

The Africa Rice Center
WARDA

Year ended December 31st, 2007

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Africa Rice Center

Centre du riz pour l'Afrique

STATEMENT OF THE BOARD CHAIR

YEAR ENDED DECEMBER 31st, 2007



CGIAR
GCRAI

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, 2007 despite the challenges posed by the reduced unrestricted funding and the weakening of the US dollar. The Board wishes to commend the Management for the sound fiscal management of center resources in line with Board targets.

Total core revenue during the year decreased by US\$ 736,000 to US\$10.69 million, down from US\$11.44 million in 2006. The net expenditure also decreased by US\$ 637,000 to US\$10.52 million down from US\$11.15 million in 2006. This resulted in a surplus of US\$ 166,000 and enhanced the net assets, which represent the Center's operating reserves from US\$3.96 million at end of 2006 to US\$4.07 million at end of 2007.

The Center's liquidity and reserve levels have also risen to 109 days up from 102 days making it the second year that this financial indicator is above CGIAR recommended levels.

The Board, as part of its risk assessment management role, approved a risk management statement at the meeting held in March, 2006 and continues 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, and going even further to sign an alignment agreement with the International Institute of Tropical Agriculture (IITA) to render all Corporate Services to IITA and other centers hosted at the Benin Station since the last quarter of 2007. 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.

March 14 2008

Gaston Grenier

Chairman, Board of Trustees



Africa Rice Center

Centre du riz pour l'Afrique



BOARD STATEMENT ON RISK MANAGEMENT YEAR ENDED DECEMBER 31st, 2007

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.



Africa Rice Center

Centre du riz pour l'Afrique



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 2007 and the Board is satisfied with the progress made.

March 14 2008

Gaston Grenier

Chairman, Board of Trustees



Africa Rice Center

Centre du riz pour l'Afrique

CERTIFICATE BY CENTER MANAGEMENT

YEAR ENDED DECEMBER 31ST, 2007

We have prepared the accompanying financial statements of Africa Rice Center (WARDA) as of December 31st, 2007. 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

Aguibou D. Tall
Director of Administration and Finance

**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, 2007

The Africa Rice Center
WARDA
01 B.P. 2031
Cotonou
Bénin

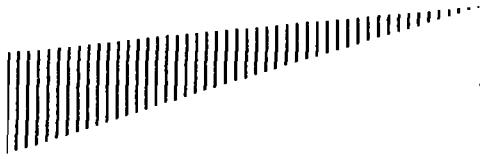
March 14th, 2008

We have audited the accompanying financial statements of Africa Rice Center (WARDA) as of December 31st, 2007. 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) updated in February 2006.

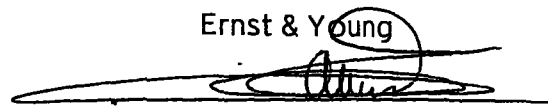
Our responsibility is to express an opinion on these financial statements based on our audit.

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, 2007 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) updated in February 2006.

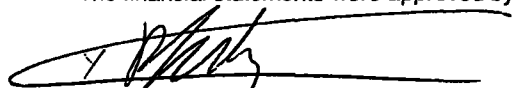
Ernst & Young



Caroline Zamojciowna-Orio
Chartered Accountant

AFRICA RICE CENTER(WARDA)
STATEMENT OF FINANCIAL POSITION
For the Years ended 31 December 2007 and 2006
(Expressed in US Dollars)

	Note	2007	2006
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Cash Equivalent	3	4,327,667	2,461,376
Accounts Receivable:			
Donors	4	2,840,593	3,148,727
Employees	5	186,659	172,177
Others	6	368,861	282,943
Inventories	15	435,826	339,363
Prepaid Expenses	7	172,258	281,418
Total Current Assets		8,331,863	6,686,004
<u>Property and Equipment</u>			
Property and Equipment	8	8,053,504	9,229,963
Less: Accumulated Depreciation	8	(7,056,848)	(8,129,311)
Total Property and Equipment-Net		996,655	1,100,652
TOTAL ASSETS		9,328,519	7,786,656
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current Liabilities</u>			
Bank Balances (Overdraft)	9		146
Accounts Payable:			
Donors	10	2,905,866	1,393,601
Employees	11(a)	190,745	182,267
Others	12	697,077	908,142
Employees Investment Account	11(b)	214,000	214,000
Provisions and Accruals	13	1,248,600	1,124,157
Total Current Liabilities		5,256,289	3,822,312
TOTAL LIABILITIES		5,256,289	3,822,312
<u>Net Assets</u>			
<u>Unrestricted Net Assets:-</u>			
Undesignated	14(a)	3,075,574	3,964,344
Designated	14(b)	996,655	
TOTAL NET ASSETS		4,072,230	3,964,344
TOTAL LIABILITIES & NET ASSETS		9,328,519	7,786,656

