

31/12/2011
MUMBAI

**REPORT OF THE EXTERNAL AUDITORS
TO THE MEMBERS OF THE AFRICA RICE CENTER
(WARDA)**

(Free translation from the original French version)

YEAR ENDED DECEMBER 31st, 2004

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TO THE MEMBERS OF THE AFRICA RICE CENTER
(WARDA)**

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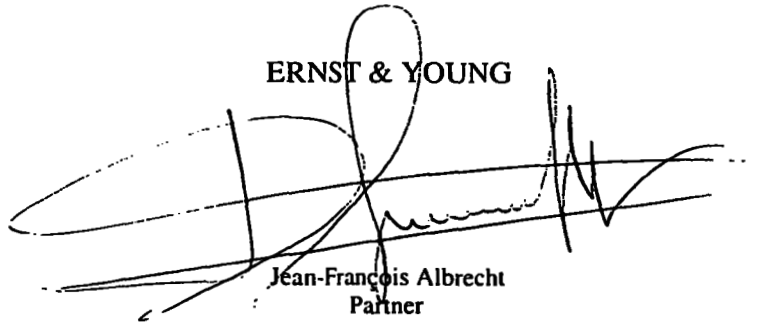
YEAR ENDED DECEMBER 31st, 2004

We have audited the accompanying financial statements of The Africa Rice Center (WARDA) as of December 31st, 2004. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

In our opinion, the aforementioned financial statement present fairly, in all material respects, the financial position of The Africa Rice Center as of December 31st, 2004 and the results of its operations and its cash flow for the year then ended in accordance with International Accounting Standards.

Without qualifying our opinion, we draw attention to the following note 1. to the accounts, related to the political situation in Côte d'Ivoire and its potential consequences on the activities of WARDA.

ERNST & YOUNG

Jean-François Albrecht
Partner

March 14th, 2005

THE AFRICA RICE CENTER (WARDA)
STATEMENT OF FINANCIAL POSITION
31 December 2004 and 2003
(Expressed in US Dollars)

	Note	2004	2003
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Cash Equivalent	3	4 369 928	4 062 302
Accounts Receivable:			
Donors	4	2 738 337	1 570 407
Employees	5	259 830	243 125
Others	6	148 376	568 756
Inventories	16	353 853	361 519
Prepaid Expenses	7	110 630	152 134
Total Current Assets		7 980 955	6 958 243
<u>Property and Equipment</u>			
Property and Equipment	8	8 809 715	8 589 367
Less:Accumulated Depreciation	8	(7 426 536)	(6 695 027)
Total Property and Equipment-Net		1 383 180	1 894 340
TOTAL ASSETS		9 364 135	8 852 583
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current Liabilities</u>			
Bank Balances(Overdraft)	9	-	61 515
Accounts Payable:			
Donors	10	3 617 437	3 186 213
Employees	11(a)	274 613	176 118
Others	12	1 131 915	1 341 149
Funds in Trust-Employees	11(b)	308 000	296 000
Provisions and Accruals	13	1 128 704	1 312 906
Total Current Liabilities		6 460 670	6 373 900
TOTAL LIABILITIES		6 460 670	6 373 900
<u>Net Assets</u>			
Unrestricted Net Assets	15	2 903 465	2 478 682
TOTAL NET ASSETS		2 903 465	2 478 682
TOTAL LIABILITIES & NET ASSETS		9 364 135	8 852 583

The financial statements were approved by the Board of Trustees on ~~March~~ ^{March} 1, 2005 and were signed on their behalf by:


Dr. Kanayo Felix Nwanze, Director General


Mr. Long Tien Nguyen, Assistant Director General for
Corporate Services

The accompanying notes to the financial statements(1-20) form part of this statement

**THE AFRICA RICE CENTER (WARDA)
STATEMENT OF ACTIVITIES**

For the Years ended 31 December 2004 and 2003
(Expressed in US Dollars)

