



**CENTER FOR INNOVATIVE DRUG
DEVELOPMENT AND THERAPEUTIC TRIALS
FOR AFRICA (CDT-AFRICA)**

**FINANCIAL STATEMENTS
AND AUDIT REPORT
JULY 7, 2017**

Kokeb & Melkamu Audit Partnership
Chartered Certified Accountants (UK)
Authorized Auditors in Ethiopia

P. O. Box 33645 Addis Ababa, Ethiopia
Telephone 251-11-515-07-52
E-mail: kokmelk@ethionet.et
Mob.Tel. 251-91-120-37-78/51-61-46
Fax 251-11-552-26-88



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TRIALS FOR AFRICA (CDT-AFRICA)**

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FOR THE MONTH ENDED 7th JULY 2017**

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF CENTER FOR INNOVATIVE DRUG DEVELOPMENT AND THERAPEUTIC TRIALS FOR AFRICA (CDT-AFRICA)

We have audited the accompanying financial statements of the **Center for Innovative Drug Development and Therapeutic Trials for Africa (CDT-AFRICA)** for the year ended July 7th, 2017, set out on pages 3 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 6 - 7.

These financial statements are the responsibility of the Management of the Project. Our responsibility is to express an independent opinion on these financial statements based on our audit.

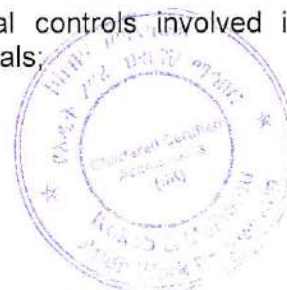
We conducted our audit in accordance with the International Standards on Auditing applicable to the audit of financial statements. Furthermore, we have audited the Project's compliance with the provisions and covenants of the World Bank Financing Agreements, i.e. IDA Credit No 57940. The Standard require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Project has complied with the Financing Agreements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position and balance of the Designated Account of the **Center for Innovative Drug Development and Therapeutic Trials for Africa (CDT-AFRICA)** as at July 7th, 2018 and the Statement of Sources and Uses of Funds for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. In addition, the Programme was, in all material respects, in compliance with the Financing Agreements and Contracts as at July 7th, 2017.

With respect to the statements of sources and uses of funds submitted during the period listed on page 4:

- (a) The statements, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals:



- (b) The proceeds of the Designated Account have been used exclusively for eligible expenditures and provisions and covenants of the Financing Agreement and Separate Agreement have been substantially respected.

Special Opinion

We refer to the terms of reference given to the auditors to give special opinion on the salary expenditure for the AAU College of Science shown on page 13:

Accordingly, based on our examination of the evidence supporting the expenditure, nothing has come to our attention which causes us to believe that these expenditures do not represent the actual monthly staff benefit expenditure of the College.


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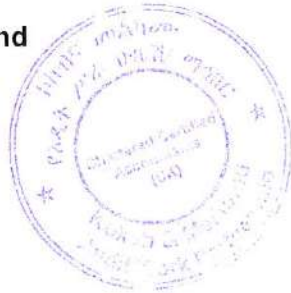


Addis Ababa
January 9, 2019

P. O. Box 33645 Addis Ababa, Ethiopia
Telephone 251-11-515-07-52
E-mail: kokmelk@ethionet.et
Mobile Tel. 251-91-120-37-78/51-61-46
Fax 251-11-552-26-88

**CENTER FOR INNOVATION DRUG DEVELOPMENT
AND THERAPEUTIC TRIALS FOR AFRICA (CDT-AFRICA)
STATEMENT OF FINANCIAL POSITION
AS AT JULY 7, 2017**

	<u>Note 1</u>	<u>Currency: ETB</u>
ASSETS		
CURRENT ASSETS		
Cash at banks	3	24,913,988
Debtors and prepayments	4	<u>264,974</u>
Total Assets		<u>25,178,962</u>
CURRENT LIABILITIES		
PAYABLES		
	5	<u>117,693</u>
REPRESENTED BY		
Fund Balance	6	<u>25,061,269</u>
Total Liabilities and Fund		<u>25,178,962</u>



