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INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

Quarterly Financial Report

For the period ending
31 December 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

The 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 31 December 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.

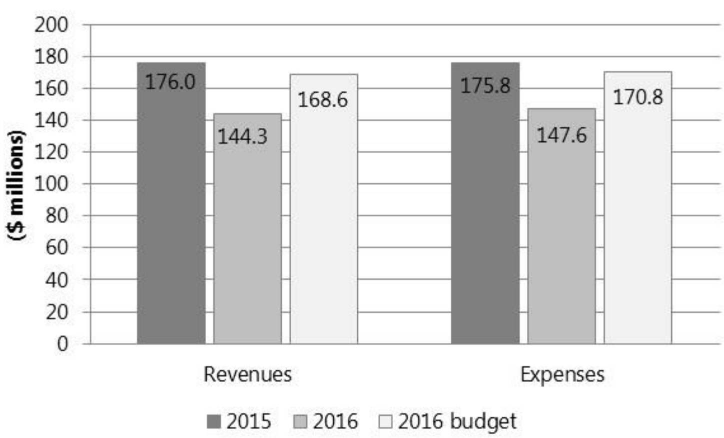
The financial information contained herein, as well as the unaudited condensed interim financial statements, were prepared in accordance with the recognition and measurement standards applicable under International Financial Reporting Standards (IFRS). All monetary amounts are in Canadian dollars. The 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.

2016-2017 Revised budget

The Board of Governors approved the 2016-2017 budget prior to the beginning of the financial year. It served as the basis for the budget amounts presented in the *Annual Report 2015-2016*. The original budget was revised in October to reflect the most current information available. The decrease in budgeted revenues was mainly due to revised donor contribution estimates. The expenses budget was also adjusted to reflect changes in research project expenses funded by Parliamentary appropriation and funded by donor contributions.

Performance

FIGURE 1: FINANCIAL HIGHLIGHTS
(for the nine months ended 31 December)



Both revenues and expenses lag relative to budget. Timing of actuals did not correspond with assumptions, but most will be recovered by year end.
The timing difference is exacerbated by a scheduled decrease in appropriation relative to the previous year (2015).

TABLE 1: FINANCIAL HIGHLIGHTS

($000)	For the nine months ended 31 December Actual 2015	Actual 2016	Year-over-year % change	Revised budget 2016-2017 [a]
Revenues	58 612	51 979	(11.3%)	74 891
Expenses	175 807	147 600	(16.0%)	226 058
Cost of operations	(117 195)	(95 621)	18.4%	(151 167)
Parliamentary appropriation*	117 400	92 325	(21.4%)	149 206
Net results of operations	**205**	**(3 296)**	**n/a**	**(1 961)**

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

[a] *For more information on revised budget see page 3.*

Consolidated overview

Revenues

TABLE 2: REVENUES

($000)	For the quarter ended 31 December 2015 Actual	2016 Revised budget	2016 Actual	Year-over-year % change	For the nine months ended 31 December 2015 Actual	2016 Revised budget	2016 Actual	Year-over-year % change	Revised budget 2016-2017 [a]
Parliamentary appropriation	48 900	41 301	33 825	(30.8%)	117 400	108 800	92 325	(21.4%)	149 206
Donor contributions	26 747	21 514	17 533	(34.4%)	57 083	58 661	49 775	(12.8%)	73 586
Interest and investment income	62	38	34	(45.2%)	151	114	116	(23.2%)	152
Other income	575	876	1 740	202.6%	1 378	1 010	2 088	51.5%	1 153
Total revenues	**76 284**	**63 729**	**53 132**	**(30.3%)**	**176 012**	**168 585**	**144 304**	**(18.0%)**	**224 097**

[a] *For more information on revised budget see page 3.*

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

During the nine months ended 31 December 2016, the total **Parliamentary appropriation** received decreased by 21.4% to $92.3 million from $117.4 million for the same period in 2015-2016 (see Table 2). The Centre's **recurring** portion of the Parliamentary appropriation for the nine months ended 31 December decreased by $9.1 million (10.1%) compared to the same period last year (see Table 3). The decrease of $16.0 million (59.6%) in the actual year-to-date **non-recurring** Parliamentary appropriation relates to the final year of the Development Innovation Fund for Health (DIF-H).

