



Africa Rice Center (WARDA)



AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008





Africa Rice Center

Centre du riz pour l'Afrique

STATEMENT OF THE BOARD CHAIR

YEAR ENDED DECEMBER 31ST, 2008

The Board of Trustees of the Africa Rice Center is pleased with the continued improvement in the financial health and stability of the Center during the financial year ended on 31st December, 2008 in spite of challenges posed by some unexpected reductions in unrestricted funding and the continued weakening of the US dollar during the course of the year. The Board wishes to commend Management for the sound and prudent manner in which it has managed the center resources in accordance with Board approved program of work and budget.

Total core revenue during the year increased by US\$ 2.43 million to US\$13.11 million, up from US\$10.68 million in 2007. The net expenditure also increased by US\$ 690,000 to US\$11.21 million up from US\$10.52 million in 2007. This resulted in a surplus of US\$ 1,9 million and increased the Center's net assets. The Center's operating reserves increased from US\$4.07 million at end of 2007 to US\$5.97 million at end of 2008. This significant increase was mainly due to the recognition of receipts of past member states contributions in 2008.

The Center's liquidity and reserve levels have risen to 181 days, up from 114 days in 2007, making it the third consecutive year that this financial indicator is above CGIAR recommended level.

The Board approved a risk management statement at its 26th session in March, 2006 and continues to monitor and manage identified risks having regard to their likely impact and probability of occurrence. The Board in close consultation with the Director General sets the risk appetite of the center.

The Board recognizes its fiduciary responsibility for the financial statements of the center as well as in setting overall strategy for the center and following up on its implementation in accordance with agreed policies, time lines and output/ outcomes.

On behalf of the Board of Trustees, I would like to thank management and staff for their dedication and commitment in continuing the provision of Corporate Services to IITA and Bioversity International during the year, with a possibility of other CG centers which may be setting up their activities in our Cotonou Research Station in the near future. I would like also to put on record our sincere appreciation to our Member States, donors, collaborating national and international institutions and the CGIAR partners for their continued support and cooperation towards meeting the mission of the Center, which is aimed at alleviating poverty and enhancing income of resource-poor farmers in sub-Saharan Africa.

Getachew Engida
Chairman, Board of Trustees

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Africa Rice Center

Centre du riz pour l'Afrique

BOARD STATEMENT ON RISK MANAGEMENT

YEAR ENDED DECEMBER 31ST, 2008

The Board of Trustees of WARDA has responsibility for ensuring that an appropriate strategy is in place for centre-wide risk management, in order to ensure the achievement of the Centre's research objectives, and to ensure alignment with CGIAR principles and guidelines. These risks include operational, financial and reputational 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 negative impact arising 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;
- research, 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;
- failures in the execution of legal, fiduciary and Centre responsibilities and;
- failure on the part of donors to make appropriate level of investments to support research.

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 auditor.

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

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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 2008 and the Board is satisfied with the progress made.

Getachew Engida
Chairman, Board of Trustees

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CERTIFICATE BY CENTER MANAGEMENT

YEAR ENDED DECEMBER 31ST, 2008

We have prepared the accompanying financial statements of Africa Rice Center (WARDA) as of December 31st, 2008. These financial statements are the responsibility of The Africa Rice Center Management, and have been duly presented to the Center's External Auditors, Ernst and Young for review.

The Center's Management 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.

Aguibou D. Tall
Director of Administration and Finance

Papa Abdoulaye Seck
Director General

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REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF AFRICA RICE CENTER (WARDA)

Report on the Financial Statements

We have audited the accompanying financial statements of Africa Rice Center (WARDA), which comprise the Statement of Financial Position as at December 31, 2008, the Statement of Activities and Statement of Cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with policies and practices prescribed for International research center seeking assistance from Consultative Group on International Agricultural Research (CGIAR) as described on page 4.

Auditor's Responsibilities

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 comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Africa Rice Center (WARDA) as at December 31, 2008, and of its surplus and its cash flows for the year then ended in accordance with CGIAR Accounting Policies and Reporting Practices Manual.

Lagos, Nigeria

March 8, 2009

AFRICA RICE CENTER (WARDA)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

	Note	2008	2007
		US \$	US \$
ASSETS			
Current Assets			
Cash and Cash Equivalent	3	4,435,284	4,327,667
Accounts Receivable:			
Donors	4	4,016,102	2,858,076
Employees	5	255,151	186,659
Others	6	930,598	351,378
Inventories	14	437,780	435,825
Prepaid Expenses	7	255,673	172,258
Total Current Assets		10,330,588	8,331,863
Property and Equipment			
Property and Equipment	8	8,231,407	8,053,504
Less: Accumulated Depreciation	8	(7,518,141)	(7,056,849)
Total Property and Equipment-Net		713,266	996,655
TOTAL ASSETS		11,043,854	9,328,518
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable:			
Donors	9	2,479,114	3,009,870
Employees	10(a)	306,699	190,745
Others	11	486,514	593,074
Employees Investment Account	10(b)	214,000	214,000
Provisions and Accruals	12	1,590,273	1,248,600
Total Current Liabilities		5,076,600	5,256,289
TOTAL LIABILITIES		5,076,600	5,256,289
Net Assets			
Unrestricted Net Assets:-			
Undesignated	13	5,253,988	3,075,574
Designated	13	713,266	996,655
TOTAL NET ASSETS		5,967,254	4,072,229
TOTAL LIABILITIES & NET ASSETS		11,043,854	9,328,518