**CENTER FOR INNOVATION DRUG DEVELOPMENT
AND THERAPEUTIC TRIALS FOR AFRICA (CDT-AFRICA)
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE MONTH ENDED JULY 7, 2017**

Currency: ETB

SOURCES

Notes

MAIN

IDA Credit

7

24,979,240.00

Foreign Exchange Gain

460,343.67

Total Source Of Funds

25,439,583.67

USES

EXPENDITURE CLASSIFICATION (IDA FUND)

Establish CDT-Africa consortium

67,389.04

Action Plan for Quality Assurance

405,207.89

Total Expenditure on IDA FUND

472,596.93

EXCESS OF SOURCES OVER USES

24,966,986.74



**CENTER FOR INNOVATION DRUG DEVELOPMENT
AND THERAPEUTIC TRIALS FOR AFRICA (CDT-AFRICA)
STATEMENT OF DESIGNATED ACCOUNT- IDA
FOR THE YEAR ENDED 7, JULY 2017**

IDA Credit

Account number	0100171300038
Depository Bank	National Bank of Ethiopia
Related Credit and Grant	IDA Loan No. IDA 5794-ET and Project ID No. P151847
Address	Addis Ababa, Ethiopia
Currency	USD

	<u>USD</u>	<u>Birr</u>
Opening balance	-	-
Add:- Transferred from World Bank-Credit	1,100,000.00	24,979,240.00
Reimbursement from advance payment	-	-
	<u>1,100,000.00</u>	<u>24,979,240.00</u>
Less:- Transferred to Birr account, & Other expenditures	(69,213.58)	(1,598,627.64)
Bank charges	-	-
	<u>(69,213.58)</u>	<u>(1,598,627.64)</u>
Add:- Gain on exchange	-	460,343.67
Ending balance, 7 July 2017	<u><u>1,030,786.42</u></u>	<u><u>23,840,956.03</u></u>



**CENTER FOR INNOVATIVE DRUG DEV. AND THERAPEUTIC TRIALS FOR AFRICA
(CDT-AFRICA)
FOR THE MONTH ENDED 7th JULY 2017**

Currency: Ethiopian Birr

1. BACKGROUND

CDT-Africa has been conditionally selected as an Africa Centre of Excellence to help improve access to essential medicines for millions in Africa. Addis Ababa University, through its College of Health Sciences, has won conditionally a highly competitive award from the World Bank to establish a regional centre of excellence for drug development, Centre for Innovative Drug Development and Therapeutic Trials for Africa (CDT-Africa). The centre will be coordinated by the Clinical Trial Unit of the College and will be executed jointly by the four main schools of the College, School of Medicine, School of Pharmacy, School of Public Health and School of Nursing and Allied Sciences.

CDT-Africa partners with five national universities, national research institutions and private organizations and five regional universities. Leading international institutions, such as King's College London and the Harvard, are involved as key knowledge partners.

The core task of CDT-Africa will be to increase human and infrastructure capacity through high quality trainings, research and by strengthening the management of education and research. Training and research programs will support therapeutic discovery through the following activities: (1) establishment of a database of scientifically tested natural products, which will serve as resource for translational research and accelerate pharmaceutical innovation in Eastern and Southern Africa; (2) Conduct drug discovery studies using database; (3) Repurpose currently available interventions, formulation and reformulation; (4) Bioequivalence and pharmacogenetic studies of medicines to ensure safety and effectiveness; (5) Implementation of pharmaco-economic evaluations; (6) Build foundational skills and assets to innovative point-of-care diagnostics; (7) Support skill development for industrial manufacturing in the region; (8) Establish sustainable impact through medicinal plants conservation, public and policy engagement and sustainable financing. The total amount of fund being sought from the World Bank is \$5,939,750 although the actual value of the project is much higher. The highest cost will be for direct capacity building through training for drug discovery (\$1,707,500). Related cost for visiting professors (\$300,000). Equipment upgrading and reagents (\$1,578,850);

upgrading of clinical trial facilities (\$500,000); actual conduct of clinical trials through a clinical trials network and clinical trial staff (\$960,000); costs related to governance, which include annual conferences of the CDT-Africa Consortium, Scientific Advisory Board Meetings, Public Advisory Board Meetings, communications, and financial management (\$893,000).



