



ANNUAL REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

**FOOD AND AGRICULTURAL RESEARCH
MANAGEMENT LIMITED**

REGISTERED CHARITY NO: 326901

REGISTERED COMPANY NO: 01926828

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED
YEAR ENDED 31 DECEMBER 2009

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OFFICERS AND ADVISERS

PATRONS

Lord Plumb of Colehill DL
Sir Peter de la Billière KCB KBE DSO MC MSC DL
Michael Palin CBE

PRESIDENT

Sir Martin Wood OBE FRS DL

TRUSTEES/DIRECTORS

The Lord De Ramsey DL (Chairman and Trustee until 6 July 2009)
Dr Martin Evans (Deputy Chair until 6 July 2009, Chairman from 6 July 2009)
Dr Timothy Williams (from 11 March 2009, Deputy Chair from 16 December 2009)
Richard Lackmann (Treasurer)
Victoria Rae (Board Secretary)
Jan Bonde Nielsen
Dr Peter Hazell
Dr Helen Pankhurst
Nader Mousavizadeh
Carey Ngini
John Shaw (from 11 March 2009)
Richard Macdonald CBE (from 16 December 2009)

MEMBERS OF THE FINANCE REMUNERATION & AUDIT COMMITTEE

Richard Lackmann (Chairman)
Dr Peter Hazell (until 25 August 2009)
Ian Mathieson (non-Trustee member)
Dr Martin Evans (until 6 July 2009)
John Shaw (from 25 August 2009)
Richard Macdonald CBE (from 3 March 2010)

MEMBERS OF THE PROGRAMME ADVISORY COMMITTEE

Dr Peter Hazell (Chairman)
Dr Helen Pankhurst
Barry Pound (non-Trustee member)
Roger Slade (non-Trustee member)
Dr Ann Waters-Bayer (non-Trustee member)
Dr. Timothy Williams (from 11 March 2009)

MEMBERS OF THE NOMINATIONS COMMITTEE

The Lord De Ramsey DL (Chairman until 6 July 2009)
Dr Martin Evans (Chairman from 6 July 2009)
Victoria Rae
Dr Timothy Williams (from 16 December 2009)
Richard Lackmann (from 26 November 2009)
Dr Christie Peacock (non-voting member)

CHIEF EXECUTIVE

Dr Christie Peacock

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SENIOR MANAGEMENT TEAM

Karen Thompson (Chief Operating Officer & Director of Resources)
George Mukkath (Programmes Director)
Gina Beloff (Fundraising & Communications Director until 16 December 2009)
Carla Miller (Fundraising & Communications Director from 8 February 2010)
Johnathan Napier (Country Director – Ethiopia)
Jane Tingle (Assistant Director, Programme Funding Unit)
Helen Altshul (East African Regional Director)

REGISTERED OFFICE

Clifford's Inn
Fetter Lane, London EC4A 1BZ

AUDITOR

Chantrey Vellacott DFK LLP
Chartered Accountants and Registered Auditor
Russell Square House, 10 – 12 Russell Square
London WC1B 5LF

BANKERS

Barclays Bank PLC
Hanover Square Corporate Banking Group
50 Pall Mall, London SW1A 1QZ

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REPORT FROM THE CHAIRMAN

I am very pleased to present FARM-Africa's Annual Report and Consolidated Financial Statements for the year ended 31 December 2009. This is my first such report as chair of FARM-Africa and I feel proud and privileged to be in this position. FARM-Africa's board of trustees is highly experienced, well connected and effective and I heartily thank my predecessor in the chair, Lord de Ramsey, for leaving FARM-Africa (and me) in such safe hands.

FARM-Africa's special mission is to offer farmers and herders pathways out of poverty through participation in community-supported, technologically innovative and market linking projects that tap people's desire and capacity to improve their lives significantly - if only they had a bit of a help. As always, we are much more interested in projects that can be replicated or scaled up rather than in 'one-offs', however locally effective these may be. In this respect there is a growing portfolio of potentially very significant prospects in the pipeline, which are highlighted in the Chief Executive's report. We have particularly high hopes for the unique livestock services franchising project, a commercial enterprise with social objectives, for which we hope to secure funding soon.

