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INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

Quarterly Financial Report

For the period ending
30 September 2016

Canada

Putting research to work

IDRC funds practical research in developing countries to increase prosperity and security, and to foster democracy and the rule of law, in support of Canada's international development efforts. We promote growth and development and encourage sharing knowledge with policymakers, other researchers, and communities around the world. The result is innovative, lasting solutions that aim to bring change to those who need it most.

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Introduction

This Management's Discussion and Analysis (MD&A) outlines the financial results and corporate updates of the International Development Research Centre (the Centre) for the quarter ended 30 September 2016. This report was prepared as required under section 131.1 of the *Financial Administration Act* and is in compliance with the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada.

The financial information contained herein, as well as the unaudited condensed interim financial statements, were prepared in accordance with the recognition and measurement standards applicable under International Financial Reporting Standards (IFRS). All monetary amounts are in Canadian dollars. The Centre recommends that this report be read in conjunction with the unaudited condensed interim financial statements (beginning on page 11). Disclosures and information presented in the *Annual Report 2015-2016* apply to the current quarter unless otherwise indicated.

Performance

FIGURE 1: FINANCIAL HIGHLIGHTS
(for the six months ended 30 September)

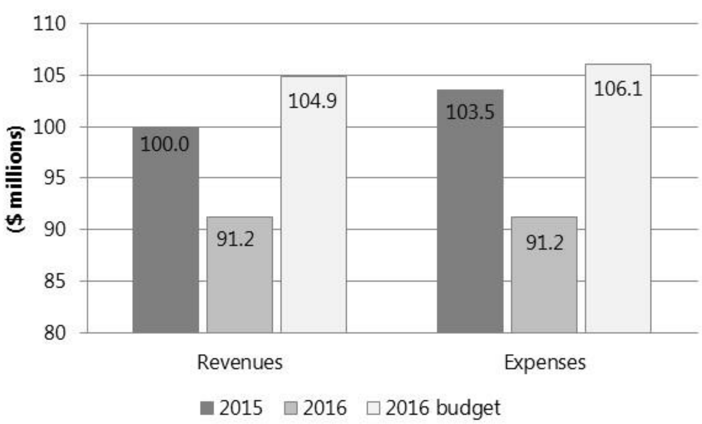


TABLE 1: FINANCIAL HIGHLIGHTS

($000)	For the six months ended 30 September Actual 2015	Actual 2016	Year-over-year % change	Budget 2016-2017
Revenues	31 492	32 672	3.7%	81 824
Expenses	103 524	91 203	(11.9%)	231 693
Cost of operations	(72 032)	(58 531)	18.7%	(149 869)
Parliamentary appropriation*	68 500	58 500	(14.6%)	149 206
Net results of operations	**(3 532)**	**(31)**	**99.1%**	**(663)**

* While this mirrors the actual presentation in the financial statements, the Parliamentary appropriation is considered as revenue throughout this MD&A.

Consolidated overview
Revenues

TABLE 2: REVENUES

($000)	For the quarter ended 30 September 2015 Actual	2016 Budget	2016 Actual	Year-over-year % change	For the six months ended 30 September 2015 Actual	2016 Budget	2016 Actual	Year-over-year % change	Budget 2016-2017
Parliamentary appropriation	30 000	47 499	34 500	15.0%	68 500	67 499	58 500	(14.6%)	149 206
Donor contributions	8 051	12 111	15 947	98.1%	30 337	37 148	32 242	6.3%	81 353
Interest and investment income	37	38	38	2.7%	89	76	82	(7.9%)	152
Other income	1 033	53	619	(40.1%)	1 066	134	348	(67.4%)	319
Total revenues	**39 121**	**59 701**	**51 104**	**30.6%**	**99 992**	**104 857**	**91 172**	**(8.8%)**	**231 030**

The Centre derives its revenues from a Parliamentary appropriation, donor contributions, and other sources.