	Note	Unrestricted	Restricted	Total	
				2004	2003
REVENUES, GAINS, AND OTHER SUPPORT					
Grants	17	5 804 697	4 220 726	10 025 423	9 167 940
Member States-Operating Income	18(a)	313 378		313 378	55 484
Member States-Capital Dev. Income	18(b)				17 292
Transfer of Restricted Assets-Income	14				161 003
World Bank Special Grant-Income	See Note 17	430 000		430 000	1 221 243
Other Income	19	70 385		70 385	117 759
Total Revenue, Gains and Other Support		6 618 460	4 220 726	10 839 186	10 740 721
EXPENSES AND LOSSES					
Program Related Expenses	20	2 398 965	4 220 726	6 619 691	5 949 988
Management and General Expenses		3 264 187		3 264 187	3 476 326
Special Transition Program Expenses		592 906		592 906	1 482 935
Total Expenses and Losses		6 256 058	4 220 726	10 476 784	10 909 249
Indirect Cost Recovery		(461 590)		(461 590)	(1 022 974)
Total expenses and losses		5 794 469	4 220 726	10 015 195	9 886 275
Change in Net Assets		823 992	-	823 992	854 446
Allocated to Capital Fund in Prior Year					
<u>Net Assets at Beginning of Year</u>		<u>2 478 682</u>		<u>2 478 682</u>	<u>1 624 236</u>
Change in Net Assets before Prior Year Adjustments		823 992	-	823 992	854 446
Extraordinary Item:-					
General Support Staff -Termination Dues		(160 930)		(160 930)	
Prior Year Adjustment:-					
Depreciation Adjustment-Motor Vehicles		(238 279)		(238 279)	
Change in Net Assets		424 783		424 783	854 446
Net Assets at End of Year		2 903 465		2 903 465	2 478 682
MEMO ITEM					
Total Expenses-by Natural Classification				Total	
		Management & General	Program Related	2004	2003
Personnel Costs		1 801 844	3 264 725	5 066 569	4 997 036
Supplies & Services		1 152 797	2 552 402	3 705 199	4 120 939
Supplies & Services-Collaborators and Partnerships Costs			405 751	405 751	540 833
Operational Travel		330 600	359 735	690 335	548 844
Depreciation		571 853	37 078	608 931	405 593
Capital Expenditures					296 004
Gross Operating Expenses		3 857 093	6 619 691	10 476 784	10 909 249

The accompanying notes to the financial statements(1-20) form part of this statement

THE AFRICA RICE CENTER (WARDA)
STATEMENT OF CASHFLOWS
For the Years ended 31 December 2004 and 2003
(Expressed in US Dollars)

	Total	
	2004	2003
CASHFLOWS PROVIDED (USED) IN OPERATING ACTIVITIES		
Change in Net Assets	823 992	854 446
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities :		
Prior Period Adjustments	(238 279)	-
Extraordinary Items	(160 930)	
Depreciation	608 931	405 593
(Gain)/loss on Disposal of Fixed Assets	(13 538)	(10 092)
Decrease(Increase) in Assets		
Accounts Receivable: Donors	(1 167 931)	(310 699)
Employees	(16 705)	54 912
Others	420 380	64 022
Inventories	7 666	213 017
Prepaid Expenses	41 504	(53 640)
Increase(Decrease) in Liabilities		
Accounts Payable: Donors	431 225	1 135 600
Employees	98 495	(257 414)
Others	(209 233)	(1 305 079)
Funds in Trust-Employees	12 000	296 000
Provisions and Accruals	(184 202)	14 194
Net Cash Provided (Used) in Operating Activities	453 374	1 100 860
CASHFLOWS PROVIDED (USED) IN INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(352 921)	(587 404)
Proceeds From Disposal of Property and Equipment	30 410	10 092
Adjustment to Opening Net Book Value of Property and Equipment	238 279	(3 819)
Net Cash Provided (Used) in Investing Activities	(84 232)	(581 131)
CASHFLOWS PROVIDED (USED) IN FINANCING ACTIVITIES		
Bank Overdraft	(61 515)	(88 989)
Net Cash Provided (Used) in Financing Activities	(61 515)	(88 989)
Net Increase(Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Year	4 062 301	3 631 562
Increase(Decrease) in Cash and Cash Equivalents	307 626	430 740
Cash and Cash Equivalents at End of Year	4 369 928	4 062 301

The accompanying notes to the financial statements(1-20) form part of this statement

**THE AFRICA RICE CENTER
(WARDA)**

NOTES TO THE ACCOUNTS

YEAR ENDED DECEMBER 31, 2004

1. ORGANIZATION AND OBJECTIVES

The Africa Rice Center (WARDA or the Association) is an inter-governmental regional organization of the Consultative Group of International Agricultural Research (CGIAR) network. It was established in 1970 to conduct research development and training in relation to all phases of rice production, management and distribution in West Africa. The objectives are to increase production levels throughout 16 West African Countries and Cameroon and to improve the varieties of rice suitable to the region. At present, activities are carried out in three countries in different ecologies. Various research activities are carried out in Nigeria using the International Institute of Tropical Agriculture (IITA) campus as a station, the Sahel program is based at St. Louis in Senegal and the main research activities are based at Bouaké in Côte d'Ivoire. Physical presence at Rokupr ended in April 1993, but WARDA continues to carry out mangrove rice research and network activities with the Sierra Leone National Program.

The Association receives funds and assistance from the CGIAR which comprises international and regional organizations, also from its Member States and International aid Agencies.

Following the failed "coup d'état" which occurred in Côte d'Ivoire that has turned into a rebellion since September, 2002, the insurgents have been occupying half the country including Bouaké where WARDA headquarters is located. As a result, the Association had relocated its Director of Research at the **International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)** research station at Samanko, near Bamako, Mali. The whole

WARDA team has been now relocated to International Institute for Tropical Agriculture (IITA) research station at Calavi, near Cotonou, Benin since January, 2005, further to the bombing of the rebels areas proceeded by the Ivorian army in November 2004.