2. ACCOUNTING POLICIES

CDT-AFRICA follows the government's accounting policy of modified cash basis of accounting system. Where, the cash basis of accounting applies except for:-

- Revenue and expenditure recognition when aid in kind is received.
- Expenditure is recognised:-
 - When payroll is processed
 - When goods are received or services are rendered and if payments were effected in advance for the goods or services rendered.
 - Salary related transactions withholdings, VAT and profit tax withholding from suppliers are recognised in the absence of actual cash transaction.
- Advance payments are recorded as receivable and charged to expenditure account against valid supporting documents which show the receipt of goods or services or accomplishments of the purpose of the advance.
- Accounting for direct payments will be charged to expenditure.
- All other revenues and expenditures are recognized as per cash basis of accounting i.e revenues and expenditures are recognized, when cash is received and paid respectively.
- Fixed Asset purchases are charged to expenses up on purchase & recorded on the Fixed Asset Register Book.

Center for Innovative Drug Dev. And Therapeutic Trials for Africa (CDT-AFRICA) uses a computerized accounting system which is Peachtree accounting software. The project uses Government of Ethiopia budget calendar for planning, budgeting and reporting purposes i.e.



CENTER FOR INNOVATION DRUG DEVELOPMENT
AND THERAPEUTIC TRIALS FOR AFRICA (CDT-AFRICA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 7 JULY 2017

Currency: ETB

3 CASH AT BANK

Designated Accounts

IDA Credit Account USD	23,840,956
Birr Account-IDA Fund	1,073,032
	<u>24,913,988</u>

4 DEBTORS AND PREPAYMENTS

Advances to Staff	262,848
Purchase advance	2,126
	<u>264,974</u>

5 PAYABLES

Employee income tax payable	14,690
Pension payable	9,846
Salary payable	39,981
Other staff payable	29,765
Other payables within the University	117,693
	<u>329,668</u>

6 FUND BALANCE

Beginning Fund Balance	-
Excess of Sources Over Uses (current)	24,966,987
Balance as at 7th July 2017	<u>24,966,987</u>

7 IDA TRANSFER

30-May-17

<u>USD</u>	<u>Rate</u>	<u>ETB</u>
<u>1,100,000.0000</u>	<u>22.71</u>	<u>24,979,240</u>



CENTER FOR INNOVATIVE DRUG DEVELOPMENT AND THERAPEUTIC TRIALS FOR AFRICA (CDT- AFRICA), ADDIS ABABA UNIVERSITY
AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECT (P151847-IDA5794 ET)
STATEMENT OF SOURCES & USES OF FUNDS (BIRR)
FOR THE MONTH ENDED JULY 7,2017

