

Company Number: 4785712
Charity Number: 1099776

Malaria Consortium

Trustees' Report and Financial Statements For the Year to 31 March 2014

Contents	Page
Reference and Administrative Details	1
Structure, Governance and Management	2
Aim and Objectives	4
Strategic Report	5
Independent Auditor's Report	13
Statement of Financial Activities	17
Balance Sheet	18
Cash Flow	19
Notes to the Financial Statements	20

Development House, 56-64 Leonard Street, London EC2A 4LT, UK

Reference and Administrative Details

Status	Malaria Consortium is a registered charity and is incorporated under the Companies Act as a company limited by guarantee not having a share capital. The company is governed by its Memorandum and Articles of Association dated 3 June 2003, under which each member has undertaken to contribute to the assets in the event of a winding-up a sum not exceeding £1.
Company Number	4785712
Charity Number	1099776
Registered Office	Development House, 56-64 Leonard Street, London, EC2A 4LT, U.K. The Consortium, during this period, also had offices in Uganda, Ethiopia, Mozambique, Zambia, South Sudan, Nigeria, Thailand, Cambodia and Myanmar.
Patron	The Right Reverend Dinis S Sengulane, Anglican Bishop, Mozambique

The Trustees

The Trustees, who are also Directors under company law, who served during the year and up to the date of this report were as follows:

<i>Chair</i>	Dr Julian Lob-Levyt	
<i>Treasurer</i>	Richard Page	
	Tim Armstrong	
	Ian Boulton	
	Professor Melissa Leach	
	Robert Seabrook	
	Roger Wilson	
	Professor Fred Binka	Appointed 15, August 2013
	The Rt. Hon. Baroness Hayman	Appointed 15, August 2013
	Kate Wallace	Appointed 15, August 2013
	Professor Sir Brian Greenwood	Appointed 18, November 2013
	Dr Joanna Schellenberg	Appointed 18, November 2013
	Dr Nermeen Varawalla	Appointed 18, November 2013
	Peter Potter-Lesage	Appointed 27, February 2014

Chief Executive	Charles Nelson
Bankers	HSBC Bank PLC Westminster Branch 22 Victoria Street, London SW1H 0NJ, United Kingdom
Auditor	KPMG LLP Chartered Accountants 15 Canada Square, London, E14 5GL, United Kingdom

Report of the Trustees

The Trustees present their report and the audited financial statements for the year ended 31 March 2014. The Trustees' Report also contains the information required in a Strategic Report as set out on pages 5 to 13.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with the current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice (2005) - Accounting and Reporting by Charities.

Structure, Governance and Management

Trustees and organisational structure

Malaria Consortium was established under a Memorandum of Association which established the objects and powers of the charitable company, and is governed under its Articles of Association. The charity is governed by a Board of Trustees, of whom there shall never be less than three, and the maximum number shall be eighteen. The Trustees meet quarterly for the Board of Trustees meeting, and for the Annual General Meeting (AGM), at which the audited accounts for the year are formally approved. At the AGM one third of the Trustees retire, and are eligible for re-election as long as they have not served for a continuous period exceeding six years. After six years Trustees must retire.

New trustees are recruited for their skills in areas relevant to the governance, aims or the changing nature of strategy and activities of Malaria Consortium. The trustees may at any time select a suitable person as a trustee, either to fill a vacancy or by way of addition to their number, who should be appointed in consultation with all existing trustees on the Board and preferably with unanimous support for the appointment. Trustees are sought in a variety of ways involving exploration of the field of potential candidates, including by recommendation from those working for or with Malaria Consortium, or from existing trustees. Potential trustees are scrutinised by the Officers of the Board of Trustees and by the Board as a whole. All new trustees receive an induction to the organisation by the Chief Executive and may be invited to attend a Board Meeting prior to election.

There are three sub-committees of the Board, the Governance Committee, the Finance, Audit and Risk Committee and the Compensation Committee. The purpose of the Governance Committee is to review and make recommendations regarding Board effectiveness, provide direction regarding on-going Board development and lead the process of Board renewal. Currently, the Committee comprises five members including the Chief Executive who is a non-voting member of the Committee. The purpose of the Finance, Audit and Risk Committee is to provide assurance to the Board that an effective internal control and risk management system is maintained and that Malaria Consortium's financial performance is being effectively managed. Currently, the Committee comprises six members, including two non-trustee members, and the Chief Executive and Chief Finance Officer as non-voting members. The purpose of the Compensation Committee is to review and make recommendations on the Chief Executive's remuneration, the framework for the Global Management Group's remuneration and the organisation's human resources strategy and policies. Currently, the Committee comprises four trustee members, including the Chair of the Board of Trustees.

The Board of Trustees approves the major strategic decisions for the organisation. Each year, a number of trustees are invited to make field visits to be fully informed about Malaria Consortium's activities, thus enabling them to effectively support these strategic decisions. The Board of Trustees delegates day-to-day operational decision-making to the Chief Executive, who, with the Global Management Group (GMG), runs the organisation. The GMG is supported by Senior Management Teams at regional and country level responsible for technical, management and finance, as well as projects and programmes.

Malaria Consortium's head office is in London, United Kingdom. The regional offices for Africa, based in Kampala, Uganda and for Asia, based in Bangkok, Thailand coordinate and supervise programmes and projects at country level in the two regions. The Country Director of Nigeria reports directly to the Chief Executive. Global activities and any work in other parts of the world are directed through the head office in the UK. During this reporting period, country offices in Africa were operating in Kampala, Uganda; Juba, South Sudan; Addis Ababa, Ethiopia; Maputo, Mozambique; Mansa, Zambia; and Abuja, Nigeria. Malaria Consortium has a project office in Accra, Ghana. Additional provincial or sub-national offices were operational in Mbale, Hoima and Soroti in Uganda, Aweil in South Sudan, Inhambane and Nampula provinces in Mozambique, Hawassa in Ethiopia and in Kano, Lagos, Anambra, Katsina, Niger, Ogun, Enugu, Jigawa and Kaduna states in Nigeria. Staff in Nigeria also support Yobe state from Jigawa, and have presence implementing programmes in 9 other states. The Uganda Malaria Research Centre continues its activities in Kampala. In Asia offices were operational in Bangkok and Chiang Mai in Thailand and Phnom Penh, Ratnakiri and Pailin in Cambodia as well as in Yangon, Myanmar. Our operations in Zambia came to the end of their funding cycle and were suspended, during the year, until alternative funding can be identified.

During this year Malaria Consortium's partners who have supported our work at the global and regional level include the Department for International Development/United Kingdom Aid (DFID/UKAID), United States Agency for International Development and US President's Malaria Initiative (USAID/PMI), Canadian International Development Agency (CIDA), Bill & Melinda Gates Foundation (BMGF), Comic Relief, Global Malaria Programme of the World Health Organisation (WHO), the Global Fund to Fight AIDS/HIV, Tuberculosis and Malaria (GFATM), Centers of Disease Control and Prevention, USA (CDC), UNICEF, UNITAID, the World Food Program (WFP) and the United Nations Office for Coordination of Humanitarian Affairs (UNOCHA).

At country level, our partners include National Malaria Control Programmes (NMCP) and Ministries of Health (MOH); local and regional UN offices; regional organisations in West, East, and Southern Africa, bilateral donors; international foundations; civil society organisations; development projects, private sector and most importantly communities suffering from malaria and other communicable diseases.

Close collaborations are maintained with academic institutions in UK including the Nuffield Centre for International Health and Development at Leeds University, the London School of Hygiene and Tropical Medicine and University College, London; Johns Hopkins University in the USA; Makerere University, Uganda; Kwame Nkrumah University of Science and Technology, Ghana; the University of Nigeria; Eduardo Mondlane University, Mozambique; Mahidol University, Thailand; and Pasteur Institute, Cambodia.