The financial statements were approved by the Board of Trustees on 17 March, 2008 and were signed on their behalf by:


Dr. Papa Abdoulaye Seck, Director General


Mr. Aguibou Dahirou Tall, Director of Finance and Administration

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 2007 and 2006
(Expressed in US Dollars)

	Note	Unrestricted	Restricted	Total	
				2007	2006
REVENUES, GAINS, AND OTHER SUPPORT					
Grants	16	4,659,243	5,725,370	10,384,612	10,959,575
Member States-Operating Income	17(a)	39,476		39,476	113,597
Member States-Capital Dev. Income	17(b)	16,906		16,906	
Other Income	18	243,201		243,201	363,300
Total Revenue, Gains and Other Support		4,958,826	5,725,370	10,684,196	11,436,473
EXPENSES AND LOSSES					
Program Related Expenses	19	2,339,618	5,476,204	7,815,822	8,340,921
Management and General Expenses		3,404,489	249,166	3,653,655	3,470,536
Total Expenses and Losses		5,744,107	5,725,370	11,469,477	11,811,456
Indirect Cost Recovery		(951,204)		(951,204)	(656,784)
Total expenses and losses		4,792,903	5,725,370	10,518,272	11,154,672
Change in Net Assets		165,924		165,924	281,801
Allocated to Capital Fund in Prior Year					
Net Assets at Beginning of Year		3,964,344		3,964,344	3,682,543
Change in Net Assets before Prior Year Adjustments		165,924		165,924	281,801
Prior-Year Adjustments:					
Germany 2006 Unrestricted Over-Accrual		(39,600)		(39,600)	
St Louis Station Prior-Year Unbooked Charges		(18,438)		(18,438)	
Sub-Total Prior-Year Adjustments		(58,038)		(58,038)	
Change in Net Assets		107,886		107,886	281,801
Net Assets at End of Year		4,072,230		4,072,230	3,964,344
MEMO ITEM					
Total Expenses-by Natural Classification					
		Unrestricted	Restricted	2007	2006
Personnel Costs		3,635,937	1,793,007	5,428,943	5,246,813
Supplies & Services		1,497,947	2,474,239	3,972,185	4,385,185
Supplies & Services-Collaborators and Partnerships Costs		1,942	795,973	797,915	639,654
Operational Travel		289,204	334,582	623,786	642,494
Depreciation		319,078	327,569	646,647	897,310
Gross Operating Expenses		5,744,107	5,725,370	11,469,477	11,811,456

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 2007 and 2006
(Expressed in US Dollars)**

UNRESTRICTED NET ASSETS	Undesignated US\$	Designated US\$	Total US\$
Balance as at January 1 2006	3,682,543		3,682,543
Net Surplus(Deficit) for the year	281,801		281,801
Net gain and losses not recognised in Statement of Activities			
Balance as at December 31, 2006	3,964,344		3,964,344
Net Surplus(Deficit) for the year	165,924		165,924
Net gain and losses not recognised in Statement of Activities(Prior-Year Adjustments)	(58,038)		(58,038)
¹¹ Designated in an amount equal to the Investment in Net book Value of Property Plant and Equipment	(996,655)	996,655	
Balance as at December 31, 2007	3,075,574	996,655	4,072,230

¹¹ Designated Net Assets

This amount has been transferred from undesignated net assets in an amount representing the accumulated net book value of investments in fixed assets with effect from 2007

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

AFRICA RICE CENTER (WARDA)
STATEMENT OF CASHFLOWS
For the Years ended 31 December 2007 and 2006
(Expressed in US Dollars)