The financial statements were approved by the Board of Trustees on 8 March, 2009 and were signed on their behalf by:



Mr. Aguibou Dahirou Tall, Director of Finance and Administration



Dr. Papa Abdoulaye Seck, Director General

The accompanying notes to the financial statements(1-18) form part of this statement

**AFRICA RICE CENTER (WARDA)
STATEMENT OF ACTIVITIES
AS AT DECEMBER 31, 2008**

	Note	Unrestricted	Restricted		Total	
			Temporarily Restricted	Challenge Programs	2008	2007
<u>REVENUES, GAINS AND OTHER SUPPORT</u>		US \$	US \$		US \$	US \$
	15	4,521,219	6,151,744	227,209	10,900,172	10,384,612
	16(a)	1,894,367			1,894,367	39,476
	16(b)					16,907
	17	314,835			314,835	243,201
Total Revenue,Gains and Other Support		6,730,421	6,151,744	227,209	13,109,374	10,684,196
<u>EXPENSES AND LOSSES</u>						
Program Related Expenses	18(a)	2,655,444	5,658,017	227,209	8,540,670	7,815,822
Management and General Expenses	18(b)	3,740,807	493,727	-	4,234,534	3,653,655
Sub-Total Expenses and Losses		6,396,251	6,151,744	227,209	12,775,204	11,469,477
Indirect Cost Recovery		(1,560,854)			(1,560,854)	(951,204)
Total Expenses and Losses		4,835,397	6,151,744	227,209	11,214,350	10,518,272
Change in Net Assets:						
Net Surplus / (Deficit)		1,895,024			1,895,024	165,924
<u>Total Expenses-by Natural Classification</u>						
		Unrestricted	Restricted		Total	
			Temporarily Restricted	Challenge Programs	2008	2007
Personnel Costs		4,106,294	1,370,269	48,214	5,524,778	5,428,943
Supplies & Services		1,729,154	2,902,725	159,166	4,791,044	3,972,185
Supplies & Services-Collaborators and Partnerships Costs		3,203	1,157,142		1,160,345	797,915
Operational Travel		257,684	424,380	19,829	701,893	623,786
Depreciation		299,916	297,228		597,144	646,647
Sub-Total Expenses and Losses		6,396,251	6,151,744	227,209	12,775,204	11,469,477
Indirect Cost Recovery		(1,560,854)			(1,560,854)	(951,204)
Total Expenses and Losses		4,835,397	6,151,744	227,209	11,214,350	10,518,272

AFRICA RICE CENTER (WARDA)
STATEMENT OF CHANGES IN NET ASSETS
AS AT DECEMBER 31, 2008

UNRESTRICTED NET ASSETS	Undesignated US \$	Designated ^{1/} US \$	Total US \$
Balance as at January 1 2007	3,964,344		3,964,344
Net Surplus(Deficit) for the year	165,924		165,924
<u>Net Gain and Losses not recognised in Statement of Activities:</u>			
Prior Period Adjustments (a)	(58,038)		(58,038)
Net Changes in Investment in Fixed Assets	(996,655)	996,655	
Balance as at December 31, 2007	3,075,574	996,655	4,072,230
Net Surplus(Deficit) for the year	1,895,024		1,895,024
Net Changes in Investment in Fixed Assets	283,390	(283,390)	
^{1/} Designated in an amount equal to the Investment in Net book Value of Property Plant and Equipment			
Balance as at December 31, 2008	5,253,988	713,266	5,967,254

1/ Designated Net Assets

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

- (a) The Prior-Period Adjustments relate to over-accrued grant revenue from Germany in 2006(\$ 39,600) 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 (\$ 18,438)

The accompanying notes to the financial statements (1-18) form part of this statement.