Malaria Consortium is involved with the Roll Back Malaria Partnership globally and at country level. In the UK, we work with the All Party Parliamentary Group for Malaria and Neglected Tropical Diseases, Malaria No More UK and others. We have a considerable amount of local advocacy partners in endemic areas, working to advocate for change and an end to malaria and neglected tropical diseases. In Nigeria, we work with the Christian Health Association of Nigeria, the Federation of Muslim Women's Association of Nigeria, the Health Reform Foundation of Nigeria, the Centre for Communication Programme Nigeria and the Health Policy and Research centre of the University of Nigeria. In Ethiopia, our partners include Coalition against Malaria in Ethiopia and the Carter Centre. In Mozambique, we work in conjunction with NAIMA +.

Malaria Consortium works with the commercial sector internationally especially in assessing public health products, mainly insecticide-treated mosquito nets.

Malaria Consortium raises its income, which is predominantly restricted, through successful project and grant applications. The organisation currently receives a small amount of funding through fundraising efforts of public and private supporters to whom we are very grateful.

Malaria Consortium

Malaria Consortium, owns 100% of the shareholding of Malaria Enterprise Limited. The directors of Malaria Enterprise Limited are the Treasurer, the Chief Executive and Chief Finance Officer of Malaria Consortium. Malaria Enterprise Limited was dormant during the year.

Malaria Consortium US Inc. was established in 2009 to further the aim and objectives of Malaria Consortium in the United States of America. The directors of Malaria Consortium US Inc. are two ex-trustees of Malaria Consortium and are independent from the UK Board of Trustees. As Malaria Consortium does not control the activities of Malaria Consortium US Inc. Malaria Consortium does not consolidate its results within these accounts.

Aim and Objectives

The principal aim of Malaria Consortium is to prevent and relieve the suffering of some of the poorest communities in the world caused mainly, though not exclusively, by malaria. We have referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how these activities will contribute to the aims and the objectives of the charity, as shown below, that guide all our work to serve those suffering from communicable diseases in Africa and Asia.

Objectives

1. Develop and implement improved approaches to delivery of prevention and case management for control of communicable diseases, especially malaria, childhood illnesses and neglected tropical diseases (NTDs)
2. Engage in the elimination of malaria, lymphatic filariasis and other communicable diseases in a range of transmission settings using innovative strategies and approaches
3. Provide focused and practical health systems capacity building linked to disease control, childhood illness and NTDs
4. Spearhead innovative approaches for monitoring, evaluation and surveillance systems, and undertake high quality operational research
5. Communicate new learning and successes for continuous programme improvement
6. Invest in institutional strengthening to ensure financial sustainability and maintain its position as an international high quality technical organisation

Strategic Report

Achievements and Performance

Malaria Consortium has continued to expand its programmes to improve access to effective prevention and treatment of malaria to some of the poorest populations in Africa especially in Nigeria, where with the support of the British Government and people, our programmes now cover over half the population. Malaria Consortium has also been privileged to be the delivery partner for the Ugandan Government to achieve universal coverage of homes with long-lasting, insecticide-treated nets (LLINs). A selection of key achievements over the year is presented below:

1. Develop and implement improved approaches to delivery of prevention and case management for control of communicable diseases, especially malaria, childhood illnesses and neglected tropical diseases (NTDs)

- Prevention: Following acceptance by the World Health Organisation, Seasonal Malaria Chemoprevention has been piloted in Northern Nigeria for 170,000 children under the age of 5 years. This approach takes into account the seasonal nature of malaria in the Sahel and gives 3-4 doses of antimalarial medicines to children during the rainy season when transmission increases. Indications are that there has been 70% reduction in all cause presentation of fever to the local clinics and a significant UNITAID funded programme to reach 7.2m children has been approved. A significant improvement in Polio vaccination uptake was also noted as an unexpected benefit.
- As noted above, we have been the lead partner for the Government of Uganda in the delivery of 20.5m nets to achieve universal coverage of LLINs. During the reporting period, 11.4 million nets were delivered. The nets were donated by Global Fund for the benefit of the Government of Uganda for the distribution at a total value of £22,426,484.
- Diagnosis: For malaria we secured funding to test novel approaches to private sector engagement for Rapid Diagnostic tests and began roll out in Uganda and Nigeria. For pneumonia we developed an approach for testing a selection of new field diagnostic tools in multiple locations and won funding from the Bill & Melinda Gates Foundation to deliver this research.
- Integrated Community Case Management (ICCM): This approach for diarrhoea, pneumonia and malaria (and sometimes nutrition products (ICCM+)), complementary to facility-based services, has been demonstrated to be a significant contributor to the successful control of malaria, the consequent reduction in the number of severe cases, and a reduction in overall morbidity and mortality. This has been particularly effective in remote, hard-to-access areas. Work on testing and scaling-up the use of mHealth approaches in support of community health workers (CHWs), continued in Uganda and Mozambique with resources in Uganda supported by Malaria Consortium from our unrestricted funds and with support from DFID. We have continued our ICCM work in South Sudan with support from DFID, but we were unable to mobilise resources to continue in northern Zambia. We have undertaken significant work supporting the Ministry of Health in Nigeria to introduce ICCM, both through support to training and to strategy development, including national guidelines. Our ICCM work is conducted through the CIDA-funded WHO RACe project, the US Government MAPS project and our strategic investment of DFID funds.
- Malaria in Pregnancy: we carried out an extensive assessment of the burden and challenges of malaria in pregnancy in Southeast Asia, which has fed into strategies for future action. In Uganda we have studied the reasons for low uptake of the second dose of intermittent preventive therapy in pregnancy, and this will lead testing strategies to improve uptake.
- Neglected Tropical Diseases (NTDs): Malaria Consortium won a competitive bid to deliver Mass Drug Administration for relevant NTDs to 3-4 States in South Sudan. Just prior to finalising the contract the security situation in South Sudan deteriorated and implementation is suspended

until further notice. We are starting a programme on community dialogues for better NTD control in Mozambique.

- Response to drug and insecticide resistance: We continue to serve on the WHO Drug Resistance Containment Technical Expert Group which is guiding global strategies on tackling the threat of artemisinin resistance, and our work in the Greater Mekong Sub region to develop innovative approaches to elimination of artemisinin resistance is expanding. We have undertaken a successful project in Cambodia setting up screening points on the borders of Vietnam, Laos and Thailand to detect and correctly treat infected cases, even when they have no symptoms and to contribute to mapping artemisinin resistance markers. We are providing technical support to the newly formed Asia Pacific Leaders Malaria Alliance, which includes a focus on regional approaches to tackle resistance. In Zambia we completed a study on the role of community health workers in supporting the rational use of antibiotics. We are also exploring insecticide resistance management strategies in Uganda.
- We received donations of commodities from UNICEF in both Uganda and South Sudan with a market value of £371,490 including albendazole, artemisinin-based combination therapies and PlumpyNut®; in addition in South Sudan we receive other donated goods valued at £61,625 to support our work within the community from Population Services International, World Food Programme and ACF.
- Behaviour change communications: several of our projects are looking at innovative approaches to effective communication. For instance, we have piloted an innovative positive deviance approach in order to increase health knowledge and improve attitudes and practice around malaria in high-risk communities in Myanmar. In Mozambique we have used community dialogues for integrated community case management (ICCM), and we are now exploring similar methods for neglected tropical diseases.

