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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2007**

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

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION**  
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**CORPORATE INFORMATION**

|                          |                                      |                |                      |
|--------------------------|--------------------------------------|----------------|----------------------|
| <b>BOARD OF TRUSTEES</b> | Jennifer Ann Thomson                 | - South Africa | - Chair              |
|                          | Mpoko Bokanga                        | - DR Congo     | - Executive Director |
|                          | Walter Alhassan                      | - Ghana        | - Vice chair         |
|                          | Eugene Ferry                         | - Sierra Leone |                      |
|                          | Michael Trimble                      | - USA          |                      |
|                          | Assetou Kanoute                      | - Mali         |                      |
|                          | Alhaji Bamanga Tukur                 | - Nigeria      |                      |
|                          | Kevin Nachtrab                       | - USA          |                      |
|                          | Wilson Songa                         | - Kenya        |                      |
|                          | Ms Josephine Okot                    | -Uganda        |                      |
| <b>REGISTERED OFFICE</b> | ILRI offices                         |                |                      |
|                          | Old Narvasha Road                    |                |                      |
|                          | P O Box 30709 - 00100                |                |                      |
|                          | Nairobi                              |                |                      |
| <b>AUDITORS</b>          | Deloitte & Touche                    |                |                      |
|                          | Certified Public Accountants (Kenya) |                |                      |
|                          | "Kirungu", Ring Road Westlands       |                |                      |
|                          | P O Box 40092 - 00100                |                |                      |
|                          | Nairobi                              |                |                      |
| <b>BANKERS</b>           | Commercial Bank of Africa Limited    |                |                      |
|                          | Commercial Bank Building             |                |                      |
|                          | Standard/Wabera Streets              |                |                      |
|                          | P O Box 30437 - 00100                |                |                      |
|                          | Nairobi                              |                |                      |
| <b>TAX CONSULTANTS</b>   | BDO Seidman, LLP                     |                |                      |
|                          | Accountants & Consultants            |                |                      |
|                          | 7101 Wisconsin Avenue, Suite 800     |                |                      |
|                          | Bethesda, Maryland 20814-4868        |                |                      |
|                          | USA                                  |                |                      |

**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 2007

**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 2007.

**MISSION**

To access and deliver affordable agricultural technologies for sustainable use by smallholders, and in particular resource-poor farmers, in Sub-Saharan Africa through innovative partnerships and effective technology/product stewardship along the entire food value chain.

**CORE VALUES**

- Integrity
- Dedication
- Accessibility

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION  
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REPORT OF THE TRUSTEES (Continued)

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.

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

FINANCIAL RESULTS

The results for the period are set out on page 7

TRUSTEES BOARD

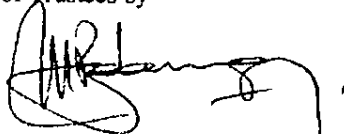
The present Board of Trustees is shown on page 2

AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to continue in office

Signed on behalf of the Board of Trustees by

MPOKO BOKANGA  
Executive Director



Nairobi

3 April,

2008

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION  
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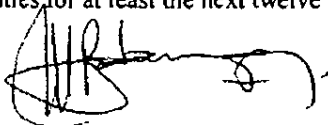
STATEMENT OF BOARD OF TRUSTEES' RESPONSIBILITIES

It is the responsibility of the Board of Trustees of AATF to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation as at the end of the financial year and of the operating results of the Foundation for that year. The Board is also required to ensure that the Foundation keeps 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 is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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.



Moko Bokanga

Executive Director



JA THOMSON

Chair

3 April,

2008

## 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 of African Agricultural Technology Foundation (AATF) set out on pages 7 to 17 which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in fund balances and cash flow statement for the year then ended, together with the summary of significant accounting policies and other explanatory notes, 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

The Board of Trustees of African Agricultural Technology Foundation (AATF) is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. Our responsibility is to express an opinion on these financial 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from 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 our judgment and include an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal controls relevant to the Foundation'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 the Board, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, proper books of account have been kept by the Foundation and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of the Foundation at 31 December 2007 and of its deficit and cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Deloitte & Touche*  
3 April 2008