AFRICA RICE CENTER (WARDA)
STATEMENT OF CASHFLOWS
AS AT DECEMBER 31, 2008

	Total	
	2008	2007
	US \$	US \$
CASHFLOWS PROVIDED (USED) IN OPERATING ACTIVITIES		
Change in Net Assets	1,895,024	165,924
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities :		
Prior Period Adjustments		(58,038)
Depreciation	597,144	646,647
Gain on Disposal of Fixed Assets	(45,299)	(30,064)
Decrease(Increase) in Assets		
Accounts Receivable: Donors	(1,158,026)	290,652
Employees	(68,492)	(14,481)
Others	(579,220)	(68,435)
Inventories	(1,954)	(96,464)
Prepaid Expenses	(83,416)	109,160
Increase(Decrease) in Liabilities		
Accounts Payable: Donors	(530,754)	1,616,269
Employees	115,954	8,478
Others	(106,560)	(315,067)
Provisions and Accruals	341,673	124,443
Net Cash Provided in Operating Activities	376,073	2,379,023
CASHFLOWS PROVIDED (USED) IN INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(317,524)	(564,899)
Proceeds From Disposal of Property and Equipment	49,069	52,313
Net Cash Used in Investing Activities	(268,456)	(512,586)
CASHFLOWS PROVIDED (USED) IN FINANCING ACTIVITIES		
Bank Overdraft		(146)
Net Cash Used in Financing Activities		(146)
<u>Net Increase(Decrease) in Cash and Cash Equivalents</u>		
Cash and Cash Equivalents at Beginning of Year	4,327,667	2,461,376
Increase in Cash and Cash Equivalents	107,617	1,866,291
Cash and Cash Equivalents at End of Year	4,435,284	4,327,667

The accompanying notes to the financial statements(1-18) form part of this statement

AFRICA RICE CENTER (WARDA0

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION AND OBJECTIVES

The Africa Rice Center (WARDA) is an international inter-governmental 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, but has since enhanced the mandate to the whole of Africa. The objectives are to increase production levels throughout 22 African Countries and to improve the varieties of rice suitable to the continent. 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.

WARDA 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 WARDA are presented using the accrual basis of accounting. Contributions from Member States in support of operational budget of WARDA are recognized as revenue in the fiscal year following the one in which the contributions are received.

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 WARDA to meet normal operating costs or whatever other purpose WARDA 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 WARDA - 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 WARDA is the US dollar, WARDA 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 Installations 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, WARDA, its assets, income and any other property are exempted from any form of direct taxation in Côte d'Ivoire and Benin. WARDA 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. WARDA 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 WARDA 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.

	2008	2008	2007	2007
	Number of personnel	Estimated costs (US \$)	Number of personnel	Estimated costs (US \$)
Japan	3	360,000	4	420,000
Total	3	360,000	4	420,000

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.

AFRICA RICE CENTER (WARDA)

NOTES TO THE FINANCIAL STATEMENTS - (Cont'd)

3. CASH AND CASH EQUIVALENTS		
	2008	2007
	US \$	US \$
Bank Balances-Current Accounts	985,297	1,809,080
Bank Balances-Short Term Investment Accounts	3,412,975	2,474,743
Cash on Hand	37,012	43,844
	4,435,284	4,327,667
4 ACCOUNTS RECEIVABLE-DONORS		
	2008	2007
	US \$	US \$
<u>Unrestricted Grants:-</u>		
United States of America	62,828	250,000
France		144,756
Canada	537,466	
Japan	603,478	493,330
	Sub-total Unrestricted Grants Receivable	888,086
	1,203,772	1,969,990
<u>Restricted Grants:-</u>		
<u>Restricted Project Fund Balances receivable-See note (a) below</u>		
Restricted Grants Receivable	2,772,370	1,952,507
Challenge Program Grants Receivable	39,960	17,483
	Sub-Total Restricted Grants Receivable	1,969,990
	2,812,330	4,016,102
	4,016,102	2,858,076
(a) Details of amounts receivable from Restricted Donors are given in the Schedule of Restricted Projects on pages 24 and 25		
5 ACCOUNTS RECEIVABLE-EMPLOYEES		
	2008	2007
	US \$	US \$
Due from Staff Members	253,756	185,264
Due from Separated Staff Members	1,395	1,395
	255,151	186,659
6 ACCOUNTS RECEIVABLE-OTHERS		
	2008	2007
	US \$	US \$
Corporate Services Inter-Center Receivables	506,029	55,024
Sundry Receivable Accounts	424,569	296,354
	930,598	351,378
7 PREPAID EXPENSES		
	2008	2007
	US \$	US \$
Petrol Coupons	31,173	55,090
Pre-Paid to Suppliers	224,500	117,168
	255,673	172,258

AFRICA RICE CENTER (WARDA)

NOTES TO THE FINANCIAL STATEMENTS - (Cont'd)

8 PROPERTY AND EQUIPMENT

		Balance 1 January 2008 US \$	Disposals US \$	Additions (Note b) US \$	Balance 31 December 2008 US \$
<u>Cost</u>					
Land,Buildings and Installations	Note (a)	493,083		26,600	519,683
Heavy Duty Equipment		485,380		117,525	602,905
Agricultural Equipment		1,428,210		30,444	1,458,654
Vehicles and Tractors		1,709,467	(139,621)	18,561	1,588,407
Furniture and Office Equipment		1,208,290		7,544	1,215,834
Laboratory & Scientific Equipment		2,026,686		67,049	2,093,735
Computers		702,388		49,801	752,189
		8,053,504	(139,621)	317,524	8,231,407
<u>Accumulated Depreciation</u>					
Land,Buildings and Installations		299,742		77,858	377,600
Heavy Duty Equipment		447,626		121,915	569,541
Agricultural Equipment		1,368,190		37,959	1,406,149
Vehicles and Tractors		1,352,400	(135,851)	126,350	1,342,899
Furniture and Office Equipment		1,081,891		37,810	1,119,701
Laboratory & Scientific Equipment		1,912,814		101,175	2,013,989
Computers		594,186		94,077	688,263
		7,056,849	(135,851)	597,144	7,518,141
Net Book Value		996,655	(3,770)	(279,620)	713,266

