Company Number: 4785712
Charity Number: 1099776

Malaria Consortium

Trustees' Report and Financial Statements
For the Year to 31 March 2017

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, Burkina Faso, Chad, Ethiopia, Mozambique, 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:

Chair	Professor Marcel Tanner	(appointed 17 March 2016)
Treasurer	Canisius Anthony	
	Anthony Davy	(appointed 17 May 2016)
	Dr Allan Schapira	
	Dr Joanna Schellenberg	
	Dr Julian Lob-Levyt	(resigned 28 July 2016)
	Dr Neil Squires	
	Dr Nermeen Varawalla	
	Dr Precious Lunga	
	Dr Simon Kay	(appointed 22 April 2016)
	Mark Clark	(appointed 17 May 2016)
	Peter Potter-Lesage	
	Professor Fred Binka	
	Professor Melissa Leach	(resigned 16 June 2016)
	Professor Sir Brian Greenwood	
	Robert Seabrook	(resigned 16 June 2016)
	Sarah Veilex	(appointed 22 April 2016)
	The Rt. Hon. Baroness Hayman	(resigned 17 May 2016)
	The Rt. Hon. Baroness Northover	(appointed 24 November 2016)

Chief Executive Charles Nelson

Bankers	HSBC Bank PLC Westminster Branch 22 Victoria Street, London SW1H ONJ, 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 2017. The Trustees' Report also contains the information required in a Strategic Report as set out on pages 6 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 (2015) - Accounting and Reporting by Charities.

A copy of the Trustees' Report and financial statements can be obtained by writing to the organisation at the registered address as detailed on page 1 of this report.

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 Governance Committee 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. During the year, four Board Meetings took place, including the AGM in July and a retreat held in November 2016. An average of eleven trustees attended each meeting.

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 ongoing 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. During the year there were four meetings of the Governance Committee, three trustees were at three meetings and four trustees at one meeting (excluding the non-Trustee members).

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 one non-trustee member, and the Chief Executive and Chief Finance Officer as non-voting members. During the year there were four meetings of the committee and an average of four trustees attended each meeting (excluding the non-Trustee 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 a minimum of three trustee members, including the Chair of the Board of Trustees. The committee met once during the year at which four trustees were in attendance.

Malaria Consortium's policy is to provide inductions to new staff to enable a strong understanding of the organisation and an effective settling in period. Induction covers organisational structure, policies, procedures, teams and how they operate as well as role-relevant information. Managers are also inducted on people management policies, procedures, budgeting and planning. Inductions for UK staff are managed in the UK by the HR team with support for planning from line managers and in-country programmes by HR Focal Points and the Country Directors.

Separate to this, Malaria Consortium utilises the annual performance appraisal to enable managers and staff to identify relevant learning initiatives to bridge skills or knowledge gaps. Staff also have the opportunity to request learning and development initiatives or support for professional development should such an opportunity arise outside of the annual performance appraisal period.

Last year, Malaria Consortium developed and implemented a job evaluation system to ensure a fair and transparent process in evaluating roles. These are then benchmarked against similar jobs in other charities and relevant organisations to determine pay.

Malaria Consortium's pay principle is to remunerate at the median of the job market, therefore we continue to review labour market information within appropriate sectors and regularly benchmark our roles to ensure our approach is consistent with our peers.

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 the day-to-day operational decision-making to the Chief Executive, who, with the Global Management Group (GMG), runs the organisation and signs all contracts. The GMG is supported by Senior Management Teams at regional and country level who are responsible for all aspects of our programmes.

Malaria Consortium's head office is in London, United Kingdom, with regional offices; for East and Southern Africa in Kampala, Uganda; for West Africa in Abuja, Nigeria and for Asia in Bangkok, Thailand. They coordinate and supervise programmes and projects at country level in the three regions. 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; Ouagadougou, Burkina Faso; N'Djamena, Chad; Freetown, Sierra Leone; and Abuja, Nigeria. Additional provincial or sub-national offices were operational in Mbale, Hoima, Kabarole, Masala and Arua in Uganda; Aweil in South Sudan; Inhambane, Niassa and Nampula provinces in Mozambique; Hawassa in Ethiopia; and Niger, Zamfara, Sokoto and Kebbi states in Nigeria. In Asia, offices were operational in Bangkok, Thailand; Phnom Penh, Cambodia and in Yangon, Myanmar.

During this year, Malaria Consortium's partners who have supported our work at the global and regional level include the Department for International Development/UK aid (DFID/UK aid), United States Agency for International Development and US President's Malaria Initiative (USAID/PMI), Bill & Melinda Gates Foundation (BMGF), Comic Relief, Global Malaria Programme of the World Health Organization (WHO), the Global Fund to Fight AIDS/HIV, Tuberculosis and Malaria (GFATM), UNICEF, UNITAID, the World Food Programme (WFP), the James Percy Foundation, Vitol Foundation, GiveWell, Good Ventures and Effective Altruism.

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 the UK including the Nuffield Centre for International Health and Development at The University of Leeds, the London School of Hygiene & Tropical Medicine and University College London.

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

Malaria Consortium US Inc. was established in 2009 to further the aim and objectives of Malaria Consortium in the USA. 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.

The trustees wish to acknowledge and honour the contribution of our Technical Director who was one of the founders of Malaria Consortium, Dr Sylvia Meek, who sadly died in May 2016 following a period living with, and being treated for, cancer. She is deeply missed, but has left a superb legacy of technical excellence and strength in depth in the people who continue pushing forward her life's work to support those vulnerable to, and suffering from, infectious diseases. A scholarship fund for entomology is established in her name and will support a new generation of entomologists in Southeast Asia and Sub-Saharan Africa.