The transfer of the headquarters that was precipitated by the sudden crisis in Côte d'Ivoire has led to the move of several fixed assets and other goods belonging to the Association from Bouaké to Bamako and then Cotonou. However, this process was not always supported by appropriate records of the removed assets that would have enabled to locate them easily. WARDA has sometimes completed listings of the goods brought to Cotonou but none of them have been reconciled with the fixed asset register.

Thus due to the lack of a physical count of the fixed assets and the inventories as of December 31, 2004 and further to the weakening of the internal control environment, we believe there is a potential loss we were unable to estimate on the fixed assets and the inventories amounting respectively to USD 1,383, 180 and USD 383,297 as of December 31, 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention. The significant accounting policies, which have been applied consistently with the previous year, are set out below.

(i) Revenue Recognition

The Financial statements of the Association are presented using the accrual basis of accounting except for contributions from Member States, for operations which are recognized as revenue in the fiscal year following the one in which they are collected.

All grants whether restricted or unrestricted, are recognized as revenue upon fulfillment of the donor-imposed conditions, or the donor has explicitly waived the conditions.

They are classified according to the type of donor-imposed restriction.

- ❖ Unrestricted grants are funds made available to the Association to meet normal operating costs or whatever other purpose the Association may deem fit.
- ❖ Restricted grants, which may be pledged for more than one year, are funds that are used to finance and support specific projects identified and agreed upon by their donors and the Association - such projects may include fixed assets acquisitions and replacement funds as well as research and training activities, and are recognized as revenue only to the extent that related expenses have been incurred. They are labeled as permanently or temporarily restricted.

(ii) Foreign Currency Transactions

Since the unit of account for the Association is the US dollar, the Association accounts are maintained in US dollars. Local currency of various Member States, and other countries in which WARDA operates are recorded in the books of WARDA at the rate of exchange prevailing on the dates of the transactions.

Pledges in currencies other than in US dollars are recorded at the exchange rates prevailing at the time of receipt or, if outstanding, at the rate of exchange prevailing at the year-end.

Monetary assets and liabilities in currencies other than the US dollars are restated at market rates of exchange prevailing at the year-end. Differences in exchange are accounted for in the statement of activities.

(iii) Property, Plant, Equipment and Depreciation

The introduction of revised CGIAR accounting Financial Guidelines No.2 effective from year 2004 has resulted in a change in the treatment of Fixed Assets acquired through restricted project funds. The depreciation rates for all such purchases have been revised to 100% during the year of purchase in line with these guidelines.

Likewise, the treatment of Fixed Assets intended to revert to Host Countries in the event that WARDA ceases operations in that countries have been revised. The assets constructed or purchased effective 1st January, 2005 will now be capitalized in accordance with the new guidelines.

Prior Year Financial Statements have neither been adjusted nor reclassified for comparability purposes as this is not mandatory according to the policy change explanatory notes.

The annual depreciation rates are as follows:

	Rates
Land, buildings and installations	1.67%
Heavy duty equipment	10.00%
Agricultural equipment	10.00%
Vehicles and tractors	14.29%
Furniture and office equipment	10.00%
Laboratory and Scientific equipment	10.00%
Computer equipment	20.00%

(iv) Accrued Relocation Allowance

A provision is made to meet the terminal relocation allowance in accordance with the contracted amount for each international staff member. This provision takes into account a new Board approved policy that no allowance is payable before one full year of service, and is further prorated for the period between one and two years of service before attaining the full sum contracted.

The previous computation method, over an average of 5 years period has thus been discontinued and the deferred charges account written back to the accrued relocation allowance account in 2004 in accordance with this policy change.

(v) Inventories

Inventories of materials and supplies are stated at the lower of acquisition cost or net realizable values. Acquisition cost is determined using the moving average method. .

Materials in transit are stated at invoice cost.

2.1 TAX STATUS

In accordance with the agreement between WARDA and the Ivorian government signed on September 26, 1989, the Association, its assets, income and any other property are exempted from any form of direct taxation in Côte d'Ivoire. The Association may be reimbursed on its request only value added tax on construction work for buildings used exclusively for official purposes. The Association and its staff are not required to contribute to the social security plan of Côte d'Ivoire although in practice a certain number of staff are affiliated to the Social Security organization in Côte d'Ivoire. Certain WARDA staff, including the Director General, are exempt from all taxes on salaries and benefits for their activities at WARDA.

2.2 GRANTS IN-KIND

The financial statements do not include grants in-kind.

Seconded personnel

The following countries and institutions provided support in the form of seconded scientific personnel to the Association during the year. The costs were borne by the donors based on a fair valuation of the services provided by these personnel as shown below, whilst WARDA provided the necessary operational services and utilities.

