

**THE AFRICA RICE CENTER
(WARDA)**

**REPORT OF THE EXTERNAL AUDITORS TO THE
MEMBERS OF THE AFRICA RICE CENTER**

(Free translation from the original French version)

YEAR ENDED DECEMBER 31st, 2006

AFRICA RICE CENTER (WARDA)

REPORT OF THE EXTERNAL AUDITORS TO THE MEMBERS OF THE AFRICA RICE CENTER

(Free translation from the original French version)

YEAR ENDED DECEMBER 31st, 2006

We have audited the accompanying financial statements of Africa Rice Center (WARDA) as of December 31st, 2006. These financial statements are the responsibility of management and were prepared in accordance with generally accepted accounting principles and the CGIAR Financial Guidelines Series N° 2: Accounting Policies and Reporting Practices Manual (March 2004).

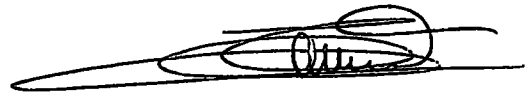
Our responsibility is to express an opinion on these financial statements based on our audit.

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 Africa Rice Center as of December 31st, 2006 and the results of its operations and its cash flow for the year then ended in accordance with International Accounting Standards and the CGIAR Financial Guidelines Series N° 2: Accounting Policies and Reporting Practices Manual (March 2004).

ERNST & YOUNG



Caroline Zamojciowna-Orio
Expert-Comptable Diplômé

March 14th, 2007

**AFRICA RICE CENTER
(WARDA)**

STATEMENT OF THE BOARD CHAIR

YEAR ENDED DECEMBER 31st, 2006

The Board of Trustees of the Africa Rice Center is pleased to announce the continued improvement in financial health and stability of the Center, during the financial year ended on 31st December, 2006 and wishes to commend the Management for the sound fiscal management of center resources in line with Board targets.

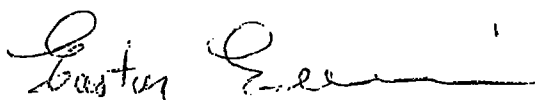
Total core revenue during the year increased to US\$11.44 million, up from US\$11.42 million in 2005. The net expenditure increased by US\$510,000 to US\$11.15 million up from US\$10.64 million in 2005. This resulted in a surplus of US\$0.28 million and enhanced the net assets, which represent the Center's operating reserves from US\$3.68 million at end of 2005 to US\$3.96 million at end of 2006.

The Center's liquidity and reserve levels, have also risen to 102 days which is now above CGIAR recommended levels for the first time within the last 5 years.

The Board, as part of its risk assessment management role, approved a risk management statement at the meeting held in March, 2006 and will continue to monitor and manage these risks to the best advantage of the Center activities.

The Board recognizes its responsibility for the financial statements in the interest of stakeholders and donors, and in responsibilities towards the Center's employees, collaborating farmer communities and its operating environment.

On behalf of the Board of Trustees, I would like to thank the management and staff for their dedication and perseverance in facing the challenges of re-settling in Cotonou, Benin within the last two years to December 2006. We would like also to put on record our appreciation of our donors, collaborating national institutions and the CGIAR partners for their continued support and cooperation towards meeting the laudable mission of the Center, which is aimed at alleviating poverty and enhancing income of resource-poor farmers in sub-Saharan Africa.



Gaston Grenier
Chairman, Board of Trustees

**AFRICA RICE CENTER
(WARDA)**

**BOARD STATEMENT ON RISK MANAGEMENT
YEAR ENDED DECEMBER 31st, 2006**

The Board of Trustees of WARDA has responsibility for ensuring that an appropriate risk management process is in place to identify and manage major and significant risks to the achievement of the Centre's business objectives, and to ensure alignment with CGIAR principles and guidelines as adopted by all CGIAR Centres. These risks include operational, financial and reputation risks that are inherent in the nature, *modus operandi* and locations of the Centre's activities. They are dynamic owing to the environment in which the Centre operates. There is potential for loss resulting from inadequate or failed internal processes or systems, human factors or external events. Risks include

- low impact science (and therefore irrelevance);
- misallocation of scientific efforts away from agreed priorities;
- loss of reputation for scientific excellence and integrity;
- business disruption and information system failure;
- liquidity problems;
- transaction processing failures;
- loss of assets, including information assets;
- failures to recruit, retain and effectively utilize qualified and experienced staff;
- failures in staff health and safety systems and;
- failures in the execution of legal, fiduciary and Centre responsibilities.

The Board has adopted a risk management policy – communicated to all staff – that includes a framework by which the Centre's management identifies, evaluates and prioritises risks and opportunities across the organization; develops risk mitigation strategies which balance benefits with costs; monitors the implementation of these strategies; and periodically reports to the Board on results. This process draws upon risk assessments and analysis prepared by staff of the Centre's business unit, internal auditors, Centre-commissioned external reviewers and the external auditors.