Mission and Objectives

The mission of Malaria Consortium is to improve lives in Africa and Asia through sustainable, evidence-based programmes that combat targeted diseases and promote child and maternal health. We have referred to the guidance in the Charity Commission's 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

This reporting period, reflects the third operating year of the current five-year strategy 2015-2019, with four key business areas and five strategic objectives. The four key business areas are:

a) Preventive Treatment: looking at intervention through prophylaxis, mass drug administration and existing and emerging vaccines.
b) Vector Control: looking both at interventions to reduce the number of vectors present in the community and keeping beneficiaries apart from the vector.
c) Case management: covering both diagnosis and treatment, improving both access to and the quality of services available should an individual present with symptoms.
d) Health Service Effectiveness and Efficiency: recognising that there are many diverse elements to health system strengthening, we focus on the key interventions that deliver the functionality and data necessary for effective decision making and response to health needs.

We recognise that these business areas are not always found in isolation and the five strategic objectives aim to reflect this. Our first objective covers our overarching work to put in place the policies, mechanisms and resources necessary, at a national and international level, to ensure the right interventions are not hindered by lack of support at a political level. The remaining four objectives are directly linked to each of the business areas. We will measure the progress of our strategy against these objectives. The objectives are:

1. To guide international and national policies and strategies to enhance control and accelerate elimination of targeted diseases and malnutrition.

2. To reach at least 10 million people (in the strategy period) with preventive treatment, supporting the appropriate uptake of emerging vaccines and drug-based prevention approaches.

3. To engage in at-scale delivery of effective vector control interventions and develop, investigate, promote and implement novel, vector-focused approaches that reduce disease transmission.

4. To improve access to, and the quality of services for, the diagnosis and treatment of diseases and/or those that enhance child and maternal health.

5. To improve health system effectiveness and efficiency, through enhanced surveillance, outbreak response, referral, reporting, and capacity and market development.

Strategic Report

Achievements and Performance

At an operational level, Malaria Consortium has continued to expand our programmes to improve access to effective prevention and treatment of malaria, pneumonia and neglected tropical diseases to some of the poorest populations in Africa and Asia. We have launched in Chad and Sierra Leone and funded a pilot study in the Chittagong Hill Tract in Bangladesh. A selection of key achievements and challenges for the year, linked to our objectives, is presented below:

To guide international and national policies and strategies to enhance control and accelerate elimination of targeted diseases and malnutrition

Malaria Consortium, both at international and national level, has maintained presence in key partnerships and working groups linked to policy and advocacy-internationally at the WHO's Malaria Policy Advisory Committee (MPAC) and Vector Control Working Group and we are actively engaged in the reformation of the Roll Back Malaria Partnership. In the UK, we work with the All Party Parliamentary Group for Malaria and Neglected Tropical Diseases and are an active member of the UK Coalition against NTDs. We partner with Ministries of Health in each country, and also work with local advocacy partners in endemic areas, aiming to change policy and practice so as to end malaria and neglected tropical diseases. In Ethiopia, our partners include the Coalition Against Malaria in Ethiopia and the Carter Centre. In Mozambique, we work in conjunction with NAIMA +. Where appropriate, we work to broker deals with the private sector to establish sustainable channels for delivery of public health and to ensure clear, regulated contributions. We also work with the commercial sector especially to assess new public health products which may provide the next generation of interventions that need to be built into policy. We continue to serve on the WHO Drug Resistance and Containment Technical Expert Group which is guiding global strategies on tackling the threat of artemisinin resistance.

To reach at least 10 million people (in the strategy period) with preventive treatment, supporting the appropriate uptake of emerging vaccines and drug-based prevention approaches

The primary intervention that has contributed to this objective has been seasonal malaria chemoprevention (SMC) for children of three to 59 months in the Sahel Region of Sub-Saharan Africa. This intervention is approved by WHO for this age-group for regions where malaria transmission is at a peak during a period of no more than four months, and where the available drugs (Sulphadoxine Pyrimethamine and Amodiaquine (SPAQ)) are still effective. The total eligible group for this intervention is about 25 million children. Funded by UNITAID, Malaria Consortium is leading a partnership of Catholic Relief Services (CRS), London School of Hygiene & Tropical Medicine (LSHTM), Medicines for Malaria Venture (MMV), Management Sciences for Health (MSH) and Speak Up Africa to develop the market for child-friendly dispersible products across seven countries, (Nigeria, Chad, Burkina Faso, Mali, Niger, Guinea and The Gambia). In the 2016 rainy season we reached over 6.4 million children with the requisite four monthly doses and saw presentation of fever at clinics drop by a dramatic 65%. This doubled our direct reach over the 2015 season and saw a reduction of millions of cases of malaria and saved an estimated 40,000 deaths. SMC has now generated significant interest from international donors and local governments. Malaria Consortium also received GiveWell top recommended charity status focused on our SMC activity and funding from GiveWell supporters to expand our work in the Sahel.

Malaria Consortium has continued to seek funding opportunities to expand mass drug administration for various neglected tropical diseases, but limited additional funding is realised. However, work funded through our Programme Partnership Agreement from DFID allowed us to push ahead with research work on the effect of community dialogues on the uptake of available treatment for schistosomiasis in Mozambique, and on the roll-out of treatment for worm infections in nearly 170,000 children in Central Equatoria, South Sudan. Also, in Ethiopia we have worked in four districts to pilot an integrated malaria, schistosomiasis and soil-transmitted helminth approach in schools.