I should like to mention a particular operational initiative that we began last year, namely the implementation of a much improved, more comprehensive monitoring and evaluation (M&E) system. It is more important than ever that we can measure, evaluate, and thus demonstrate, our impact on the ground in terms of benefits and costs. We need this not only in order to have reliable data on which to base our own strategic decisions about resource allocation, but also to enhance our credibility. Special thanks are due to Roger Slade, an internationally-recognised M&E expert, who voluntarily gave so much of his valuable time to this project.

Our fundraising environment in 2009 was tough, exacerbated by the fall-out from the global financial crisis, and so it was all the more remarkable that our fundraising team managed to beat the demanding income target set for it. This was in no small way due to a very successful fundraising dinner at which Kofi Annan graciously consented to be our guest of honour and thrilled all present with a most stimulating account about his life and work. FARM-Africa is immensely grateful for this generous support. We likewise express our huge appreciation to the National Farmers Union, which raised a magnificent sum for FARM-Africa in their Africa 100 appeal.

FARM-Africa ended 2009 in good financial shape and continues to be in this position. Trustees were impressed by the rigour and realism of the 2010 Budget and Operational Plan that they approved last December and by the commitment to improving further an already generally high standard of contract management. We believe the right balance is being achieved between the prudent requirement to build unrestricted reserves on the one hand and the need to invest in growing and improving our organisation on the other.

In 2009 we welcomed three new trustees to the board, John Shaw, Tim Williams and Richard Macdonald. John's financial and governance expertise is being put to good use in the Finance, Remuneration and Audit Committee of the board and Tim's agricultural expertise and international connections are at work in the Programme Advisory Committee and Nominations Committee. Richard's extensive background in agriculture and finance has already proven invaluable on the board of trustees and as a member of our Finance, Remuneration and Audit Committee. I am most grateful to all trustees for their hard work on behalf of FARM-Africa.

FARM-Africa's dedicated staff worked extremely hard last year, often in professionally trying and uncertain economic circumstances. I thank them, and FARM-Africa's loyal supporters, for their continuing commitment to our success.

I mentioned earlier the new livestock services franchising project. While this project builds on our long experience of community-based livestock development, its scale and approach will be a substantial departure from what we normally do. For this reason, and in anticipation that we will want to pursue similar social enterprises in the future, we are in the process of establishing two wholly-owned subsidiaries of FARM-Africa: one to act as the governance vehicle for social enterprise companies and the other to

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safeguard FARM-Africa's intellectual property in social enterprise development. This structure will also fully protect FARM-Africa from any commercial risks associated with the social enterprises.

Our first social enterprise venture, in livestock services franchising, is a highly innovative project and will demand the very best skills to implement successfully, but its potential to enhance our ability to help rural people in eastern Africa improve their livelihoods is huge. This exciting venture is the brainchild of FARM-Africa's Chief Executive, Dr Christie Peacock and there is no one more suited to lead it. This she wants to do but it will require her full time attention. So in April 2010, with some reluctance all round, Dr Peacock and the Board of Trustees mutually agreed that she will step down as CEO of FARM-Africa. We are currently engaged in the search for her permanent replacement as CEO with the help of a specialised recruitment agency. Until this person is recruited, Christie will continue as CEO.

Dr Peacock has provided FARM-Africa with an enormous wealth of expertise and practical experience as an animal scientist as well as a huge passion for improving the lives of farmers in Africa. She has been CEO of FARM-Africa for over 11 years and hers will be a hard act to follow. I can say without the slightest exaggeration that it has been her inspired leadership that has propelled FARM-Africa over the past ten years to its position today as a widely respected and influential rural development organisation turning over £7 million per annum. As Chairman I would like to thank Dr Peacock for her long, dedicated and highly effective service.

In this the 25th year of FARM-Africa our vision of a prosperous rural Africa is more important now than ever. We estimate that in 2009 our work touched the lives of around 4 million people and we are very confident that we will see our impact grow even further.

Dr Martin Evans, Chairman
13 May 2010

REPORT FROM THE CHIEF EXECUTIVE

I am very proud that FARM-Africa made significant progress during 2009 despite a challenging economic environment. Our income grew during the year and, by keeping a tight control of costs, the organisation rode the economic turbulence and came to the end of the year in a strong position. This means that we have been able to expand our work in Africa and help more people.