- (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. 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\$ 297,228 and US\$ 327,569 in 2007

AFRICA RICE CENTER (WARDA)

NOTES TO THE FINANCIAL STATEMENTS - (Cont'd)

9 ACCOUNTS PAYABLE-DONORS	2008	2007
	US \$	US \$
<u>Restricted Grants:-</u>		
<u>Restricted Grants Received in Advance-See Note (a) below</u>		
Restricted Grants Received in Advance	1,681,927	656,576
Challenge Program Grants Received in Advance	50,282	104,003
Sub-Total Restricted Grants Payable as per Schedule	1,732,209	760,579
USAID-OFDA Refundable Balance	100,000	100,000
Sub-Total Restricted Grants Payable	1,832,209	860,579
<u>Member States and Other Contribution:</u>		
Member States Contributions Received in Advance	556,905	1,894,367
Sub-Total Member States Contributions Received in Advance	556,905	1,894,367
<u>Unrestricted Grants:-</u>		
World Bank Unrestricted Grant 2009 in Advance	90,000	
Sweden Unrestricted Grant 2007 in Advance		254,924
Sub-Total Unrestricted Grants Payable	90,000	254,924
	2,479,114	3,009,870

(a) Details of amounts received in advance from restricted donors are given in the Schedule of Restricted Projects on pages 24 and 25.

10(a) ACCOUNTS PAYABLE-EMPLOYEES	2008	2007
	US \$	US \$
Staff Provident Funds(Liberia)	25,146	25,145
Staff Provident Funds(Cote D'Ivoire/St Louis/Cotonou)	99,415	52,337
Due to Separated Staff Members	24,380	25,102
Due to Staff Members	157,758	88,161
	306,699	190,745

10(b) ACCOUNTS PAYABLE-EMPLOYEES INVESTMENT ACCOUNT	2008	2007
	US \$	US \$
Amount Invested in Time Deposit for the General Support Staff Provident Fund		
Balance Brought Forward 1st January 2008	214,000	214,000
Capital Enhancements During the Year 2008	-	-
Balance Carried Forward 31st December 2008	214,000	214,000

Interest earned during the year has been credited to the control account for the General Support Staff Provident Fund

11 ACCOUNT PAYABLE-OTHERS

	2008	2007
	US \$	US \$
Suppliers Payable Accounts	352,263	267,850
Corporate Services Inter-Center Payables	94,914	178,894
Sundry Payable Accounts	39,337	146,330
	486,514	593,074

12 PROVISIONS AND ACCRUALS

	2008	2007
	US \$	US \$
Accrued Expenses & Provisions	961,548	524,419
Staff Accrued Leave	289,759	382,716
Accrued Relocation & Repatriation Allowances	338,966	341,465
	1,590,273	1,248,600

AFRICA RICE CENTER (WARDA)

NOTES TO THE FINANCIAL STATEMENTS - (Cont'd)

13 UNRESTRICTED NET ASSETS

	2008 US \$	2007 US \$
Unrestricted Net Assets:		
<u>Undesignated:</u>		
Net Assets at Beginning of Year	4,072,230	3,964,344
<u>Prior Period Adjustment ^{1/}</u>		
Germany 2006 Unrestricted Over-Accrual	-	(39,600)
St Louis Station-Prior-Year Unbooked Charges	-	(18,437)
Transfer from Operating Result	1,895,024	165,924
Transfer towards Designated Net Assets(Investment in Property Plant and Equipment)	(713,266)	(996,655)
Sub-Total Undesignated Net Assets at End of Year	5,253,988	3,075,574
<u>Designated:</u>		
Transfer towards Designated Net Assets(Investment in Property Plant and Equipment)	713,266	996,655
Sub-Total Designated Net Assets at End of Year	713,266	996,655
Net Assets at End of Year	5,967,254	4,072,229

^{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

14 INVENTORIES

	2008 US \$	2007 US \$
Stationery and Office Supplies	84,390	89,628
Vehicle and Equipment Spare Parts	249,394	225,230
Building and Maintenance Supplies	60,405	19,147
Fuel and Lubricants	12,606	16,960
Fuel Stocks - Cottonou	2,247	18,240
Field and Farm Supplies	2,202	38,337
Laboratory Supplies	601	562
Stocks - Health Post	1,267	703
General Stocks	18,407	22,554
St Louis Station Stores	6,261	4,464
	437,780	435,825

AFRICA RICE CENTER (WARDA)

NOTES TO THE FINANCIAL STATEMENTS - (Cont'd)