To engage in at-scale delivery of effective vector control interventions and develop, investigate, promote and implement novel, vector-focused approaches that reduce disease transmission

Malaria Consortium continues to be involved in large-scale distribution of long lasting insecticidal nets (LLINs), which remains one of the key, high-value interventions against malaria. In this year, we distributed over 38 million nets. In Uganda, with a combination of Global Fund, UK aid, USAID and Against Malaria Foundation backing, we supported the Government of Uganda to plan and begin delivery of the second universal net distribution for the country. 16 million nets were distributed in the reporting period with the balance of eight million nets to be distributed in the next financial year. A significant trial of a new net, that has an adjuvant chemical to enhance the effectiveness of the insecticide, is being undertaken as part of this initiative. In northern Mozambique, supported by Global Fund, Malaria Consortium distributed 14 million nets in Niassa and Nampula provinces. In Nigeria, six and a half million nets were distributed under USAID funding.

We are implementing an integrated vector management programme for dengue control in Cambodia, particularly after our research has shown that a variety of approaches and field testing tools are well-accepted in the community. This will provide significant insight on a number of diseases as the vector, *Aedes aegypti,* is the one responsible for the transmission of the Zika virus and yellow fever. It remains a challenge to solidify donor interest in direct funding.

Malaria Consortium is hosting and providing technical support to the Vector Control Working Group of the Asia Pacific Malaria Elimination Network (APMEN) based out of our regional office in Thailand, working together with all the countries of the Asia Pacific Leaders' Malaria Alliance (APLMA) to assure and push forward the most appropriate technical interventions in the region.

To improve access to, and the quality of, services for the diagnosis and treatment of diseases and/or those that enhance child and maternal health

In the unfortunate event that transmission of any of the diseases or a shortage of food requires intervention, this objective is targeted at improving access to and the quality in differential diagnosis and treatment at all levels of the health system.

In diagnosis, major steps continue to be taken in the widespread use of rapid diagnostic tests and acceptance that there should be parasitological diagnosis of malaria prior to diagnosis is built into most countries' protocols. While this progress has been made, there is more to do to assure that protocol is followed, both in terms of quality supply and consistent clinician behaviour. Expansion plans were set back for expanding private sector use in Nigeria and Uganda due to further funding not being forthcoming.

There was significant progress on the field evaluation of different tools for diagnosis of pneumonia. Funded by UNICEF, Malaria Consortium has continued our prior comparative analysis of multiple electronic devices across six countries, which showed no major advantage of any one device, with field testing of a further device in Ethiopia, which shows promise. We are also conducting research in Nigeria on identifying severe pneumonia in the community linked to the symptom of 'chest in-drawing'.

Integrated community case management (iCCM) of malaria, pneumonia and diarrhoea remains a key approach to intervening in the common childhood diseases found in Southeast Asia and Sub-Saharan Africa. This is now being linked regularly to community assessment of malnutrition and access to therapeutic feeding, directly or indirectly (iCCM+). We now have experience of this in Mozambique, Uganda, Nigeria, South Sudan and Myanmar. In each country, the roles of community health workers differ and combination funding is required as Global Fund can only provide commodities associated with malaria in this context.

We continue to push an agenda for engagement in case, morbidity and disability management for certain neglected tropical diseases (such as lymphatic filariasis (LF)) to complement programmes of mass drug administration. It continues to be a challenge in systems where chronic case management of any sort is not a common feature and where funding is constrained.

Malaria Consortium was delighted to be chosen by the Dangote Foundation in Nigeria to be a partner on a major nutrition initiative that will commence prior to the hunger season in 2017.

To improve health system effectiveness and efficiency, through enhanced surveillance, outbreak response, referral, reporting, and capacity and market development

Our last objective is focused on health system effectiveness and efficiency. Malaria Consortium has traditionally used malaria as our access point and leveraged this to support wider aspects of service delivery such as community delivery, clinical capacity building, laboratory services, antenatal care, child and maternal health and data capture and analysis. This is particularly effective in high malaria transmission areas as we help bring down the burden of both simple and complex cases of disease and allow the system to concentrate on improving differential diagnosis and targeted treatment in remaining cases. It also allows time for the clinical staff to build capacity and balance the supply chain.

As the burden decreases and the thinking moves towards elimination, new tools and techniques need to be in place. Surveillance and rapid response to outbreaks become key and surveillance becomes an intervention in its own right. Technology is increasingly playing a part in data capture and sharing, and in the support and supervision of remote and community workers. Linkages are also being made to wider interventions in child and maternal health. In Mozambique, funded by DFID through UNICEF, we have expanded a programme of technology-facilitated support to, and supervision of, community health workers to cover new functionality for child and maternal health and new geographies.

In Uganda, we were delighted to be confirmed as the lead agency on the USAID Malaria Action Program for Districts, working across the country to bring malaria interventions to all aspects of the healthcare system, to both community and facility-based services across both public and private sector. This is a flagship USAID-funded programme over five years and is the first USAID priming role we have the privilege to undertake.

Financial Review

Income

Total income (excluding Gifts in Kind) received during the year amounted to £54.2 million, an increase of £13.7 million (34%) on the previous year. Total income (including Gifts in Kind) increased by £14.2million (35%). UNITAID directly and via sub-agreements with Population Services International and Medicine for Malaria Ventures contributed to 43% of our total income. Global Fund via sub-agreements with the Ministries of Health in Uganda and Thailand, World Vision International, Population Services International and UNOPS contributed 15% of our total income. The UK Department for International Development (DFID) contributed 7% of our total income as did Good

Ventures, which is a new income stream for this financial year. The US government agency, USAID, directly and via sub-agreements including FHI360 contributed 6% of the total income with other donors contributing the balance. Please refer to note 2c on page 22 for the full list of our donors.