	2007	Total 2006
CASHFLOWS PROVIDED (USED) IN OPERATING ACTIVITIES		
Change in Net Assets	165,924	281,801
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities :		
Prior Period Adjustments	(58,038)	
Extraordinary Items		
Depreciation	646,647	897,310
(Gain)/loss on Disposal of Fixed Assets	(30,064)	(7,045)
Decrease(Increase) in Assets		
Accounts Receivable: Donors	308,135	219,838
Employees	(14,481)	30,013
Others	(85,918)	32,991
Inventories	(96,464)	82,044
Prepaid Expenses	109,160	81,333
Increase(Decrease) in Liabilities		
Accounts Payable: Donors	1,512,265	(2,033,053)
Employees	8,478	8,644
Others	(211,064)	(158,235)
Funds in Trust-Employees		
Provisions and Accruals	124,443	(143,480)
Net Cash Provided (Used) in Operating Activities	2,379,023	(707,837)
CASHFLOWS PROVIDED (USED) IN INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(564,899)	(673,530)
Proceeds From Disposal of Property and Equipment	52,313	8,669
Adjustment to Opening Net Book Value of Property and Equipment		
Net Cash Provided (Used) in Investing Activities	(512,586)	(664,861)
CASHFLOWS PROVIDED (USED) IN FINANCING ACTIVITIES		
Bank Overdraft	(146)	(16,181)
Net Cash Provided (Used) in Financing Activities	(146)	(16,181)
Net Increase(Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Year	2,461,376	3,850,254
Increase(Decrease) in Cash and Cash Equivalents	1,866,291	(1,388,878)
Cash and Cash Equivalents at End of Year	4,327,667	2,461,375

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, 2007

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 – updated in February 2006) 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 and updated in February 2006 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 are now 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.

	2007	2007	2006	2006
	Number of personnel	Estimated costs (US \$)	Number of personnel	Estimated costs (US \$)
AVRDC-Taiwan	-	-	1	120,000
Japan	4	420,000	3	360,000
Total	4	420,000	4	480,000

2.3 INDIRECT COST RECOVERY

The pooling of direct and indirect costs is based on the principle of attribution and assignability. Expenditures that are common to the different cost centers are allocated on the basis of resource drivers. Non-operating and non-recurring expenditures are excluded in the computation.

The method of calculating the indirect cost recovery rate is based in accordance with the CGIAR Financial Guidelines No.5 (refer to Annex 4).

The indirect cost rates on restricted projects may vary depending on the rates agreed upon in the terms and conditions of the relevant agreements.

3. CASH AND CASH EQUIVALENTS		
	2007 US \$	2006 US \$
Bank Balances	4,283,822	2,424,329
Cash on Hand	43,844	37,047
	4,327,667	2,461,376
4 ACCOUNTS RECEIVABLE-DONORS		
	2007 US \$	2006 US \$
Unrestricted:-		
Belgium		245,271
Germany		39,600
United States of America	250,000	
France	144,756	
Japan	493,330	737,965
Sub-total Unrestricted Grants Receivable	888,086	1,022,836
Restricted:-		
Restricted Project Fund Balances receivable-See note (a) below	1,952,507	2,125,892
Sub-total Restricted Grants Receivable	1,952,507	2,125,892
	2,840,593	3,148,727
(a) Details of amounts receivable from restricted donors are given in the Schedule of Restricted Projects on annex 3.		
5 ACCOUNTS RECEIVABLE-EMPLOYEES		
	2007 US \$	2006 US \$
Due from Staff Members	185,264	170,782
Due from Separated Staff Members	1,395	1,395
	186,659	172,177
6 ACCOUNTS RECEIVABLE-OTHERS		
	2007 US \$	2006 US \$
Sundry Receivables	368,861	282,943
	368,861	282,943
7 PREPAID EXPENSES		
	2007 US \$	2006 US \$
Petrol Coupons	55,090	11,161
Suppliers	117,167	328,709
	172,258	339,870
Provision for Doubtful Debts on Prepaid Expenses (Refund due from TEXACO)		(58,453)
	172,258	281,418