2. Engage in the elimination of malaria, lymphatic filariasis and other communicable diseases in a range of transmission settings using innovative strategies and approaches

Malaria Consortium is active in countries where there are a range of transmission rates of malaria and other diseases, increasingly requiring a more tailored national, regional or sub-regional approach. While many parts of Africa will not approach malaria elimination for several years, there are other parts of Africa, and several countries in Asia, which are now setting their sights on elimination within the next 20 years, and Malaria Consortium is actively participating in that agenda. An important focus of our work is on elimination of *Plasmodium falciparum* in the Greater Mekong Sub region, as an essential strategy to eliminate artemisinin resistance, without which the chances of malaria elimination are very slim.

Our new IMMERSE project and its predecessor, supported by The Centers for Disease Control and Prevention/ President's Malaria Initiative have included a range of activities, including tracking artemisinin resistance (in collaboration with Pasteur Institute, Cambodia), testing the feasibility of a new rapid diagnostic test for glucose-6-phosphate dehydrogenase (G6PD) deficiency, which could allow for wider deployment of primaquine, roll-out of atovaquone-proguanil with directly observed therapy in areas of artemisinin resistance, and designing an assessment of insecticide-treated clothing to protect rubber tappers when they work outdoors at night time in Myanmar.

We continued as an active member of Asia Pacific Malaria Elimination Network (APMEN) and formalised our membership.

In Cambodia we have undertaken research supported by the BMGF Malaria Elimination Scientific Alliance (MESA) to understand the feasibility and potential impact of screening for asymptomatic malaria in households where a febrile case of malaria has been reported.

We invested DFID Programme Partnership Agreement (PPA) funds in piloting a short message service (SMS) technology in the private sector to improve referrals and integrate private patient data into the National Malaria Information System (MIS) in Cambodia, as we think lack of data from the private sector will be a major obstacle to elimination.

We have undertaken surveys to monitor changes in malaria epidemiology based on existing interventions to assess the conditions necessary to reduce transmission below the critical level and towards elimination goals in Cambodia.

Our elimination work in Africa has mainly focused on Ethiopia, where we conducted school-based surveys of malaria and helminth infection for development of a regional risk map with support from USAID.

3. Provide focused and practical health systems capacity building linked to disease control, childhood illness and NTDs

Many of our programmes have extensive capacity building components including:

- Development of a community health worker supervisors training manual and job aides in Mozambique, which have been greatly appreciated by the Ministry of Health and other stakeholders
- Training in management of severe malaria in Nigeria
- Development of training materials for ICCM+ in South Sudan
- Differential diagnosis of fever and interpersonal communication skill training, a comprehensive training package – both for district and health facility staff through the Stop Malaria Project in Uganda
- Seasonal Malaria Chemoprevention training in Katsina, northern Nigeria – a comprehensive training package for those implementing the project
- Development of a global training manual for WHO on management of malaria programmes

We are increasingly including costing exercises into our health service delivery projects which are aimed to test feasibility and improve delivery systems. For instance, our BMGF-funded inSCALE project in Uganda and Mozambique has now completed costing data collection, and we have included costing of Seasonal Malaria Chemoprevention in our work in northern Nigeria.

Other health systems strengthening work in this year includes extensive local advocacy to assure sustainability of our ICCM efforts, when our projects close and further work on understanding how to improve supervision.

With support from Comic Relief we are contributing to the reduction of deaths in children due to malaria and other severe childhood illnesses through strengthening the health system in Mbale District in Uganda.

4. Spearhead innovative approaches for monitoring, evaluation and surveillance systems, and undertake high quality operational research

- Our major long-term research programme, called 'Beyond Garki', has continued. Garki is a town in Northern Nigeria which was the focus of earlier longitudinal research in the 1970s on the impact of intensive control on interrupting transmission of malaria to see if elimination was feasible. 'Beyond Garki' takes us beyond these findings and is aimed at obtaining a deeper understanding of factors influencing malaria, in light of the different epidemiological settings, climatic effects and the control efforts in areas where we work. The project is now fully developed in Uganda, Ethiopia and Cambodia using DFID Programme Partnership Agreement (PPA) funds.

Malaria Consortium

- With our strategic funding we are exploring how cross-border surveillance can be adapted and better targeted to the difficult to reach populations and, accordingly, whether it should be continued and scaled up further in Southeast Asia.
- We supported a large scale malaria survey in Cambodia, which is the fourth in a unique ten year series which we designed. We are now looking at trends across the surveys.
- An important focus of our work in Myanmar has been on developing options to improve the surveillance system as a basis for intensified targeted malaria control.
- In Ethiopia we have been looking at malaria risk using serological indicators.
- Within some of our Africa projects we are exploring new technologies for data management from surveys.
- Some of our research in Africa has explored rational use of antibiotics by community health workers in Zambia, adherence to blister packs in Uganda, efficacy of malaria drugs in pregnancy in Nigeria and several other implementation research projects.
- As part of the research undertaken in our inSCALE project, we conducted a process evaluation (PE), which was extremely useful, and we shall be looking at how to make wider use of this type of activity. Most significant change stories were collected as part of the PE and discussion groups were organised with implementing staff, district leaders and national ICCM stakeholders, to select the stories which reflect most significant change to the village health teams and community members. The evaluation of the interventions in Uganda and Mozambique is underway with more than 7000 interviews planned with households, village health teams and health facility supervisors, and highlights the importance of understanding country context and structures in depth and early on for successful design and effectiveness of complex health system interventions.
- We completed the participatory evaluation of ICCM implementation in three countries – South Sudan, Uganda and Zambia. This research provides unique data of the experience of implementing ICCM at scale from the perspective of stakeholders at all levels – from central to community. This was funded by PPA and the findings are being prepared for publication. Our RAcE Nigeria project is part of a unique multi-country operational research study comparing different supervision models for ICCM.
- Malaria Consortium played a key role in a multi-agency review of results from Integrated Community Case Management (ICCM) in several countries including the four where we had CIDA support. The symposium where results were presented concluded that integrated case management of common childhood illnesses can save lives and improve quality of care, but made it very clear that interventions must be operating fully at scale for enough time before impact is measured to avoid misleading conclusions. Malaria Consortium was the thematic lead for supervision, training and quality assurance, participating in a comprehensive review of current knowledge and available tools in this area and developing a lessons learned document. Details of the symposium including presentations and documents gathered can be found at www.ICCMsymposium.org.
- As part of Networks (USAID funded 5-year vector control technical advice programme) we have learned much more about mosquito net distribution models and net use, including from a rapid assessment of net preference in Myanmar.
- Our first year assessing the feasibility and acceptability of a newly recommended intervention for the Sahel region of Africa, Seasonal Malaria Chemoprevention with support from Bill & Melinda Gates Foundation and DFID has provided highly encouraging results with unexpectedly high uptake.
- A landscape analysis report on new and promising devices to diagnose mild and severe symptoms of pneumonia was completed and will be used as the foundation for selecting 6 devices to be tested for accuracy in the hands of CHWs in four countries (Cambodia, Ethiopia, Uganda and South Sudan). Qualitative research in these four countries was completed to understand CHW challenges, preferences and attitudes on diagnosing pneumonia in the community.