Expenditure

Charitable expenditure on programmes (excluding Gifts in Kind) increased by £9.2 million to £50.0 million. Charitable expenditure on programmes (including Gifts in Kind) increased by £9.7 million to £50.8 million. Note 3 on page 23 shows this expenditure categorised according to our five strategic objectives. Preventive Treatment and Vector Control are our two biggest areas of work representing 49% and 25% respectively of the total programme expenditure for the year. 17% of expenditure occurred in Uganda and a further 11% in Nigeria. Expenditure in Africa multi-country related to the procurement of commodities for the SMC initiatives. Support costs as a proportion of direct costs is 7% compared to 6% in the previous 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 £9.2 million.

Result for the year

The total net movement in funds for the year was an increase of £4.2 million compared to a decrease of £0.3 million in the prior year. The increase in funds in the year reflects timing differences associated with the £4.0m donation from Good Ventures for SMC: the funds were received in February 2017 but can only be utilised from July 2017 given the seasonal nature of the activity. At the end of the year, restricted funds for ongoing projects were £4.1 million, reflecting the Good Ventures donation, whilst unrestricted funds were £6.3 million.

The main movements in the balance sheet were an increase of cash on hand by £16.4 million and a corresponding increase in creditors of £14.3 million offset by an increase in debtors of £2.0 million. The increase in cash at the year-end was a result of receiving funds in advance from the Global Fund for the net distribution in Uganda. As a consequence, deferred creditors also increased accordingly.

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. During the year, the Finance, Audit and Risk committee reviewed the level of reserves appropriate to the organisations' current activities and in light of recent guidance from the Charity Commission, recommended to the Board of Trustees a change in the reserves policy. Malaria Consortium's reserve policy is that it will hold a minimum of £2.9m of unrestricted reserves to cover existing commitments relating to staff and operational commitments of £1.4m and four months of support costs to maintain the organisation's shape in the event of timing differences of funding equating

to £1.5m. In addition, the trustees made a designation of £1.0m from unrestricted reserves for future exchange losses based on the recent volatility between the GBP and USD.

At 31 March 2017, free reserves stood at £5.7 million, which is unrestricted funds of £6.2 million, of which £1.0 million is designated, less £0.5 million represented by fixed assets. The Board of Trustees have agreed with management that further investment in the organisation will be made to reduce the level of unrestricted reserves currently held. The Board of Trustees will agree the designation of reserves for set purposes and ensure that management carries out those activities to reduce the overall reserve levels.

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 held in the most likely currency of expenditure. The charity will not speculate on currency, but hedge against potential losses based on the cash flow requirements.

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 they are aware, there is no relevant audit information of which the company's auditors are unaware, and each trustee has taken all the steps they ought to take to make themselves 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.

Plans for Future Periods

Malaria Consortium will continue to have a primary focus on malaria whilst expanding our portfolio in our identified business areas, through selected related health areas, in particular, pneumonia, neglected tropical diseases, nutrition, child health, and where appropriate as part of integrated community case management (iCCM), maternal and neonatal health. We will seek to build on the positive engagement of the wider philanthropic community and expand the portfolio of funders we work with.

We will drive new activity in-country and through our business areas develop both programmes and technical competence in these areas, looking to further enhance surveillance as an intervention in its own right. In addition, we will reinforce our capabilities in the three communities of practice - Monitoring and Evaluation, Public Health Communication and Capacity Building - requiring these competences across all of our programmatic activities. Specific research agendas, linked to our business areas

and communities of practice, will be identified and funding sought. In particular, we will:

1. Expand our reach on seasonal malaria chemoprevention (SMC) across the Sahel, and deliver programmes to enhance take up of intermittent preventive treatment in pregnancy for malaria.
2. Push to widen uptake of preventive interventions for dengue and Zika, continue to promote the distribution and use of LLINs in appropriate settings, both through campaigns and continuous distribution models, while supporting countries to stratify need and focus intervention as they move towards elimination both alone and linked to other interventions such as iCCM and SMC, and continue to drive access to high quality diagnostics and treatments, in particular, widening the assessment and use of new pneumonia diagnosis tools.
3. Explore new avenues for health system improvement through the use of surveillance models, data capture and use for decision-making, and greater economic impact analysis linked to the new Sustainable Development Goals.

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 are established to manage those risks. During the year, a new Risk Management, Strategy and Assurance Framework Policy was issued and renewed efforts by management to operationalise risk assessments were successfully made. The Finance, Audit and Risk Committee continues to review quarterly the Risk Register which shows the impact and likelihood of the major risks; this is updated from additional feedback and the key risks are reported to the Board by the Committee.

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 political pressure on international aid budgets; individual calls for proposals for funding becoming less linked to specific diseases or conditions and more linked to wider health system support and increasingly competitively bid for with 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 that these are transferred to them. To mitigate these challenges of 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. The Board includes 15 trustees from a more diverse background than previously, bringing expertise in many different fields. At the Board Retreat in November, the Board set and agreed on the priorities for the forthcoming year, based on feedback from the trustees and the senior management team.

3. *Performance:* The programmatic achievements of the organisation remain impressive, with repeated and increased funding from donors. In addition, the organisation has increased its accountability, transparency and assurance to demonstrate good value for money to donors. 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 continue to review performance and expenditure on a monthly basis.

4. *Operational*: We continue to operate in some areas with a high, and changing, security risk but 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. During the year, the organisation's Safety and Security Policy was updated, all staff were required to undertake additional training and the Global Management Group received crisis management training. 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, we relocate, and/or suspend operations. We continue to monitor closely ongoing developments in Nigeria and Myanmar, in addition to South Sudan.