During the six months ended 30 September 2016, the total **Parliamentary appropriation** received decreased by 14.6% to $58.5 million from $68.5 million for the same period in 2015-2016 (see Table 2). The Centre's **recurring** portion of the Parliamentary appropriation for the six months ended 30 September remained stable with only a slight decrease of $0.2 million (0.4%) compared to the same period last year (see Table 3). The decrease of $9.8 million (76.5%) in the actual year-to-date **non-recurring** Parliamentary appropriation relates to the Development Innovation Fund for Health (DIF-H).

TABLE 3: PARLIAMENTARY APPROPRIATION

($000)	For the six months ended 30 September Actual 2015	Actual 2016	Year-over-year % change	Budget 2016-2017
Recurring portion	55 716	55 500	(0.4%)	136 006
Non-recurring portion	12 784	3 000	(76.5%)	13 200
Appropriation received and recognized	**68 500**	**58 500**	**(14.6%)**	**149 206**
Appropriation available for drawdown	114 978	90 706	(21.1%)	-

Table 4 shows how the Parliamentary appropriation was used in 2016-2017, during the period ending 30 September 2016.

TABLE 4: USE OF THE PARLIAMENTARY APPROPRIATION

($000)	For the six months ended 30 September Actual 2015	Actual 2016	Budget 2016-2017
Total expenses	**103 524**	**91 203**	**231 693**
Minus:			
Donor-funded expenses	30 337	32 242	81 353
	73 187	58 961	150 340
Replenishment (reduction) of financial reserve	(368)	(694)	(700)
Appropriation used for purchase of property, equipment, and intangibles	(1 025)	(591)	1 900
Total funding requirement	**71 794**	**57 676**	**151 540**
Parliamentary appropriation	68 500	58 500	149 206
Unused (shortfall) appropriation	**(3 294)**	**824**	**(2 334)**

For the period ended 30 September 2016, the Parliamentary appropriation exceeded the total funding requirement by $0.8 million or 1.4%. This difference is not material and is being factored in future drawdown requests. The projected $2.3 million shortfall for financial year 2016-2017 in Table 4 will be covered by the 31 March 2016 unrestricted equity (see Table 8) as well as by revenue sources other than the Parliamentary appropriation.

In the second quarter, **donor contribution revenues** increased 98.1% year-over-year (see Table 2). For the six months ended 30 September 2016, donor contributions increased by $1.9 million from $30.3 million to $32.2 million in the same period in 2015-2016. Donor contributions, always received in advance, are recognized as revenue when the related expenses are incurred. The variance between the year-to-date budget and the actual is in many respects inherent to the budget process, research project disbursements, especially in large complex multi-year programs, not taking place at the time foreseen when the budget was prepared several months ago. Even though it is inherently difficult to predict the timing of disbursements within the year, the Centre’s financial model predicts total annual disbursements fairly accurately.

Expenses

Management tracks expenses under two main headings: development research programming and corporate and administrative services.

TABLE 5: EXPENSES

($000)	For the quarter ended 30 September 2015 Actual	2016 Budget	2016 Actual	Year-over-year % change	For the six months ended 30 September 2015 Actual	2016 Budget	2016 Actual	Year-over-year % change	Budget 2016-2017
Development research programming									
Research projects funded by Parliamentary appropriation	16 734	33 931	19 363	15.7%	47 366	42 072	33 662	(28.9%)	97 514
Research projects funded by donor contributions	6 251	9 295	13 206	111.3%	25 449	30 789	26 724	5.0%	67 827
Enhancing research capabilities and research complements	10 247	11 974	11 132	8.6%	20 574	23 991	21 645	5.2%	47 876
	33 232	**55 200**	**43 701**	**31.5%**	**93 389**	**96 852**	**82 031**	**(12.2%)**	**213 217**
Corporate and administrative services	**5 081**	**4 602**	**4 708**	**(7.3%)**	**10 135**	**9 214**	**9 172**	**(9.5%)**	**18 476**
Total expenses	**38 313**	**59 802**	**48 409**	**26.4%**	**103 524**	**106 066**	**91 203**	**(11.9%)**	**231 693**

The **research project expenses funded by Parliamentary appropriation** are lower than targeted for the six months and lower than actuals for the same period last year. The year-over-year decrease is attributable to Development Innovation Fund for Health (DIF-H) expenses (see Table 6) and variations in the timing of project expenses from year-to-year.