AFRICA RICE CENTER (WARDA)
PROPERTY AND EQUIPMENT
For the Years ended 31 December 2007 and 2006
(Expressed in US Dollars)

8 PROPERTY AND EQUIPMENT

<u>Cost</u>		Balance 1 January 2007	Reclassifications Fixed Asset Category Adjustments	Disposals	Additions (Note b)	Balance 31 December 2007
Land, Buildings and Installations	Note (a)	447,233			45,850	493,083
Heavy Duty Equipment		461,379			24,000	485,380
Agricultural Equipment		1,354,378			73,832	1,428,210
Vehicles and Tractors		1,709,528		(179,187)	179,127	1,709,467
Furniture and Office Equipment		1,213,848		(10,356)	4,798	1,208,290
Laboratory & Scientific Equipment		1,849,786			176,899	2,026,685
Computers		2,193,811		(1,551,816)	60,392	702,388
		9,229,963		(1,741,359)	564,899	8,053,504
<u>Accumulated Depreciation</u>						
Land, Buildings and Installations		215,747			83,994	299,741
Heavy Duty Equipment		442,523			5,102	447,626
Agricultural Equipment		1,303,725			64,465	1,368,190
Vehicles and Tractors		1,373,245		(160,067)	139,222	1,352,400
Furniture and Office Equipment		1,058,031		(9,058)	32,918	1,081,891
Laboratory & Scientific Equipment		1,692,875			219,940	1,912,814
Computers		2,043,165		(1,549,984)	101,005	594,186
		8,129,311		(1,719,110)	646,646.76	7,056,848
Net Book Value		1,100,652		(22,249)	(81,748)	996,655

- (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 updated in February 2006. The buildings constructed in Cotonou, Republic of Benin since 2005 are being depreciated over a period of 5 years in line with the Management decision to stay in 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) The Fixed Asset additions financed from restricted funds during the year amounted to US\$ 327,569 and US\$ 535,403 in 2006

9 BANK OVERDRAFT		
	2007 US \$	2006 US \$
BICIS-St Louis, Senegal		146
		146

10 ACCOUNTS PAYABLE-DONORS		
	2007 US \$	2006 US \$
Restricted:-		
Restricted Grants Received in Advance-See Note (a) below	656,575	949,028
USAID-OFDA Refundable Balance	100,000	100,000
Sub-total Restricted Grants Payable	756,575	1,049,028
Member States and Other Contribution:		
Member States Contributions Received in Advance	1,894,367	39,476
Sub-total Member States Contributions Received in Advance	1,894,367	39,476
Unrestricted:-		
World Bank Unrestricted Grant 2006 in Advance		64,000
Sweden Unrestricted Grant 2007 in Advance	254,924	241,096
Sub-total Unrestricted Grants Payable	254,924	305,096
	2,905,866	1,393,601

(a) Details of amounts received in advance from restricted donors are given in the Schedule of Restricted Projects on annex 3

11(a) ACCOUNTS PAYABLE-EMPLOYEES		
	2007 US \$	2006 US \$
Staff Provident Funds(Liberia)	25,145	25,145
Staff Provident Funds(Cote D'Ivoire/St Louis/Cotonou)	52,337	5,653
Due to Separated Staff Members	25,102	73,304
Due to Staff Members	88,161	78,165
	190,745	182,267

11(b) ACCOUNTS PAYABLE-EMPLOYEES INVESTMENT ACCOUNT		
	2007 US \$	2006 US \$
Amount Invested in Time Deposit for the General Support Staff Provident Fund		
Balance Brought Forward 1st January 2007	214,000	214,000
Capital Enhancements During the Year 2007		
Balance Carried Forward 31st December 2007	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		
	2007 US \$	2006 US \$
Suppliers	267,850	254,674
Sundry Payables	429,228	653,468
	697,077	908,142

13 PROVISIONS AND ACCRUALS		
	2007 US \$	2006 US \$
Accrued Expenses & Provisions	524,419	512,663
Staff Accrued Leave	382,716	317,086
Accrued Relocation & Repatriation Allowances	341,465	352,860
Reclassified Provisions		(58,453)
	1,248,600	1,124,157