5. *Financial*: Continued growth, and any requirement for post, instead of pre, financing of projects can lead to challenges in 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 support costs we are able to maintain our reserves in line with our revised reserve policy and are in a position that we are able to make substantial investments for our future.

Marcel Tanner
Chairman
27 July 2017

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 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), including FRS102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

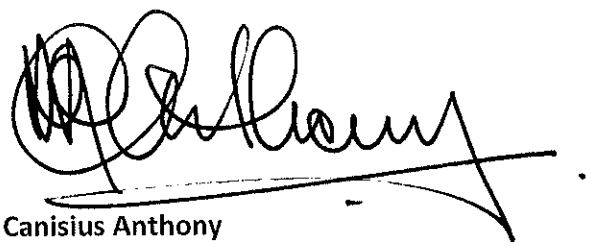
Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the trustees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

Approved by the trustees on 27 July, 2017 and signed on their behalf by:



Canisius Anthony
Treasurer

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 2017 set out on pages 17 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 2017 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, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the Financial Statements and from reading the Strategic Report:

- we have not identified material misstatements in that report; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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.

Ian Pennington 15th August 2017

Ian Pennington (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Malaria Consortium
Statement of Financial Activities (incorporating an Income and Expenditure Account)
for the year ending 31 March 2017

	Note	2017 Restricted Funds SMC* £000s	2017 Restricted Funds Other £000s	2017 Unrestricted Funds £000s	2017 Total Funds £000s	2016 Total Funds £000s
Income from:						
Donations	2a	-	-	290	290	2
Donated Goods	2b	-	776	95	872	355
Charitable activities						
Grants, contracts & consultancy income	2c	3,978	44,255	5,558	53,791	40,050
Investments - Interest received		-	-	16	16	8
Other		-	-	62	62	438
Total Income		3,978	45,031	6,021	55,031	40,853
Expenditure on:						
Raising funds		-	-	311	311	94
Charitable activities	3	-	44,940	5,589	50,529	41,095
Total Expenditure	7	-	44,940	5,900	50,840	41,189
Net (expenditure) / income		3,978	91	122	4,191	(336)
Net movement in funds		3,978	91	122	4,191	(336)
Reconciliation of funds						
Total fund brought forward		-	-	6,146	6,146	6,482
Total fund balances at end of year	8	3,978	91	6,268	10,337	6,146

All income and expenditure derive from continuing activities.

The notes on pages 20 to 26 form an integral part of these financial statements.

**** Seasonal Malaria Chemoprevention (SMC)***
These are funds donated by Good Ventures for the primary purpose of SMC. As this is a seasonal activity the funds cannot be utilised until July 2017 although received in February 2017.

Other restricted funds
These are funds earned during the financial year for other restricted activities as per the strategic objectives of the organisation.

Malaria Consortium

Balance Sheet as at 31 March 2017

	Note	2017		2016	
		£000s	£000s	£000s	£000s
Fixed Assets					
Intangible Assets	9		9		19
Tangible Assets	9		539		580
Total Fixed Assets			**548**		**599**
Current Assets					
Stock	10	91		-	
Debtors	11	7,968		5,927	
Cash at bank and in hand		24,378		7,996	
Total Current Assets		**32,437**		**13,923**	
Current Liabilities					
Creditors falling due within one year	12	(21,958)		(7,654)	
Net Current Assets			**10,478**		**6,269**
Total assets less current liabilities			**11,027**		**6,868**
Provisions					
Provisions for liabilities	13		(690)		(722)
Net Assets			**10,337**		**6,146**
Represented by:					
Unrestricted income funds	8				
General			5,318		5,913
Designated			950		233
Total Unrestricted Funds			**6,268**		**6,146**
Restricted income funds	8				
SMC			3,978		-
Other			91		-
Total Restricted Funds			**4,069**		-
Total Funds			**10,337**		**6,146**

The financial statements on pages 17 to 26 were approved by the Board and authorised for issue on 27 July 2017 and signed on its behalf:

Canisius Anthony
Treasurer

Company registration number: 4785712

The attached notes on pages 20 to 26 form an integral part of these financial statements.

Malaria Consortium
Cash Flow Statement for the year ending 31 March 2017

	Notes	2017	2016
		£000s	£000s
Cash flows from Operating Activities			
Cash inflow / (outflow) from operating activities	A	16,434	(4,662)
Cash flows from Investing Activities			
Interest income		16	8
Purchase of fixed assets		(68)	(116)
Net cash (used in) / provided by investing activities		(52)	(108)
Increase / (Decrease) in cash in the year		**16,382**	**(4,770)**
Cash at the beginning of the year	B	7,996	12,766
Cash at the end of the year	B	**24,377**	**7,996**

Notes to the Cash Flow Statement for the year ending 31 March 2017

A Reconciliation of Net Income / (Expenditure) to Net Cash Flow from Operating Activities

	2017	2016
	£000s	£000s
Net (expenditure) / income for the year	4,191	(336)
Depreciation charge	119	121
(Increase) in stock	(91)	-
(Increase) / Decrease in debtors	(2,041)	2,121
Increase / (Decrease) in creditors	14,304	(6,872)
(Decrease) / Increase in provisions	(32)	295
Investment income	(16)	(8)
Loss on disposal	-	17
Cash inflow / (outflow) from operating activities	**16,434**	**(4,662)**

B Analysis of cash

	At 1 April 2017	At 31 March 2016
	£000s	£000s
Cash at bank and in hand	24,378	7,996
Total cash	**24,378**	**7,996**

1 Accounting Policies

a Basis of Financial Statements

The financial statements have been prepared under the historic cost convention and in accordance with applicable Financial Reporting Standard (FRS102) and the Statement of Recommended Practice (SORP) 2015 "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.