5. *Communicate new learning and successes for continuous programme improvement*

Malaria Consortium has engaged in a wide range of communications activities in support of this objective. Many of these have been supported by the DFID PPA grant:

- As part of our International Aid Transparency Initiative (IATI) activities, we launched a project database detailing individual projects, as well as our funding and funding sources, on our website.
- During the Joint International Tropical Medicine Meeting, held in Bangkok in December 2013, Malaria Consortium hosted a symposium on resistance and elimination in the region, entitled 'Taking the resistance out of elimination'. Following the symposium, a series of video presentations highlighting key learning and evidence were produced and widely disseminated to key partners and other stakeholders worldwide.
- As part of activities to highlight specific areas of our technical expertise, we launched 2 new 'In focus' sections on our website. The SuNMaP section highlights our work on malaria control in Nigeria. On World Health Day a Beyond Garki section was launched and aims to share key resources, news and learning around our work on understanding changes in malaria epidemiology.
- Six new learning papers were produced and disseminated to key stakeholders at events and on multiple online platforms, including integrating severe acute malnutrition in ICCM and Moving towards malaria elimination in Asia.
- We signed up to two campaigns - Generation Nutrition which called for prioritisation of the fight against acute malnutrition and Fight the Fakes, a multi-stakeholder campaign to raise awareness about the dangers and the impact of fake medicines. We also joined the UK Malaria Advocates, a new informal malaria focused advocacy group.
- As part of a number of activities to mark our 10th Anniversary, an event was held in London on February 25th, to share evidence and learning from a decade of working in communicable disease and child health. Key speakers and guests took part in 3 panel discussions and the event was live streamed. A 10th Anniversary publication was also produced.
- A number of other staff took part in external discussions and debates around malaria on the Guardian Professional Development Network website. Dr Prudence Hamade participated in a live online debate on antimalarial drug resistance. Helen Counihan participated in an online debate on the role and future of ICCM.
- A number of technical presentations were filmed during our 2014 Malaria Consortium Progress Symposium in Asia, March 2014 (Phnom Penh, Cambodia).
- We gave oral evidence to the International Development Committee inquiry in December on Myanmar.
- A presentation on our ICCM work in Zambia was given during the Zambia UK Health Workforce Alliance Conference in London.

6. *Invest in institutional strengthening to ensure financial sustainability and maintain its position as an international high quality technical organisation*

During the year a number of investments were made for institutional strengthening:

- A new Development Director was appointed with Dr James Tibenderana transitioning from his role as Africa Technical Director.
- Our in-house business development team worked extensively on the bid for Seasonal Malaria Chemoprevention in the Sahel.
- A wider cadre of Trustees were successfully recruited and inducted.
- A Malaria Consortium US Representative was appointed to engage with key donors and implementing partners and participate in discussions relevant to the development of the Sector

- We upgraded our financial accounting software and transition of our financial reporting to Microsoft Reporting Services to improve efficiencies in reporting times and availability of financial information.
- A number of policies across the organisation were updated and new policies were introduced for Warehouse and stock management and telecommunications. Controls were strengthened through the revision of Finance, Procurement and Travel policies, whilst additional organisational-wide policies on conflict of interest and anti- money laundering were added to ethical considerations, fraud and anti-corruption and anti-bribery policies. All new and revised policies came into force from April 1, 2014.

Financial Review

Incoming Resources

Total income received during the year amounted to £54.5m an increase of £23.3 million (75%) on the previous year including Gifts in Kind and an increase of £0.5 million (1%) excluding Gifts in Kind. Malaria Consortium, as in previous years, continues to receive the majority of its funding from institutional donors, including the British Government and the US Government. The UK government agency Department for International Development (DFID) contributed 21% of our total income. The US government agency – USAID, directly and via sub-agreements including Johns Hopkins Bloomberg School of Public Health and FHI360 contributed 17% of the total income. The Global Fund (via sub-agreements) contributed 5% of our total income with other donors contributing the balance. Please refer to Note 2c on page 21 for the full list of our donors.

Gifts in Kind include £22.4m for nets procured through Global Fund's Voluntary Pooled procurement mechanism for distribution in a Universal Long Lasting Insecticide Net Coverage Programme in Uganda. The programme is run on behalf of the Government of Uganda and in coordination with Johns Hopkins Bloomberg School of Public Health.

Resources Expended

Charitable expenditure on programmes increased by £24.4m to £55.1m; note 3 on page 22 shows this expenditure categorised according to five objectives. Prevention and case management is our biggest areas of work representing 78% of the total programme expenditure for the year. 59% of programme expenditure occurred in Uganda and a further 21% in Nigeria. Support costs as a proportion of direct costs decreased compared to the prior year (4% compared to 9% last year). In carrying out its programmes Malaria Consortium works with a number of partners to which it sub contracts its work. Total sub-contract expenditure during the year was £0.3m.

Result for the year

The total net movement in funds for the year was a decrease of £0.6m compared to an increase of £0.5m in the prior year. At the end of the year restricted funds for on-going projects were £0.04m and unrestricted funds were £5.0m.

Reserves Policy

The majority of the organisation's operational commitments are related to activities funded by restricted funds. The contractual agreements cover the completion of such tasks and related financial commitments. The Board of Trustees recognise the importance of building and maintaining unrestricted reserves at an appropriate level and entrust the Finance, Audit and Risk Committee to annually assess the charity's level of unrestricted funds. On their recommendation, the Board of Trustees agree that the required range of the reserve is £3.0m to £3.4m, equivalent to approximately six months of operational costs which would give the organisation flexibility to cover temporary timing differences for grant claims, adequate working capital for core costs and would allow the organisation to respond to emergencies quickly if required. At 31 March 2014, free reserves stood at £3.9m, which is unrestricted funds of £5.0m, of which £0.5m is designated, less £0.6m represented by fixed assets. During the year the Board of Trustees designated £0.4m of unrestricted reserves for strategic investment to continue funding work in integrated community case management in Uganda. The Board of Trustees will consider further designations of reserves in the forthcoming year.

Investment Policy and Performance

The nature of the activities of the charity is such that unforeseen calls can be made on its resources at short notice when new opportunities arise. Accordingly, the bulk of the charity's liquid reserves are held for the time being in interest bearing accounts that can be called on without notice. Monies will be kept in the most likely currency of use, if there is a significant contingency to that use, then that will be reflected in the currency on which the money is held. The charity will not speculate on currency, but hedge against potential losses based on the cash flow requirements.

Plans for Future Periods

Malaria Consortium will continue to have a primary focus on malaria whilst expanding our portfolio in selected related health areas, in particular, pneumonia, neglected tropical diseases, child health, health systems strengthening and where appropriate as part of integrated community case management (ICCM) also in maternal and neonatal health and nutrition.

We will further develop our strategy and contribution to:

1. Research, focusing primarily, but not exclusively, on implementation research built on implementation programmes we support
2. Monitoring, evaluation and surveillance methods and delivery
3. Capacity building
4. Public health communications

For malaria specifically, we plan to advance further our technical and implementation effectiveness and leadership in:

- Prevention, diagnosis and treatment of malaria
- Strategies and management of elimination of malaria – all species
- Resistance management (prevention, containment, response), both mosquito resistance to insecticides and parasite resistance to drugs
- Capture and interpretation of comprehensive, detailed, field-based data over time relevant to malaria control and elimination
- Effective implementation and monitoring of Seasonal Malaria Chemoprevention

- ICCM of malaria, pneumonia, diarrhoea and malnutrition and the use of support technologies
- Capacity building for malaria control

Beyond malaria we shall further expand our expertise in:

- Neglected tropical diseases (including dengue) research, surveillance, prevention and treatment:
- The role of, and engagement with, the private sector in disease control
- Integration of ICCM with facility-based services
- Facilitating wider health system strengthening through targeted support
- Improving quality of care in facilities and community

Principal Risks and Uncertainties

The responsibility for overseeing the management of risk has been delegated by the Trustees to the Finance, Audit and Risk Committee that reports to the Board. The Risk Assessment and Risk Management processes are reviewed quarterly by the committee and updated. The major risks, to which the charity is exposed, as identified by the Trustees, are reviewed and processes have been established to manage those risks. The Finance, Audit and Risk Committee have prepared a Risk Assessment Register (RAR) that shows the impact and probability of the major risks; this is updated and reported annually to the Board by the Committee and senior management. During the year the internal auditors carried out a review of the risk policy, process and procedures in the organisation.