The risk assessments also incorporate the results of collaborative risk assessments with other CGIAR Centres, System Office components, and other entities in relation to shared risks arising from jointly managed activities. The risk management framework seeks to draw upon best practices, as promoted in codes and standards promulgated in a number of CGIAR member countries. It is subject to ongoing review as part of the Centre's continuous improvement efforts.

Risk mitigation strategies include the implementation of systems of internal controls, which, by their nature, are designed to manage rather than eliminate risk. The Centre endeavours to manage risk by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout the organization. Key practices employed in managing risks and opportunities include business environmental scans, clear policies and accountabilities, transaction approval frameworks, financial and management reporting, and the monitoring of metrics designed to highlight positive or negative performance of individuals and business processes across a broad range of key performance areas. The design and effectiveness of the risk management system and internal controls is subject to coordination through a Risk Management committee and ongoing review by the Centre's internal audit service, which is independent of the business units, and which reports on the results of its audits directly to the Director General and to the Board through its Audit Committee.

The WARDA Board and management have reviewed the implementation of the risk management process during 2006 and the Board is satisfied with the progress made.



Gaston Grenier

Chairman, Board of Trustees

**AFRICA RICE CENTER
(WARDA)**

CERTIFICATE BY CENTER MANAGEMENT

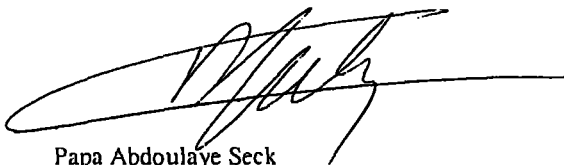
YEAR ENDED DECEMBER 31ST, 2006

We have prepared the accompanying financial statements of Africa Rice Center (WARDA) as of December 31st, 2006. These financial statements are the responsibility of The Africa Rice Center Management, and Board of Trustees, and have been duly presented to the Center's External Auditors, Ernst and Young for review.

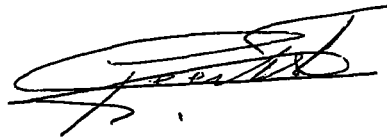
The Centers Management and Board of Trustees have worked closely with Internal and External Auditors to ensure that the financial statements are presented in compliance with the CGIAR manual, Financial Guideline Number 2.

In accordance with the requirement of Financial Guideline Number 2, the undersigned certify that:

- (i) the financial records of Africa Rice Center have been properly maintained;
- (ii) the financial statements, together with the explanatory notes thereto, comply in full with the provisions of the manual; and that
- (iii) the financial statements and the notes thereto give a true and fair view of the financial position, financial performance and cash flows of Africa Rice Center.



Papa Abdoulaye Seck
Director General

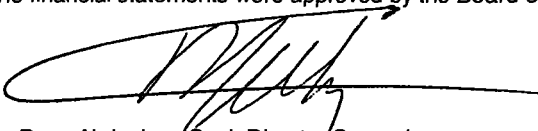


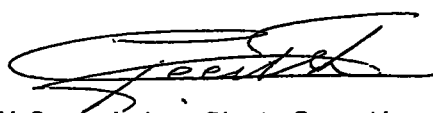
Koenraad F.M. Geerts
Assistant Director General- Corporate Services

**AFRICA RICE CENTER
(WARDA)
STATEMENT OF FINANCIAL POSITION
For the Years ended 31 December 2006 and 2005
(Expressed in US Dollars)**

	Note	2006	2005
ASSETS			
<u>Current Assets</u>			
Cash and Cash Equivalent	3	2,461,376	3,850,254
Accounts Receivable:			
Donors	4	3,148,727	3,368,566
Employees	5	172,177	202,190
Others	6	282,943	315,934
Inventories	15	339,363	421,407
Prepaid Expenses	7	281,418	362,751
Total Current Assets		6,686,004	8,521,102
<u>Property and Equipment</u>			
Property and Equipment	8	9,229,963	8,583,442
Less: Accumulated Depreciation	8	(8,129,311)	(7,257,385)
Total Property and Equipment-Net		1,100,652	1,326,057
TOTAL ASSETS		7,786,657	9,847,159
LIABILITIES AND NET ASSETS			
<u>Current Liabilities</u>			
Bank Balances(Overdraft)	9	146	16,326
Accounts Payable:			
Donors	10	1,393,601	3,426,654
Employees	11(a)	182,267	173,623
Others	12	908,142	1,066,376
Employees Investment Account	11(b)	214,000	214,000
Provisions and Accruals	13	1,124,157	1,267,637
Total Current Liabilities		3,822,313	6,164,616
TOTAL LIABILITIES		3,822,313	6,164,616
<u>Net Assets</u>			
Unrestricted Net Assets: Undesignated	14	3,964,344	3,682,543
TOTAL NET ASSETS		3,964,344	3,682,543
TOTAL LIABILITIES & NET ASSETS		7,786,657	9,847,159

The financial statements were approved by the Board of Trustees on 23 March, 2007 and were signed on their behalf by:


Dr. Papa Abdoulaye Seck, Director General


Mr. Koenraad F.M. Geerts, Assistant Director General for
Corporate Services

The accompanying notes to the financial statements(1-19) form part of this statement

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

For the Years ended 31 December 2006 and 2005
(Expressed in US Dollars)

	Note	Unrestricted	Restricted	Total	
				2006	2005
REVENUES, GAINS, AND OTHER SUPPORT					
Grants	16	5 924 993	5 034 582	10 959 575	11 022 963
Member States-Operating Income	17(a)	113 597		113 597	54 849
Member States-Capital Dev. Income	17(b)				
Special Transition Grant-Income	See Note 16				183 400
Other Income	18	363 300		363 300	160 048
Total Revenue, Gains and Other Support		6 401 891	5 034 582	11 436 473	11 421 260
EXPENSES AND LOSSES					
Program Related Expenses	19	3 615 971	4 724 949	8 340 921	7 148 349
Management and General Expenses		3 160 903	309 633	3 470 536	3 401 814
Special Transition Program Expenses					681 721
Total Expenses and Losses		6 776 874	5 034 582	11 811 456	11 231 884
Indirect Cost Recovery		(656 784)		(656 784)	(589 702)
Total expenses and losses		6 120 089	5 034 582	11 154 672	10 642 182
Change in Net Assets		281 801		281 801	779 078
Allocated to Capital Fund in Prior Year					
<u>Net Assets at Beginning of Year</u>		<u>3 682 543</u>		<u>3 682 543</u>	<u>2 903 465</u>
Change in Net Assets before Prior Year Adjustments		281 801		281 801	779 078
Change in Net Assets		281 801		281 801	779 078
Net Assets at End of Year		3 964 344		3 964 344	3 682 543
MEMO ITEM					
Total Expenses-by Natural Classification				Total	
		Management & General	Program Related	2006	2 005
Personnel Costs		1 667 785	3 579 028	5 246 813	4 855 166
Supplies & Services		1 102 719	3 282 466	4 385 185	4 205 922
Supplies & Services-Collaborators and Partnerships Costs		5 000	634 654	639 654	624 977
Operational Travel		164 514	477 980	642 494	773 912
Depreciation		530 518	366 792	897 310	771 908
Gross Operating Expenses		3 470 536	8 340 920	11 811 456	11 231 884

The accompanying notes to the financial statements(1-19) form part of this statement

**AFRICA RICE CENTER
(WARDA)
STATEMENT OF CHANGES IN NET ASSETS**
For the Years ended 31 December 2006 and 2005
(Expressed in US Dollars)

	Notes	Undesignated
Balance as at January 1 2005		2 903 465
Net Surplus(Deficit) for the year		779 078
Net gain and losses not recognised in Statement of Activities		
Balance as at December 31, 2005		3 682 543
Net Surplus(Deficit) for the year		281 801
Net gain and losses not recognised in Statement of Activities		
Balance as at December 31, 2006		3 964 344

AFRICA RICE CENTER
(WARDA)
STATEMENT OF CASHFLOWS
For the Years ended 31 December 2006 and 2005
(Expressed in US Dollars)

	Total	
	2006	2005
CASHFLOWS PROVIDED (USED) IN OPERATING ACTIVITIES		
Change in Net Assets	281 801	779 078
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities :		
Depreciation	897 310	771 908
(Gain)/loss on Disposal of Fixed Assets	(7 045)	(16 230)
Decrease(Increase) in Assets		
Accounts Receivable: Donors	219 838	(630 228)
Employees	30 013	57 640
Others	32 991	(167 558)
Inventories	82 044	(67 554)
Prepaid Expenses	81 333	(252 121)
Increase(Decrease) in Liabilities		
Accounts Payable: Donors	(2 033 053)	(190 783)
Employees	8 644	(100 990)
Others	(158 235)	(65 539)
Funds in Trust-Employees		(94 000)
Provisions and Accruals	(143 480)	138 932
Net Cash Provided (Used) in Operating Activities	(707 837)	162 555
CASHFLOWS PROVIDED (USED) IN INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(673 530)	(698 556)
Proceeds From Disposal of Property and Equipment	8 669	
Net Cash Provided (Used) in Investing Activities	(664 861)	(698 556)
CASHFLOWS PROVIDED (USED) IN FINANCING ACTIVITIES		
Bank Overdraft	(16 181)	16 326
Net Cash Provided (Used) in Financing Activities	(16 181)	16 326
Net Increase(Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Year	3 850 254	4 369 928
Increase(Decrease) in Cash and Cash Equivalents	(1 388 878)	(519 674)
Cash and Cash Equivalents at End of Year	2 461 376	3 850 254

The accompanying notes to the financial statements(1-19) form part of this statement