	2004 Number of personnel	2004 Estimated costs (US \$)	2003 Number of personnel	2003 Estimated costs (US \$)
France	1	120,000	1	120,000
AVRDC-Taiwan	1	120,000	1 (4 months)	40,000
Japan	1 (6 months)	60,000	1 (3 months)	30,000
Total	3	300,000	3	190,000

3. CASH AND CASH EQUIVALENT		
	2004 US \$	2003 US \$
Bank Balances	4 334 541	4 044 578
Cash on Hand	73 646	78 423
Provision for Doubtful Cash Balance on Mbé Imprest	(38 259)	(60 700)
	4 369 928	4 062 302
4 ACCOUNTS RECEIVABLE-DONORS		
	2004 US \$	2003 US \$
Unrestricted:		
Belgium		
Netherlands		
United States of America	37 501	225 000
Denmark		
France	-	75 562
Canada	408 262	33 240
Sweden	273 245	
	719 008	333 802
World Bank Special Grant		
Refundable IFAD -Portion for Backstopping	-	34 000
Restricted: (a)	2 019 329	1 202 604
	2 738 337	1 570 407
(a)	Details of amounts receivable from restricted donors are given in the Schedule of Restricted Projects on page 17.	
5 ACCOUNT RECEIVABLE-EMPLOYEES		
	2004 US \$	2003 US \$
Due from Staff Members	249 782	233 159
Due from Separated Staff Members	38 539	38 457
	288 321	271 616
Provision for Doubtful Accounts Receivable	(28 490)	(28 490)
	259 830	243 125
6 ACCOUNTS RECEIVABLE-OTHERS		
	2004 US \$	2003 US \$
Suppliers	142	753
Sundry Receivables	150 298	551 863
Deferred Charges	-	43 433
	150 440	596 049
Provision for Doubtful Accounts Receivable	(2 063)	(27 293)
	148 376	568 756
7 PREPAID EXPENSES		
	2004 US \$	2003 US \$
Petrol Coupons	97 249	89 234
Suppliers	93 140	122 976
Airline Tickets		
	190 389	212 210
Provision for Doubtful Debts on Prepaid Expenses	(79 759)	(60 076)
	110 630	152 134

THE AFRICA RICE CENTER (WARDA)
STATEMENT OF ACTIVITIES
For the Years ended 31 December 2004 and 2003
(Expressed in US Dollars)

8 PROPERTY AND EQUIPMENT

	Balance 1 January 2004	Reclassifications Fixed Asset Category Adjustments	Adjustments Note (b)	Disposals	Additions	Balance 31 December 2004
Cost						
Land, Buildings and Installations	Note (a)					-
Heavy Duty Equipment	435 588					435 588
Agricultural Equipment	1 333 925	(26 759)			18 427	1 325 593
Vehicles and Tractors	2 218 492	26 759		(124 374)	215 332	2 336 210
Furniture and Office Equipment	1 182 378			(8 200)	16 873	1 191 051
Laboratory & Scientific Equipment	1 549 094				49 136	1 598 230
Computers	1 856 557				53 153	1 909 711
Fixed Assets in Transit	13 333					13 333
	8 589 368			(132 574)	352 921	8 809 715
Accumulated Depreciation						
Land, Buildings and Installations						-
Heavy Duty Equipment	421 129				4 449	425 578
Agricultural Equipment	1 178 026	(1 640)			70 076	1 246 463
Vehicles and Tractors	1 315 860	1 640	238 279	(108 322)	254 579	1 702 036
Furniture and Office Equipment	921 554			(7 380)	82 924	997 099
Laboratory & Scientific Equipment	1 216 722				111 270	1 327 992
Computers	1 641 736				85 632	1 727 368
	6 695 027		238 279	(115 702)	608 931	7 426 536
Net Book Value	1 894 340		(238 279)	(16 872)	(256 010)	1 383 180

- (a) As a result of adjustments which followed a change of Accounting Policy on Capitalization of Land, Buildings and Installations in year 2000 as described in other notes, Buildings and Installations amounting to \$12,029,892 were excluded from the Fixed Assets Register and treated as 'Assets in Custody'. This policy has been discontinued with effect from 1st January, 2004 following the implementation of the revised Financial Guideline No. 2.
- (b) A prior-year adjustment has been made in 2004 for depreciation related to Vehicles and Tractors located in the Mbe and other in-country field sites not booked in 2002 and 2003 in the Fixed Asset Register.