Several significant new initiatives started during 2009. Our forestry work goes from strength to strength with a new project starting in Tanzania, supported by the European Union and another project in Ethiopia which commences in early 2010. This work is built on nearly 20 years' experience of conserving forests and creating sustainable livelihoods for those who depend on them. Conserving Africa's indigenous forests is vital not only for the environment but also to support more sustainable livelihoods for forest-dwellers. FARM-Africa is also exploring the potential for some of the new carbon financing to support Ethiopia's forest communities to protect their own forests in the long term. This would be Ethiopia's first project financed in this way.

During 2009 we were approached by SAB Miller, one of Africa's largest companies, to work with them to support farmers in Southern Sudan to increase and improve cassava production in order to supply their brewery in Juba. This will ensure that farmers have a consistent market for their crops in the long-term. This is FARM-Africa's first partnership of this kind and we are excited about the potential of this and similar ways of linking farmers to the private sector.

FARM-Africa believes strongly in working in partnership and was delighted to collaborate with a group of NGOs on the publication 'Climate Frontline' during 2009. The publication gives voice to farmers and pastoralists trying to survive in already harsh climates. It was launched in the UK parliament and was well received at the climate change meeting in Copenhagen. FARM-Africa also continues to play an active role in supporting the All Party Parliamentary Group on Agriculture and Food for Development (APPG) and I was a witness at its recent inquiry on global food security. It is vital that political support for smallholder farmers in Africa grows across all political parties and the APPG is playing an active role in this during a crucial period of global concern about food and farming.

The European Union's response to the rise in world food prices has enabled us to gain funding for three new projects – supporting farmers to grow and market sesame in Tanzania, improving dryland farming practices of farmers in Mwingi, Kenya and supporting the livelihoods of particularly vulnerable women in Ethiopia. This significant injection of funding is most welcome and has enabled us to put into action some of our long-planned work.

The level of commitment of some of our supporters in raising funds for FARM-Africa is truly inspiring. Sam Williams followed up his single-handed row across the Atlantic with a bicycle ride from London to Kenya to visit the project for which he raised funds through his Atlantic row. We can't wait to see what he does next!

FARM-Africa enters its 25th year as a vibrant and forward looking organisation that helps over four million people each year to improve their lives. After 11 years as Chief Executive I have decided to step down in 2010 to focus on an exciting new initiative for FARM-Africa. This will require my total focus and for me to spend more time in Africa. While I am immensely proud of what we have achieved in recent years I am constantly challenged by how much more there is to do. I know that without the passion, energy and vision of our trustees, staff and supporters none of the achievements reported here would have taken place and I am immensely grateful for that. I am also personally very grateful to the support, advice and kindness I have received from so many people over many years. Together we have transformed the lives of millions of families in Africa and brought our vision of a prosperous rural Africa a little bit closer. Thank you.

Dr Christie Peacock, CEO
13 May 2010

ANNUAL REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees of FARM-Africa, which is also its Board of Directors, hereby presents its report (incorporating a directors' report) together with the financial statements for the year ended 31 December 2009. The financial statements comply with current statutory requirements and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005).

LEGAL OBJECTS, STRATEGIC VISION, OBJECTIVES AND METHOD OF WORKING

FARM-Africa exists to bring about sustainable change for smallholder farmers and herders across Africa – some of the poorest and most disadvantaged people in the world. This purpose is enshrined in our charitable objects, which are set out in our Memorandum and Articles of Association.

FARM-Africa's main charitable objects are as follows:

- to relieve the poverty of farmers, agricultural workers and herders by enabling them to improve the effective management of their natural resources;
- to promote the improvement of agriculture, horticulture, food production, storage and distribution and conduct research in these subjects and to publish the results of such research and to disseminate knowledge for the benefit of the public and to encourage skill and industry in husbandry;
- to promote the improvement of livestock and poultry and the prevention and eradication of disease therein; and
- to promote the education of the public in, and the furthering of the interests of agriculture, horticulture, arboriculture, apiculture, animal husbandry and industries allied thereto.

We implement these objects through pursuing our organisational vision and mission, set out below.

FARM-Africa has a vision of a prosperous rural Africa

FARM-Africa's mission is to reduce poverty by enabling marginal African farmers and herders to make sustainable improvements to their wellbeing through more effective management of their renewable natural resources.