Source of Funds	Commulative
OPENING CASH BALANCE	
Government Funds	-
World Bank IDA Funds	-
Student Fees	-
Others	-
TOTAL OPENING BALANCE	-
ADD: RECEIPTS:	
Government Funds	-
World Bank IDA Funds	24,979,240.00
Student Fees	-
Others (Gain on exchange of Foreign currency) end of July 7,2017 & Semi-Annual period ending January 08,2018	460,343.67
TOTAL FINANCING	25,439,583.67
LESS: ACE Expenditure as per project Implementation plan	
EXPENDITURE CLASSIFICATION 1	
<i>Establish CDT-Africa Consortium</i>	67,389.04
EXPENDITURE CLASSIFICATION 2	
<i>ACE Action Plan for Learning Excellence</i>	-
EXPENDITURE CLASSIFICATION 3	
<i>ACE Action Plan for Research Excellence</i>	-
EXPENDITURE CLASSIFICATION 4	
<i>Action Plan for Quality Assurance</i>	405,207.89
EXPENDITURE CLASSIFICATION 5	
<i>Strengthen education capacity and research capacity (through increased financial sustainability)</i>	-
EXPENDITURE CLASSIFICATION 6	
<i>Adhere to best financial management practice</i>	-
EXPENDITURE CLASSIFICATION 7	
<i>Ensure best procurement practice</i>	-
TOTAL USE OF FUND BY COMPONENT	472,596.93
CLOSING BALANCE	24,966,986.74
Government Funds	-
World Bank IDA Funds (Balance on Foreign currency Birr Account)	23,840,956.03
Receivables on Foreign currency Birr Account (Travel Advance) & Other Recivables	264,973.75
Cash Balance on Designated Birr Account	1,073,031.96
Payables on Designated Birr Account	(211,975.00)
TOTAL CLOSING CASH BALANCE	24,966,986.74

Note: gain on foreign exchange currency birr 460,343.67 is the result of: USD account balance on July 7, 2017 \$1,030,786.42*23.1289 exchange rate on July 7,2017= 23,840,956.03 less Balance on Foreign currency ledger birr account 23,380,612.36 ; and , gain on foreign exchange currency birr 4,040,768.69 is the result of: USD account balance on January 08,2018 \$ 928,263.12*27.2099 exchange rate on January 08,2018 = 25,257,946.67 less Balance on Foreign currency ledger birr account 21,220,314.58 and adjusted to transactions result in gain/loss occurred during



CENTER FOR INNOVATIVE DRUG DEVELOPMENT AND THERAPEUTIC TRIALS FOR AFRICA (CDT- AFRICA), ADDIS ABABA UNIVERSITY
AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECTB (P151847-IDA57940)
USES OF FUNDS (BREAKDOWN IN BIRR)
FOR THE MONTH ENDED JULY 7,2017

1	EXPENDITURE CLASSIFICATION 1	Establish CDT-Africa Consortium	Commulative For the period Ending July 07,2017	
			Actual Expenditure	
			ACE Leader (A)	Partner (B)
CLASSIFICATION	1.1 Employment of center staff		64,517.00	-
	1.2 Setting up center office		2,872.04	-
	1.3 Develop center website and logo		-	-
	1.4 Consortium planning meeting		-	-
	Sub Total		67,389.04	-
2	EXPENDITURE CLASSIFICATION 2	ACE Action Plan for Learning Excellence		
SUB-CLASSIFICATION	2.1 Learning Facility Upgrades		-	-
	2.2 Curriculum and Module Development (10 Short Courses)		-	-
	2.3 Development of curriculum in 3 masters programs (MSc in Clinical Trials Research; Translational Medicine; Medicinal production)		-	-
	2.4 Delivery of Short Courses, 40 trainees		-	-
	2.5 Enrolment of the first 15 Masters and PhD Students		-	-
	2.6 Procure transport vehicles for students, research and country partner support (Purchase of 1 minibus and 1 4x4)		-	-
	Sub Total		-	-
3	EXPENDITURE CLASSIFICATION 3	ACE Action Plan for Research Excellence		
SUB-CLASSIFICATION	3.1 Medicinal products mapping		-	-
	3.2 Natural products database		-	-
	3.3 Establishing normal values		-	-
	3.4 2 PhD Research Projects		-	-
	3.5 Confirmational Pre-clinical Study		-	-
	3.6 Clinical Trial		-	-
	Sub Total		-	-
4	EXPENDITURE CLASSIFICATION 4	Action Plan for Quality Assurance		
SUB-CLASSIFICATION	4.1 Quality Benchmarking		-	-
	4.2 Capacity Building for Key Faculty		405,207.89	-
	4.3 Scientific Advisory Board and Public Advisory Board Meeting		-	-
	4.4 Monitoring and Evaluation		-	-
	4.5 Obtaining national accreditation		-	-
	Sub Total		405,207.89	-
5	EXPENDITURE CLASSIFICATION 5	Strengthen education capacity and research capacity (through increased financial sustainability)		
CLASSIFICATION	5.1 Support faculty to submit three major grant applications		-	-
	5.2 Raise revenue from external sources		-	-
	Sub Total		-	-
6	EXPENDITURE CLASSIFICATION 6	Adhere to best financial management practice		