9 BANK OVERDRAFT		
	2004 US \$	2003 US \$
Citibank New-York	-	
Other Cash and Bank Balances	-	61 515
	-	61 515
10 ACCOUNT PAYABLE-DONORS		
	2004 US \$	2003 US \$
Restricted Grants received in advance(a)	2 985 588	2 012 299
Member States and Other Contribution		
Received in Advance	54 849	113 378
Sweden Unrestricted Grant 2003 in Advance		240 773
USAID-OFDA Refundable Balance	100 000	100 000
Canada Fund for Africa-2004 Allocation Received in Advance		719 763
Netherlands Unrestricted Grant 2005 in Advance	477 000	
	3 617 437	3 186 213
(a)	Details of amounts received in advance from restricted donors are given in the Schedule of Restricted Projects on page 17.	
11(a) ACCOUNT PAYABLE-EMPLOYEES		
	2004 US \$	2003 US \$
Staff Provident Funds(Liberia)	17 116	17 116
Staff Provident Funds(Cote D'Ivoire)	58 996	54 054
Due to Separated Staff Members	22 671	19 613
Due to Staff Members	175 830	85 334
	274 613	176 118
11(b) FUNDS IN TRUST -EMPLOYEES		
	2004 US \$	2003 US \$
Amount Invested in Time Deposit for the Provident Fund		
Balance Brought Forward 1st January 2004	296 000	298 907
Capital Enhancements During the Year 2004	12 000	(2 907)
Balance Carried Forward 31st December 2004	308 000	296 000
Interest earned during the year has been credited to the control account for the General Support Staff Provident Fund		
12 ACCOUNT PAYABLE-OTHERS		
	2004 US \$	2003 US \$
Suppliers	190 438	221 297
Sundry Payables	441 477	619 852
Citibank Short Term Loan	500 000	500 000
	1 131 915	1 341 149
13 PROVISIONS AND ACCRUALS		
	2004 US \$	2003 US \$
Accrued Expenses & Provisions	899 932	1 062 495
Staff Accrued Leave	285 022	309 414
Accrued Relocation Allowances	121 767	147 000
Reclassified Provisions	(178 016)	(206 003)
	1 128 704	1 312 906

14 TRANSFERS OF RESTRICTED ASSETS INCOME

Formerly, Restricted Property and Equipment were transferred as Revenue at cost, fair market value or appraisal as appropriate.

The revised Financial Guideline No.2 (FG 2) which takes effect on 1st January, 2004 has changed the treatment of restricted project capital expenditure.

The capital cost on funded projects for 2004 has been transferred to center assets and depreciated at the rate of 100%

	2004 US \$	2003 US \$
DFID-United Kingdom		64 794
Japan		56 422
EEC-European Union		19 210
World Bank-Genbank Upgrade		20 577
		<u>161 003</u>

15 UNRESTRICTED NET ASSETS

	2004 US \$	2003 US \$
Unrestricted Net Assets:		
<u>Unappropriated:-</u>		
Net Assets at Beginning of Year	2 478 682	1 624 236
<u>Extraordinary Item:-</u>		
General Support Staff - Termination Dues	(160 930)	
<u>Prior Period Adjustment</u>		
Depreciation Adjustment-Prior Years	(238 279)	
Transfer from Operating Result	823 992	854 446
Net Assets at End of Year	<u>2 903 465</u>	<u>2 478 682</u>

16 INVENTORIES

	2004 US \$	2003 US \$
Stationery and Office Supplies	34 404	42 531
Vehicle and Equipment Spare Parts	245 698	239 120
Building and Maintenance Supplies	18 396	17 781
Fuel and Lubricants	1 371	628
Field and Farm Supplies	6 833	9 155
Laboratory Supplies	60 871	60 989
Medical Supplies	173	173
General Stocks	15 551	20 587
	<u>383 297</u>	<u>390 963</u>
Less:-Provision for Laboratory Stock Obsolescence	(29 444)	(29 444)
	<u>353 853</u>	<u>361 519</u>