Malaria Consortium meets the definition of a public benefit entity under FRS102.

Key judgements and assumptions that apply to these accounting policies are listed where applicable.

The financial review in the Trustees' Report reviews the finances of the charity for the year ended 31 March 2017 in comparison to the prior year. The charity has a healthy cash balance and a large proportion of grant funding required for 2017/18 and 2018/19 is 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 adopt 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 are 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 Income

Income for a specific purpose is credited to a restricted fund.

All income becoming available to the charity is 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 FRS102 and the Charities SORP 2015 . 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.

d Expenditure

Expenditure is recognised in the period in which it is incurred and includes attributable VAT which cannot be recovered. Expenditure is allocated to a particular activity where the cost relates directly to that activity.

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

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

1 Accounting Policies continued

e **Donated goods and services**
Donated goods and services are valued and brought in as income when the items/services are received and expenditure when the items/services are distributed. Any undistributed items/services are treated as stock. Where the gift is a fixed 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 donated goods are an estimate of the gross value to the organisation, usually the market value.

f **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.

g **Intangible Fixed Assets**
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 £1,500 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 **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 £1,500 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.

Malaria Consortium commissioned a report in 2016 for the revaluation of the buildings, but the change in value was considered not significant enough to warrant a revaluation.

i **Debtors**
Amounts due from donors and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

j **Cash at bank and in hand**
Cash at bank and in hand includes petty cash and bank accounts including short term deposit accounts.

k **Creditors and Provisions**
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or reliably estimated. They are normally recognised at their settlement amount.

l **Financial Instruments**
Malaria Consortium only has financial assets and liabilities of a kind that qualify as basic. These basic financial instruments are shown in the balance sheet and initially recognised at transaction value and subsequently measured at their settlement value.

m **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.

1 Accounting Policies continued

n 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.

o Group accounts
The financial statements present information about the Company as an individual undertaking and not about its Group. The operation of the subsidiary company Malaria Enterprise 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.

2a Income from donations	2017 £000s	2016 £000s
Unrestricted Funds		
Other donations	290	2
Total	290	2

2b Donated Goods

Donated goods received this year relate to commodities from UNICEF in South Sudan with a market value of £718k (2016: £125k) including artemismin-based combination therapies and Plumpynuts. In addition, in South Sudan we received other donated goods valued at £58k (2016: £106k) to support our work within the community from Population Services International. In the UK, pro-bono legal services were valued at £58k (2016: £124k) and Microsoft licenses amounted to £37k (2016:-).

2c Income from charitable activities	2017		2016	
	Restricted funds £000s	Unrestricted funds £000s	Restricted funds £000s	Unrestricted funds £000s
UNITAID	23,104	985	11,687	508
Good Ventures	3,978	-	-	-
Global Fund / Ministry of Health (Uganda)	3,107	220	-	-
Global Fund / World Vision International Mozambique	3,008	105	1,124	(14)
United Nations Children's Fund (UNICEF)	2,410	202	283	(30)
USAID	1,834	572	-	-
Department for International Development UK Contribution - Programme Partnership Arrangement (PPA)	-	2,026	-	5,283
FHI360 / USAID	1,171	540	2,649	578
WHO	1,403	112	720	23
Population Services International / DFID	1,358	91	1,604	27
Comic Relief	1,200	159	1,367	(163)
Global Fund / Population Services International	964	90	560	27
Global Fund / United Nations for Project Services (UNOPS)	856	42	164	3
South Sudan Health Pooled Fund	596	29	-	-
Federal Ministry of Health (NMEP) (Nigeria)	580	36	-	-
Save the Children Canada / WHO	458	41	377	13
Medicine for Malaria Ventures / UNITAID	290	97	710	20
Global Fund / Ministry of Health (Thailand)	314	16	306	(6)
Three Millennium Development Goal Fund	298	34	179	4
University Research Co., LLP / USAID	239	63	180	39
Department for International Development UK	205	63	5,543	557
Centers for Disease Control and Prevention	197	16	478	48
Bill & Melinda Gates Foundation	126	48	1,767	285
Population Services International / UNITAID	83	(62)	2,573	(140)
Grants and Contracts for projects of less than £100,000 each	454	35	664	54
Total income from charitable activities	**48,233**	**5,558**	**32,935**	**7,115**

3 Details of charitable activities

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

	Operational programmes £000s	Grants to Partners £000s	Support costs £000s	2017 Total £000s	Operational programmes £000s	Grants to Partners £000s	Support costs £000s	2016 Total £000s
Guide Policies	1,994	28	155	2,176	5,394	72	370	5,836
Preventive Treatment	14,358	8,757	1,768	24,883	8,173	3,672	802	12,647
Vector Control	11,407	353	900	12,659	9,605	127	658	10,390
Case Management	7,356	-	563	7,919	9,144	24	620	9,788
Health Systems	2,598	88	205	2,892	2,002	278	154	2,434
Total spent - charitable activities	**37,712**	**9,226**	**3,591**	**50,529**	**34,318**	**4,173**	**2,604**	**41,095**

