

**AFRICAN AGRICULTURAL TECHNOLOGY
FOUNDATION**
(A company limited by guarantee and not having a
share capital)

4645806

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2005**



AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

CONTENTS	PAGE
Corporate information	2
Report of the trustees	3 - 4
Statement of trustees' responsibilities	5
Independent auditors' report	6
Income statement – Combined grants	7
Balance sheet	8
Statement of changes in fund balances	9
Cash flow statement	10
Notes to the financial statements	11 – 17

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

CORPORATE INFORMATION

BOARD OF TRUSTEES

Jennifer Ann Thomson	- South Africa	- Chair
Mpoko Bokanga	- DR Congo	- Executive Director
Walter Alhassan	- Ghana	- Vice chair
Eugene Terry	- Sierra Leone	
Vincent Gwarazimba	- Zimbabwe	
Michael Trimble	- USA	
Assetou Kanoute	- Mali	
Alhaji Bamanga Tukur	- Nigeria	

REGISTERED OFFICE

ILRI offices
Old Naivasha Road
P O Box 30709
Nairobi

AUDITORS

Deloitte & Touche
Certified Public Accountants (Kenya)
"Kirungii", Ring Road Westlands
P O Box 40092
Nairobi

BANKERS

Commercial Bank of Africa Limited
Commercial Bank Building
Standard/Wabera Streets
P O Box 30437
Nairobi

LAWYERS

Arnold & Porter
Tower 42
25 Old Broad Street
London, EC 2N 1HQ

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

REPORT OF THE TRUSTEES

The trustees present their report together with the audited financial statements for the year ended 31 December 2005.

THE FOUNDATION

The African Agricultural Technology Foundation (AATF) is a new and unique African-led, Charity designed to facilitate and promote public-private partnerships to remove many of the barriers that have prevented smallholder farmers in sub-Saharan Africa (SSA) from gaining access to existing agricultural technologies that could help improve food security and reduce poverty. It has been designed to identify and facilitate royalty-free transfer of proprietary technologies that meet the needs of these farmers in ways that address and resolve the concerns of technology providers and users.

AATF will facilitate partnerships and networks that link food security, poverty reduction, market development and economic growth in ways that will change the conventional approaches employed by African producers engaged in agri-business, to make these activities sustainable over time. It will primarily play a catalytic and facilitative role by acting as the neutral intermediary ('responsible party') between owners and/or holders of proprietary technologies and those that need them. By creating partnerships and assuming certain stewardship responsibilities, AATF will become the bridge that allows SSA scientists and development experts access the new tools that they need, and through them get the final product into the hands of farmers.

The foundation's funding has been provided primarily by the Rockefeller Foundation, the United States Agency for International Development (USAID), and the United Kingdom's Department for International Development (DFID).

While AATF's focus is on SSA, it nevertheless offers the prospect and potential for its activities to benefit a wide range of stakeholders worldwide. The AATF was incorporated in the UK in January 2003 and registered in Kenya on 30 April 2003. It was registered as a Charity in England and Wales in January 2005.

MISSION STATEMENT

To link the needs of resource-poor farmers in SSA with potential technological solutions (biological, chemical, mechanical, process) through;

- Identifying and facilitating royalty free transfers of proprietary technologies through negotiation
- Entering into contractual agreements with existing institutions that will manage deployment of the technologies
- Ensuring that subsequent constraints after access are addressed

AATF VALUES

- Transparency
- Accountability
- Accessibility
- Trustworthiness
- Credibility
- Dedication

STRATEGY

The AATF will facilitate partnerships between public and private sectors in Africa, North America and Europe. It will achieve its objectives by entering into agreements to access technologies from providers (private sector companies, public sector institutions and NGOs), sub-licensing technologies to private, public and NGO sectors for adaptation to smallholder farming conditions, seeking regulatory consent for new adapted products and sub-licensing to private and public sector parties to produce and distribute them. It will also facilitate production and distribution partnerships, including entering into contracts, with public and private sector entities to ensure that new products reach resource poor and other smallholder farmers in SSA.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

REPORT OF THE TRUSTEES (Continued)

STRATEGY (Continued)

The AATF seeks to:

- Act as a principal and as the 'responsible party' in facilitating ongoing collaboration and partnership on a case-by-case basis.
- Operate along the entire value chain, acting as a facilitator with delivery and implementation executed by partner organisations.
- Facilitate the transfer of all types of technologies, in line with expected demand and their potential impact on food security and poverty.
- Transfer technology according to African needs and priorities, targeting public and private sector providers wherever they exist.
- Initially focus on the needs of smallholder farmers in the choice of projects, but take account of other potential beneficiaries.
- Work on a project-by-project basis in determining the basis on which the technology is licensed.