17 GRANTS

	Grant Period	For the year ended 31 December 2004			
		Funds Received	Accounts Receivable	Total 2004	Total 2003
UNRESTRICTED					
Belgium	Jan'04-Dec'04	166 065		166 065	182 301
Canada	Jan'04-Dec'04	292 805	408 262	701 067	574 248
France	Jan'04-Dec'04	95 640		95 640	75 562
Germany	Jan'04-Dec'04	185 295		185 295	175 065
Japan	Jan'04-Dec'04	1 120 039		1 120 039	1 029 012
Netherlands	Jan'04-Dec'04	892 771		892 771	792 036
Norway	Jan'04-Dec'04	588 365		588 365	526 774
Sweden	Jan'04-Dec'04	240 773	273 245	514 018	416 536
United Kingdom	Jan'04-Dec'04	616 438		616 438	
USAID	Jan'04-Dec'04	187 499	37 501	225 000	225 000
2/ World Bank	Jan'04-Dec'04	700 000		700 000	760 000
Cote D'Ivoire	Jan'04-Dec'04				
Total Unrestricted Grants		5 085 689	719 008	5 804 697	4 756 535
TEMPORARILY RESTRICTED					
1/ CANADA-Fund for Africa (CFA)	Jan'03-Jun'05	146 150		146 150	227 824
COAT-Taiwan/AVRDC Collaborative Project	Oct'03-May'06	90 779		90 779	4 523
COAT-Taiwan/AVRDC COA14 -Collaboration Project	Oct'03-May'06	12 704		12 704	
CFC/FAO-Spirivwa Project	Jan'00-Dec'03	1 032		1 032	87 604
Denmark(Phytosanitary& Seed Health)	Jul'96-Aug'04	0		0	90 859
ENI-CONGO	Sept'03-Jun'04	80 435		80 435	13 668
European Union/CORAF Project	Jul'01-Jun'04	985 463		985 463	366 775
1/ European Union(Policy Environmt & Rice Market Dev.)	Jan'03-Dec'04	91 819		91 819	555 632
1/ European Union(Creating Low Management PlantTypes)	Jan'03-Dec'04	536 137		536 137	151 008
France(Collaboration IRD)	Jan'01-Dec'04				10 829
Gatsby Foundation(Containment Facility)	Jan'94-Dec'02	461		461	450
Gatsby Foundation(Dissemination)	Jan'00-Dec'02	3 572		3 572	46 423
GTZ(Projet Riz Nord)	Dec'98-Dec'00				131
GTZ(Hohenheim Project)	Mar'00-Dec'05	90 112		90 112	218 213
GTZ(Periurban Project)	Jul'01-June'06	90 956		90 956	39 856
IBRD- Genebank Upgrade Project	Jan'03-Dec'05	320 804		320 804	226 955
IFAD(PADS Project)	Apr'99-Sep'06	273 864		273 864	281 247
IFAD (Congo-NERICA Dissemination Project)	Aug'04-Dec'05	10 554		10 554	
UNDP/TCDC-IHP PHASE 2	Jul'00-Jun'04	115 408		115 408	34 645
United Kingdom(DFID-Collabor.-NTR/HRI Blast Pro.)	Jan'01-Mar'03				67 700
Japan(Japanese Expert-Futakuchi Project)	Jan'00-Jun'03	0		0	44 838
1/ Japan(Grain Quality-Post Harvest Technology)	Jan'00-Dec'00				(38)
Japan-(Interspecific Hyb. Project)	Jul'00-Jun'06	517 762		517 762	286 667
Japan/MAFF/ WARDA Proj	Jan'99-Dec'02				2 142
1/ Japan(RYMV Project)	Jan'00-Mar'05	258 854		258 854	209 260
1/ Japan(Blast Project)	Jan'00-Mar'02				26 036
1/ Japan(Genebank Project)	Jan'00-Mar'02				6 498
1/ Japan(Increasing Quality Compet.Loc. Project)	Jan'03-Mar'05	48 687		48 687	132 896
1/ Japan(Dev.Interspec. OG&OS Progenies)	Jan'03-Mar'05				102 157
Netherlands(APO/JPO Project)	2004-2006	143 415		143 415	
Norway(SWIHA HIV/AIDS Project)	Jan'01-Dec'03				52 216
Rockfeller(Capacity Building)	Jan'01-Sep'05	2 269		2 269	190 306
Rockfeller(FPATDD-Mali/Nigeria)	Jan'01-Dec'04	13 398		13 398	32 873
Rockfeller(African Rice Initiative)	Jan'03-Sep'05	167 098		167 098	109 358
Rockfeller(Drought Tolerance Project)	Mar'04-Feb'07	48 629		48 629	
United Kingdom(Weeds Project)	Nov'99-Nov'02				123
1/ United Kingdom(RYMV Attributed Project)	Jan'99-Mar'02				53
United Kingdom(Wild Rice Project)	Jul'99-Jun'02				727
1/ United Kingdom-(Blast Attributed project)	Jan'99-Mar'02				16 160
United Kingdom-Rice Functional Diversity	Sept'00-Apr'03				1 285
1/ United Kingdom-Attributed Project 2.1.Improv Res.Use	Jan'02-Dec'03				359 652
1/ United Kingdom-Attributed Project 2.2Dev.Profit.Land/Wa	Jan'02-Dec'03				115 816
USAID(African Networks Project)	1999-2005	153 797		153 797	221 516
USAID(Nigeria Rice Economy Project-FPATD)	Oct'00-Nov'03				65 696
UNDP(Guinea IAEC Project)	2004-2005	2 637		2 637	
Miscellaneous Small Projects	2004	13 931		13 931	10 827
Total Restricted Grants		4 220 726		4 220 726	4 411 405
Total Grants		9 306 415	719 008	10 025 423	9 167 940

1/ The use of these Grants has been restricted towards selected projects in CGIAR Approved Agenda for WARDA

2/ Excluded from this amount is the World Bank Special Grant income accrued against extraordinary expenditure incurred during the year as a result of the crisis being experienced in Cote d'Ivoire. This amount (US\$ 430,000) has been disclosed separately in the Statement of Activities.

18 MEMBER STATES' CONTRIBUTION

(a) Funds paid by Member States towards WARDA's Operations will continue to be recognised as Revenue in the subsequent year in accordance with Note 2.(i).