	Operational programmes £000s	Grants to Partners £000s	Support costs £000s	2017 Total £000s	Operational programmes £000s	Grants to Partners £000s	Support costs £000s	2016 Total £000s
Burkina Faso	2,121	-	162	2,283	1,232	-	83	1,315
Chad	1,256	-	96	1,352	11	-	1	12
Ethiopia	470	-	36	506	1,147	-	78	1,225
Mozambique	4,195	-	321	4,516	1	-	-	1
Nigeria	5,245	15	402	5,662	1,976	-	133	2,109
South Sudan	3,830	239	311	4,380	11,761	65	800	12,626
Sierra Leone	94	-	7	101	2,981	-	202	3,183
Uganda	7,873	129	612	8,614	3,489	24	237	3,750
Africa multi country	9,598	8,352	1,373	19,323	6,241	3,671	671	10,583
Cambodia	806	162	74	1,043	978	63	70	1,111
Myanmar	846	12	66	924	1,092	266	92	1,450
Thailand	433	22	35	490	192	-	14	206
Asia multi country	220	62	22	304	167	72	16	255
United Kingdom	725	233	73	1,031	3,050	12	207	3,269
	37,712	**9,226**	**3,591**	**50,528**	**34,318**	**4,173**	**2,604**	**41,095**

4 Support costs

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

	2017 Total £000s	2016 Total £000s
Communications	257	159
Finance	599	574
Human Resources	318	184
Information Technology	155	114
Management	664	451
Programme Support	1,498	958
Governance	100	164
	3,591	2,604

5 Personnel and staff costs

	2017 UK	2017 Overseas	2017 Total	2016 UK	2016 Overseas	2016 Total
Average number						
Project and technical staff	22	199	221	20	219	239
Operations and logistics staff	1	93	94	0	73	73
Management, finance and administration staff	25	55	80	30	56	86
	48	347	395	50	348	398

	2017 Total £000s	2016 Total £000s
Aggregate costs		
Fees, salaries and agency staff costs	8,187	8,773
Social security costs	387	283
Pension costs	110	170
Overseas staff allowances	610	696
	9,294	9,922

Higher Paid Employees

The number of employees whose emoluments excluding employers national insurance and pension contributions that amounted to more than £60,000 during the year was as follows:

	2017 Number	2016 Number
£60,000 - £69,999	7	3
£70,000 - £79,999	5	4
£80,000 - £89,999	3	5
£90,000 - £99,999	2	3
£100,000 - £109,999	1	2
£110,000 - £119,999	3	1
£130,000 - £139,999	1	-
£160,000 - £169,999	1	-
£170,000 - £179,999	-	1

During the year, pension costs on behalf of these employees amounted to £14,967 (2016: £17,105).
The total remuneration of eight key management personnel, including employer national insurance and pension contributions, was £961,150 (2016: 10, £992,580).
The salary of the Chief Executive was £115,513 (2016: £109,465). The Chief Executive did not receive any pension contributions in 2017 (2016: £5,473).

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 extend that such income or gains are applied exclusively to charitable purposes. Country Offices are subject to local tax regulations.

7 Expenditure

The expenditure figures are stated after charging:

	2017	2016
	£000s	£000s
Operating lease rentals	601	537
Depreciation	119	121
Auditors' remuneration:		
Audit of these financial statements	73	75
Amounts receivable by the company's auditor in respect of audit-related assurance services	115	70
Taxation compliance services	14	9
Trustees' reimbursed expenses	6	7

Trustees' reimbursed expenses represents the travel and subsistence costs relating to attendance at meetings of the trustees and overseas field trips for two trustees (2016: 2). Trustees are not remunerated.

8 Statement of Funds

		As at 1 April 2016 £000s	Total Income £000s	Total Expenditure £000s	Inter-fund Transfers £000s	As at 31 March 2017 £000s
	Restricted Funds					
1	Guide Policies	-	45	(45)	-	-
2	Preventive Treatment	-	27,093	(23,114)	-	3,978
3	Vector Control	-	11,760	(11,760)	-	-
4	Case Management	-	7,429	(7,338)	-	91
5	Health Systems	-	2,683	(2,683)	-	-
		-	49,010	(44,940)	-	4,069
	Unrestricted funds - Free reserves	5,913	6,254	(5,900)	(950)	5,318
	Unrestricted funds - Designated funds	233	(233)	-	950	950
	Total funds	6,146	55,031	(50,840)	-	10,337

The balance of designated reserves as at 1, April 2016 of £233k for work in neglected tropical diseases was released to free reserves during 2017. The transfer of £950k in 2017 from free reserves to designated funds is to provide against future exchange losses.

Purpose of Restricted Funds

1 To guide international and national policies and strategies to enhance control and accelerate elimination of targeted diseases and malnutrition.

2 To reach at least 10 million people with preventive treatment by supporting the appropriate uptake of emerging vaccines and drug-based prevention approaches.

3 To engage in at-scale delivery of effective vector control interventions and develop, investigate, promote and implement novel, vector-focused approaches that reduce disease transmission.

4 To improve access to, and the quality of, services for the diagnosis and treatment of diseases and/or those that enhance child and maternal health.

5 To improve health system effectiveness and efficiency, through enhanced surveillance, respose, referral, reporting, and capacity and market development.

Each restricted fund represents several separate projects funded by different donors who are listed in note 2 on page 22 and further details of these project funds is given below.

Purpose of Designated Funds

The designated funds are to provide against future exchange losses.