TABLE 3: PARLIAMENTARY APPROPRIATION

($000)	For the nine months ended 31 December Actual 2015	Actual 2016	Year-over-year % change	Revised Budget 2016-2017 [a]
Recurring portion	90 604	81 496	(10.1%)	136 006
Non-recurring portion	26 796	10 829	(59.6%)	13 200
Appropriation received and recognized	**117 400**	**92 325**	**(21.4%)**	**149 206**
Appropriation available for drawdown	66 078	56 881	(13.9%)	-

[a] *For more information on revised budget see page 3.*

Table 4 shows how the Parliamentary appropriation was used in 2016-2017, during the period ending 31 December 2016.

TABLE 4: USE OF THE PARLIAMENTARY APPROPRIATION

($000)	For the nine months ended 31 December Actual 2015	Actual 2016	Revised Budget 2016-2017 [a]
Total expenses	**175 807**	**147 600**	**226 058**
Minus:			
Donor-funded expenses	57 083	49 775	73 586
	118 724	97 825	152 472
Replenishment (reduction) of financial reserve	(224)	(896)	(977)
Appropriation used for purchase of property, equipment, and intangibles	1 467	1 069	2 457
Total funding requirement	**119 967**	**97 998**	**153 952**
Parliamentary appropriation	117 400	92 325	149 206
Unused (shortfall) appropriation	**(2 567)**	**(5 673)**	**(4 746)**

[a] *For more information on revised budget see page 3.*

For the period ended 31 December 2016, the total funding requirement exceeded the Parliamentary appropriation by $5.7 million or 6.1% (of the appropriation), in part due to timing differences between receipt and expenses. This difference is being factored in future drawdown requests. The projected $4.7 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 third quarter, **donor contribution revenues** decreased 34.4% year-over-year (see Table 2). For the nine months ended 31 December 2016, donor contributions decreased by $7.3 million from $57.1 million to $49.8 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, did not occur 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

	For the quarter ended 31 December				For the nine months ended 31 December				
	2015	2016		Year-over-year	2015	2016		Year-over-year	Revised budget
($000)	Actual	Revised budget	Actual	% change	Actual	Revised budget	Actual	% change	2016-2017 [a]
Development research programming									
Research projects funded by Parliamentary appropriation	33 571	30 564	24 002	(28.5%)	80 936	72 636	57 664	(28.8%)	98 514
Research projects funded by donor contributions	23 175	18 653	14 865	(35.9%)	48 624	49 442	41 589	(14.5%)	61 113
Enhancing research capabilities and research complements	10 616	10 521	11 809	11.2%	31 191	34 512	33 454	7.3%	47 265
	67 362	**59 738**	**50 676**	**(24.8%)**	**160 751**	**156 590**	**132 707**	**(17.4%)**	**206 892**
Corporate and administrative services	**5 184**	**4 980**	**5 721**	**10.4%**	**15 056**	**14 194**	**14 893**	**(1.1%)**	**19 166**
Total expenses	**72 546**	**64 718**	**56 397**	**(22.3%)**	**175 807**	**170 784**	**147 600**	**(16.0%)**	**226 058**

[a] *For more information on revised budget see page 3.*

The **research project expenses funded by Parliamentary appropriation** for both the quarter and the nine months ended 31 December are lower than targeted and lower than actuals for the same period last year. The year-over-year decrease is mainly 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. It should be noted that the Development Innovation Fund (DIF-H) is in its final year and activities the Centre supports are winding up, hence the lower rate of expenses.

TABLE 6: RESEARCH PROJECTS FUNDED BY PARLIAMENTARY APPROPRIATION

	For the nine months ended 31 December			Year-over-year	Revised budget
	2015	2016			
	Actual	Revised budget	Actual	% change	2016-2017 [a]
Research projects	56 394	62 414	49 213	(12.7%)	88 292
Development Innovation Fund for Health	24 542	10 222	8 451	(65.6%)	10 222
Total funded by Parliamentary appropriation	**80 936**	**72 636**	**57 664**	**(28.8%)**	**98 514**

[a] *For more information on revised budget see page 3.*

Table 6 expands further on the research projects funded by the Parliamentary appropriation line in Table 5. The variance on research projects as at 31 December is the result of two concurrent events: first, the project remittances on ongoing research projects occurring later than forecasted; and second, there were fewer initial project payments because it has taken longer for proponents and IDRC to agree on complex research proposals and, consequently, for funds to be allocated to new projects.

At this time, it is expected that the budget variance in research project expenses will diminish over the course of the financial year, and that the annual budget target of $98.5 million for the year remains valid.