The following Member States made contributions to the Operational activities of the Association relating to the years ended 31 December 2003 and 2002

	2004 US \$	2003 US \$
Benin	18 283	
Nigeria	200 000	
Mali	73 132	
The Gambia	3 681	
Cameroun		55 484
Burkina-Faso	18 283	
	313 378	55 484

(b) Funds paid by Member States and other Donors towards Capital Development are therefore credited to Revenue when they are received in accordance with the existing Board-approved Policy

The following Member States made contributions to the Capital Development activities of the Association relating to the years ended 31 December 2004 and 2003

	2004 US \$	2003 US \$
Burkina Faso		2 395
Mali		14 897
		17 292

19 OTHER INCOME

'Other Income' Revenues are made up as follow:

	2004 US \$	2003 US \$
Interest Income	41 294	35 368
Sale of rice	1 174	833
Guest House	14 854	(2 745)
Transport	31 208	43 010
Miscellaneous income	(18 145)	41 293
	70 385	117 759

20 PROGRAM RELATED EXPENSES

Program related expenses incurred as of December 31 are as follows:

	2004 US \$	2003 US \$
Research	4 948 753	5 023 594
Research Support	1 120 873	505 385
Training Information and Library Services	550 064	421 009
	6 619 691	5 949 988

THE AFRICA RICE CENTER (WARDA)
STATEMENT OF ACTIVITIES
For the Years ended 31 December 2004 and 2003
(Expressed in US Dollars)

RESTRICTED FUND BALANCES

Donor and Project Description	Notes to Adjustments	Project Duration	2003 Balances		Balance Adjustments 2004	Received in 2004	2004 Balances		Expenditures/ Grants in 2004	Expenditures/ Grants in 2003
			Receivable @ 31/12/03	Payables @ 31/12/03			Receivable @ 31/12/04	Payables @ 31/12/04		
CANADA-Fund for Africa (CFA)		Jan'03-Jun'05		443 887		719 763	1 017 501	146 150	227 824	
COAT-Taiwan/AVRDC Collaborative Project	(d)	Oct'03-May'06		47 477	(36)	85 928	42 589	90 779	4 523	
COAT-Taiwan/AVRDC COA14 -Collaboration Project		Oct'03-May'06				16 728	4 024	12 704		
Denmark(Phytosanitary& Seed Health Project)		Jul'96-Aug'04		0				0	90 859	
European Union(CORAF Project)		Jul'01-Jun'04		298 673			686 790	985 463	366 775	
European Union(Policy Environmt & Rice Market Dev.)		Jan'03-Dec'04	555 632			555 632	91 819	91 819	555 632	
European Union(Creating Low Management PlantTypes)		Jan'03-Dec'04	151 008			122 969	564 175	536 137	151 008	
ENI-CONGO		Sept'03-Jun'04		192		23 101	57 142	80 435	13 668	
France(Collaboration IRD-RYMV Resist. Project)		Jan'01-Dec'04		920		439	1 359		10 829	
CFC-FAO (Spirivwa Project)		Jan'00-Dec'03	47 451				48 482	1 032	87 604	
Gatsby Foundation(Containment Facility Project)		Jan'94-Dec'02		4 413			3 952	461	450	
Gatsby Foundation(Rice Dissemination Project)		Jan'00-Dec'02	65 304				68 876	3 572	46 423	
IBRD- Genebank upgrade Project		Jan'03-Dec'05		774 545			453 741	320 804	226 955	
GTZ(Projet Riz Nord)		Dec'98-Dec'00	37 219				37 219		131	
GTZ(University of Hohenheim Project)		Mar'00-Dec'05				120 875	30 763	90 112	218 213	
GTZ Peri-Urban Project		Jul'01-June'06		223 783			132 827	90 956	39 856	
IFAD(PADS Project) Phase I & II	(a)	Apr'99-Sep'06	34 015		(34 000)		341 880	273 864	281 247	
IFAD (Congo-NERICA Dissemination Project)		Aug'04-Dec'05				76 700	66 146	10 554		
UNDP-Interspecific Hybrid. Phase 2 Project)		Jul'00-Jun'04		58 946		200 000	143 538	115 408	34 645	
United Kingdom(DFID-Collabor.-NTR/HRI Blast Pro.)		Jan'01-Mar'03							67 700	
Japan(Japanese Expert-Futakuchi Project)		Jan'00-Jun'03		0				0	44 838	
Japan(Post-harvest Technology Project)		Closed							(38)	
Japan/UNDP-TCDC(Interspecific Hybrid. Project)	(b)	Jul'00-Jun'06	106 012		(35 897)	604 554	55 116	517 762	286 667	
Japan-MAFF/WFP Rice Techn. Dissemination Proj.)		Jan'99-Dec'02							2 142	
Japan(RYMV Project)		Jan'00-Mar'05	1			200 000	58 854	258 854	209 260	
Japan(Blast Fungus Project)	(d)	Closed	0		0		0		26 036	
Japan-Genebank	(d)	Closed		0	(0)				6 498	
Japan(Increasing Quality Compet.Loc. Project)		Jan'03-Mar'05				100 000	51 313	48 687	132 896	
Japan(Dev.Interspec. OG&OS Progenies)		Jan'03-Mar'05	2 157			100 000	97 843		102 157	
Netherlands(APO/JPO Project)		2004-2006				367 400	223 985	143 415		
Rocketfeller Capacity Building FS117		Jan'01-Sep'05	113 812			187 046	70 985	2 269	190 306	
Rocketfeller FPATDD Mali/Nigeria		Jan'01-Dec'04		18 737		194 233	199 572	13 398	32 873	
Rocketfeller (ARI)		Jan'03-Sep'05	9 358			300 000	123 543	167 098	109 358	
Rockefeller(Drought Tolerance Project)		Mar'04-Feb'07				158 016	109 387	48 629		
Norway(SWIHA HIV/AIDS Project)		Jan'01-Dec'03							52 216	
United Kingdom(DFID Weed Proj-7022		Nov'99-Nov'02							123	
United Kingdom (Wild Rice)		Jul'99-Jun'02							727	
United Kingdom-Blast Attributed		Jan'99-Mar'02							16 160	
United Kingdom RYMV Attributed		Jan'99-Mar'02							53	
United Kingdom Rice Functional Diversity		Sept'00-Apr'03							1 285	
United Kingdom-Attributed Project 2.1,Improv Res.L	(d)	Jan'02-Dec'03	53		53		0		359 652	
United Kingdom-Attributed Project 2.2Dev.Profit.Lan	(c)	Jan'02-Dec'03	73 119		73 119				115 816	
USAID(African Networks Project)		1999-2005		137 979		218 750	202 931	153 797	221 516	
USAID-Nigeria Rice Economy-FPATD		Oct'00-Nov'03							65 696	
UNDP(Guinea IAEC Project)		2004-2005				8 400	5 763	2 637		
UNEP-Farmer Stakeholders		Sept'02-Dec'03		314			314			
Miscellaneous Small Projects	(d)	2004	7 463	2 431	7 463	8 529	8 977	13 931	10 827	
Total Restricted Grants			1 202 604	2 012 298	10 702	4 369 063	2 019 329	2 985 588	4 220 726	4 411 405