15 GRANTS

	Grant Period	For the year ended 31 December 2008			
		Funds Received	Accounts Receivable	Total (US \$)	
				2008	2007
<u>UNRESTRICTED:</u>					
Belgium	Jan'08-Dec'08	497,194		497,194	439,067
Canada	Jan'08-Dec'08	65,191	537,466	702,657	543,886
France	Jan'08-Dec'08	239,051		239,051	144,756
Germany	Jan'08-Dec'08	230,329		230,329	57,095
Japan	Jan'08-Dec'08		603,478	603,478	493,330
Sweden	Jan'08-Dec'08	458,664		458,664	495,459
United Kingdom	Jan'08-Dec'08	820,875		820,875	985,650
USAID	Jan'08-Dec'08	187,172	62,828	250,000	250,000
World Bank	Jan'08-Dec'08	710,000		710,000	1,150,000
Cote D'Ivoire	Jan'08-Dec'08	8,971		8,971	-
Total Unrestricted Grants		3,317,447	1,203,772	4,521,220	4,659,243
<u>TEMPORARILY RESTRICTED:</u>					
-					
AfDB I(NERICA Dissemination Project)	Jan'04-Dec'09	475,413		475,413	379,319
CANADA-Fund for Africa (CFA)	2003-2007	(1,385)		(1,385)	208,272
1/ New CANADA fund for SWIHA	2006-2008	24,460		24,460	107,871
WCA/MTP-Regional Coll.Act.Plan	Jan'07-Dec'07				50,000
CANADA Linkage Fund-Mc Gill University	Apr'08-Mar 2011	7,607		7,607	
CFC/FAO-Spirivwa Project	Jan'00-Dec'09	247,107		247,107	174,801
CFC-FAO-NERICA Dissemination in Central Africa Project	Jan'08-Dec 2011	472,863		472,863	
Conserv. Food & Health Found.	Jul'06-Jun'09	19,342		19,342	19,789
DFID16-Striga Project-University of Sheffield	May'08-Dec 2011	6,346		6,346	
1/ European Union(Rice Policy & Techn. Impact on Food Security....)	Jan'07-Dec'09	518,519		518,519	1,203,184
European Union(E.and C. Africa Rice Res. Networks)	Mar'05-Sept'07				94,468
FAO-Liberia Seed Production Project	Aug'08-June'09	19,957		19,957	
Federal Rep. of Nigeria Seed Mult.Prj	2006-2007	53,706		53,706	148,402
GTZ-RISOCAS-University of Hohenheim Project	Mar'08-Feb 2011	137,373		137,373	
GTZ-Characterization of Bacterial Leaf Blight	May'08-Apr 2010	49,822		49,822	
IBRD- Genebank Upgrade Project	2003-2008	6,145		6,145	189,258
IBRD- WCA-Regional MTP Project	Jan'05-Dec'07				32,588
1/ IBRD-World Bank Contrib.to SWEP-IVC	Jan'06-Mar'08	28,054		28,054	84,105
IBRD- Genebank Upgrade Project(GPG-Phase 2)	Jan'07-Dec'09	101,487		101,487	109,597
IBRD- IITA / WARDA Corporate Services Alignment Project	Jan'07-Dec'08	487,015		487,015	112,985
IFAD-NERICA Seeds Access-West and Central Africa Project	Dec'07-Sept 2012	191,573		191,573	
IFAD(PADS Project)	Mar'05-Mar'08	36,841		36,841	188,184
IFAD-HIV/AIDS and Rural Poverty Project	Jan'07-Jun'08	77,375		77,375	67,669
IRRI/WARDA Abiotic Stress Project	Jan'08-Dec 2010	1,527,925		1,527,925	
UNDP/TCDC-IHP PHASE 2	Jan'07-Dec'09	149,912		149,912	192,331
Japan-(Interspecific Hyb. Project)	Jan'00-Mar'09	387,240		387,240	430,124
1/ Japan(RYMV Project)	Jan'00-Mar'09	102,508		102,508	128,916
1/ Japan(Increasing Quality Compet.Loc. Project)	Jan'03-Mar'09	107,920		107,920	111,192
1/ Japan(Dev.Interspec. OG&OS Progenies)	Jan'03-Mar'09	131,670		131,670	62,135
1/ Japan (High Yield Varieties-Humid Zones)	Dec'05-Mar'09	91,916		91,916	89,787
1/ Japan (Phys. & Genetic Invest.-NERICA Project)	Jan'07-Mar'09	95,977		95,977	100,000
1/ Japan-Development of Sustainable Rice Farming Systems Project	Jan'08-Mar'09	51,945		51,945	