**AFRICA RICE CENTER
(WARDA)**

NOTES TO THE ACCOUNTS

YEAR ENDED DECEMBER 31ST, 2006

1. ORGANIZATION AND OBJECTIVES

The Africa Rice Center (WARDA or the Association) is an inter-governmental regional organization and a member of a network of centers supported by the Consultative Group of International Agricultural Research (CGIAR). 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 17 West African Countries and Cameroon and to improve the varieties of rice suitable to the region. At present, activities are carried out in four countries in different ecologies. Various research activities are carried out in Ibadan, Nigeria using the International Institute of Tropical Agriculture (IITA) campus as a station, the Sahel program is based at St. Louis in Senegal, and in March 2005, the East and Central Africa station started its activities in Dar-es-Salaam, Tanzania. The main research activities were formerly based at Bouaké in Côte d'Ivoire and physical presence at Rokupr ended in April 1993, but WARDA continues to carry out general maintenance activities as well as some seed multiplication in the Mbé valley near Bouaké.

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

Since January 2005, following the political crisis in Côte d'Ivoire in September 2002 and again in November 2004, WARDA's Headquarters have now been temporarily relocated to the International Institute for Tropical Agriculture (IITA) research station at Calavi, near Cotonou, Benin.

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) Basis of Preparation and Presentation of Financial Statements

The Financial Statements are prepared and presented in accordance with the recommendations made in the CGIAR Financial Guidelines Series N°2: Accounting Policies and Reporting Practices Manual (March 2004) which are in conformity with International Accounting Standards (IAS) for not-for-profit organizations.

(ii) 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.

(iii) 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.

(iv) 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 country have been revised. The assets constructed or purchased effective January 1st, 2005 will now be capitalized in accordance with the new guidelines.

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%

* With an exception for Land Buildings and Instalations constructed in Benin which have been depreciated at an accelerated rate of 20% in line with the Board approved decision to remain in the new temporary location for 5 years.

(v) *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.

(vi) *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 agreements between WARDA and the Ivorian and Benin governments signed on September 26, 1989 and December 14, 2004 respectively, the Association, its assets, income and any other property are exempted from any form of direct taxation in Côte d'Ivoire and Benin. The Association may be reimbursed on its request value added tax on construction work for buildings, supplies and services used exclusively for official purposes, except for tax on services in the case of Benin. 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 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, but these are disclosed in as detailed below:

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.

	2006	2006	2005	2005
	Number of personnel	Estimated costs (US \$)	Number of personnel	Estimated costs (US \$)
France	0	0	1	120,000
AVRDC-Taiwan	1	120,000	1	120,000
Japan	3	360,000	3 (9 months)	270,000
Total	4	480,000	3	510,000

3. CASH AND CASH EQUIVALENTS		
	2006	2005
	US \$	US \$
Bank Balances	2 424 329	3 791 015
Cash on Hand	37 047	82 106
Provision for Doubtful Cash in Old FCFA Bills		(22 867)
	2 461 376	3 850 254
4 ACCOUNTS RECEIVABLE-DONORS		
	2006	2005
	US \$	US \$
Unrestricted:-		
Belgium	245 271	229 890
Germany	39 600	
United States of America		50 000
France		89 026
Japan	737 965	897 249
Sub-total Unrestricted Grants Receivable	1 022 836	1 266 165
Restricted:-		
Restricted Project Fund Balances receivable-See note (a) below	2 125 892	2 139 102
Japan-Special Relocation Grant		40 000
Provision for CFC/FAO SPIRIVWA Project-Participating Country Balances		(34 273)
Provision for Gatsby Foundation-Improved Rice Dissemination Project		(42 428)
Sub-total Restricted Grants Receivable	2 125 892	2 102 401
	3 148 727	3 368 566
(a)	Details of amounts receivable from restricted donors are given in the Schedule of Restricted Projects.	
5 ACCOUNTS RECEIVABLE-EMPLOYEES		
	2006	2005
	US \$	US \$
Due from Staff Members	170 782	189 360
Due from Separated Staff Members	1 395	41 320
	172 177	230 680
Provision for Doubtful Accounts Receivable		(28 490)
	172 177	202 190
6 ACCOUNTS RECEIVABLE-OTHERS		
	2006	2005
	US \$	US \$
Sundry Receivables	282 943	317 998
	282 943	317 998
Provision for Doubtful Accounts Receivable		(2 063)
	282 943	315 934
7 PREPAID EXPENSES		
	2006	2005
	US \$	US \$
Petrol Coupons	11 161	109 099
Suppliers	328 709	325 706
	339 870	434 805
Provision for Doubtful Debts on Prepaid Expenses(Refund due from TEXACO)	(58 453)	(72 054)
	281 418	362 751

AFRICA RICE CENTER
(WARDA)
PROPERTY PLANT AND EQUIPMENT
For the Years ended 31 December 2006 and 2005
(Expressed in US Dollars)