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

INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007 - COMBINED GRANTS

|                                       | Note | USAID                       | Rockefeller                 | DTID                        | Africa Harvest            | Bill & Melinda Gates fund (Restricted funding) | 2007             | 2006             |
|---------------------------------------|------|-----------------------------|-----------------------------|-----------------------------|---------------------------|--|------------------|------------------|
| INCOME                                |      | (Unrestricted funding) US\$ | (Unrestricted funding) US\$ | (Unrestricted funding) US\$ | (Restricted funding) US\$ |  | Total US\$       | Total US\$       |
| Grant income                          |      | 962,842                     | 1,000,000                   | 1,493,472                   | 11,500                    | 40,878   | 3,508,692        | 3,595,458        |
| Interest income                       |      | 745                         | 50,575                      | 5,051                       | 871                       | -  | 57,242           | 15,403           |
| Other income                          |      | -                           | -                           | 26,664                      | -                         | -  | 26,664           | 29,942           |
| <b>TOTAL INCOME</b>                   |      | <b>963,587</b>              | <b>1,050,575</b>            | <b>1,525,187</b>            | <b>12,371</b>             | <b>40,878</b>                                  | <b>3,592,598</b> | <b>3,640,803</b> |
| EXPENDITURE                           |      |                             |                             |                             |                           |  |                  |                  |
| Consultants' expenses                 | 2    | 25,685                      | 79,539                      | 286,165                     | 54,024                    | 30,235   | 475,648          | 357,875          |
| Personnel costs                       | 3    | 395,668                     | 285,541                     | 547,548                     | -                         | -  | 1,228,757        | 1,059,136        |
| Professional fees                     | 4    | 21,428                      | 14,290                      | 32,923                      | -                         | -  | 68,641           | 74,258           |
| Travel                                |      | 28,611                      | 60,489                      | 89,623                      | 1,424                     | 5,759  | 185,906          | 289,705          |
| Conferences and workshops             |      | 22,218                      | 134,059                     | 214,783                     | 2,480                     | -  | 373,640          | 172,759          |
| Depreciation and amortisation         |      | -                           | 39,751                      | -                           | -                         | -  | 39,751           | 54,791           |
| Communication                         |      | -                           | 2,557                       | 48,375                      | -                         | -  | 50,932           | 143,729          |
| Office and computer supplies          |      | 18,187                      | 7,087                       | 19,605                      | 221                       | -  | 45,100           | 55,189           |
| Other supplies                        |      | -                           | -                           | 827                         | -                         | -  | 827              | 11,728           |
| Office rent                           |      | 41,168                      | 10,672                      | 30,435                      | -                         | -  | 82,275           | 79,851           |
| Vehicle expenses                      |      | 15,950                      | -                           | 2,984                       | -                         | 171  | 19,105           | 23,980           |
| Board expenses                        |      | 86                          | -                           | 99,309                      | -                         | -  | 99,395           | 95,814           |
| Repair and maintenance                |      | 4,851                       | 766                         | 2,006                       | -                         | -  | 7,623            | 1,932            |
| Finance charges/(income)              |      | 681                         | 2,730                       | (79,716)                    | 115                       | 20   | (76,170)         | (3,454)          |
| Other office expenses                 |      | 212                         | 1,150                       | 3,763                       | -                         | -  | 5,025            | 4,989            |
| Seed/farm supplies                    |      | -                           | 25,572                      | -                           | -                         | -  | 25,572           | 21,917           |
| Outsourced research activities        |      | 328,000                     | 365,039                     | 189,725                     | -                         | -  | 882,764          | 1,225,357        |
| Publications/resource supplies        |      | 57,808                      | 4,709                       | 54,582                      | -                         | -  | 117,099          | 27,377           |
| <b>TOTAL EXPENDITURE</b>              |      | <b>960,553</b>              | <b>1,033,951</b>            | <b>1,542,937</b>            | <b>58,264</b>             | <b>36,185</b>                                  | <b>3,631,890</b> | <b>3,696,933</b> |
| <b>SURPLUS/(DEFICIT) FOR THE YEAR</b> |      | <b>3,034</b>                | <b>16,624</b>               | <b>(17,750)</b>             | <b>(45,893)</b>           | <b>4,693</b>                                   | <b>(39,292)</b>  | <b>(56,130)</b>  |