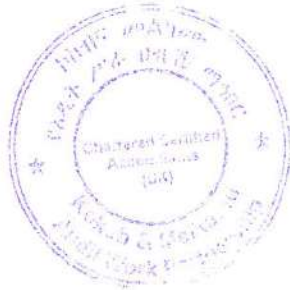
CENTER FOR INNOVATIVE DRUG DEVELOPMENT AND THERAPEUTIC TRIALS FOR AFRICA (CDT- AFRICA), ADDIS ABABA UNIVERSITY
AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECTB (P151847-IDA57940)
USES OF FUNDS (BREAKDOWN IN BIRR)
FOR THE MONTH ENDED JULY 7,2017

1	EXPENDITURE CLASSIFICATION 1	Establish CDT-Africa Consortium	Cumulative For the period Ending July 07,2017	
			Actual Expenditure	
			ACE Leader (A)	Partner (B)
SUB-CLASSIFICATION	6.1 Prepare and submit annual financial report		-	-
	6.2 Ensure transparency in financial management by uploading budget, annual work plan, audit reports, financial management plan, etc. on the web		-	-
	6.3 Ensure internal audit oversight		-	-
	Sub Total		-	-
7	EXPENDITURE CLASSIFICATION 7	Ensure best procurement practice		
SUB-CLASSIFICATION	7.1 Undertake third-party procurement processes verification		-	-
	7.2 Ensure timeliness of procurement process		-	-
	Sub Total		-	-
	Total		472,596.93	-
	Contingency (5%)		-	-
GRAND TOTAL USE & PLANNED FUNDS			472,596.93	-



**CENTER FOR INNOVATION DRUG DEVELOPMENT
AND THERAPEUTIC TRIALS FOR AFRICA (CDT-AFRICA)
RECONCILIATION OF AMOUNTS RECEIVED BY EXPENDITURE CLASSIFICATION
AND PROJECT FUNDS DISBURSED BY THE WORLD BANK
FOR THE MONTH ENDED 7 JULY 2017**

No.	IDA Credit disbursed by the Bank		Received by the ACE II			Remark
	IDA Credit/ Withdrawal	USD	USD	Rate	ETB	
1	30-May-17	1,100,000.00	1,100,000.00	22.7084	24,979,240.00	-
		1,100,000.00	1,100,000.00		24,979,240.00	-



**CENTER FOR INNOVATION DRUG DEVELOPMENT
AND THERAPEUTIC TRIALS FOR AFRICA (CDT-AFRICA)
FOR THE SIX MONTHS ENDED 7 JULY 2017**

AAU COLLEGE OF HEALTH SCIENCE SALARY

Months	YEAR	Admin	Learning & Teaching /Academic/	Total
JANUARY	2017	835,838.34	16,136,452.96	16,972,291.30
FEBRUARY	2017	1,613,429.51	13,997,952.46	15,611,381.97
MARCH	2017	1,354,439.50	17,586,633.06	18,941,072.56
APRIL	2017	1,233,721.49	16,763,438.41	17,997,159.90
MAY	2017	1,234,734.80	16,162,297.07	17,397,031.87
JUNE	2017	1,525,107.28	17,845,587.75	19,370,695.03
Total		7,797,270.92	98,492,361.71	106,289,632.63