8 PROPERTY AND EQUIPMENT

		Balance 1 January 2006	Reclassifications Fixed asset Category Adjustments	Disposal Adjustments Note (b)	Additions Note (c)	Balance 31 December 2006
Cost						
	Note (a)					
Land, Buildings and Installations		195 164	28 357		223 711	447 233
Heavy Duty Equipment		455 487			5 892	461 379
Agricultural Equipment		1 327 175			27 203	1 354 378
Vehicles and Tractors		1 657 839			51 689	1 709 528
Furniture and Office Equipment		1 195 070		(27 009)	45 786	1 213 848
Laboratory & Scientific Equipment		1 661 178	33 309		155 299	1 849 786
Computers		2 018 849	11 012		163 950	2 193 811
Fixed Assets in Transit		72 679	(72 679)			-
		8 583 442		(27 009)	673 530	9 229 963
Accumulated Depreciation						
Land, Buildings and Installations		15 846			199 901	215 747
Heavy Duty Equipment		430 193			12 331	442 523
Agricultural Equipment		1 263 380			40 344	1 303 725
Vehicles and Tractors		1 180 353			192 892	1 373 245
Furniture and Office Equipment		1 033 320		(25 385)	50 097	1 058 031
Laboratory & Scientific Equipment		1 457 408			235 466	1 692 875
Computers		1 876 884			166 281	2 043 165
		7 257 385		(25 385)	897 311	8 129 311
Net Book Value		1 326 057		(1 623)	(223 781)	1 100 652

- (a) As a result of adjustments which followed a change of Accounting Policy on Capitalization of Land, Buildings and Installations in year 2000 as in other notes, Buildings and Installations amounting to \$12,029,892 were excluded from the Fixed Assets Register and treated as 'Assets in . This policy has been discontinued with effect from 1st January, 2004 following the implementation of the revised Financial Guideline No. 2. The buildings constructed in Cotonou, Republic of Benin in 2005 and 2006 are being depreciated over a period of 5 years in line with the Man: the host country, Benin for a period of 5 years by which period it is anticipated that peace will have been re-established in Côte d'Ivoire.
- (b) Following the physical inventory of WARDA assets, the Furniture and Office Equipment category of assets no longer in custody were eliminated Register as of 31 December 2006 and treated as disposals during the year.
- (c) The Fixed Asset additions financed from restricted funds during the year amounted to US\$ 535,403 and US\$ 375,369 in 2005.

9 BANK OVERDRAFT		
	2006	2005
	US \$	US \$
Ecobank-Bamako, Mali		2 656
BICIS-St Louis, Senegal	146	13 671
	146	16 326
10 ACCOUNTS PAYABLE-DONORS		
	2006	2005
	US \$	US \$
Restricted:-		
Restricted Grants Received in Advance-See Note (a) below	949 028	2 375 631
USAID-OFDA Refundable Balance	100 000	100 000
Canada Fund for Africa-2004 Allocation Received in Advance		
Sub-total Restricted Grants Payable	1 049 028	2 475 631
Member States and Other Contribution:		
Member States Contributions Received in Advance	39 476	113 597
Sub-total Member States Contributions Received in Advance	39 476	113 597
Unrestricted:-		
World Bank Unrestricted Grant for 2006 and 2007 received in Advance	64 000	200 000
Sweden Unrestricted Grant for 2006 and 2007 received in Advance	241 096	203 926
Netherlands Unrestricted Grant 2006 in Advance		433 500
Sub-total Unrestricted Grants Payable	305 096	837 426
	1 393 601	3 426 654
(a)	Details of amounts received in advance from restricted donors are given in the Schedule of Restricted Projects.	
11(a) ACCOUNTS PAYABLE-EMPLOYEES		
	2006	2005
	US \$	US \$
Staff Provident Funds(Liberia)	25 145	25 145
Staff Provident Funds(Cote D'Ivoire/St Louis/Cotonou)	5 653	34 946
Due to Separated Staff Members	73 304	36 441
Due to Staff Members	78 165	77 091
	182 267	173 623
11(b) ACCOUNTS PAYABLE-EMPLOYEES INVESTMENT ACCOUNT		
	2006	2005
	US \$	US \$
Amount Invested in Time Deposit for the General Support Staff Provident Fund		
Balance Brought Forward 1st January 2006	214 000	308 000
Capital Enhancements During the Year 2006		(94 000)
Balance Carried Forward 31st December 2006	214 000	214 000
Interest earned during the year has been credited to the control account for the General Support Staff Provident Fund		
12 ACCOUNT PAYABLE-OTHERS		
	2006	2005
	US \$	US \$
Suppliers	254 674	239 500
Sundry Payables	653 468	826 876
	908 142	1 066 376
13 PROVISIONS AND ACCRUALS		
	2006	2005
	US \$	US \$
Accrued Expenses & Provisions	512 663	847 306
Staff Accrued Leave	317 086	354 343
Accrued Relocation & Repatriation Allowances	352 860	268 163
Reclassified Provisions	(58 453)	(202 175)
	1 124 157	1 267 637