TABLE 6: RESEARCH PROJECTS FUNDED BY PARLIAMENTARY APPROPRIATION

	For the six months ended 30 September 2015 Actual	2016 Budget	2016 Actual	Year-over-year % change	Budget 2016-2017
Research projects	36 018	37 022	31 662	(12.1%)	87 012
Development Innovation Fund for Health	11 348	5 050	2 000	(82.4%)	10 502
Total funded by Parliamentary appropriation	**47 366**	**42 072**	**33 662**	**(28.9%)**	**97 514**

Table 6 expands further on the research projects funded by the Parliamentary appropriation line in Table 5. The variance on research projects as at 30 September is largely the result of project remittances on research projects occurring later than forecasted. At this time, it is expected that the budget variance in research project expenses will diminish over the course of the next quarter and should stabilize during the remainder of the year. It should be noted that the Development Innovation Fund is in its final year and activities the Centre supports are winding up, hence the lower rate of expenses.

Actual expenses on research projects funded by donor contributions exceeded the target for the quarter ended 30 September 2016 but remain lower than the expected year-to-date budget due to a slower-than-anticipated payment pattern on a few large multi-year programs. The donor contribution revenue and the expense budget are being revised to reflect the most current information available. The year-over-year increase was anticipated and is reflected in this year's budget, which is higher than the 2015-2016 actuals.

The **expenses for enhancing research capabilities and research complements** for the six months compared to the same period last year are higher by $1.1 million due to higher expenses funded by donor contributions. The lower expenses compared to budget are mainly the result of staffing vacancies and less spending on travel (given the many vacancies in program positions).

For both the second quarter and in the six months ended 30 September 2016, there was a decrease in **corporate and administrative services** actual expenses as compared to 2015-2016. This is the direct consequence of the 2015-2016 implementation of an internal, multi-office shared resources services model in the areas of financial administration, information technology support, human resources management, and management of grant administration. The cumulative variance against the budget is minimal (0.5%, see Table 5).

Financial position

TABLE 7: SUMMARY OF ASSETS AND LIABILITIES

($000)	September 2016	March 2016	% change
Current assets	72 070	79 481	(9.3%)
Non-current assets	9 708	9 810	(1.0%)
Total assets	**81 778**	**89 291**	**(8.4%)**
Current liabilities	53 248	62 977	(15.4%)
Non-current liabilities	10 722	8 475	26.5%
Total liabilities	**63 970**	**71 452**	**(10.5%)**

Total **assets** at 30 September 2016 decreased by 8.4% (from $89.3 million to $81.8 million) as compared to 31 March 2016. The decrease in current assets is mostly resulting from lower investments (see Summary of Cash Flows in Table 9) partly reduced by higher cash relating to donor contributions. The decrease in the Centre's current assets is directly linked to the decrease in current liabilities. This is considered normal as it demonstrates that the utilization of current assets resulted in the settlement of current liabilities.

Total **liabilities** decreased by 10.5% (from $71.5 million to $64.0 million) compared to 31 March 2016. Although deferred revenue liabilities for projects and programs funded by donor contributions increased (i.e. advances received or receivable, see note 5 to the financial statements), fewer accounts payable and lower accrued liabilities resulted in an overall decrease in current liabilities.