JICA/WARDA-Collaboration Project	Apr'04-Open	233,095		233,095	164,035
JIRCAS/WARDA-Drought Project	Apr'05-Open	43,090		43,090	38,211
Netherlands(APO/JPO Project)	2004-2007	(1,235)		(1,235)	289,320
PDIM/WARDA/SONADER Collaborative Project	Jan'06-Dec'07				48,218
Rockefeller(Drought Tolerance Project)	Mar'04-Dec'07	(663)		(663)	218,544
UNDP-Liberia Seed Production Project	Oct'08-June 2011	985		985	
UNDP New PVS Extension Project	Jun'06-Apr'08	64,124		64,124	132,140
UNDP Enhancing Capacity-NERICA	Jun'06-Dec'08	135,643		135,643	140,964
USAID - RYMV Project	Oct'06-Dec'09	74,064		74,064	131,155
USAID: INSAH1-ROCARIZ Networks Project	Sept'06-Dec'07				130,026
USAID:INSAH2-RiceMaize Stratification Project	Sept'06-Dec'07	(3,993)		(3,993)	147,782
Sub-Total Restricted Grants		6,151,744		6,151,744	5,725,370
<u>CHALLENGE PROGRAMS:</u>					
<u>Harvest Plus</u>					
CIAT-Agreement No. 5021	Nov '05-Dec'09	15,833		15,833	
<u>Water and Food</u>					
WorldFish-Project M439	Apr '05-Mar 2010	81		81	
<u>Generation Challenge Program</u>					
CIMMYT-GCP-Project SP1-G4008-05	Jan '08-Dec 2008	8,982		8,982	
CIMMYT-GCP-Project SP3-G4007-08	Aug '07-Jul 2009	134,471		134,471	
CIAT-Agreement No. C-119-06	Jan '05-Dec 2008	10,826		10,826	
GCP-I-Bridges-WARDA/IRD	Aug'07-Dec'09	57,016		57,016	
Sub-Total Challenge Program Grants		227,209		227,209	
Total Grant Revenue		9,696,400	1,203,772	10,900,172	10,384,612

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

AFRICA RICE CENTER (WARDA)

NOTES TO THE FINANCIAL STATEMENTS - (Cont'd)

16 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 WARDA relating to the years ended 31 December 2007 and 2006

	2008 US \$	2007 US \$
Benin	89,527	20,171
Cote D'Ivoire	223,212	
Guinea Bissau	50,000	
Nigeria	1,216,823	
Liberia	18,131	
Mali	20,260	
Senegal	19,536	
Niger	207,900	
The Gambia	7,504	
Burkina-Faso		19,305
Togo	41,474	
	1,894,367	39,476

(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 WARDA relating to the years ended 31 December 2008 and 2007

	2008 US \$	2007 US \$
Benin		11785
Cote Divoire		5122
		16,907

17 OTHER INCOME

	2008 US \$	2007 US \$
‘Other Income’ Revenues are made up as follow:		
Interest Income	66,843	75,729
Sale of rice	3,601	(4,216)
Guest House	34,092	46,739
Transport	13,851	4,431
Miscellaneous income	151,150	90,453
Sale of Fixed Assets	45,299	30,064
	314,835	243,201

18 EXPENSES AND LOSSES

	2008 US \$	2007 US \$
(a) Program Related Expenses by Functional Classification as of December 31st		
Research	6,706,268	6,333,779
Challenge Programs	227,209	
Research Support	1,280,480	1,146,273
Training Information and Library Services	326,713	335,770
	8,540,670	7,815,822

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

	2008 US \$		2007 US \$	
	Program Related	Management and General	Program Related	Management and General
Personnel Costs	3,545,320	1,979,457	3,618,871	1,810,073
Supplies & Services	3,232,845	1,558,199	2,723,696	1,248,490
Supplies & Services-Collaborators and Partnerships Costs	1,157,142	3,203	795,973	1,941
Operational Travel	466,645	235,248	367,737	256,050
Depreciation	138,718	458,427	309,545	337,101
Gross Operating Expenses	8,540,670	4,234,534	7,815,822	3,653,655

ANNEX 1

AFRICA RICE CENTER (WARDA)

AFRICAN DEVELOPMENT BANK

FINANCIAL REPORT: Statement of Expenditure for the period 1st January to 31st December 2008

Project Title:-WARDA : NERICA DISSEMINATION PROJECT	
DESCRIPTION	AMOUNT (US\$)
Balance (Receivable) brought forward 1st January 2008	196,590
WARDA GRANT:	
- PERSONNEL COSTS	31,053
- SUPPLIES AND SERVICES	118,416
- OPERATIONAL TRAVEL	12,478
- CAPITAL	-
Total expenses on WARDA GRANT	161,947
NARS GRANT:	
- OPERATIONAL FUNDS PAID OUT	313,466
Total expenses on NARS GRANT	313,466
TOTAL EXPENDITURE FOR THE YEAR	475,413
Received from AFDB:	
- January 2008 for WARDA Grant activities	(160,385)
- September 2008 for NARS Grant activities	(368,717)
- September 2008 for WARDA Grant activities	(222,219)
- Interest earned in 2008 in Ecobank account	(5,978)
Total funds received	(757,299)
Balance (Receivable) carried forward as at December 31st, 2008	(85,297)

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 2008

Project Title:-Rice Policy and Technology Impact for Food Security and Poverty Reduction		
DESCRIPTION	AMOUNT (US\$)	AMOUNT (EURO)
-PERSONNEL COSTS	182,322	127,990
-SUPPLIES AND SERVICES	258,053	181,153
-OPERATIONAL TRAVEL	70,251	49,316
-CAPITAL	7,893	5,541
TOTAL EXPENDITURE FOR THE YEAR	518,519	364,000
Balance due from IFAD in December 2007	120,695	82,100
Received from IFAD in January 2009	(587,891)	(409,700)
Balance due from IFAD	51,324	36,400