14 UNRESTRICTED NET ASSETS

	2006	2005
	US \$	US \$
Unrestricted Net Assets:		
<u>Unappropriated:-</u>		
Net Assets at Beginning of Year	3 682 543	2 903 465
Transfer from Operating Result	281 801	779 078
Net Assets at End of Year	<u>3 964 344</u>	<u>3 682 543</u>

15 INVENTORIES

	2006	2005
	US \$	US \$
Stationery and Office Supplies	60 459	83 468
Vehicle and Equipment Spare Parts	222 193	286 012
Building and Maintenance Supplies	18 004	16 990
Fuel and Lubricants	18 304	2 126
Field and Farm Supplies	2 128	726
Laboratory Supplies	491	684
General Stocks	17 784	31 401
	<u>339 363</u>	<u>421 407</u>

	Grant Period	For the year ended 31 December 2006			
		Funds Received	Accounts Receivable	Total 2006	Total 2005
UNRESTRICTED					
Belgium	Jan'06-Dec'06		245 271	245 271	229 890
Canada	Jan'06-Dec'06	505 214		505 214	692 446
France	Jan'06-Dec'06	95 645		95 645	89 026
Germany	Jan'06-Dec'06	152 532	39 600	192 132	194 285
2/ Japan	Jan'06-Dec'06		737 965	737 965	897 249
Netherlands	Jan'06-Dec'06	867 000		867 000	918 612
Norway	Jan'06-Dec'06	654 688		654 688	768 255
Sweden	Jan'06-Dec'06	426 279		426 279	454 400
2/ United Kingdom	Jan'06-Dec'06	914 800		914 800	639 363
USAID	Jan'06-Dec'06	200 000		200 000	200 000
2/ World Bank	Jan'06-Dec'06	1 086 000		1 086 000	747 500
Total Unrestricted Grants		4 902 157	1 022 836	5 924 993	5 831 025
TEMPORARILY RESTRICTED					
AfDB I(NERICA Dissemination Project)	Oct'03-Dec'10	707 362		707 362	269 927
CANADA-Fund for Africa (CFA)	Jan'03-Sept'06	740 172		740 172	602 457
1/ New CANADA fund for SWIHA	2006-2007	31 370		31 370	
Conserv. Food & Health Found.	2006-2007	10 000		10 000	
COAT-Taiwan/AVRDC Collaborative Project	Oct'03-May'06	13 630		13 630	47 410
CFC/FAO-Spirivwa Project	Jan'00-Dec'03				181
ENI-CONGO	Sept'03-Jun'04				(2 768)
European Union/CORAF Project	Jul'01-Jun'05				299 449
1/ European Union(Rice Policy & Techn. Impact on Food Security....	Jan'03-Dec'05				513 942
Asareca-Support Research in E.and C. Africa	Mar'05-Sept'07	86 510		86 510	110 206
Federal Rep. of Nigeria Seed Mult.Prj	2006-2007	4 538		4 538	
Gatsby Foundation(Dissemination)	Jan'00-Dec'02				(9 833)
GTZ(Hohenheim Project)	Mar'00-Dec'05				30 783
GTZ(Periurban Project)	Jul'01-June'06	93 641		93 641	226 166
IBRD- Genebank Upgrade Project	Jan'03-Dec'06	140 492		140 492	117 846
IBRD- WCA-Regional MTP Project	Jan'05-Dec'06	105 533		105 533	83 879
1/ IBRD-World Bank Contrib.to SWEP-IVC	2006-2007	40 676		40 676	
IFAD(PADS Project)	Apr'99-Sept'08	170 968		170 968	262 127
IFAD (Congo-NERICA Dissemination Project)	Aug'04-Sept'06	53 244		53 244	86 873
UNDP/TCDC-IHP PHASE 2	Jul'00-Jun'05				181 266
Japan-(Interspecific Hyb. Project)	Jul'00-Jun'06	378 220		378 220	343 468
1/ Japan(RYMV Project)	Jan'00-Mar'06	28 066		28 066	102 626
1/ Japan(Increasing Quality Compet.Loc. Project)	Jan'03-Mar'06	98 739		98 739	140 484
1/ Japan(Dev.Interspec. OG&OS Progenies)	Jan'03-Mar'06	169 614		169 614	193 446
1/ Japan (High Yield Varieties-Humid Zones)	Dec'05-Dec'06	112 340		112 340	5 393
JICA/WARDA-Collaboration Project	Apr'04-Open	119 522		119 522	42 986
JIRCAS/WARDA-Drought Project	Apr'05-Open	36 172		36 172	53 384
Netherlands(APO/JPO Project)	2004-2006	469 190		469 190	352 238
PDIM/WARDA/SONADER Collaborative Project	Jan'06-Dec'08	35 977		35 977	
Rockefeller(Capacity Building)	Jan'01-Sept'05				70 863
Rockefeller(FPATDD-Mali/Nigeria)	Jan'01-Dec'06	37 785		37 785	160 865
Rockefeller(African Rice Initiative)	Jan'03-Dec'05				123 543
Rockefeller(Drought Tolerance Project)	Mar'04-Feb'07	338 691		338 691	280 395
USAID(African Networks Project)	1999-2006	96 047		96 047	306 884
USAID - RYMV Project	2005-2007	534 237		534 237	146 316
USAID - AVRDC Project	2005-2006	31 011		31 011	40 989
USAID: INSAH1-ROCARIZ Networks Project	Sep'06-Aug'07	38 478		38 478	
USAID:INSAH2-RiceMaize Stratification Project	Sep'06-Aug'07	39 746		39 746	
UNDP New PVS Entension Project	Jan'06-Dec'08	201 056		201 056	
UNDP Enhancing Capacity-NERICA	Jun'06-Dec'08	53 435		53 435	
UNDP(Guinea IAEC Project)	2004-2006	18 119		18 119	8 166
Total Restricted Grants		5 034 582		5 034 582	5 191 938
Total Grants		9 936 740	1 022 836	10 959 575	11 022 963