FARM-Africa has been working with communities in East Africa to bring about a prosperous rural Africa for nearly 25 years. During that time we have faced many complex and difficult challenges in bringing this vision about, and continue to do so today. Land pressure, climate change, under developed markets and lack of access to capital all conspire to keep poor people poor across the African continent. But we are convinced that agricultural development can lift people out of poverty and we have the evidence from our own experience and that of other organisations that improvement is possible. We remain committed to our vision and mission, and to the rural Africans that we serve. We believe passionately in their abilities, energy and determination and will continue to work to give them the opportunity to improve their own livelihoods, and to enable them to secure the future for themselves, their families and their communities.

Public benefit

Charity trustees have a new duty to report in the Trustees' Annual Report on their charity's public benefit. They should demonstrate that:

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1. **The benefits generated by the activities of the charity are clear.** This report sets out in some detail the activities which FARM-Africa has carried out in the year to further each of our four strategic objectives.
2. **The benefits generated relate to the objects of the charity.** All activities undertaken are intended to further FARM-Africa's charitable objects, summarised above.
3. **The people who receive support are entitled to do so according to criteria set out in the charity's objects.** All FARM-Africa's projects are centred around rural African farmers, agricultural workers and herders, the target beneficiary group specified in our first charitable object.

Trustees have therefore satisfied themselves that FARM-Africa meets the public benefit requirements and they confirm that they have taken due regard of guidance contained in the Charity Commission's general guidance on public benefit and the specific guidance on the prevention or relief of poverty for the public benefit where applicable.

EXTERNAL ENVIRONMENT

Any review of performance for the year needs to be placed in the context of the external challenges that we faced during the period.

Food Shortages across East Africa and Ethiopia

The start of 2009 saw Kenyan President Mwai Kibaki declare the ongoing food crisis in Kenya a national disaster. He appealed for US \$575 million to meet the needs of 10 million food-insecure people – one third of the total population. Continuing drought throughout the spring and summer meant that the situation worsened, raising food prices and increasing livestock mortality rates. FARM-Africa's work in Moyale and Mwingi was severely affected by the drought. The situation was somewhat relieved towards the end of 2009 when the short rains season brought above-normal rains to the eastern half of the country; however the threat of drought remains an ever present danger. To minimise future impacts of poor rainfall on our Kenyan beneficiaries, we immediately went into action and obtained funding to drill a borehole in Mwingi District, construction of which will commence in mid-2010.

2009 also saw continued food shortages in Ethiopia and Sudan. In Ethiopia an estimated eight million people continued to be in receipt of food aid, whereas in South Sudan the Famine Early Warning Systems Network reported that up to 1.3 million people were food insecure - an increase of 20% on earlier estimates. Many of these were in Eastern Equatoria state, where needs have doubled and where FARM-Africa is planning to start a new project in 2010.

Global Credit Crunch

Throughout 2009, the worsening financial crisis resulted in widespread global redundancies and economic uncertainty, with exchange rates continuing to be highly volatile throughout the first half of the year. The effects of the global downturn were felt across the entire NGO sector, with over 30% of fundraising events being cancelled during the first part of 2009, and trust funds experiencing a 30% fall in capital value which affected their ability to provide grants at the same level as 2008. In addition, very many charities were forced to reduce their corporate and major donor income targets for the year. FARM-Africa too felt the effects of the corporate belt-tightening during the year. However, due to pro-active measures undertaken to reshape the organisation in 2007, we found ourselves in a better position financially than many of our colleagues throughout the year. Indeed, thanks to the incredible generosity of our supporters we were able to exceed our fundraising target for the year – an extraordinary result under the circumstances.

Agricultural Development Reaches Top of G8 Agenda

At the G8 Summit in December it was announced that agriculture is at the top of the world development agenda, and more than US \$12 billion would be committed to agricultural development in the next three years. Led by the US and Japan, this initiative was a signal that world leaders are beginning to shift their focus away from food aid and towards investment in agriculture and farming. This is what FARM-Africa has been actively promoting since we were founded in 1985, so this move represents a huge step forward for our work.