Actual expenses on research projects funded by donor contributions for both the quarter and the nine months ended 31 December 2016 are lower than the expected year-to-date budget for the same reasons described above. The spending of donor contributions influences the spending pattern of linked appropriated funds. The donor contribution revenue and the expense budget were revised to reflect the most current information available. A year-over-year decrease is now anticipated and is reflected in this year's budget, which is lower than the 2015-2016 actuals. This is explained by changing focus (in one donor case) and by the rescheduling of competitive awards.

The **expenses for enhancing research capabilities and research complements** for the nine months compared to the same period last year are greater by $2.3 million due to higher expenses funded by donor contributions and higher expenses related to the optimization of use of office space at the head office. The lower expenses compared to budget are mainly the result of staffing vacancies, fewer professional services used, and less spending on travel.

For the nine months ended 31 December 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 revised budget of 4.9% is related to the timing of ongoing activities and is expected to diminish by year-end (see Table 5).

Financial position

TABLE 7: SUMMARY OF ASSETS AND LIABILITIES

($000)	December 2016	March 2016	% change
Current assets	81 130	79 481	2.1%
Non-current assets	8 879	9 810	(9.5%)
Total assets	**90 009**	**89 291**	**0.8%**
Current liabilities	63 599	62 977	1.0%
Non-current liabilities	11 867	8 475	40.0%
Total liabilities	**75 466**	**71 452**	**5.6%**

Total **assets** at 31 December 2016 increased by 0.8% (from $89.3 million to $90.0 million) as compared to 31 March 2016. The increase in assets is mostly resulting from higher accounts receivable and by higher cash relating to donor contributions, partly reduced by lower investments and a reduction in property and equipment.

Total **liabilities** increased by 5.6% (from $71.5 million to $75.5 million) compared to 31 March 2016. This increase is coming from higher deferred revenue liabilities for projects and programs funded by donor contributions (namely advances received or receivable, see note 5 to the financial statements), reduced by fewer accounts payable and lower accrued liabilities resulting in an overall increase in current liabilities.

TABLE 8: EQUITY

($000)	For the nine months ended 31 December			Year-over-year % change	Revised budget 2016-2017 [a]
	2015	2016			
	Actual	Revised budget	Actual		
Unrestricted	4 522	327	281	(93.8%)	463
Restricted	1 127	1 135	1 222	8.4%	1 129
Net investments in capital assets	9 535	9 957	8 879	(6.9%)	10 206
Reserved	5 546	4 222	4 161	(25.0%)	4 080
Total equity	**20 730**	**15 641**	**14 543**	**(29.8%)**	**15 878**

[a] *For more information on revised budget see page 3.*

The **restricted** equity for special programs and operational initiatives has increased slightly since the beginning of the financial year. Restricted equity represents funds for the John G. Bene Fellowship ($1.1 million) and recently received funds for the David and Ruth Hopper & Ramesh and Pilar Bhatia Canada bursaries ($0.1 million).

The $8.9 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 31 December 2016 is 25% 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 $0.1 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 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 31 December Actual 2015	Actual 2016	Year-over-year change	For the nine months ended 31 December Actual 2015	Actual 2016	Year-over-year change
Net results of operations	3 738	(3 265)	(7 003)	205	(3 296)	(3 501)
Changes in items other than cash and cash equivalents	22 104	4 968	(17 136)	16 811	(645)	(17 456)
Cash flows from (used in) operating activities	**25 842**	**1 703**	**(24 139)**	**17 016**	**(3 941)**	**(20 957)**
Purchase of investments	-	-	-	(15 041)	(4 010)	11 031
Maturity of investments	986	-	(986)	10 944	14 936	3 992
Other	(442)	(259)	183	(1 467)	(1 057)	410
Cash flows from (used in) investing activities	**544**	**(259)**	**(803)**	**(5 564)**	**9 869**	**15 433**
Increase (decrease) in cash and cash equivalents	**26 386**	**1 444**	**(24 942)**	**11 452**	**5 928**	**(5 524)**
Cash and cash equivalents, beginning of period	**34 679**	**62 030**	**27 351**	**49 613**	**57 546**	**7 933**
Cash and cash equivalents, end of period	**61 065**	**63 474**	**2 409**	**61 065**	**63 474**	**2 409**

For the nine months ended 31 December 2016, **operating activities** decreased cash and cash equivalents by $3.9 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.