Risk Assessment

The achievement of our objectives depends on many factors, both inside and outside the control of the organisation. The identified risks, and our approach to their management, include:

1. *Strategic:* There continues to be increased competition for resources driven by: increased pressure on international aid budgets; individual calls for proposal for funding becoming less linked to specific diseases or conditions, more linked to wider health system support and increasingly competitively bid; the subsequent increase in interest from organisations with a less focused portfolio of activities; and the appropriate demand to ensure that solutions are sustainable for the communities that we serve and transferred to them. To mitigate these challenges to sustainability, Malaria Consortium is working with a wider combination of international partners, testing the effectiveness of working across multiple disease conditions in the communities at risk of Malaria, increasing the number and scale of implementation programmes undertaken to combine with our operational research activities, building on our business development capacity and transitioning to operate more often as the primary recipient of funding, as opposed to being generally 'sub-recipient' under the auspices of other organisations.
2. *Governance:* Any organisation governed by a Board of Trustees is put at greater risk if it does not have the right combination of skills among the Trustees that reflect the diversity of the organisation, its work and its clients, to effectively guide and monitor the strategic development of the organisation. A review of governance of the organisation included the process of recruitment of trustees. This process is complete and additional Trustees were recruited to the Board. The Board now includes 14 trustees from a more diverse background than previously bringing expertise in many different fields. The Internal auditors carried out a review of our compliance in operating internationally and we will build on their findings to strengthen governance across the organisation.

3. *Performance:* The programmatic achievements of the organisation remain impressive with repeated, and increased, funding from donors. In addition, the requirements for accountability, transparency and assurance to enable the organisation to demonstrate good value for money for donors have solidified. The project performance assessment system was refined and is used to monitor the implementation, technical quality and financial spend on all projects. Operational calls between Senior Management in the Head Office and in the Regional Offices were implemented and continue to review performance and spend on a monthly basis.
4. *Operational:* We continue to operate in some areas with a high, and changing, security risk but these are also where those who suffer from the highest burden of malaria and communicable diseases are found. Security of personnel and property is paramount for management teams at all levels. We ensure we keep up-to-date information about the security situations where we work, and have suitable insurance to cover our work and staff. We regularly review the locations where we work and where necessary, if security risks are persistent, relocate, and/or suspend operations. During the year operations were suspended in South Sudan and all international staff were evacuated safely. We continue to monitor closely on-going developments in Nigeria and Thailand in addition to South Sudan.
5. *Financial:* Continued growth, and any requirement for post, rather than pre, financing of projects can lead to challenges of maintaining the quality of delivery programmes and the adequacy of cash flow to finance operations. Maintaining an appropriate level of unrestricted funding for strategic investments is a continuing risk for the organisation. Current policies, the portfolio of donors and improved financial reporting systems allow the monitoring of our cash flow and we work closely with the bank to minimise any currency fluctuations. With careful control of overhead costs we are able to maintain our reserves in line with our current reserve policy.

Statement of Trustees' responsibilities in respect of the trustees' annual report and the financial statements

The trustees are responsible for preparing the Trustees' Annual Report, which constitutes the Strategic Report and the Trustees' Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

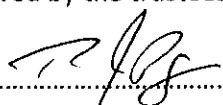
Disclosure of information to auditors

The Trustees who held office at the date of approval of the Trustees' Annual Report confirm that, so far as that are aware, there is no relevant audit information of which the company's auditors are unaware; and each Trustee has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

KPMG were appointed as auditors by the Board of Trustees on 22 November 2012. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the trustees on 23 October, 2014 and signed on their behalf by:

.....

Treasurer

Date:

Independent Auditor's report to the Members of Malaria Consortium

We have audited the financial statements of Malaria Consortium for the year ended 31 March 2014 set out on pages 17 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 14 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

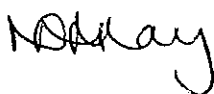
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, which constitutes the Strategic Report and the Trustees' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Nicola May (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

5th November 2014

15 Canada Square
London
E14 5GL

Malaria Consortium
Statement of Financial Activities (Incorporating an Income and Expenditure Account)
for the year ended 31 March 2014

		2014			2013
		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	Note	£	£	£	£
Incoming resources					
Incoming resources from generated funds:					
Voluntary Income					
Donations for Core Operations	2a	13,100	1,803	14,903	367,108
Gifts In Kind	2b		22,859,599	22,859,599	351,928
Investment Income					
Interest received		17,351		17,351	26,138
Other Income		41,052		41,052	53,717
Incoming resources from charitable activities:					
Grants, contracts & consultancy Income	2c	5,263,448	26,338,346	31,601,794	30,423,313
Total Incoming Resources		£5,334,951	£49,199,748	£54,534,699	£31,222,204
Resources Expended					
Cost of generating funds		670,971	-	670,971	623,353
Charitable activities	3	4,956,406	49,199,748	54,156,154	29,898,088
Governance costs	7	275,699	-	275,699	212,501
Total Resources Expended	8	£5,903,076	£49,199,748	£55,102,824	£30,733,942
Net (outgoing) / Incoming resources before transfer		(568,125)	-	(568,125)	488,262
Gross Transfer between funds		40,735	(40,735)	-	-
Net (expenditure) / Income for the period		£(527,391)	£(40,735)	£(568,125)	£488,262
Fund balances at start of year		5,484,980	76,111	5,561,091	5,072,829
Fund balances at end of year	9	£4,957,589	£35,376	£4,992,966	£5,561,091

The Statement of Financial Activities includes all recognised gains and losses in the current and preceding year.
All operations are continuing.

The notes on pages 20 to 25 form an integral part of these financial statements.

Malaria Consortium
Balance Sheet as at 31 March 2014

	Note	2014		2013	
		£	£	£	£
Fixed Assets				Restated	Restated
Intangible Assets	10		33,362		27,224
Tangible Assets	10		601,382		649,141
Current Assets					
Debtors	11	3,425,343		5,367,502	
Short term deposits		-		1,517,272	
Cash at bank and in hand		11,423,527		6,251,401	
		<u>14,848,870</u>		<u>13,136,175</u>	
Creditors					
Amounts falling due within one year	12	10,354,583		7,800,158	
		<u>10,354,583</u>		<u>7,800,158</u>	
Total assets less current liabilities			5,129,031		6,012,382
Provision for Liabilities	13		136,065		451,291
Net Assets			<u><u>£4,992,966</u></u>		<u><u>£5,561,091</u></u>
Represented by:					
Unrestricted funds	9		4,957,590		5,484,980
Restricted funds	9		35,376		76,111
			<u><u>£4,992,966</u></u>		<u><u>£5,561,091</u></u>

The financial statements on pages 17 to 25 were approved by the Board and authorised for issue on 23 October, 2014 and signed on its behalf:


Richard Page
Treasurer

Company registration number: 4785712

The attached notes on pages 20 to 25 form an integral part of these financial statements.