TABLE 8: EQUITY

($000)	For the six months ended 30 September 2015 Actual	2016 Budget	2016 Actual	Year-over-year % change	Budget 2016-2017
Unrestricted	888	(939)	2 602	193.0%	554
Internally restricted	1 125	1 123	1 135	0.9%	1 123
Net investments in capital assets	9 578	9 720	9 708	1.4%	9 470
Reserved	5 402	4 780	4 363	(19.2%)	4 080
Total equity	**16 993**	**14 684**	**17 808**	**4.8%**	**15 227**

The **internally restricted** equity for special programs and operational initiatives is nearly the same as it was at the beginning of the financial year. Internally restricted equity is entirely dedicated to the funding in perpetuity of the John G. Bene Fellowship Award in Social Forestry.

The $9.7 million **net investment in capital assets** segregates the portion of the equity representing the Centre's net investments in capital assets. That portion of the accumulated surplus matches the value of property, equipment and intangible assets as stated in the statement of financial position.

The **reserved** equity at 30 September 2016 is 19.2% lower than at the close of the same period in 2015-2016. The reserved equity sets aside 3% of the recurring portion of the annual Parliamentary appropriation (of $136.0 million) to buffer fluctuations in program spending beyond budgeted levels. At this time, the reserve also includes $0.3 million for the modification of ancillary systems that were connected to the recently replaced Enterprise Resources Planning (ERP) system. This portion of the reserve is being drawn down as ancillary systems are modified or replaced.

The **unrestricted** equity represents the residual balance of equity after the allotments to internally restricted and reserved equity. This balance reflects all variances described in the previous Revenues and Expenses sections. The planned accumulation under unrestricted equity at year-end is normally less than $1.0 million.

Cash flows

TABLE 9: SUMMARY OF CASH FLOWS

($000)	For the quarter ended 30 September Actual 2015	Actual 2016	Year-over-year change	For the six months ended 30 September Actual 2015	Actual 2016	Year-over-year change
Net results of operations	808	2 695	1 887	(3 532)	(31)	3 501
Changes in items other than cash and cash equivalents	10 591	16 266	5 675	(5 294)	(5 820)	(526)
Cash flows from (used in) operating activities	**11 399**	**18 961**	**7 562**	**(8 826)**	**(5 851)**	**2 975**
Purchase of investments	(5 082)	(4 010)	1 072	(15 041)	(4 010)	11 031
Maturity of investments	-	8 932	8 932	9 958	14 936	4 978
Other	(621)	(337)	284	(1 025)	(591)	434
Cash flows from (used in) investing activities	**(5 703)**	**4 585**	**10 288**	**(6 108)**	**10 335**	**16 443**
Increase (decrease) in cash and cash equivalents	**5 696**	**23 546**	**17 850**	**(14 934)**	**4 484**	**19 418**
Cash and cash equivalents, beginning of period	**28 982**	**38 484**	**9 502**	**49 612**	**57 546**	**7 934**
Cash and cash equivalents, end of period	**34 678**	**62 030**	**27 352**	**34 678**	**62 030**	**27 352**

For the six months ended 30 September 2016, **operating activities** decreased cash and cash equivalents by $5.8 million. This decrease in liquidities reflects an increase in deferred revenue relating to donor contributions as well as a reduction in accounts payable and accrued liabilities that is normal at this point in the year.

The cash flows from **investing activities** for the six months ending 30 September 2016 increased by $10.3 million because of the maturity of investments, which can be seen on the condensed interim statement of cash flows on page 15. It should be noted that the bulk of the cash and investments held at 30 September 2016 are related to the deferred revenue originating from donor contribution advances received.

Corporate developments

There have not been any material changes during the second quarter.

Risk management

There have not been any material changes to the risks identified in the "Management's Discussion and Analysis" section in the *Annual Report 2015-2016* posted on the Centre's website.

Outlook

The remaining aspects of the context in which the Centre operates have not changed since the last report.