PROGRAMMES/ACTIVITIES IN 2005

- The Foundation has developed a ten-year business plan that has been approved by the Board of Trustees. The Plan sets out the mission, objectives, strategy, structure and governance, operating model and financial projections for the AATF.
- The AATF has established mechanisms and modalities for the development of partnerships and participatory activities, and the processes for identifying candidate projects for the AATF projects' portfolio.
- Pilot project selection for the development of AATF's project portfolio has been undertaken.

FINANCIAL RESULTS

The results for the period are set out on page 7.

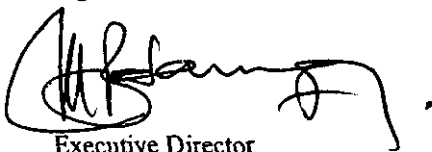
TRUSTEES BOARD

The present Board of Trustees is shown on page 2.

AUDITORS

The auditors, Deloitte & Touche having expressed their willingness, continue in office.

Signed on behalf of the Board of Trustees by:



Executive Director

Nairobi

6 April 2006

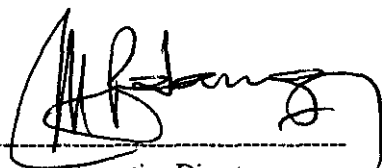
AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

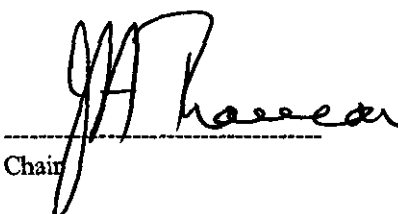
STATEMENT OF BOARD OF TRUSTEES' RESPONSIBILITIES

The Board of Trustees of AATF is responsible for preparing financial statements for each financial period, which give a true and fair view of the state of affairs of the Foundation as at the end of the period and of the results of its operations for that period. The Board is also responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Foundation. It is also responsible for safeguarding the assets of the Foundation.

The Board accepts responsibility for the periodical financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates. The Board is of the opinion that the financial statements give a true and fair view of the state of the Foundation's financial affairs and of its operating results. The Board further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the Foundation will not be able to continue with its activities for at least the next twelve months from the date of this statement.


Executive Director


Chair

6 April 2006

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION (A company limited by guarantee and not having a share capital)

We have audited the financial statements on pages 7 to 17 for the period ended 31 December 2005 and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Respective responsibilities of Board of Trustees and the auditors

As described on page 5, the Board of Trustees is responsible for the preparation of the financial statements. Our responsibility is to express an opinion on those statements based on our audit.

Basis of our opinion

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 as to 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, assessing the accounting principles used and significant estimates made by the Board of Trustees, and evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the Foundation's state of affairs at 31 December 2005 and of the results of its activities and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