**ANNEX 3
AFRICA RICE CENTER (WARDA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008 and 2007
(Expressed in US Dollars)
RESTRICTED FUND BALANCES**

Donor and Project	Notes to Adjustments	Grant Period	Grant Pledged	2007 Balances		Balance Adjustments 2008	Received in 2008	2008 Balances		Expenditures/ Grants in 2008	Expenditures/ Grants in 2007
				Receivable @31/12/07	Payables @31/12/07			Receivable @31/12/08	Payables @31/12/08		
AFDB (NERICA Dissemination Project)		Jan '04-Dec'09	1,230,000	196,590			757,299	85,297		475,413	379,319
CANADA-Fund for Africa (CFA)		2003-2007	2,158,489	1,385				0		(1,385)	208,272
New CANADA fund for SWIHA		2006-2008	167,231		27,990			3,530		24,460	107,871
WCA/MTP-Regional Coll.ActPlan		Jan '07-Dec'07	50,000								50,000
CANADA Linkage Fund-Mc Gill University		Apr '08-Mar'2011		193,486				64,530		7,607	174,801
CFC-FAO (Spirivwa Project)		Jan '00-Dec'09	536,039					158,397		247,107	
CFC-FAO-NERICA Dissemination in Central Africa Project	(a)	Jan'08-Dec'2011	20,000		5,211	(120)	26,000	11,869		472,863	19,789
Conserv. Food & Health Found.		Jul'06-Jun'09	20,000				22,872	16,527		19,342	
DFID16-Striga Project-University of Sheffield		May'08-Dec'2011		120,695				639,215		518,519	1,203,184
European Union(Rice Policy & Techn. Impact on Food Security....)		Jan '07-Dec'09	519,000				78,368	0		94,468	
FAO-Liberia Seed Production Project		Mar '05-Sept'07	291,184	78,369			35,975	16,018		53,706	19,957
Federal Rep. of Nigeria Seed Mult Prj		Aug '08-June'09	200,000		53,314		128,144	392		137,373	148,402
GTZ-RISOCAS-University of Hohenheim Project		Mar'08-Feb'2011					61,267	9,229		49,822	
GTZ-Characterization of Bacterial Leaf Blight		May'08-Apr'2010	1,001,500		6,145		50,000	11,445		6,145	189,258
IBRD- Genebank Upgrade Project(GFG-Phase 1)		2003-2008	222,000	50,000							32,588
IBRD- WCA-Regional MTP Project		Jan'05-Dec'07	155,000		30,219		64,857	47,587		28,064	84,105
IBRD-World Bank Contribuo SWEP-IVC		Jan '06-Mar'08	314,000	10,957			350,000	0		487,015	109,597
IBRD- Genebank Upgrade Project(GFG-Phase 2)		Jan '07-Dec'09	600,000		487,015			158,427		191,573	112,985
IBRD- IITA / WARDAs Corporate Services Alignment Project		Jan'07-Sept'08									
IFAD-NERICA Seeds Access-West and Central Africa Project		Dec'07-Sept'2012									
IFAD(PADS Project) Phase I & II		Mar '05-Mar'08	1,000,000		36,841					36,841	188,184
IFAD-HIV/AIDS and Rural Poverty Project		Jan'07-Jun'09	165,000	1,669			66,000	13,044		77,375	67,669
IRRI/WARDA Abiotic Stress Project		Jan'08-Dec'2010					800,000	727,925		1,527,925	
UNDP-Interspecific Hybrid- Phase 2 Project		Jan'07-Dec'09	512,160	102,331			274,760	22,518		149,912	192,331
Japan/UNDP-TCDC (Interspecific Hybrid- Project)		Jan '00-Mar'09	380,000	445,956			380,000	453,197		387,240	430,124
Japan (RYMV Project)		Jan '00-Mar'09	100,000	117,103			100,000	119,610		102,508	128,916
Japan (Increasing Quality Compet.Loc. Project)		Jan '03-Mar'09	100,000	99,102			100,000	107,022		107,920	111,192
Japan (Dev.Interspec. OG&OS Progenies Project)		Jan '03-Mar'09	100,000	127,352			100,000	159,023		131,670	62,135
Japan (High Yield Varieties-Humid Zones Project)		Dec '05-Mar'09	100,000	7,520			100,000	2,729		91,916	89,787
Japan (Phys. & Genetic Invest.-NERICA Project)		Jan '07-Mar'09	100,000	100,000			100,000	95,977		95,977	100,000
Japan-Development of Sustainable Rice Farming Systems Project		Jan '08-Mar'09	164,035	106,539		(9,309)	60,000	8,055		51,945	164,035
JICA/WARDA-Collaboration Project	(a)	Apr'04-Open	38,211	39,036			259,247	89,696		233,095	38,211
Netherlands (AFO/JPO Project)		2004-2007	1,252,647	12,711			32,512	49,614		45,090	289,320
PDIM/WARDA/SONADER Collaborative Project		Jan '06-Dec'07	144,000	662			6,678	6,034		48,218	218,544
Rockefeller (Drought Tolerance Project)		Mar'04-Dec'07	885,597			(1)		0		(663)	
UNDP-Liberia Seed Production Project		Oct'08-June'2011			9,839		9,200	8,215		985	
UNDP New PV5 Extension Project		Jan '06-Apr'08	397,320				54,285	0		64,124	132,140
UNDP Enhancing Capacity-NERICA		Jun '06-Dec'08	349,500	4,099			139,700	42		135,643	140,964
USAID - RYMYV Project		Oct'06-Dec'09	890,000	11,708			62,388	23,385		74,064	131,155
USAID- INSAHI-ROCARIZ Networks Project		Sept'06-Dec'07	170,000	26,401			26,401				130,026
USAID-INSAH2-Rice Maize Stratification Project		Sept'06-Dec'07	160,000	97,600			85,336	0		(3,993)	147,782
USAID-West Africa Rice Initiative Project	(a)	Oct'08-Sept'09	5,100,000			8,270	1,272,769	1,272,769			
Sub-Total Restricted Grants				1,952,507	656,575	(1,159)	6,358,391	2,772,370	1,681,927	6,151,744	5,725,370