Unaudited condensed interim financial statements

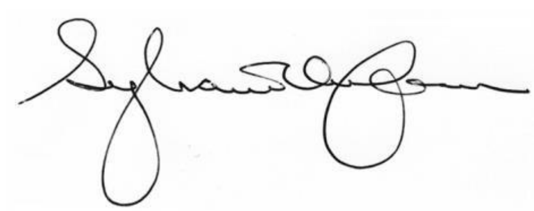
Statement of management responsibility

Management is responsible for the preparation and fair presentation of these condensed quarterly financial statements, which, we confirm, have been prepared in accordance with the International Accounting Standard 34 (*Interim Financial Reporting*) and the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada.

Management has implemented internal controls that aim to keep condensed quarterly financial statements free from material misstatements. Management is also responsible for ensuring that all other information in the condensed quarterly financial report for the period ending 30 September 2016 is consistent, where appropriate, with the condensed quarterly financial statements that follow.

Based on our knowledge, these unaudited condensed quarterly financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Centre, as at the date of, and for the periods presented in, the condensed quarterly financial statements.

Jean Lebel, PhD
President



Sylvain Dufour, Eng., CPA, CMA, MSc
Vice-President, Resources, and CFO

Ottawa, Canada
16 November 2016

Condensed Interim Statement of Financial Position

(in thousands of Canadian dollars)
as at

	30 September 2016	31 March 2016
	(unaudited)	(audited)
Assets		
Current		
Cash and cash equivalents	62 030	57 546
Investments	3 958	14 989
Accounts receivable and prepaid expenses	6 082	6 946
	72 070	79 481
Non-current		
Property and equipment	5 927	6 479
Intangible assets	3 781	3 331
	81 778	**89 291**
Liabilities		
Current		
Accounts payable and accrued liabilities	11 431	31 841
Deferred revenue (Note 5)	41 817	31 136
	53 248	62 977
Non-current		
Deferred revenue (Note 5)	7 118	5 027
Employee benefits	3 604	3 448
	63 970	71 452
Equity		
Unrestricted	2 602	1 843
Internally restricted	1 135	1 129
Net investments in capital assets	9 708	9 810
Reserved	4 363	5 057
	17 808	17 839
	81 778	**89 291**

Commitments (Note 8)
Contingencies (Note 9)

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Comprehensive Income *(unaudited)*

(in thousands of Canadian dollars)

	For the quarter ended 30 September		For the 6 months ended 30 September	
	2016	**2015**	**2016**	**2015**
Revenues				
Donor contributions (Note 6)	15 947	8 051	32 242	30 337
Investment and other income	657	1 070	430	1 155
	16 604	9 121	32 672	31 492
Expenses				
Development research programming (Note 10)				
Research projects funded by Parliamentary appropriation	19 363	16 734	33 662	47 366
Research projects funded by donor contributions	13 206	6 251	26 724	25 449
Enhancing research capabilities and research complements	11 132	10 247	21 645	20 574
	43 701	33 232	82 031	93 389
Corporate and administrative services (Note 10)				
Corporate services	4 440	4 276	8 646	8 543
Regional office administration	268	805	526	1 592
	4 708	5 081	9 172	10 135
Total expenses	**48 409**	**38 313**	**91 203**	**103 524**
Cost of operations before Parliamentary appropriation	(31 805)	(29 192)	(58 531)	(72 032)
Parliamentary appropriation (Note 7)	34 500	30 000	58 500	68 500
Net results of operations	**2 695**	**808**	**(31)**	**(3 532)**

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Changes in Equity

(unaudited)

(in thousands of Canadian dollars)