The cash flows from **investing activities** for the nine months ending 31 December 2016 increased by $9.9 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 31 December 2016 are related to the deferred revenue originating from donor contribution advances received.

Corporate developments

There have not been any new developments during the third 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 31 December 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	Sylvain Dufour, Eng., CPA, CMA, MSc
President	Vice-President, Resources, and CFO

Ottawa, Canada
9 February 2017

Condensed Interim Statement of Financial Position

(in thousands of Canadian dollars)
as at

	31 December 2016	31 March 2016
	(unaudited)	(audited)
Assets		
Current		
Cash and cash equivalents	63 474	57 546
Investments	3 958	14 989
Accounts receivable and prepaid expenses	13 698	6 946
	81 130	79 481
Non-current		
Property and equipment	5 378	6 479
Intangible assets	3 501	3 331
	90 009	**89 291**
Liabilities		
Current		
Accounts payable and accrued liabilities	14 201	31 841
Deferred revenue (Note 5)	49 398	31 136
	63 599	62 977
Non-current		
Deferred revenue (Note 5)	8 455	5 027
Employee benefits	3 412	3 448
	75 466	71 452
Equity		
Unrestricted	281	1 843
Restricted	1 222	1 129
Net investments in capital assets	8 879	9 810
Reserved	4 161	5 057
	14 543	17 839
	90 009	**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 31 December		For the 9 months ended 31 December	
	2016	**2015**	**2016**	**2015**
Revenues				
Donor contributions (Note 6)	17 533	26 747	49 775	57 083
Investment and other income	1 774	637	2 204	1 529
	19 307	27 384	51 979	58 612
Expenses				
Development research programming (Note 10)				
Research projects funded by Parliamentary appropriation	24 002	33 571	57 664	80 936
Research projects funded by donor contributions	14 865	23 175	41 589	48 624
Enhancing research capabilities and research complements	11 809	10 616	33 454	31 191
	50 676	67 362	132 707	160 751
Corporate and administrative services (Note 10)				
Corporate services	5 458	4 422	14 104	12 702
Regional office administration	263	762	789	2 354
	5 721	5 184	14 893	15 056
Total expenses	**56 397**	**72 546**	**147 600**	**175 807**
Cost of operations before Parliamentary appropriation	(37 090)	(45 162)	(95 621)	(117 195)
Parliamentary appropriation (Note 7)	33 825	48 900	92 325	117 400
Net results of operations	**(3 265)**	**3 738**	**(3 296)**	**205**

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 31 December		For the 9 months ended 31 December	
	2016	2015	2016	2015
Unrestricted equity				
Beginning of period	2 602	888	1 843	4 114
Net results of operations	(3 265)	3 738	(3 296)	205
Transfers from other classes of equity	944	(104)	1 734	203
Balance end of period	281	4 522	281	4 522
Restricted equity				
Beginning of period	1 135	1 125	1 129	1 123
Net increase	87	2	93	4
Balance end of period	1 222	1 127	1 222	1 127
Net investments in capital assets				
Beginning of period	9 708	9 578	9 810	9 518
Net increase (decrease)	(829)	(43)	(931)	17
Balance end of period	8 879	9 535	8 879	9 535
Reserved equity				
Beginning of period	4 363	5 401	5 057	5 770
Net increase (decrease)	(202)	145	(896)	(224)
Balance end of period	4 161	5 546	4 161	5 546
Equity, end of period	**14 543**	**20 730**	**14 543**	**20 730**

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 31 December		For the 9 months ended 31 December	
	2016	**2015**	**2016**	**2015**
Operating activities				
Net results of operations	(3 265)	3 738	(3 296)	205
Items not affecting cash				
Amortization and depreciation of property and equipment and intangible assets	707	485	1 606	1 450
Amortization of bond premium	—	30	106	41
Loss on disposal of property and equipment	381	—	381	—
Employee benefits	(192)	(98)	(36)	(257)
	896	417	2 057	1 234
Change in non-cash operating items				
Accounts receivable and prepaid expenses	(7 615)	7 847	(6 752)	423
Accounts payable and accrued liabilities	2 769	10 477	(17 640)	(1 814)
Deferred revenue	8 918	3 363	21 690	16 968
	4 072	21 687	(2 702)	15 577
Cash flows from (used in) operating activities	**1 703**	**25 842**	**(3 941)**	**17 016**
Investing activities				
Purchase of investments	—	—	(4 010)	(15 041)
Maturity of investments	—	986	14 936	10 944
Acquisition of property and equipment and intangible assets	(271)	(442)	(1 069)	(1 467)
Net proceeds of disposition of property and equipment	12	—	12	—
Cash flows from (used in) investing activities	**(259)**	**544**	**9 869**	**(5 564)**
Increase in cash and cash equivalents	**1 444**	**26 386**	**5 928**	**11 452**
Cash and cash equivalents, beginning of period	**62 030**	**34 679**	**57 546**	**49 613**
Cash and cash equivalents, end of period	**63 474**	**61 065**	**63 474**	**61 065**
Composition of cash and cash equivalents				
Cash	63 474	61 065	63 474	61 065
Cash equivalents	—	—	—	—
	63 474	**61 065**	**63 474**	**61 065**