Notes to Adjustments:-

- (a) IFAD Backstopping Budget line item funds received in prior year but subsequently refunded adjusted for b/forward balance (see in Note(4) to the Financial Statements(US\$34,000)
- (b) PRIGA workshop expenses covered by IHP project transferred from "Other Debtors" category
- (c) United Kingdom Attributed Contribution discontinued in 2004-Balance of expenditure covered by Unrestricted Core funds
- (d) Small residual balances adjusted

The Africa Rice Center (WARDA)
Statement of Operating Expenses
(US \$)

ANNEX 1
INDIRECT COST RECOVERY 2004

	Total
Research	4 519 070
Research Support	1 884 831
Operations	245 806
Direct Operating Expenses	6 649 707
Management	2 691 380
Transition Program Expenses(Extraordinary Crisis expenditure)	592 909
Gross Management Expenditure	3 284 289
Common Sustenance Services	542 788
Indirect Operating Expenses (Gross)	3 827 077
Less: Transition Program Expenses(Extraordinary Crisis expenditure)	(592 909)
Indirect Operating Expenses (Net)	3 234 168
Total Operating Expenses (Gross) as per Statement of Activities	10 476 784
Less: Transition Program Expenses(Extraordinary Crisis expenditure)	(592 909)
Total Operating Expenses (Net)	9 883 875
Cost Ratio	
Direct/Total (Net)	67,3%
Indirect/Total (Net)	32,7%
Indirect/Direct (Net)	48,6%

ANNEX 2

THE AFRICA RICE CENTER (WARDA)

EUROPEAN UNION

FINANCIAL REPORT: Year 2004 contribution for period ended 31 December 2004

Project Title:-Creating Low-Management Plant Types	
DESCRIPTION	AMOUNT (USD)
PERSONNEL COSTS	530 553,56
SUPPLIES AND SERVICES	146 930,93
OPERATIONAL TRAVEL	16 485,80
DEPRECIATION	-
TOTAL EXPENDITURE	693 970,29
	USD
Received from EU: On January 21st , 2005	558 184,00
Balance covered by WARDA	135 786,29

Project Title:-Policy Environment and Rice Market Development	
DESCRIPTION	AMOUNT (USD)
PERSONNEL COSTS	76 350,48
SUPPLIES AND SERVICES	17 827,67
OPERATIONAL TRAVEL	4 081,56
DEPRECIATION	-
TOTAL EXPENDITURE	98 259,71
	USD
Received from EU: On January 21st , 2005	96 961,00
Balance covered by WARDA	1 298,71