24 April 2006

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005 - COMBINED GRANTS

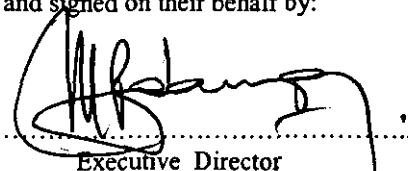
INCOME	Note	USAID (Unrestricted funding) US\$	Rockefeller (Unrestricted funding) US\$	DFID (Unrestricted funding) US\$	Africa Harvest (Restricted funding) US\$	2005 (12 Months) Total US\$	2004 (16 Months) Total US\$
Grant income		495,245	478,467	930,257	171,250	2,075,219	2,665,640
Interest income		272	2,742	3,546	198	6,758	7,080
Other income		-	7,585	4,697	-	12,282	6,513
TOTAL INCOME		495,517	488,794	938,500	171,448	2,094,259	2,679,233
EXPENDITURE							
Consultants' expenses	2	42,984	105,007	59,447	-	207,438	311,548
Personnel costs	3	265,511	271,928	379,621	44,789	961,849	746,572
Professional fees	4	45,148	30,210	28,695	-	104,053	89,696
Accounting service charge		-	-	-	-	-	45,217
Travel		106,447	294,044	43,207	3,808	447,506	170,815
Conferences and workshops		3,672	65,531	39,618	-	108,821	150,309
Depreciation and amortisation		-	-	58,408	-	58,408	60,032
Communication		16,486	3,146	17,429	-	37,061	30,799
Office and computer supplies		12,687	353	13,678	-	26,718	58,201
Other supplies		2,349	715	16,051	-	19,115	-
Office rent		30,688	-	47,115	-	77,803	56,070
Hire of motor vehicle		-	-	-	-	-	15,049
Board expenses		289	-	61,943	-	62,232	66,785
Vehicle repair and maintenance		9,147	548	7,380	-	17,075	9,674
Office furniture repairs and maintenance		172	-	6,020	-	6,192	7,173
Finance Charges		360	349	34,977	-	35,686	1,938
Other office expenses		3,047	634	5,034	-	8,715	6,011
Short term employees		1,133	-	746	-	1,879	832
Seed/farm supplies		-	5,640	9,608	-	15,248	-
Knowledge management cost		6,978	1,138	2,552	-	10,668	34,775
Advertising & publicity		-	-	-	-	-	31,290
AATF launch expenses		-	-	-	-	-	86,838
Outsourced Research activities		-	-	-	-	-	114,218
TOTAL EXPENDITURE		547,098	779,243	831,529	48,597	2,206,467	2,093,842
SURPLUS/(DEFICIT) FOR THE PERIOD		(51,581)	(290,449)	106,971	122,851	(112,208)	585,391

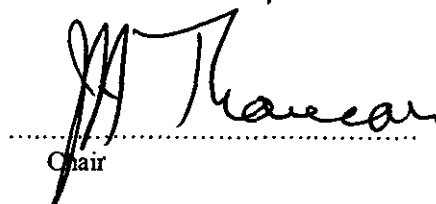
AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

BALANCE SHEET
31 DECEMBER 2005

	Note	2005 US\$	2004 US\$
ASSETS			
Non-current assets			
Equipment and motor vehicles	5	93,143	93,075
Intangible assets	6	3,992	9,952
		<hr/>	<hr/>
		97,135	103,027
Current assets			
Bank and cash balances		532,322	469,208
Staff receivables		62,488	62,765
Donor receivables	7	129,176	249,228
Other receivables		2,239	400
		<hr/>	<hr/>
		726,225	781,601
		<hr/>	<hr/>
Total assets		<u>823,360</u>	<u>884,628</u>
LIABILITIES AND FUND BALANCES			
Current liabilities			
Payables and accruals	8	180,905	91,853
Amount due to ILRI		15,653	36,222
Kirkhouse Trust current account		-	17,543
		<hr/>	<hr/>
		196,558	145,618
Fund balances			
Restricted	10	152,758	29,907
Unrestricted	10	474,044	709,103
		<hr/>	<hr/>
		626,802	739,010
		<hr/>	<hr/>
Total liabilities and fund balances		<u>823,360</u>	<u>884,628</u>

The financial statements on pages 7 to 17 were approved by the Board of Trustees on 6 April 2006
and signed on their behalf by:


Executive Director


Chair

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2005

	Restricted funds US\$	Unrestricted funds US\$	Total US\$
At 1 September 2003	134,507	19,112	153,619
Surplus for the period	10,795	574,596	585,391
Transfer to unrestricted fund	(115,395)	115,395	-
At 31 December 2004	<u>29,907</u>	<u>709,103</u>	<u>739,010</u>
At 1 January 2005	29,907	709,103	739,010
Surplus/(deficit) for the year	122,851	(235,059)	(112,208)
At 31 December 2005	<u>152,758</u>	<u>474,044</u>	<u>626,802</u>