Malaria Consortium
Cash Flow Statement for the year ended as at 31 March 2014

	Notes	2014 £	2013 £
Cash Inflow / (Outflow) from Operating Activities	A	3,709,999	(6,023)
Returns on Investments and Servicing of Finance			
Investment income received		17,351	26,138
Capital Expenditure and Financial Investment			
Payments to acquire fixed assets		<u>(72,496)</u>	<u>(155,416)</u>
Increase / (Decrease) in cash	C	<u>3,654,854</u>	<u>(135,301)</u>

Notes to the Cash Flow Statement for the year ended 31 March 2014

A Adjustment of Net Incoming / (Outgoing) Resources to Net Cash Inflow / (Outflow) from Operating Activities

	2014 £	2013 £
Net (outgoing) / Incoming resources	(568,125)	488,262
Depreciation charge	114,117	188,809
Decrease in debtors	1,942,159	4,892,606
Increase / (decrease) in creditors	2,554,425	(5,658,016)
(Decrease) / Increase in provisions	(315,226)	106,528
Investment Income	(17,351)	(26,138)
Loss on disposal	-	1,925
Write down value of investment	-	1
Net cash Inflow / (outflow) from operating activities	<u>3,709,999</u>	<u>(6,023)</u>

B Analysis of Changes in Net Funds

	At 1 April 2013 £	Cash Flows £	At 31 March 2014 £
Cash at bank and in hand	7,768,673	3,654,854	11,423,527
Total net funds	<u>£7,768,673</u>	<u>3,654,854</u>	<u>£11,423,527</u>

C Reconciliation of Net Cash Flow to Movement in Net Funds

	2014 £	2013 £
Increase / (Decrease) in cash in the period	3,654,854	(135,301)
Change in net funds	3,654,854	(135,301)
Net funds at start of year	7,768,673	7,903,974
Net funds at end of year	<u>£11,423,527</u>	<u>£7,768,673</u>

Malaria Consortium
Notes to the financial statements for the year ended 31 March 2014

1 Accounting Policies

a Basis of Financial Statements

The financial statements have been prepared under the historic cost convention and in accordance with applicable Accounting Standards and the Statement of Recommended Practice (SORP) 2005 "Accounting and Reporting by Charities". The format of the Income and Expenditure Account has been adapted from that prescribed by the Companies Act 2006 to better reflect the special nature of the charity's operations. The accounts comply with the Companies Act 2006.

The going concern basis has been adopted in preparing the financial statements as there is reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future.

The financial review in the Trustees Report reviews the finances of the charity for the year ended 31 March 2014 in comparison to the prior year. The charity has a healthy cash balance and a large proportion of grant funding required for 2014/15 and 2015/16 contracted with donors. The Trustees report explains how the charity is structured and managed and how major risks are dealt with. The Board has a reasonable expectation that the charity has adequate resources to continue for the foreseeable future. Thus the Board of Trustees continue to adapt the going concern basis of accounting in preparing the financial statements.

b Funds Accounting

Unrestricted funds are general funds that are available at the trustees' discretion for use in furtherance of the objectives of the charity.

Designated funds represent unrestricted funds that have been set aside by the trustees for particular purposes

Restricted funds are those provided by donors for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

c Incoming Resources

Incoming resources given for a specific purpose are credited to a restricted fund.

All incoming resources becoming available to the charity are recognised in the Statement of Financial Activities on the basis of entitlement. In respect of income not tied to time-limited grants, income is recognised as soon as it is prudent and practicable to do so. In the case of performance related grants or long term contract income, income entitlement is considered to be conditional upon delivery of the specified level of service, in accordance with FRSS and the Charities SORP. Income is therefore recognised to the extent the charity has delivered the service or activity, with the grants less the management fee being credited to restricted income in the SOFA. The expenditure incurred to date is used as a reasonable estimate or approximation of the charity's performance and so income entitlement. Any such income not recognised in the year will be carried forward as deferred income and is included in liabilities in the balance sheet.

During the year, a review was undertaken of the analysis between accrued and deferred income, aligning the disclosure more closely to payment terms. This has resulted in an increase in current liabilities (deferred income) for the year ended 31 March 2013 of £1,773,000 and a corresponding increase in debtors (accrued income). There was no impact on net assets or on the surplus for the year.

Gifts in kind are valued and brought in as incoming resources and the appropriate resources expended, when the items are used/distributed. Where the gift is an asset, the asset is capitalised and depreciated. Where this intangible income relates to project activities it is included as an activity in furtherance of the charity's objects. The values attributable to gifts in kind are an estimate of the gross value to the organisation, usually the market value.

d Resources Expended

Resources expended are recognised in the period in which they are incurred and include attributable VAT which cannot be recovered. Resources expended are allocated to a particular activity where the cost relates directly to that activity.

Support costs of technical, managerial financial and administration oversight and direction are apportioned on a project by project basis, in line with the requirements of the various funding agencies.

Governance costs include those incurred in the governance of the organisation's assets and primarily are associated with constitutional and statutory requirements.

The costs of generating funds are those incurred in seeking voluntary contributions and institutional income.

e Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated. Gains or losses on transactions are included in the statement of financial activities.

Malaria Consortium
Notes to the financial statements for the year ended 31 March 2014

f Tangible Fixed Assets and Depreciation

Tangible fixed assets purchased from restricted funds for a particular project are charged to that project and are not capitalised. Tangible fixed assets purchased from unrestricted funds and costing more than £1,000 are capitalised and included at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off cost on a straight line basis over four years, except for buildings which are depreciated on a straight line basis over 25 years.

g Intangible Fixed Assets and Depreciation

Intangible fixed assets purchased from restricted funds for a particular project are charged to that project and are not capitalised. Intangible fixed assets purchased from unrestricted funds and costing more than £1,000 are capitalised and included at cost. Depreciation is provided on all intangible fixed assets at rates calculated to write off cost on a straight line basis over four years.

h Pension Costs

The company makes agreed contributions to individual "defined Contribution" pension schemes for certain employees. The assets of the scheme are held separately from those of Malaria Consortium in independently administered funds. The cost represents amounts payable in the year.

i Operating Leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.

j Group accounts

The financial statements present information about the Company as an individual undertaking and not about its Group. The operation of Malaria Enterprises Limited in the year is not material to the Company for the purpose of giving a true and fair view. The Company has therefore taken advantage of the exemptions provided by Section 405 of the Companies Act 2006 not to consolidate.

	2014	2013
	£	£
2a Incoming resources from voluntary income - donations in cash:		
Unrestricted Funds		
Montrose International LLP	-	338,730
Other donations	13,100	28,378
Total	13,100	367,108
Restricted Funds	1,803	-
Total	14,903	367,108

2b Gifts In Kind

Gifts in kind, distributed during the year, relate to long lasted insecticide nets (LLNs) donated by DFID and PMI for Universal Net Coverage in Uganda with a value of £22,426,484 (2012-13 £Nil) and commodities from UNICEF in both Uganda and South Sudan with a market value of £371,490 (2012-13 £349,861) including albendazole, artemisinin-based combination therapies and PlumpyNut*. In addition in South Sudan we received and distributed other donated goods valued at £61,625 (2012-13 £Nil) to support our work within the community from Population Services International, World Food Programme and ACF. During the year, LLNs from DFID and PMI with a value of £5,391,478 (2012-13 £Nil) were received and not distributed.