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 31 December 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). 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. Parliamentary revenue is recognized when it is received or receivable, whereas donor contributions are recognized when expended for their intended purpose. 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 IDRC'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.

	31 December 2016	31 March 2016
Donor contribution funding for development research programs		
Current	49 398	31 136
Non-current	8 455	5 027
	57 853	**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 31 December		For the 9 months ended 31 December	
	2016	2015	2016	2015
Department for International Development (UK)	8 898	14 276	24 034	30 714
Global Affairs Canada (previously D.F.A.T.D.)	3 857	6 558	11 778	11 449
The William and Flora Hewlett Foundation	3 078	3 584	8 543	7 948
Bill & Melinda Gates Foundation	566	662	1 539	1 258
Norwegian Agency for Development Cooperation	525	521	1 179	1 171
Australian Centre for International Agriculture Research	207	871	1 481	2 508
The World Bank	118	42	757	1 365
Other donor agencies	284	233	464	670
	17 533	**26 747**	**49 775**	**57 083**

7. Parliamentary appropriation

	For the quarter ended 31 December		For the 9 months ended 31 December	
	2016	2015	2016	2015
Annual Parliamentary appropriation	149 206	183 478	149 206	183 478
Appropriation recognized in the statement of comprehensive income	(33 825)	(48 900)	(92 325)	(117 400)
Annual Parliamentary appropriation available for future drawdown			**56 881**	**66 078**

8. Commitments

a. Research project-related

The Centre is committed to making payments of up to $216.1 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, $132.5 million (31 March 2016: $139.5 million) is expected to be funded from future Parliamentary appropriations and the balance of $83.6 million (31 March 2016: $114.3 million) from donor contribution agreements.

	31 December 2016	31 March 2016
Within one year	123 196	125 316
After one year, but not more than five	92 937	128 489
Total future payments	**216 133**	**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 31 December 2016 are as follows:

	31 December 2016	31 March 2016
Within one year	10 118	8 095
After one year, but not more than five	26 417	30 304
More than five years	5 753	11 973
Total future payments	**42 288**	**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 31 December		For the 9 months ended 31 December	
	2016	**2015**	**2016**	**2015**
Development research programming				
Contribution to research projects	37 573	56 061	96 592	127 016
Core salaries and benefits	6 142	5 970	18 486	18 221
Co-funded project salaries and benefits[a]	1 370	1 566	4 632	4 340
Accommodations	1 865	1 254	3 855	3 331
Professional services	991	625	2 514	2 091
Travel	986	732	2 275	1 924
Co-funded project expenses[a]	580	492	1 841	1 264
Amortization and depreciation	415	334	1 020	971
Meetings and conferences	130	29	233	527
Other	624	299	1 259	1 066
	50 676	**67 362**	**132 707**	**160 751**
Corporate and administrative services				
Salaries and benefits	2 814	3 272	8 636	9 670
Accommodations	951	599	2 021	1 826
Professional services	364	363	837	698
Office supplies and expenses	306	267	937	834
Furniture, equipment, and maintenance	292	68	607	456
Amortization and depreciation	292	151	586	479
Travel	129	164	355	319
Other	573	300	914	774
	5 721	**5 184**	**14 893**	**15 056**
Total expenses	**56 397**	**72 546**	**147 600**	**175 807**

[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 $1 950 (31 December 2015: $2 058) and for the nine months $6 473 (31 December 2015: $5 604).

11. Reclassification

On the condensed 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.

On the condensed statement of financial position and condensed statement of changes in equity, internally restricted equity was renamed to restricted equity.

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