	For the quarter ended 30 September		For the 6 months ended 30 September	
	2016	**2015**	**2016**	**2015**
Unrestricted equity				
Beginning of period	(231)	(36)	1 843	4 114
Net results of operations	2 695	808	(31)	(3 532)
Transfers from other classes of equity	138	116	790	306
Balance end of period	2 602	888	2 602	888
Internally restricted equity				
Beginning of period	1 132	1 123	1 129	1 123
Net increase	3	2	6	2
Balance end of period	1 135	1 125	1 135	1 125
Net investments in capital assets				
Beginning of period	9 613	9 439	9 810	9 518
Net increase	95	139	(102)	60
Balance end of period	9 708	9 578	9 708	9 578
Reserved equity				
Beginning of period	4 598	5 659	5 057	5 770
Net decrease	(235)	(257)	(694)	(368)
Balance end of period	4 363	5 402	4 363	5 402
Equity, end of period	**17 808**	**16 993**	**17 808**	**16 993**

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Cash Flows

(unaudited)

(in thousands of Canadian dollars)

	For the quarter ended 30 September		For the 6 months ended 30 September	
	2016	**2015**	**2016**	**2015**
Operating activities				
Net results of operations	2 695	808	(31)	(3 532)
Items not affecting cash				
Amortization and depreciation of property and equipment and intangible assets	242	481	692	964
Amortization of bond premium	106	10	106	11
Employee benefits	126	(61)	156	(159)
	474	430	954	816
Change in non-cash operating items				
Accounts receivable and prepaid expenses	44 333	(10 889)	863	(7 424)
Accounts payable and accrued liabilities	(12 240)	(834)	(20 409)	(12 291)
Deferred revenue	(16 301)	21 884	12 772	13 605
	15 792	10 161	(6 774)	(6 110)
Cash flows from (used in) operating activities	**18 961**	**11 399**	**(5 851)**	**(8 826)**
Investing activities				
Purchase of investments	(4 010)	(5 082)	(4 010)	(15 041)
Maturity of investments	8 932	—	14 936	9 958
Acquisition of property and equipment and intangible assets	(337)	(621)	(591)	(1 025)
Cash flows from (used in) investing activities	**4 585**	**(5 703)**	**10 335**	**(6 108)**
Increase (decrease) in cash and cash equivalents	**23 546**	**5 696**	**4 484**	**(14 934)**
Cash and cash equivalents, beginning of period	**38 484**	**28 982**	**57 546**	**49 612**
Cash and cash equivalents, end of period	**62 030**	**34 678**	**62 030**	**34 678**
Composition of cash and cash equivalents				
Cash	62 030	34 678	62 030	34 678
Cash equivalents	—	—	—	—
	62 030	**34 678**	**62 030**	**34 678**

The accompanying notes form an integral part of these condensed interim financial statements.

Notes to the Condensed Interim Financial Statements *(unaudited)*

For the period ended 30 September 2016
(in thousands of Canadian dollars unless otherwise stated)

1. Corporate information

The International Development Research Centre (the Centre), a Canadian Crown corporation without share capital, was established in 1970 by the Parliament of Canada through the *International Development Research Centre Act*. The Centre is a registered charity and is exempt under section 149 of the *Income Tax Act* from the payment of income tax.

2. Authority and objective

The Centre is funded primarily through an annual appropriation received from the Parliament of Canada. In accordance with section 85(1.1) of the *Financial Administration Act*, the Centre is exempt from Divisions I to IV of Part X of the Act, except for sections 89.8 to 89.92, subsection 105(2) and sections 113.1, 119, 131 to 148 and 154.01.

The objective of the Centre is to initiate, encourage, support, and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical, and other knowledge to the economic and social advancement of those regions.

3. Basis of preparation

The condensed interim financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand except when otherwise indicated.

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34 *Interim financial reporting* based on recognition and measurement standards applicable under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the *Standard on Quarterly Financial Reports for Crown Corporations* as issued by the Treasury Board of Canada. These statements have not been audited or reviewed by the Centre's external auditors.

The condensed interim financial statements were prepared on the basis of historical cost unless otherwise indicated and do not include all the information and disclosures required for full annual financial statements. The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Centre's annual financial statements as at 31 March 2016. The present interim statements should be read in conjunction with the Centre's audited financial statements as at 31 March 2016.