	2014	2013
	£	£
2c Incoming resources from charitable activities:		
Department for International Development UK	8,602,784	8,657,833
Department for International Development UK Contribution - Programme Partnership Arrangement (PPA) *	2,958,375	2,315,181
John Hopkins University / USAID	6,809,583	3,104,030
FHI360 / USAID	2,910,949	3,247,475
Bill & Melinda Gates Foundation	1,898,717	1,482,271
Comic Relief	1,428,492	840,054
Population Services International / DFID	1,192,914	-
Global Fund / Ministry of Health (Uganda)	1,077,750	-
Global Fund / World Vision International Mozambique	724,816	1,120,775
Population Services International / UNITAID	701,657	-
United Nations Children's Fund (UNICEF)	631,862	743,116
Global Fund / Population Services International	624,103	924,379
Centers for Disease Control and Prevention	459,657	459,021
Global Fund / Ministry of Health (Thailand)	296,528	488,623
WHO	269,205	-
Save the Children Canada	217,029	-
Medicine for Malaria Ventures / UNITAID	138,431	-
Vitol Foundation	125,908	-
Canadian International Development Agency	115,999	4,104,648
United States Agency for International Development (USAID) / Ethiopia	92,455	221,915
Global Fund / National Center for Parasitology, Entomology and Malaria Control, Cambodia	72,513	1,079,275
Adventist Development and Relief Agency International / USAID	-	939,319
United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)	-	400,899
University Research Co. LLC / USAID	-	132,218
Grants and Contracts for projects of less than £100,000 each	252,667	162,271
Total Incoming resources from charitable activities	£31,601,794	£30,423,313

* The PPA Contribution from the DFID is recognised on a performance basis. During 2013-14, cash receipts for this contribution amounted to £2,670,269 (2012-13 £2,670,268), expenditure was £2,958,375 (2012-13 £2,315,304) and the balance of £2,206,293 (2012-13 £2,494,522) is part of the year end balance with the DFID (note 15).

Malaria Consortium
Notes to the financial statements for the year ended 31 March 2014

3 Details of charitable activities

The amount spent on charitable activities, including support costs analysed by programme area is as follows:

	Operational programmes	Grants to Partners	Support costs	2014 Total	2013 Total
	£	£	£	£	£
Elimination of communicable diseases	2,860,894	20,368	104,619	2,985,881	2,907,996
Prevention and case management	40,587,475	96,110	1,484,235	42,167,820	14,474,681
Health systems capacity building	2,621,645	1,510	95,870	2,719,025	7,635,453
Spearhead M&E, surveillance and operational research	3,037,653	61,782	111,083	3,210,518	2,589,006
Investment in Malaria Consortium's institutional strengths	2,873,472	84,903	105,079	3,063,454	2,315,304
Communicate learning and successes	9,121	-	335	9,456	(24,352)
Total spent - charitable activities	£51,990,260	£264,673	£1,901,221	£54,156,154	£29,898,088

	Operational programmes	Grants to Partners	Support costs	2014 Total	2013 Total
	£	£	£	£	£
Ethiopia	133,054	1,510	4,866	139,430	165,450
Ghana	-	-	-	-	123,571
Mozambique	1,076,463	-	39,365	1,115,828	1,197,028
Nigeria	10,834,526	96,110	395,205	11,326,842	11,290,734
South Sudan	2,067,777	-	75,616	2,143,393	2,463,641
Uganda	30,462,201	-	1,113,966	31,576,167	3,873,196
Zambia	121,966	-	4,460	126,426	4,266
Africa multi country	3,451,540	61,782	126,218	3,639,540	6,145,469
Cambodia	101,527	20,368	3,713	125,608	0
Thailand	284,967	-	10,421	295,388	0
Asia multi country	377,736	-	13,813	391,549	2,060,970
United Kingdom	3,078,503	84,903	112,577	3,275,983	2,573,763
Total	£51,990,260	£264,673	£1,901,221	£54,156,154	£29,898,088

4 Support costs

These costs have been apportioned across the work of the charity in note 3 on the basis disclosed in note 1.

	2014 Total	2013 Total
	£	£
Communications	145,024	125,704
Finance	407,403	473,778
Human Resources	190,738	176,203
Information Technology	112,083	-
Management	477,407	710,161
Programme Support	565,366	1,009,069
Total	£1,898,021	£2,494,915

5 Personnel and staff costs

	2014			2013
	UK	Overseas	Total	Total
<i>Average number</i>				
Project and technical staff	10	141	151	136
Operations and logistics staff	2	95	97	96
Management, finance and administration staff	18	49	67	67
Total	30	285	315	299

	2014 Total	2013 Total
	£	£
Aggregate costs		
Fees, salaries and agency staff costs	6,725,172	5,274,664
Social security costs	62,029	143,676
Pension costs	309,787	58,712
Overseas staff allowances	227,298	440,116
Total	£7,324,286	£5,917,168

Higher Paid Employees

The number of employees whose emoluments amounted to more than £60,000 during the year was as follows:

	2014 Number	2013 Number
£60,000 - £69,999	2	4
£70,000 - £79,999	4	4
£80,000 - £89,999	3	1
£90,000 - £99,999	2	2
£100,000 - £109,999	1	-
£110,000 - £119,999	1	-
£120,000 - £129,999	1	-

During the year, pension costs on behalf of these employees amounted to £11,907 (2013: £9,120)

Malaria Consortium
Notes to the financial statements for the year ended 31 March 2014

6 Taxation

The charity is considered to pass the test set out in paragraph 1 schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK tax purposes. As such, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part II Corporation Tax Act 2010 or Section 256 of the Taxation and Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Country Offices are subject to local tax regulations.

7 Governance costs

The governance costs of the charity consisted of the following costs:

	2014	2013
	£	£
Statutory Audit Fees (note 8)	50,820	55,000
Other Audit Fees	60,144	15,402
Internal audit	18,367	16,062
Legal and Professional Fees	45,466	52,878
Trustees' reimbursed expenses	5,209	1,392
Strategic planning and development	95,693	71,767
	£275,699	£212,501

8 Resources expended

The resources expended figures are stated after charging:

	2014	2013
	£	£
Operating lease rentals	375,278	318,680
Depreciation	90,874	188,809
Auditors' remuneration:		
Audit of these financial statements	50,820	55,000
Amounts receivable by the company's auditor and its associates in respect of audit-related assurance services	60,144	39,625
Taxation compliance services	-	23,633
Trustees' reimbursed expenses	5,209	1,392

Trustees' reimbursed expenses represents the travel and subsistence costs relating to attendance at meetings of the trustees and overseas field trips for three trustees (2013: 3). Trustees are not remunerated.

9 Statement of Funds

	As at 1 April 2013	Incoming resources	Resources expended	Inter-fund Transfers	As at 31 March 2014
	£	£	£	£	£
Restricted Funds					
1 Elimination of communicable diseases	-	2,824,908	(2,824,908)	-	-
2 Prevention and case management	28,902	40,683,585	(40,683,585)	-	28,902
3 Health systems capacity building	19,844	2,582,699	(2,582,699)	(19,844)	-
4 Spearhead M&E, surveillance and operational research	27,365	3,099,435	(3,099,435)	(20,891)	6,474
5 Communicate learning and successes	-	9,121	(9,121)	-	-
	76,111	49,199,748	(49,199,748)	(40,735)	35,376
Unrestricted funds - Free reserves	5,304,126	5,334,951	(5,806,266)	(347,371)	4,485,440
Unrestricted funds - Designated funds	180,854	-	(96,810)	388,106	472,150
Total funds	£5,561,091	£54,534,699	£(55,102,824)	-	£4,992,966

The transfer of £388,106 (2012-13: £193,650) to designated funds from free reserves is to support the continuation of integrated community case management in Uganda. The transfer of restricted funds to free reserves recognises the release of provisions for the negotiation of the indirect cost rate on USAID funded projects that are closed and finalised with the donor.

Purpose of Restricted Funds

- 1 Be engaged in the elimination of malaria, lymphatic filariasis and other communicable diseases in a range of transmission settings using innovative strategies and approaches
- 2 Develop and implement improved approaches to delivery of prevention and case management for control of communicable diseases
- 3 Provide focussed and pragmatic health systems capacity building linked to disease control, childhood illnesses and NTDs
- 4 Spearhead innovative approaches for monitoring, evaluation and surveillance systems, and undertake high quality operational research
- 5 Communicate new learning and successes for continuous programme improvement

Each restricted fund represents several separate projects funded by different donors who are listed in note 2 on page 21 and further details of these project funds is given below.