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

CASH FLOW STATEMENT
FOR THE PERIOD ENDING 31 DECEMBER 2005

	Note	2005 (12 months) US\$	2004 (16 months) US\$
OPERATING ACTIVITIES			
Net cash generated from operations	9(a)	115,630	609,281
INVESTING ACTIVITIES			
Purchase of equipment		(52,516)	(122,174)
Purchase of software		-	(17,899)
Net cash used in investing activities		(52,516)	(140,073)
INCREASE IN CASH AND CASH EQUIVALENTS		63,114	469,208
CASH AND CASH EQUIVALENTS At 1 JANUARY 2005/ 1 SEPTEMBER 2003		469,208	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9(b)	532,322	469,208

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted are set out below:

Adoption of new and revised international financial reporting standards

In 2005 several new and revised standards became effective for the first time and have been adopted by the company where relevant to its operations. The adoption of these new and revised standards had no effect on the amounts reported for the current or prior years. This only resulted in changes in presentation and disclosure in the following areas:

- IAS 16 which requires the disclosure of comparative figures for movements in property and equipment
- IAS 24 which requires the disclosure of the compensation of key management personnel

(a) Basis of accounting

The financial statements are prepared under the historical cost convention.

(b) Revenue recognition

Grants are recognised as revenue upon the fulfilment of donor-imposed conditions or restrictions attached to the grants as explained below:

- (i) Funds on restricted grants are recognised when spent. Unspent funds are deferred and recorded as donations received in advance.
- (ii) Unrestricted grant pledges that have not been received as well as the excess of expenditure over receipts for restricted grants are recognised as revenue and included in the financial statements as accounts receivable from donors.
- (iv) Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.
- (v) Other income is recognised as it is earned.

(c) Motor vehicles, furniture and equipment

Motor vehicles, furniture and equipment are stated at cost less depreciation.

Items of lasting value with an initial acquisition cost of less than US\$ 500 are charged to operating expenses in the year of purchase.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

(d) Depreciation

Depreciation is calculated on the straight-line basis to write off the cost of motor vehicles, furniture and equipment over their expected useful lives at the following annual rates:

Computers and related equipment	33 ¹ / ₃ %
Motor vehicles	25%
Furniture and equipment	20%

A full year's depreciation is charged on all additions to equipment in the year of acquisition. Depreciation is time apportioned in the year of disposal of items of equipment.

(e) Taxation

No provision for taxation is made in the financial statements as the principal sources of the Foundation's income are not taxable.

(f) Currency translation

The Foundation's financial statements are presented in United States Dollars (US\$). Transactions and balances expressed in currencies other than the US Dollar are treated as follows:

- (i) Non US Dollar grants and donations received in the year are converted to US dollars at the rates of exchange prevailing on the dates of receipt. Non US Dollar grants and donations pledged for the year but not received by the period-end are recognised in the financial statements at the rates of exchange prevailing at the period-end.
- (ii) Non US Dollar denominated expenditures are recorded at the average rates of exchange for the month in which they are incurred and are accumulated in US Dollars.
- (iii) Assets and liabilities that are denominated in currencies other than the US Dollar are restated into US Dollars at the rates of exchange prevailing at the period-end.
- (iv) Gains and losses arising from changes in exchange rates are charged or credited to the income statement in the period in which they arise.

(g) Financial instruments

Financial assets and liabilities are recognised in the Foundation's balance sheet when the Foundation becomes a party to the contractual provisions of the instruments.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2005 (12 months) US\$	2004 (16 months) US\$
2 CONSULTANTS' EXPENSES		
Fees	195,756	291,254
Travel	11,682	1,092
Other	-	19,202
	<u>207,438</u>	<u>311,548</u>
3 PERSONNEL COSTS		
Salaries	574,000	431,427
Settling down costs	-	56,071
House allowances	98,467	45,069
Recruitment	12,778	95,521
Medical	28,241	27,523
Pension	78,439	39,566
Others	169,924	51,395
	<u>961,849</u>	<u>746,572</u>
4 PROFESSIONAL FEES		
Audit fees	5,300	7,900
Legal fees	24,075	14,620
Administrative fees (ILRI)	33,725	61,035
Others	40,953	6,141
	<u>104,053</u>	<u>89,696</u>