The Centre's operations consist of building the capacity for self-reliance in research in the developing regions of the world. It receives most of its funding from the Parliament of Canada. Parliamentary revenue is recognized when it is received or receivable, whereas donor contributions are recognized when expended for their intended purpose. The Centre's operations are seasonal. Most of the development research programming expenses are driven by several different cycles (academic, climatic, and agricultural) and tend not to be evenly distributed during the year.

4. New and revised accounting standards

(a) New standards, amendments, and interpretations

The following amendment and improvements to IFRS were issued by the IASB requiring mandatory adoption in the first quarter of 2016-2017:

Amendment to IAS 1 – Presentation of financial statements – Disclosure initiative - - The IASB issued amendments to IAS 1 that provide additional guidance to help entities apply judgment when meeting the presentation and disclosure requirements in IFRS. The amendments clarify that materiality applies to the whole financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments clarify that entities should use professional judgment in determining where and in what order information is presented in the financial statements. The adoption of these amendments had no material impact on the Centre's financial reporting.

Annual Improvements to IFRS – 2012–2014 Cycle – In September 2014, the IASB issued annual improvements covering several standards and topics as follows: IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations clarifies the accounting for changes in methods of disposal; IFRS 7 – Financial Instruments: Disclosures clarifies the application of the disclosure requirements to servicing contracts and addresses the applicability of the offsetting amendments to IFRS 7 to condensed interim financial statements; IAS 19 – Employee Benefits clarifies the requirements to determine the discount rate in a regional market sharing the same currency; and IAS 34 – Interim Financial Reporting clarifies the meaning of disclosure of information elsewhere in the interim financial report. The adoption of these annual improvements had no impact on the interim condensed financial statements.

(b) Standards, amendments and interpretations not yet in effect

The following standards and amendments issued by the IASB have not been early adopted and have been assessed as having a possible effect on the Centre in the future. The Centre is currently assessing the impact of these standards and amendments on its financial statements, therefore the impact is not known at this time:

IFRS 9 – Financial Instruments – The final version of this new standard was issued by the IASB in July 2014. This standard largely retains the classification and measurement requirements and new hedge accounting model included in earlier versions, while introducing a single forward-looking expected credit loss impairment model. This version is effective for reporting periods beginning on or after 1 January 2018 and is to be applied retrospectively. Early application is permitted.

IFRS 15 – Revenue from Contracts with Customers — This new standard, issued by the IASB in May 2014, establishes a comprehensive framework for the recognition, measurement, and disclosure of revenue. This new framework will replace existing revenue recognition guidance in IFRS. IFRS 15 was amended in the current year to provide for a one-year deferral in the effective date. IFRS 15 is to be applied for annual periods beginning on or after 1 January 2018, using one of the following methods: retrospective or modified retrospective with the cumulative effect of initially applying the standard as an adjustment to opening equity at the date of initial application. Early application is permitted.

IFRS 16 – Leases — This new standard issued by the IASB in January 2016 will replace IAS 17 – Leases. For lessees, IFRS 16 eliminates the classification of leases as either operating or financing leases that exist under IAS 17, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. This standard is effective for reporting periods beginning on or after 1 January 2019. IFRS 16 is to be applied retrospectively, using either a full retrospective approach or a modified retrospective approach. Early application is permitted, but only if IFRS 15 has also been adopted.

5. Deferred revenue

Deferred revenue includes the unspent portion of funds received or receivable on donor contribution activities.

	30 September 2016	**31 March 2016**
Donor contribution funding for development research programs		
Current	41 817	31 136
Non-current	7 118	5 027
	48 935	**36 163**

6. Donor contributions

Donor contribution funding for development research programs relates specifically to research projects conducted or managed by the Centre on behalf of other organizations. A breakdown of the revenue and expense recognition for donor contributions is provided below.