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

2/ Excluded from this amount are the DFID (2005) and Japan (2005) Special Grant incomes accrued against extraordinary expenditures and costs related to the relocation to Cotonou, Benin incurred during the year 2005 as a result of the crisis being experienced in Cote d'Ivoire.

17 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 2005 and 2004

	2005 US \$	2004 US \$
Senegal	36 566	54 849
The Gambia	3 530	
Burkina-Faso	53 860	
Sierra Leone	19 641	
	113 597	54 849

(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

There were no Member States made contributions to the Capital Development activities of the Association relating to the years ended 31 December 2006 and 2005

18 OTHER INCOME

	2006 US \$	2005 US \$
'Other Income' Revenues are made up as follow:		
Interest Income	132 884	86 767
Sale of rice	7 195	
Guest House	39 033	31 119
Transport	8 009	26 557
Miscellaneous income	176 179	15 604
	363 300	160 048

19 PROGRAM RELATED EXPENSES

	2006 US \$	2005 US \$
Program related expenses incurred as of December 31 are as follows:		
Research	6 217 423	4 928 699
Research Support	1 730 745	1 730 184
Training Information and Library Services(2003 Onwards)	392 752	489 466
	8 340 920	7 148 349

**AFRICA RICE CENTER
(WARDA)
STATEMENT OF ACTIVITIES**
For the Years ended 31 December 2006 and 2005
(Expressed in US Dollars)