14 UNRESTRICTED NET ASSETS

	2007 US \$	2006 US \$
Unrestricted Net Assets:		
<u>Undesignated:</u>		
Net Assets at Beginning of Year	3,964,344	3,682,543
<u>Prior Period Adjustment</u> ^{1/}		
Germany 2006 Unrestricted Over-Accrual	(39,600)	
St Louis Station-Prior-Year Unbooked Charges	(18,438)	
	<u>(58,038)</u>	
Transfer from Operating Result	165,924	281,801
Transfer towards Designated Net Assets(Investment in Property Plant and Equipment)	(996,655)	
Sub-Total Undesignated Net Assets at End of Year	<u>3,075,574</u>	<u>3,964,344</u>
<u>Designated:</u>		
Transfer towards Designated Net Assets(Investment in Property Plant and Equipment)	996,655	
Sub-Total Designated Net Assets at End of Year	<u>996,655</u>	
Net Assets at End of Year	<u>4,072,230</u>	<u>3,964,344</u>

^{1/} The prior-year adjustments relate to over-accrued grant revenue from Germany in 2006 and supplier invoices at St Louis Station relating to periods prior to 1st January 2007 that had not been expensed in the appropriate previous financial years.

Net Assets are the residual interest in the Center's assets remaining after liabilities are deducted.
These are classified as follows:-

(a) Undesignated Net Assets

These represent that part of net assets accumulated from past and present surpluses of revenue over expenses that are not designated by Center Management for specific purposes.

(b) Designated Net Assets

These represent that part of net assets that has been designated by Center Management for the future acquisitions and replacement of property and equipment in an amount equal to the net investment in fixed assets. This has been introduced during the current year in order to disclose this amount in line with the requirements of CG Financial Guideline series No.2

15 INVENTORIES

	2007 US \$	2006 US \$
Stationery and Office Supplies	89,628	60,459
Vehicle and Equipment Spare Parts	225,231	222,193
Building and Maintenance Supplies	19,147	18,004
Fuel and Lubricants	16,960	18,304
Fuel Stocks - Cotonou	18,240	
Field and Farm Supplies	38,337	2,128
Laboratory Supplies	562	491
Stocks -Health Post	703	
General Stocks	22,554	17,083
St Louis Station Stores	4,464	701
	<u>435,826</u>	<u>339,363</u>