	For the quarter ended 30 September		For the 6 months ended 30 September	
	2016	**2015**	**2016**	**2015**
Department for International Development (UK)	7 781	3 917	15 136	16 438
Global Affairs Canada (previous DFATD)	5 353	2 211	7 921	4 891
The William and Flora Hewlett Foundation	1 017	722	5 465	4 365
Australian Centre for International Agriculture Research	607	263	1 274	1 637
Bill & Melinda Gates Foundation	269	92	974	596
Norwegian Agency for Development Cooperation	261	112	653	650
World Bank	614	560	639	1 323
Other donor agencies	45	174	180	437
	15 947	**8 051**	**32 242**	**30 337**

7. Parliamentary appropriation

	For the quarter ended 30 September		For the 6 months ended 30 September	
	2016	**2015**	**2016**	**2015**
Annual Parliamentary appropriation	149 206	183 478	149 206	183 478
Appropriation recognized in the statement of comprehensive income	(34 500)	(30 000)	(58 500)	(68 500)
Annual appropriation available for future drawdown			**90 706**	**114 978**

8. Commitments

a. Research project-related

The Centre is committed to making payments of up to $239.5 million (31 March 2016: $253.8 million) during the next five years, subject to funds being provided by Parliament or donors and to compliance by recipients with the terms and conditions of their grant agreements. Of this amount, $144.5 million (31 March 2016: $139.5 million) is expected to be funded from future Parliamentary appropriations and the balance of $95.0 million (31 March 2016: $114.3 million) from donor contribution agreements.

	30 September 2016	**31 March 2016**
Within one year	122 135	125 316
After one year, but not more than five	117 345	128 489
Total future payments	**239 480**	**253 805**

b. Other

The Centre has entered into various agreements for leases of office premises and contractual obligations for goods and services in Canada and abroad. Agreements expire at different dates up to 2023. Future payments related to these commitments as at 30 September 2016 are as follows:

	30 September 2016	**31 March 2016**
Within one year	9 628	8 095
After one year, but not more than five	27 431	30 304
More than five years	7 447	11 973
Total future payments	**44 506**	**50 372**

9. Contingencies

Various claims have been asserted or instituted against the Centre. Based on the advice of legal counsel, management does not expect the outcome of any of these proceedings to have a material effect on the statement of financial position or on the statement of comprehensive income.

10. Schedule of expenses

	For the quarter ended 30 September		For the 6 months ended 30 September	
	2016	2015	2016	2015
Development research programming				
Contribution to research projects	31 558	22 047	59 019	70 954
Core salaries and benefits	6 300	6 083	12 344	12 251
Co-funded project salaries and benefits[a]	1 717	1 518	3 262	2 774
Accommodations	1 049	1 027	1 990	2 077
Professional services	1 086	902	1 523	1 467
Travel	362	442	1 289	1 192
Co-funded project expenses[a]	774	402	1 261	772
Amortization and depreciation	302	317	605	636
Meetings and conferences	57	125	103	498
Other	496	369	635	768
	43 701	**33 232**	**82 031**	**93 389**
Corporate and administrative services				
Salaries and benefits	2 847	3 312	5 822	6 398
Accommodations	521	620	1 070	1 227
Office supplies and expenses	213	310	631	566
Professional services	369	211	473	335
Furniture, equipment, and maintenance	253	138	315	388
Amortization and depreciation	147	164	294	328
Travel	153	81	226	155
Other	205	245	341	738
	4 708	**5 081**	**9 172**	**10 135**
Total expenses	**48 409**	**38 313**	**91 203**	**103 524**

[a] Includes all costs directly related to the development of research capabilities in co-funded projects and programs. These represent total expenses for the quarter of $2 491 (30 September 2015: $1 920) and for the six months $4 523 (30 September 2015: $3 546).

11. Reclassification

On the statement of comprehensive income, research complements that used to be reported separately in prior years has been reclassified. Expenses associated with enhancing research capabilities and research complements were consolidated.

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