STRATEGIC OBJECTIVES AND ACHIEVEMENTS IN 2009

Four strands run through all of FARM-Africa's project work:

- **Developing models of good practice in smallholder development, pastoral development, community forest management and land reform that demonstrably reduce poverty in diverse situations with wide applicability;**
- **Improving relevant government policies that inhibit uptake of good practice and prioritisation of agriculture in public sector expenditure and Poverty Reduction Strategy Papers;**
- **Improving the practice of agricultural development by government, civil society and private sector staff;**
- **Increasing understanding of, and engagement in, African agricultural development among the public, media, companies and organisations in the North and South, in order to facilitate the development and scaling-up of FARM-Africa models.**

In this way we not only help create solutions to rural African poverty, but we also remove the barriers that prevent others taking them up, meaning that the impact of our work is felt by many times the number of people that FARM-Africa is able to reach directly through our field projects. Many powerful examples of the effectiveness of this approach are contained in the following pages, and also in our Annual Review, which can be downloaded from www.farmafrica.org.uk

As always, our work in 2009 was concentrated in three main areas:

- Working with rural African farmers and smallholders through our Smallholder Development programme
- Working with forest dwellers and other users of these vital natural resources through our Participatory Forest Management programme
- Supporting some of the poorest and most marginalised people on the planet through our Pastoralism programme

We regularly monitor the number of beneficiaries that we serve as part of measuring our impact as an organisation. We divide our beneficiaries into three groups, as follows:

- **Direct beneficiaries** - individuals and families with whom FARM-Africa directly interacts and who have received a specific identifiable benefit such as livestock, or credit to start a business;
- **Service level beneficiaries** - individuals and families gaining a benefit from a service that FARM-Africa has helped to establish, such as livestock breeding services, or treatment of their animals by a Community Animal Health Worker
- **Wider community beneficiaries** – community members who indirectly benefit from work done within our projects, such as improved local forestry conditions or changes in government policy.

For 2009, we estimate that our work improved the lives of around 4 million people (2008 3.1 million), with 582,000 people benefiting directly (2008: 510,000), 788,000 people benefiting from a FARM-Africa service (2008: 600,000), and approximately 2.7 million people in the wider community benefiting indirectly from FARM-Africa's work (2008: 2 million). We are continuing to standardise the methods used to count beneficiaries across our projects in 2010, and believe that this is one of a useful set of tools for quantifying the impact of FARM-Africa's work.

HOW DID WE DO AGAINST OUR 2009 OBJECTIVES?

We set ourselves a number of objectives for 2009, and we are pleased to report that we have achieved the majority of them. Where objectives have not been achieved in the most part this is due to the shortage of a suitable donor willing to provide funding for planned activities.

To continue to develop, refine and validate agricultural practices with real impact through our grassroots projects: Once again, we have made some exciting steps forward in most of our agricultural models during the year, many of which are outlined in this report.

To produce a feasibility study for significant scale-up of our CAHW approach and the private delivery system for veterinary services and to seek funding for that scale-up if appropriate: We achieved this objective in full, as we completed a detailed business planning exercise for this project in autumn 2009 and the search for funding is now well underway. We hope to be able to commence the start up phase of this project in summer 2010, but this will depend on suitable funding being received.

To launch the next phase of the Maendeleo Agricultural Technology Fund: We partially achieved this objective during the year. While we have successfully launched projects to scale up a number of technologies originally tested by the fund, such as disease resistant cassava, it seems unlikely that we will be able to secure significant funding for an agricultural incubation fund in East Africa for the foreseeable future. We have also been unable to launch an incubation fund in Ethiopia as whilst our feasibility study indicated that there was a lot of demand for such a fund we have again been unable to find a suitable donor. We plan to focus our efforts on seeking funds to scale up other tested technologies during 2010.

To review the strategy for our pastoralist work for 2010 and beyond: This objective was not achieved, due to lack of available funding for the review. We are reviewing options for undertaking this project internally during 2010, as we still consider it to be vitally important.

To strengthen our forestry programme by launching new phases of work both in Tanzania and in Ethiopia: We achieved this objective in full in 2009. Our new forestry project in Tanzania was launched in spring, and the Ethiopian project began work in early January 2010. We expect these projects to benefit over a million people over the next three years.

To produce comprehensive evidence of the impact of our work: We have partially achieved this objective. A number of successful external evaluations of our projects have been completed during the year, and we have continued to review and develop our monitoring and evaluation system. We expect to produce our first annual impact report for the whole organisation in late 2010.