Purpose of Designated Funds

The designated funds are for strategic investments to achieve funding for work in neglected tropical diseases and continue to support work in Integrated Community Care in Uganda in line with our strategic objectives.

Malaria Consortium
Notes to the financial statements for the year ended 31 March 2014

9 Statement of Funds (continued)

Further analysis of restricted funds by project is shown below:

	As at 1 April 2013	Incoming resources	Resources expended	Inter-fund Transfers	As at 31 March 2014
	£	£	£	£	£
Restricted Funds					
Pioneer Initiative	-	671,086	(671,086)	-	-
Uganda PCA	-	825,599	(825,599)	-	-
Containment and malaria pre-elimination	-	68,503	(68,503)	-	-
Containment & Elimination of Plasmodium	-	284,967	(284,967)	-	-
Integrated net coverage survey, Lalaya	-	32,916	(32,916)	-	-
Nutrition 2013 NBeG	-	149,405	(149,405)	-	-
Private Sector Market for RDTs	-	654,661	(654,661)	-	-
Severe Malaria	-	132,726	(132,726)	-	-
Grand Challenges MZ	-	5,044	(5,044)	-	-
SuNMaP	-	7,843,345	(7,843,345)	-	-
STOP Malaria	28,904	688,843	(688,843)	-	28,904
MAPS	-	2,399,898	(2,399,898)	-	-
Networks	-	834,068	(834,068)	-	-
HMM ACTs Under 5s	-	597,402	(597,402)	-	-
Emergency Nutrition	-	(171,211)	171,211	-	-
Scale up SMC	-	480,762	(480,762)	-	-
Malaria Eradication Scientific Alliance	-	53,392	(53,392)	-	-
Universal Coverage LLIN	-	27,606,736	(27,606,736)	-	0
Tororo	-	214,832	(214,832)	-	-
Pneumonia Diagnostics	-	135,517	(135,517)	-	-
ProMPT	10,291	-	-	(10,291)	-
Community Based Treatment	-	529,759	(529,759)	-	-
COMDIS HSD	-	127,896	(127,896)	-	-
Malaria Prevention and Control GF	-	763,327	(763,327)	-	-
Investment for the future - malaria control	-	394,234	(394,234)	-	-
CIDA ICCM Bridge Fund	-	479	(479)	-	-
BCC & Social Marketing of AMFM	-	814	(814)	-	-
CHF Emergency Nutrition Vulnerable Group	-	129,502	(129,502)	-	-
National ICCM in Inhambane	-	84,969	(84,969)	-	-
ICCM in Lusopula	-	121,966	(121,966)	-	-
Rapid Access Evaluation	-	223,123	(223,123)	-	-
RACE Nigeria	-	206,630	(206,630)	-	-
M&E Mekong Region	-	377,736	(377,736)	-	-
Operational research for implementation	1,952	78,901	(78,901)	-	1,952
CHRAIC	-	26,407	(26,407)	-	-
InScale	-	1,134,601	(1,134,601)	-	-
Durability of mosquito nets	4,520	19,601	(19,601)	-	4,520
ICCM+NBEG	-	1,302,877	(1,302,877)	-	-
DDT/GEF	-	54,403	(54,403)	-	-
Immerse	-	91,989	(91,989)	-	-
Other Projects	30,444	22,043	(22,043)	(30,444)	-
Total restricted funds	76,111	49,199,749	(49,199,749)	(40,735)	35,376
Unrestricted funds - Free reserves	5,304,126	5,334,951	(5,806,266)	(347,371)	4,485,440
Unrestricted funds - Designated funds	180,854	-	(96,810)	388,106	472,150
Total funds	£5,561,091	£54,534,699	£(55,102,825)	-	£4,992,966

10 Fixed assets

	Intangible Assets Software Applications	Land and Buildings	Office Equipment	Furniture & Fixtures	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1st April 2013	128,229	527,924	196,312	87,065	695,039	1,506,340
Additions	29,381	-	2,104	9,332	31,679	43,115
Disposals	-	-	(10,109)	(468)	(101,958)	(112,535)
At 31 March 2014	157,610	527,924	188,307	95,929	624,760	1,436,920
Depreciation						
At 1st April 2013	(101,005)	(48,655)	(180,631)	(27,452)	(600,461)	(857,199)
Charge for the period	(23,243)	(20,285)	(7,250)	(20,513)	(42,826)	(90,874)
Disposals	-	-	10,109	468	101,958	112,535
At 31 March 2014	(124,248)	(68,940)	(177,772)	(47,497)	(541,329)	(835,538)
At 31 March 2014	£33,362	£458,984	£10,535	£48,432	£83,431	£601,382
At 31 March 2013	£27,224	£479,269	£15,681	£59,613	£94,578	£649,141

Malaria Consortium
Notes to the financial statements for the year ended 31 March 2014

	2014	Restated 2013
	£	£
11 Debtors		
Amounts due from donors	2,887,654	4,368,987
Other debtors	369,766	728,941
Prepayments	167,923	269,574
	<u>£3,425,343</u>	<u>£5,367,502</u>

	2014	Restated 2013
	£	£
12 Creditors		
Creditors: amounts falling due within one year		
Trade creditors	792,787	464,624
Other creditors	1,136	31,807
Taxation and social security	134,082	230,623
Accruals	548,680	1,139,491
Deferred Income (note 14)	8,877,898	5,933,613
	<u>£10,354,583</u>	<u>£7,800,158</u>

13 Provisions for Liabilities

	Overseas withholding tax £	Overseas employment tax £	Backpayment of salaries £	Potential Grant Disallowance £	Total £
At the beginning of the year	68,363	382,928			451,291
Utilised during the year		(382,928)			(382,928)
Charge to the SoFA for the year		26,508	15,984	25,210	67,702
As at 31 March 2014	<u>£68,363</u>	<u>£26,508</u>	<u>£15,984</u>	<u>£25,210</u>	<u>£136,065</u>

The provision for overseas employment tax relates to employee obligations in countries where Malaria Consortium is operating or has operated in the past. It is expected that Malaria Consortium will settle these tax obligations within the next five years. The provision for backpayment of salaries relates to employee obligations, where salary increases are not yet confirmed due to on-going discussions on the appropriate benchmarking rates. Malaria Consortium receives funding from donors, for various activities which are subject to audit, such audits may result in disallowance of certain expenditures and therefore a provision is made in this respect.

14 Deferred Income

The deferred income relates to funding received for activities in a future period and is analysed as follows:

	2014	Restated 2013
	£	£
Deferred income at 1 April	5,933,613	530,582
Amounts released from previous and current year	(11,631,590)	(5,390,317)
Incoming resources deferred in the year	14,575,875	10,793,347
	<u>£8,877,898</u>	<u>£5,933,613</u>

15 Operating lease commitments - land and buildings

	2014	2013
	£	£
The amount payable within the next 12 months on leases expiring:		
Within 1 year	97,314	196,992
Between 2 - 5 years	195,645	102,219
	<u>£292,959</u>	<u>£299,211</u>

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Fixed Assets	634,744	-	634,744	676,365
Net Current assets	4,322,846	35,376	4,358,222	4,884,726
	<u>£4,957,590</u>	<u>£35,376</u>	<u>£4,992,966</u>	<u>£5,561,091</u>

17 Related Parties

The Board of Trustees as key management personnel are considered related parties. During the year transactions with the Board of Trustees were limited to the reimbursement of expenses as disclosed in note 8.