UNRESTRICTED	Grant Period	For the year ended 31 December 2007			
		Funds Received	Accounts Receivable	Total 2007	Total 2006
Belgium	Jan'07-Dec'07	439,067		439,067	245,271
Canada	Jan'07-Dec'07	543,886		543,886	505,214
France	Jan'07-Dec'07		144,756	144,756	95,645
Germany	Jan'07-Dec'07	157,095		157,095	192,132
Japan	Jan'07-Dec'07		493,330	493,330	737,965
Netherlands	Jan'07-Dec'07				867,000
Norway	Jan'07-Dec'07				654,688
Sweden	Jan'07-Dec'07	495,459		495,459	426,279
United Kingdom	Jan'07-Dec'07	985,650		985,650	914,800
USAID	Jan'07-Dec'07		250,000	250,000	200,000
World Bank	Jan'07-Dec'07	1,150,000		1,150,000	1,086,000
Cote D'Ivoire	Jan'07-Dec'07				
Total Unrestricted Grants		3,771,156	888,086	4,659,243	5,924,993
TEMPORARILY RESTRICTED					
AfDB I(NERICA Dissemination Project)	Jan'04-Dec'09	379,319		379,319	707,362
CANADA-Fund for Africa (CFA)	2003-2007	208,272		208,272	740,172
1/ New CANADA fund for SWIHA	2006-2008	107,871		107,871	31,370
WCA/MTP-Regional Coll.Act.Plan	Jan'07-Dec'07	50,000		50,000	
Conserv Food & Health Found.	Jul'06-Jun'08	19,789		19,789	10,000
COAT-Taiwan/AVRDC Collaborative Project	Oct'03-May'06				13,630
CFC/FAO-Spirivwa Project	Jan'00-Dec'08	174,801		174,801	
1/ European Union(Rice Policy & Techn. Impact on Food Sec)	Jan'07-Dec'07	1,203,184		1,203,184	
European Union(E.and C. Africa Rice Res.Networks)	Mar'05-Sept'07	94,468		94,468	86,510
Federal Rep. of Nigeria Seed Mult.Prj	2006-2007	148,402		148,402	4,538
IBRD- Genebank Upgrade Project	2003-2008	189,258		189,258	140,492
IBRD- WCA-Regional MTP Project	Jan'05-Dec'07	32,588		32,588	105,533
1/ IBRD-World Bank Contrib.to SWEP-IVC	Jan'06-Mar'08	84,105		84,105	40,676
IBRD- Genebank Upgrade Project(GPG-Phase 2)	Jan'07-Dec'09	109,597		109,597	
IBRD- IITA / WARDA Corporate Services Alignment Project	Jan'07-Dec'08	112,985		112,985	
IFAD(PADS Project)	Mar'05-Mar'08	188,184		188,184	170,968
IFAD (Congo-NERICA Dissemination Project)	Aug'04-Sept'06				53,244
IFAD-HIV/AIDS and Rural Poverty Project	Jan'07-Jun'08	67,669		67,669	
UNDP/TCDC-IHP PHASE 2	Jan'07-Dec'09	192,331		192,331	
Japan-(Interspecific Hyb. Project)	Jan'00-Mar'08	430,124		430,124	378,220
1/ Japan(RYMV Project)	Jan'00-Mar'08	128,916		128,916	28,066
1/ Japan(Increasing Quality Compet.Loc. Project)	Jan'03-Mar'08	111,192		111,192	98,739
1/ Japan(Dev.Interspec. OG&OS Progenies)	Jan'03-Mar'08	62,135		62,135	169,614
1/ Japan (High Yield Varieties-Humid Zones)	Dec'05-Dec'08	89,787		89,787	112,340
1/ Japan (Phys. & Genetic Invest.-NERICA Project)	Jan'07-Mar'08	100,000		100,000	
JICA/WARDA-Collaboration Project	Apr'04-Open	164,035		164,035	119,522
JIRCAS/WARDA-Drought Project	Apr'05-Open	38,211		38,211	36,172
Netherlands(APO/JPO Project)	2004-2007	289,320		289,320	469,190
PDIM/WARDA/SONADER Collaborative Project	Jan'06-Dec'07	48,218		48,218	35,977
Rockfeller(FPATDD-Mali/Nigeria)	Jan'01-Dec'06				37,785
Rockfeller(Drought Tolerance Project)	Mar'04-Dec'07	218,544		218,544	338,691
USAID(African Networks Project)	2005-2006				96,047
USAID - RYMV Project	Oct'06-Dec'09	131,155		131,155	534,237
USAID - AVRDC Project	2005-2006				31,011
USAID: INSAH1-ROCARIZ Networks Project	Sept'06-Dec'07	130,026		130,026	38,478
USAID:INSAH2-RiceMaize Stratification Project	Sept'06-Dec'07	147,782		147,782	39,746
UNDP New PVS Extension Project	Jun'06-Apr'08	132,140		132,140	201,056
UNDP Enhancing Capacity-NERICA	Jun'06-Dec'09	140,964		140,964	53,435
UNDP(Guinea IAEC Project)	2004-2006				18,119
Total Restricted Grants		5,725,370		5,725,370	5,034,582
Total Grants		9,496,526	888,086	10,384,612	10,959,575

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

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 2006 and 2005

	2007 US \$	2006 US \$
Benin	20,171	
Senegal		36,566
The Gambia		3,530
Burkina-Faso	19,305	53,860
Sierra Leone		19,641
	39,476	113,597

(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 2007 and 2006

	2007 US \$	2006 US \$
Benin	11,784	
Cote Divoire	5,122	
	16,906	

18 OTHER INCOME

	2007 US \$	2006 US \$
'Other Income' Revenues are made up as follow:		
Interest Income	75,729	132,884
Sale of Rice	(4,216)	7,195
Guest House	46,739	39,033
Transport	4,431	8,009
Miscellaneous income	82,030	169,134
Sale of Fixed Assets	30,064	7,045
	234,778	363,300

19 EXPENSES AND LOSSES

	2007 US \$	2006 US \$
(a) Program Related Expenses by Functional Classification as of December 31st		
Research	6,333,779	6,217,423
Research Support	1,146,273	1,730,745
Training Information and Library Services	335,770	392,752
	7,815,822	8,340,920

