	Unused balance	Receipts during the Year	Adjustment/ Internal Transfers	Receivable balance	Unused balance	Income for the Year	Income for the Year
	01.01.2014	01.01.2014	2014	2014	31.12.2014	31.12.2014	2014	2013
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
University of Glasgow/Makerere University								81,210
Welcome Trust/Makerere University	341	69,378	63,180		4,212	30,878	105,552	28,764
Brazilian Agricultural Research								23,095
Michigan State University	4,963		32,049		8,754	1	35,840	9,412
International Institute of Tropical Agriculture IITA/GIZ		86,553				45,778	40,775	89,352
International Institute of Tropical Agriculture IITA/CGIAR	88,192		559,307	41	120,355	-	591,511	1,043,613
CNHR/Welcome trust		60,426	65,862		74,347	38,463	162,172	113,360
Third World Academy of Science	-					-		
Swedish University		2				2		14,767
The Helmholtz Centre for Environmental Research - UFZ		9,654				55	9,599	41,821
Kenya Agricultural Research Institute (KARI)		590				590		2,737
African Union (AU/EU)		337,973		31,900		176,478	193,395	195,274
ETH Zurich Dept. Health Sciences & Technology - Switzerland		626				626		8,339
Imperial College London		369,760	645,961			589,638	426,083	214,904
Biovision Africa Trust (BvAT)	26,375	66,618	1,703,177	(8,317)	38,656	1,222,351	551,408	503,005
University of Greenwich/NRI		1,768	31,892		91	-	33,751	21,108
Rothamsted/Biotechnology and Biological Sciences Research (BBRSC)	12,686		184,521			42,041	129,794	128,375
UNDP/UNOPS			1,027,200			1,027,200		
University of Hannover		1,421				1,421		16,080
University of Cape Town	55,558		90,825		47,624	-	82,891	131,692
Grand Challenges Canada		177,126				43,829	133,297	26,701
UMEA University /SIDA		9,503	145,692			57,737	97,458	36,559
Universite Laval/PEP		116,490	226,673			27,280	315,883	83,490
National Council of Science		4,588				697	3,891	
AWARD/ICRAF	2,419		23,199	25	892	22,101	(404)	19,200

Donor	Receivable balance	Unused balance	Receipts during the Year	Adjustment/ Internal Transfers	Receivable balance	Unused balance	Income for the Year	Income for the Year
	01.01.2014	01.01.2014	2014	2014	31.12.2014	31.12.2014	2014	2013
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
Cimmyt		37,475	109,500		20,534	52,371	115,138	
University of Copenhagen			15,351			14,719	632	
KARI/KAPAP			45,560			9,374	36,186	
Geigy Foundation			8,660			7,774	886	
CRES			260,000			237,951	22,049	
Sundry Grants	69,888	1,329,146	273,726	861,206	77,272	1,434,551	1,036,912	2,290,919
Unidentified Project		45,643	1,398			47,041		
Sub Total Restricted	961,475	21,197,097	17,914,239	4,964,848	1,280,925	21,158,063	23,237,605	17,826,782
Total Operating Grants Received During The Year	961,475	22,900,432	24,959,466	1,842,907	4,500,915	22,458,420	30,783,859	24,594,178