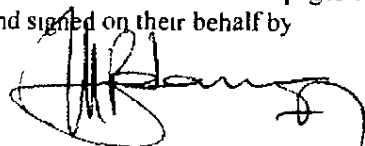


AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION  
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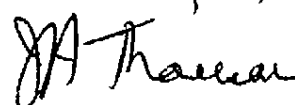
BALANCE SHEET  
31 DECEMBER 2007

|  | Note | 2007<br>US\$     | 2006<br>US\$     |
|--|------|------------------|------------------|
| <b>ASSETS</b>                              |      |                  |                  |
| <b>Non-current assets</b>                  |      |                  |                  |
| Equipment and motor vehicles               | 5(a) | 30,911           | 56,789           |
| <b>Current assets</b>                      |      |                  |                  |
| Grants receivable                          | 6    | 222,458          | 347,962          |
| Other receivables                          |      | 100,664          | 60,473           |
| Fixed deposit                              | 7    | 1,042,076        | -                |
| Bank and cash balances                     |      | 388,538          | 562,777          |
|  |      | 1,753,736        | 971,212          |
| <b>Total assets</b>                        |      | <b>1,784,647</b> | <b>1,028,001</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |      |                  |                  |
| <b>Current liabilities</b>                 |      |                  |                  |
| Unexpended grants payable                  | 7    | 1,000,000        | -                |
| Other payables and accruals                | 9    | 237,548          | 438,857          |
| Amount due to ILRI                         |      | 15,719           | 18,472           |
|  |      | 1,253,267        | 457,329          |
| <b>Fund balances</b>                       |      |                  |                  |
| Restricted                                 | 11   | 165,528          | 206,728          |
| Unrestricted                               | 11   | 365,852          | 363,944          |
|  |      | 531,380          | 570,672          |
| <b>Total liabilities and fund balances</b> |      | <b>1,784,647</b> | <b>1,028,001</b> |

The financial statements on pages 7 to 17 were approved by the Board of Trustees on 3 April, 2008 and signed on their behalf by



MPOKO BOKANGA  
Executive Director



JA THOMSON  
Chair

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

STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED 31 DECEMBER 2007

|                                  | Restricted<br>funds<br>US\$ | Unrestricted<br>Funds<br>US\$ | Total<br>US\$ |
|----------------------------------|-----------------------------|-------------------------------|---------------|
| At 1 January 2006                | 152,758                     | 474,044                       | 626,802       |
| Surplus/(deficit) for the period | 53,970                      | (110,100)                     | (56,130)      |
|                                  | <hr/>                       | <hr/>                         | <hr/>         |
| At 31 December 2006              | 206,728                     | 363,944                       | 570,672       |
|                                  | <hr/>                       | <hr/>                         | <hr/>         |
| At 1 January 2007                | 206,728                     | 363,944                       | 570,672       |
| (Deficit)/surplus for the year   | (41,200)                    | 1,908                         | (39,292)      |
|                                  | <hr/>                       | <hr/>                         | <hr/>         |
| At 31 December 2007              | 165,528                     | 365,852                       | 531,380       |
|                                  | <hr/>                       | <hr/>                         | <hr/>         |

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION  
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CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007

|  | Note  | 2007<br>US\$     | 2006<br>US\$   |
|--|-------|------------------|----------------|
| OPERATING ACTIVITIES                           |       |                  |                |
| Net cash generated from operations             | 10(a) | 884,593          | 44,900         |
| INVESTING ACTIVITIES                           |       |                  |                |
| Purchase of equipment                          |       | (16,756)         | (14,445)       |
| INCREASE IN CASH AND CASH EQUIVALENTS          |       | 867,837          | 30,455         |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY         |       | 562,777          | 532,322        |
| CASH AND CASH EQUIVALENTS AT 31 DECEMBER 10(b) |       | <u>1,430,614</u> | <u>562,777</u> |

**AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**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.

**(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 unexpended grants receivable. Unrestricted grants received for which expenditure has not been incurred are included on the financial statements as unexpended grants payable.
- (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.

**(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 $\frac{1}{3}$ % |
| 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.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

(e) **Taxation**

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

(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.

In relation to financial instruments, AATF has a fixed deposit account.

*Financial risk management objectives*

The Foundation's fixed deposit exposes it to a variety of financial risks including effects of changes in interest rates. The Foundation's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

*Interest rate risk*

The interest rate risk exposure would arise mainly from interest rate movements on the Foundation's investments in fixed interest rate instruments held with Commercial Bank of Africa. However, as is the case with fixed deposit instruments, the interest rate is discussed and agreed at the placement of the deposits. This acts as a safeguard against this risk. The analysis of the deposit and interest earned at year end are shown in note 7 below.

(h) **Critical accounting estimates and judgements in applying the entity's accounting policies**

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of judgement in applying the entities accounting policies are dealt with below.