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 EQUIPMENT

	Motor vehicle US\$	Furniture and office equipment US\$	Computers and related equipment US\$	Total US\$
COST				
At 1 September 2003	18,500	9,137	2,700	30,337
Additions	26,517	57,406	38,251	122,174
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004 and 1 January 2005	45,017	66,543	40,951	152,511
Additions	34,367	6,758	11,391	52,516
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	79,384	73,301	52,342	205,027
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 September 2003	4,625	1,827	899	7,351
Charge for the period	12,005	21,898	18,182	52,085
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004 and 1 January 2005	16,630	23,725	19,081	59,436
Charge for the year	19,846	15,172	17,430	52,448
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	36,476	38,897	36,511	111,884
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
As at 31 December 2005	<u>42,908</u>	<u>34,404</u>	<u>15,831</u>	<u>93,143</u>
At 31 December 2004	<u>28,387</u>	<u>42,818</u>	<u>21,870</u>	<u>93,075</u>

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 INTANGIBLE ASSETS

	US\$ 2005	US\$ 2004
COST		
At 1 January 2005/1 September 2003	17,899	-
Additions	-	17,899
	<hr/>	<hr/>
At 31 December	17,899	17,899
AMORTISATION		
At 1 January 2005/1 September 2003	7,947	-
Charge for the period	5,960	7,947
	<hr/>	<hr/>
At 31 December	13,907	7,947
	<hr/>	<hr/>
NET BOOK VALUE		
At 31 December	3,992	9,952
	<hr/>	<hr/>

7 DONORS RECEIVABLES

DFID	-	249,228
USAID	129,176	-
	<hr/>	<hr/>
	129,176	249,228
	<hr/>	<hr/>

8 PAYABLES AND ACCRUALS

Pension benefits	140,711	58,128
Leave	26,986	6,649
Accruals	13,208	27,076
	<hr/>	<hr/>
	180,905	91,853
	<hr/>	<hr/>

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 NOTES TO THE CASH FLOW STATEMENT

	2005 (12 months) US\$	2004 (16 months) US\$
Reconciliation of operating surplus/(deficit) for the period to net cash generated from operations		
9 (a) Operating (deficit)/surplus for the period	(112,208)	585,391
Adjustments for:		
Depreciation	52,448	52,085
Amortisation	5,960	7,947
Operating (deficit)/surplus before working capital changes	(53,800)	645,423
Decrease/(increase) in staff receivable	277	(62,765)
Decrease/(increase)/ in donor receivables	120,052	(221,374)
Increase in other receivables	(1,839)	(400)
Increase in trade and other payables	89,052	44,958
Decrease in amounts due from related party	-	149,674
(Decrease)/increase in amounts due to related party	(20,569)	36,222
(Decrease)/increase in Kirkhouse Trust account	(17,543)	17,543
Net cash generated from operations	115,630	609,281
9 (b) Analysis of the balances of cash and cash equivalents		
Fixed deposits	132,603	-
Cash and bank balances	399,719	469,208
	532,322	469,208

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 FUND BALANCES

	Restricted US\$	Unrestricted US\$	2005 US\$	2004 US\$
Balance brought forward	29,907	709,103	739,010	-
Kirkhouse Trust	-	-	-	12,824
NEPAD/FARA	-	-	-	17,083
USAID	-	(51,581)	(51,581)	195,386
Rockefeller	-	(290,449)	(290,449)	513,717
DFID	-	106,971	106,971	-
Africa Harvest	122,851	-	122,851	-
	<u>152,758</u>	<u>474,044</u>	<u>626,802</u>	<u>739,010</u>

11 CAPITAL COMMITMENTS

The outstanding capital commitments as at 31 December 2005 were:

Motor vehicles	-	39,500
Computers and related equipment	5,000	17,135
Office furniture and equipment	5,000	10,000
	<u>10,000</u>	<u>66,635</u>

12 OPERATING LEASE COMMITMENTS

Amounts payable in respect of obligations under operating leases expiring:

Within one year	12,480	12,480
Within two years	49,920	49,920
	<u>62,400</u>	<u>62,400</u>

13 COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration paid to key management for the year was as follows:

	2005 US\$	2004 US\$
Salaries and other benefits	<u>455,604</u>	<u>291,200</u>

14 INCORPORATION/REGISTRATION

The Foundation is incorporated and registered as a private company Limited by guarantee and not having a share capital. It has been registered in the United Kingdom (January 2003) and in Kenya (April 2003), respectively. It was registered as a Charity in England and Wales in January 2005.