RESTRICTED FUND BALANCES

Donor and Project	Notes to Adjustments	Période du projet	2005 Balances		Balance Adjustments 2006	Received in 2006	2006 Balances		Expenditures/ Grants in 2006	Expenditures/ Grants in 2005
			Receivable @31/12/05	Payables @31/12/05			Receivable @31/12/06	Payables @31/12/06		
AIDB (NERICA Dissemination Project)		Oct'03-Dec'10		227 661			479 700		707 362	269 927
CANADA-Fund for Africa (CFA)		Jan'03-Sept'06		947 059				206 887	740 172	602 457
New CANADA fund for SWIHA		2006-2007				167 231		135 861	31 370	
Conserv. Food & Health Found.		2006-2007				15 000		5 000	10 000	
COAT-Taiwan/AVRDC Collaborative Project		Oct'03-May'06	797			14 427			13 630	47 410
European Union(CORAF Project)		Jul'01-Jun'05								299 449
European Union(Rice Policy & Techn. Impact on Food Security. (a)	(a)	Jan'03-Dec'05	514 791		(98 467)	613 258				513 842
ASARECA-Support Agricultural Research in E. and C. Africa		Mar'05-Sept'07	52 613				139 124		86 510	110 206
ENI-CONGO		Sept'03-Jun'04								(2 768)
Federal Rep. of Nigeria Seed Mult.Prj		2006-2007					4 538		4 538	
CFC-FAO (Spiriwa Project)		Jan'00-Dec'03	48 663				48 663			181
Gatsby Foundation(Containment Facility Project)	(d)	Jan'94-Dec'02		3 952	(3 952)					
Gatsby Foundation(Rice Dissemination Project)	(b)	Jan'00-Dec'02	42 428		42 428					(9 833)
IBRD- Genebank Upgrade Project		Jan'03-Dec'06		335 896				195 404	140 492	117 846
IBRD- WCA-Regional MTP Project		Jan'05-Dec'06	11 879				117 412		105 533	83 879
IBRD-World Bank Contrib.to SWEPI-IVC		2006-2007				155 000		114 324	40 676	
GTZ(Projet Riz Nord)	(c)	Dec'98-Dec'00	37 219		37 219					
GTZ(University of Hohenheim Project)		Mar'00-Dec'05								30 763
GTZ Peri-Urban Project		Jul'01-June'06		93 641					93 641	226 166
IFAD(PADS Project) Phase I & II	(d)	Apr'99-Sept'08	604 007			480 000	294 975		170 968	262 127
IFAD (Congo-NERICA Dissemination Project)		Aug'04-Sept'06		45 744			7 500		53 244	86 873
UNDP-Interspecific Hybrid. Phase 2 Project)		Jul'00-Jun'05								181 286
Japan/UNDP-TCDC(Interspecific Hybrid. Project)		Jan'00-Mar'07	397 612			380 000	395 833		378 220	343 468
Japan(RYMV Project)		Jan'00-Mar'07	160 121			100 000	88 186		28 066	102 626
Japan(Increasing Quality Compet. Loc. Project)		Jan'03-Mar'07	89 171			100 000	87 910		98 739	140 484
Japan(Dev. Interspec. OG&OS Progenies)		Jan'03-Mar'07	95 603			100 000	165 217		169 614	193 446
Japan (High Yield Varieties-Humid Zones)		Dec'05-Dec'07	5 393			100 000	17 733		112 340	5 393
JICA/WARDA-Collaboration Project		Apr'04-Open	19 585			83 449	55 658		119 522	42 986
JIRCAS/WARDA-Drought Project		Apr'05-Open	56 832			55 125	37 879		36 172	53 384
Netherlands(APO/JPO Project)		2004-2007		270 147		216 133		17 090	469 190	352 238
PDIM/WARDA/SONADER Collaborative Project		Jan'06-Dec'08				32 023	3 954		35 977	
Rockefeller Capacity Building FS117		Jan'01-Dec'06								70 863
Rockefeller FPATDD Mali/Nigeria	(d)	Jan'01-Dec'06		38 809	(1 024)				37 785	160 865
Rockefeller (ARI)		Jan'03-Dec'05								123 543
Rockefeller(Drought Tolerance Project)		Mar'04-Feb'07		274 666		281 907		217 881	338 691	280 395
USAID(African Networks Project)		1999-2006		46 047		50 000			96 047	306 884
USAID - RYMV Project		2005-2007		78 684		375 000	80 554		534 237	146 316
USAID - AVRDC Project	(d)	2005-2006		13 011		18 000			31 011	40 989
USAID: INSAH1-ROCARIZ Networks Project		Sep'06-Aug'07				47 500		9 022	38 478	
USAID:INSAH2-RiceMaize Stratification Project		Sep'06-Aug'07				49 440		9 694	39 746	
UNDP New PVS Extension Project		Jan'06-Dec'08				100 000	101 056		201 056	
UNDP Enhancing Capacity-NERICA		Jun'06-Dec'08				91 300		37 865	53 435	
UNDP(Guinea IAEC Project)	(d)	2004-2006	2 403		922	19 600			18 119	8 166
UNEP-Farmer Stakeholders	(d)	Sept'02-Dec'03		314	(314)					
Miscellaneous Small Projects	(d)	2005	(15)		(15)					
Total Restricted Grants			2 139 101	2 375 631	(23 204)	3 644 393	2 125 892	949 028	5 034 582	5 191 938

Notes to Adjustments:-

- (a) European Union funds for 2005 Fiscal year received in 2006 adjusted (\$98,467)
- (b) Gatsby Foundation Rice Dissemination closed project Unpaid balance adjusted (\$42,428)
- (c) GTZ Project Riz Nord closed project unpaid balance adjusted (\$37,219)
- (d) Various residual balances on UNEP, UNDP, Gatsby and RF Foundations and FARA offset for overexpenditure and underexpenditure respectively at the end of the projects

**AFRICA RICE CENTER
(WARDA)
Statement of Operating Expenses
Indirect Cost rate
For the Years ended 31 December 2006 and 2005**

	2006	2005
Direct Operating Expenses		
Research	6 119 761	5 065 632
Research Support	2 600 658	1 857 341
Operations	657 102	418 425
sub-total	9 377 521	7 341 398
less: Overhead recovery ¹	(656 784)	(589 702)
Total Direct Operating Expenses	8 720 737	6 751 696
Indirect Operating Expenses		
Management	2 194 989	2 474 050
Common Sustenance Services	238 946	734 715
Extraordinary Transition Program Expenses(Crisis related)		681 721
Sub-total Indirect Operating Expenses	2 433 935	3 890 486
Less: Extraordinary Transition Program Expenses		(681 721)
Total Indirect Operating Expenses (Net)	2 433 935	3 208 765
Total Operating Expenses	11 154 672	9 960 461
² Cost Ratios		
Direct/Total	78,2%	67,8%
Indirect/Total	21,8%	32,2%
Indirect/Direct	27,9%	47,5%

¹ The deduction of the overhead recovery does not result in a NET amount but rather it results in the correct gross amount of the direct costs. This is because the project costs (normally reported as direct project costs) include an amount of indirect costs that a donor of restricted projects allows a Center to recover. As this is not a real direct cost it should be removed. This is always the amount shown as recovery in the Statement of Activity (SOA).

² The basis of computation has been revised to take into account the special circumstances in the current temporary headquarters