*Motor vehicles, furniture and equipment*

Critical estimates are made by the Board in determining depreciation rates for motor vehicle, furniture and equipment.

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

|                            | 2007<br>US\$     | 2006<br>US\$     |
|----------------------------|------------------|------------------|
| 2 CONSULTANTS' EXPENSES    |                  |                  |
| Fees                       | 450,007          | 351,367          |
| Travel                     | 23,787           | 2,503            |
| Other                      | 1,854            | 4,005            |
|                            | <u>475,648</u>   | <u>357,875</u>   |
| 3 PERSONNEL COSTS          |                  |                  |
| Salaries                   | 746,754          | 597,400          |
| Settling down costs        | -                | 24,434           |
| House allowances           | 110,400          | 130,637          |
| Recruitment                | 3,000            | 29,713           |
| Medical                    | 51,756           | 36,794           |
| Pension                    | 104,062          | 77,412           |
| Others                     | 212,785          | 162,746          |
|                            | <u>1,228,757</u> | <u>1,059,136</u> |
| 4 PROFESSIONAL FEES        |                  |                  |
| Audit fees                 | 20,872           | 17,153           |
| Legal fees                 | 31,913           | 11,460           |
| Administrative fees (ILRI) | 7,035            | 10,609           |
| Others                     | 8,821            | 35,036           |
|                            | <u>68,641</u>    | <u>74,258</u>    |

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5(a) EQUIPMENT

|                        | Motor<br>Vehicle<br>US\$ | Furniture<br>and office<br>Equipment<br>US\$ | Computers<br>and related<br>Equipment<br>US\$ | Total<br>US\$ |
|------------------------|--------------------------|--|---|---------------|
| <b>COST</b>            |                          |  |   |               |
| 1 January 2006         | 79,384                   | 73,301                                       | 52,342  | 205,027       |
| Additions              | -                        | 1,775  | 12,670  | 14,445        |
| At 31 December 2006    | 79,384                   | 75,076                                       | 65,012  | 219,472       |
| 1 January 2007         | 79,384                   | 75,076                                       | 65,012  | 219,472       |
| Additions              | -                        | 13,634                                       | 3,122   | 16,756        |
| Disposals              | -                        | (3,098)                                      | (4,609)                                       | (7,707)       |
| At 31 December 2007    | 79,384                   | 85,612                                       | 63,525  | 228,521       |
| <b>DEPRECIATION</b>    |                          |  |   |               |
| 1 January 2006         | 36,476                   | 38,897                                       | 36,511  | 111,884       |
| Charge for the year    | 19,538                   | 15,015                                       | 16,246  | 50,799        |
| At 31 December 2006    | 56,014                   | 53,912                                       | 52,757  | 162,683       |
| 1 January 2007         | 56,014                   | 53,912                                       | 52,757  | 162,683       |
| Charge for the year    | 14,777                   | 17,441                                       | 7,533   | 39,751        |
| Disposals              | -                        | (2,425)                                      | (2,399)                                       | (4,824)       |
| At 31 December 2007    | 70,791                   | 68,928                                       | 57,891  | 197,610       |
| <b>NET BOOK VALUE</b>  |                          |  |   |               |
| As at 31 December 2007 | 8,593                    | 16,684                                       | 5,634   | 30,911        |
| At 31 December 2006    | 23,370                   | 21,164                                       | 12,255  | 56,789        |

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 (b) INTANGIBLE ASSETS

|                       | US\$<br>2007 | US\$<br>2006 |
|-----------------------|--------------|--------------|
| <b>COST</b>           |              |              |
| At 1 January 2007     | 17,899       | 17,899       |
| At 31 December        | 17,899       | 17,899       |
| <b>AMORTISATION</b>   |              |              |
| At 1 January 2007     | 17,899       | 13,907       |
| Charge for the period | -            | 3,992        |
| At 31 December        | 17,899       | 17,899       |
| <b>NET BOOK VALUE</b> |              |              |
| At 31 December        | -            | -            |

6 GRANTS RECEIVABLE

|       |                |                |
|-------|----------------|----------------|
| NEPAD | -              | 24,424         |
| USAID | 161,701        | 323,538        |
| DFID  | 60,757         | -              |
|       | <u>222,458</u> | <u>347,962</u> |

7 FIXED DEPOSIT

|                  |                  |          |
|------------------|------------------|----------|
| Principal        | 1,000,000        | -        |
| Accrued interest | 42,076           | -        |
|                  | <u>1,042,076</u> | <u>-</u> |

The Organisation received a grant relating to the year 2008 in the year 2007 from Rockefeller Foundation. This has been placed in a fixed deposit account and shall be used in the year 2008.