**ANNEX 3
AFRICA RICE CENTER (WARDA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008 and 2007
(Expressed in US Dollars)
RESTRICTED FUND BALANCES**

CHALLENGE PROGRAMS

Donor and Project	Notes to Adjustments	Grant Period	Grant Pledged	2007 Balances		Received in 2008	2008 Balances		Expenditures/ Grants in 2008	Expenditures/ Grants in 2007
				Receivable @31/12/07	Payables @31/12/07		Receivable @31/12/08	Payables @31/12/08		
Harvest Plus CIAT-Agreement No. 5021-Gene mining of Indigenous rice germplasm to improve grain iron content for West and Central African People suffering from iron deficiency		Nov '05-Dec '09	85,250	2,110.95			17,944		15,833	
Water and Food WorldFish-Project M439-Community Based Fish Culture in Irrigation Systems and Seasonal Floodplains		Apr '05-Mar 2010	42,946			633		2,508	81	
Generation Challenge Program CIMMYT-GCP-Project SP1-C-4008-05-Connecting performance under drought with genotypes through phenotype associations		Jan '08-Dec 2008	19,200			19,200		10,218	8,982	
CIMMYT-GCP-Project SP3-C-4007-08-Integration of genomics tools with conventional screening for developing NERICA rice cultivars for West Africa	(b)	Aug '07-Jul 2009	304,440	102,047		31,270		1,115	134,471	
CIAT-Agreement No. C-119-06-Exploring natural genetic variation:Developing genomic resources and introgression lines for four AA genomic rice relatives	(b)	Jan '05-Dec 2008	63,740	15,371.75		37,740		0	10,826	
LGDP/IRD-GCP-I-Bridges-Interspecific bridges that give full access to the African rice allele pool for enhancing drought tolerance of African rice		Aug '07-Dec '09	80,000			35,000		22,016	57,016	
CIMMYT-GCP-Project SP1-G-4008-45-A Nested Association Mapping (NAM) population of Rice		Aug '08-Jul '09	36,440			36,440		36,440		
Sub-Total Challenge Program Grants				17,482.70	104,003	160,283	39,960	50,282	227,209	
Total Restricted Grants				1,969,989.32	760,579	6,518,675	2,812,330	1,732,209	6,378,952	5,725,370

NOTES:

(a) Exchange differences on CFA transactions and bank charges on donor receipts adjusted

(b) Corrective adjustments to expenditures during the period.

ANNEX 4

AFRICA RICE CENTER (WARDA)
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
INDIRECT COST RATE

	2008	2007
Direct Operating Expenses		
Research	7,075,228	5,779,952
Research Support	1,659,271	2,082,654
Operations	961,268	896,865
sub-total	9,695,767	8,759,471
less: Overhead recovery ¹	(709,054)	(818,430)
Total Direct Operating Expenses	8,986,713	7,941,041
Indirect Operating Expenses		
Management	3,005,615	2,488,101
Common Sustenance Services	73,822	221,905
Sub-total Indirect Operating Expenses	3,079,437	2,710,006
Less: Extraordinary IITA CS Alignment Expenses	(487,015)	(112,985)
Total Indirect Operating Expenses (Net)	2,592,421	2,597,021
Less: Indirect Cost Recovery from Hosted Institutions ¹	(851,800)	(132,775)
Total Operating Expenses (Inclusive of IITA CS Alignment Expenses)	11,214,350	10,518,272
Cost Ratios		
Direct/Total	80.1%	75.5%
Indirect/Total	23.1%	24.7%
Indirect/Direct	28.8%	32.7%

¹The 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, from 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.



Africa Rice Center (WARDA)
01 BP 2031, Cotonou, Benin