(b) Expenses and Losses by Functional and Natural Classification as of December 31st

	2007 US \$		2006 US \$	
	Program Related	Management and General	Program Related	Management and General
Personnel Costs	3,618,871	1,810,073	3,579,028	1,667,785
Supplies & Services	2,723,696	1,248,490	3,282,466	1,102,719
Supplies & Services-Collaborators and Partnerships Costs	795,973	1,941	634,654	5,000
Operational Travel	367,737	256,050	477,980	164,514
Depreciation	309,545	337,101	366,792	530,518
Gross Operating Expenses	7,815,822	3,653,655	8,340,920	3,470,536

ANNEX 1

AFRICA RICE CENTER (WARDA)
AFRICAN DEVELOPMENT BANK
FINANCIAL REPORT: period from January 1st to December 31st 2007

Project Title:-WARDA : NERICA DISSEMINATION PROJECT	
DESCRIPTION	AMOUNT (US\$)
Balance (Receivable) brought forward 1st January 2007	479,700
WARDA GRANT:	
-PERSONNEL COSTS	22,207
-SUPPLIES AND SERVICES	38,055
-OPERATIONAL TRAVEL	20,833
-CAPITAL	34,285
Total expenses on WARDA GRANT	115,379
NARS GRANT:	
-OPERATIONAL FUNDS PAID OUT	263,940
Total expenses on NARS GRANT	263,940
TOTAL EXPENDITURE FOR THE YEAR	379,319
Received from AFDB:	
-January 2007 for WARDA Grant activities	(274,143)
-January 2007 for NARS Grant activities	(347,489)
-Direct payment to CFAO (Motor vehicle purchase)	(34,285)
-Interest earned in 2007 on deposit account	(6,513)
Total funds received	(662,430)
Balance (Receivable) carried forward as at December 31st, 2007	196,590

ANNEX 2

AFRICA RICE CENTER (WARDA)
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)
(EUROPEAN UNION FUNDING)

FINANCIAL REPORT: Statement of Expenditure for the period 1st January to 31st December 2007

Project Title:-Rice Policy and Technology Impact for Food Security and Poverty Reduction		
DESCRIPTION	AMOUNT (US\$)	AMOUNT (EURO)
-PERSONNEL COSTS	568,558	387,959
-SUPPLIES AND SERVICES	561,264	382,982
-OPERATIONAL TRAVEL	68,531	46,762
-CAPITAL	4,831	3,296
TOTAL EXPENDITURE FOR THE YEAR	1,203,184	821,000
Received from IFAD in December 2007	(1,082,489)	(738,900)
Balance due from IFAD	120,695	82,100

**AFRICA RICE CENTER
(WARDA)
Statement of Operating Expenses
Indirect Cost rate
For the Years ended 31 December 2007 and 2006**

	2007 US\$	2006 US\$
Direct Operating Expenses		
Research	5,779,952	6,119,761
Research Support	2,082,654	2,600,658
Operations	896,865	657,102
sub-total	8,759,471	9,377,521
less: Overhead recovery ¹	(818,430)	(656,784)
Total Direct Operating Expenses	7,941,041	8,720,737
Indirect Operating Expenses		
Management	2,488,101	2,194,989
Common Sustenance Services	221,905	238,946
Sub-total Indirect Operating Expenses	2,710,006	2,433,935
Less: Extraordinary IITA CS Alignment Expenses	(112,985)	
Total Indirect Operating Expenses (Net)	2,597,021	2,433,935
less: Indirect Cost Recovery from Invoiced Services and hosted Institutions ¹	(132,775)	
Total Operating Expenses (inclusive of \$112,985 Extraordinary IITA CS Expenses)	10,518,272	11,154,672
 Cost Ratios		
Direct/Total	75.5%	78.2%
Indirect/Total	24.7%	21.8%
Indirect/Direct	32.7%	27.9%

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 usually the amount shown as recovery in the Statement of Activity (SOA). However, in 2007 this amount includes additional overhead recovery due to services provided to hosted institutions and for invoiced services that do not form part of WARDA's direct costs stated above.