8 RECEIVABLES

|                            | US\$<br>2007   | US\$<br>2006  |
|----------------------------|----------------|---------------|
| <b>Staff receivables</b>   |                |               |
| Staff receivables          | 76,104         | 58,234        |
| Other receivables          | 14,204         | 2,239         |
| Prepayment on fixed assets | 10,356         | -             |
|                            | <u>100,664</u> | <u>60,473</u> |



AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

|   | 2007<br>US\$     | 2006<br>US\$   |
|---|------------------|----------------|
| <b>9 PAYABLES AND ACCRUALS</b>  |                  |                |
| Pension benefits  | -                | 167,452        |
| Accrued leave   | 65,760           | 32,267         |
| Amounts due to sub-grantees   | -                | 216,530        |
| Accruals  | 171,788          | 22,608         |
|   | <u>237,548</u>   | <u>438,857</u> |
| <b>10 NOTES TO THE CASH FLOW STATEMENT</b>                                      |                  |                |
| Reconciliation of deficit for the year to<br>net cash generated from operations |                  |                |
| (a) Deficit for the year  | (39,292)         | (56,130)       |
| Adjustments for   |                  |                |
| Depreciation  | 39,751           | 50,799         |
| Amortisation  | -                | 3,992          |
| Loss on disposal of equipment   | 2,883            | -              |
|   | <u>3,342</u>     | <u>(1,339)</u> |
| Operating deficit before working capital changes                                | 3,342            | (1,339)        |
| Decrease/(increase) in unexpended grants receivable                             | 125,504          | (218,786)      |
| (Increase)/decrease in other receivables  | (40,191)         | 4,254          |
| Increase in unexpended grants payable   | 1,000,000        | -              |
| (Decrease)/increase in other payables and accruals                              | (201,319)        | 257,952        |
| (Decrease)/increase in amounts due to ILRI                                      | (2,753)          | 2,819          |
|   | <u>884,593</u>   | <u>44,900</u>  |
| Net cash generated from operations  | 884,593          | 44,900         |
| (b) Analysis of the balances of cash and cash equivalents                       |                  |                |
| Fixed deposits  | 1,042,076        | -              |
| Cash and bank balances  | 388,538          | 562,777        |
|   | <u>1,430,614</u> | <u>562,777</u> |

AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

|                                 | Restricted<br>US\$ | Unrestricted<br>US\$ | 2007<br>US\$   | 2006<br>US\$   |
|---------------------------------|--------------------|----------------------|----------------|----------------|
| <b>11 FUND BALANCES</b>         |                    |                      |                |                |
| Balance brought forward         | 206,728            | 363,944              | 570,672        | 626,802        |
| USAID                           | -                  | 3,035                | 3,035          | (19,788)       |
| Rockefeller                     | -                  | 16,624               | 16,624         | (213,903)      |
| DFID                            | -                  | (17,751)             | (17,751)       | 123,591        |
| Africa Harvest                  | (45,893)           | -                    | (45,893)       | 53,970         |
| Bill & Melinda Gates Foundation | 4,693              | -                    | 4,693          | -              |
|                                 | <u>165,528</u>     | <u>365,852</u>       | <u>531,830</u> | <u>570,672</u> |

**12 COMMITMENTS**

**(a) Capital commitments**

The outstanding capital commitments as at year end were

|                                 |               |               |
|---------------------------------|---------------|---------------|
| Motorvehicles                   | 30,000        | -             |
| Computers and related equipment | 18,233        | 13,090        |
| Office furniture and equipment  | 31,181        | 20,350        |
|                                 | <u>79,414</u> | <u>33,440</u> |

**(b) Operating lease commitments**

Amounts payable in respect of obligations  
under operating leases expiring

|                  |               |               |
|------------------|---------------|---------------|
| Within one year  | 33,467        | 49,920        |
| Within two years | -             | -             |
|                  | <u>33,467</u> | <u>49,920</u> |

**13 COMPENSATION OF KEY MANAGEMENT PERSONNEL**

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

|                             |                |                |
|-----------------------------|----------------|----------------|
| Salaries and other benefits | <u>897,474</u> | <u>703,730</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 2007.