8 Statement of Funds (continued)

Further analysis of restricted funds by project is shown below:

Restricted Funds	As at 1 April 2016 £000s	Total Income £000s	Total Expenditure £000s	Inter-fund Transfers £000s	As at 31 March 2017 £000s
ACCESS SMC	-	23,114	(23,114)	-	-
SMC	-	3,978	-	-	3,978
SuNMaP	-	77	(77)	-	-
MAPS	-	1,171	(1,171)	-	-
Malaria Prevention and Control GF	-	3,009	(3,009)	-	-
Tororo	-	245	(245)	-	-
Regional Artemisinin Initiative	-	176	(176)	-	-
Evaluation of Spatial Repellents	-	67	(67)	-	-
RAI-ICC2	-	506	(506)	-	-
Residual Malaria Transmission	-	150	(150)	-	-
Malaria Action Program for Districts	-	1,835	(1,835)	-	-
2nd Universal Coverage Campaign LLINs	-	4,524	(4,524)	-	-
Private Sector Market for RDTs	-	83	(83)	-	-
Rapid Access Evaluation	-	458	(458)	-	-
ICCM+NBEG	-	1,377	(1,377)	-	-
Severe Malaria	-	290	(290)	-	-
Pneumonia Diagnostics	-	127	(127)	-	-
RACE Nigeria	-	1,063	(1,063)	-	-
Integrated Community based Interventions	-	84	(84)	-	-
ICCM + MNC	-	698	(698)	-	-
Scaling Up for Universal Coverage	-	1,003	(1,002)	-	2
Strengthening Healthcare in Iyolwa	-	257	(257)	-	-
Nutrition Programme in NBeG	-	0	(0)	-	-
Sustained Scale-up Malaria Elimination	-	596	(596)	-	-
ICCM in Aweil North County	-	84	(84)	-	-
SAM in Aweil West and Centre Counties	-	868	(779)	-	89
ARIDA Protocol and Field Trials Services	-	123	(123)	-	-
CCM of Chest Indrawing Pneumonia	-	175	(175)	-	-
ICCM Myanmar Pilot Extension	-	17	(17)	-	-
Strengthening an integrated iCCM Pilot	-	125	(125)	-	-
COMDIS HSD	-	170	(170)	-	-
Containment & Elimination of Plasmodium	-	314	(314)	-	-
Immerse	-	62	(62)	-	-
Myanmar Malaria Indicator Survey	-	434	(434)	-	-
IVM for Control of Dengue Transmission	-	146	(146)	-	-
TRAction	-	239	(239)	-	-
SMMES of Ethiopia Program	-	36	(36)	-	-
mHealth Systems Strenthening	-	296	(296)	-	-
mHealth System Strengthening (Cabo Del)	-	346	(346)	-	-
Health Pooled Fund (2) Lot 11	-	596	(596)	-	-
EPS for VMW Payment Scheme	-	25	(25)	-	-
Transform: Primary Health Care	-	20	(20)	-	-
Other Projects	-	45	(45)	-	-
Total restricted funds	-	49,010	(44,940)	-	4,069
Unrestricted funds - Free reserves	5,913	6,254	(5,900)	(950)	5,318
Unrestricted funds - Designated funds	233	(233)	-	950	950
Total funds	6,146	55,031	(50,840)	-	10,337

9 Fixed assets

	Intangible Assets	Tangible Assets				
	Software Applications £000s	Land and Buildings £000s	Office Equipment £000s	Furniture & Fixtures £000s	Motor Vehicles £000s	Total £000s
Cost						
At 1 April 2016	167	542	160	100	761	1,563
Additions	-	-	-	-	68	68
Disposals	-	-	(9)	-	(82)	(91)
At 31 March 2017	167	542	151	100	747	1,540
Depreciation						
At 1 April 2016	(148)	(116)	(142)	(88)	(637)	(983)
Charge for the period	(9)	(27)	(8)	(8)	(67)	(110)
Disposals	-	-	9	-	82	91
At 31 March 2017	(157)	(143)	(141)	(96)	(622)	(1,002)
At 31 March 2017	9	399	10	4	125	539
At 31 March 2016	19	426	18	12	124	580

10 Stock

	2017 £000s	2016 £000s
Commodities	2	-
Medical Supplies	89	-
	91	-

11 Debtors

	2017 £000s	2016 £000s
Amounts due from donors	6,944	3,287
Other debtors	812	2,440
Prepayments	212	201
	7,968	5,927

12 Creditors

Creditors: amounts falling due within one year	2017 £000s	2016 £000s
Trade creditors	715	779
Other creditors	4,758	190
Taxation and social security	308	137
Accruals	1,920	1,773
Deferred income (note 14)	14,259	4,775
	21,958	7,654

Pension contributions were made during the year to defined contribution schemes in Ethiopia, South Sudan, Uganda and the UK. As at 31 March 2017, there were £129k (2016: £11k) of outstanding contributions to such schemes, that are included in Other creditors above.

13 Provisions for Liabilities

	Overseas tax £000s	Staff costs £000s	Grants £000s	2017 Total £000s	2016 Total £000s
At the beginning of the year	384	110	228	722	427
Utilised during the year	(167)	(94)	(66)	(327)	(107)
Charged to the SoFA for the year	28	267	-	295	402
As at 31 March 2017	245	283	162	690	722

The provision for overseas tax relates to obligations in countries where Malaria Consortium is operating or has operated in the past. The staff provision includes amounts for severance payments on contract completion and an entomology scholarship. Other potential liabilities through grants not yet realised but may become payable. It is expected that Malaria Consortium will settle these obligations within the next five years.

14 Deferred Income

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

	2017 £000s	2016 £000s
Deferred income at 1 April	4,775	12,157
Incoming resources deferred in the year	58,611	29,149
Amounts released from previous and current year	(49,127)	(36,531)
	14,259	4,775

15 Operating lease commitments - land and buildings

	2017 £000s	2016 £000s
The amount payable on leases expiring:		
Within 1 year	213	376
Between 2 -5 years	1	46
	214	422

16 Analysis of net assets between funds

	Restricted funds 2017 £000s	Unrestricted funds 2017 £000s	Total funds 2017 £000s	Total Unrestricted funds 2016 £000s
Fixed Assets	-	548	548	599
Net Current assets less provisions	4,069	5,720	9,789	5,547
	4,069	6,268	10,337	6,146

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 7.