To maintain our unrestricted reserves and improve financial sustainability: We have achieved this objective in 2009 once reserve movements are taken into account. We consider this to be a significant achievement given the global economic environment during the year, demonstrating both the generosity of our supporters and the effectiveness of our fundraising team. We have significantly increased restricted funding for our planned projects in 2010 and beyond, and also continued to improve our forecasting and risk management systems. We now involve more staff members in both processes, and have continued to improve financial sustainability as a result.

To increase the organisation-wide impact of our support services: We made good progress against this objective in 2009. HR and IT priorities have been set organisation wide, and a number of priority projects have been undertaken during the year by developing international function teams in both of these areas and by securing valuable pro bono support from Lovells LLP, IBM and others. We are extremely grateful to everyone who has assisted us with these vital projects. We will continue to work on strengthening these important areas of the organisation in 2010.

**TESTING AND DEVELOPING GOOD PRACTICE IN TECHNOLOGY, PARTNERSHIP AND PROCESS
IN ORDER TO TRANSFORM LIVES**

In 2009 we continued to develop, refine and validate agricultural practices with real impact through our grassroots projects. FARM-Africa made some excellent progress during the year and will continue to develop models of agricultural good practice that will make demonstrable improvements to the lives of over 4.7 million people in 2010.

Smallholder development

Smallholder agriculture is the main livelihood for 85% of rural Africans. The majority of smallholder farmers rely on less than one hectare of land to support their livestock, feed their families and grow surplus crops for sale. Greater investment in smallholder farming is the main pathway out of poverty for millions of people in Africa.

FARM-Africa has been supporting poor families on small farms to improve their lives for the past 25 years and has developed a wide range of experience and models of good practice as a result. Where FARM-Africa has tried and tested approaches we find diverse ways of scaling them up to reach a wider group of poor farmers.

FARM-Africa's Goat Model

Our Goat Model has already changed the lives of many thousands of rural Africans. Our approach involves communities in cross-breeding livestock, using high yielding Toggenburg goats to improve the milk production of local goats. The project also sets up animal health support networks and provides training in areas of goat-husbandry such as appropriate housing and fodder – goats are confined and stall fed in order to improve their care and to reduce their environmental impact. We also train Community Animal Health Workers (CAHWs), members of the local community, to provide basic animal health support to the community's animals. Farmers are then able to produce crossbred dairy goats with much higher milk yields than local goats, allowing them to feed their families, sell surplus milk for much needed income and in some cases move into small scale economic activity such as yoghurt-making.

We are currently testing the robustness of our model in drier areas, through the second phase of our Kenya Dairy Goat and Capacity Building project in the Kitui and Mwingi regions of Kenya. The project directly targets 5,000 households as well as the local Goat Breeders' Association and the animal health workers' group, and has an untold indirect benefit on the wider population of the area through increasing milk availability and local household incomes.

2009 was an even more challenging year for the project than 2008, with a significant drought resulting in animal mortalities and high food prices in the region. However the Goat Breeders' Association and CAHW network swung into action and ensured that very few goats were lost during these difficult times. Access to water for the local communities has been at crisis point, particularly at the Toggenburg breeding centre managed by the Goat Breeders' Association, and we plan to sink a new borehole near the station in 2010 to address this issue. Despite these challenges the project goes from strength to strength. Approximately 2,350 cross bred goats have now been born across the region and are already contributing to household nutrition and livelihoods. We trained 22 new CAHWs during the year, and started a training programme in artificial insemination to help address the breeding issues caused by the ongoing live animal importation ban into Kenya. We also trained 21 new buck keepers and seven new goat breeders, spreading the project's impact further across the region.

Rural Women's Empowerment Project, Ethiopia

Following on from the outstanding success of our Women's Enterprise and Development Project, we began a second phase of our work in January 2009. The project is empowering poor rural women in four woredas (districts) in the Southern Nations Nationalities and Peoples' Region of Ethiopia by allowing them to earn an independent living for themselves and their families, and educating them about their legal rights. We expect some 15,000 rural women and almost 100,000 of their family members to benefit from this work during the project's lifetime. In 2009, our work has concentrated on forming local savings and loan groups, which allow members to take small loans to start up their businesses. We have founded 162 groups, far in excess of our initial target of 50, giving over 4,000 rural Ethiopians much needed access to

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credit. The savings and loan groups have made loans equivalent to £5,300 in 2009, supporting small business activities such as grain trading and the fattening of meat goats and sheep. We have also distributed over 2,300 goats and sheep on loan to the poorest women within the project area. Women receive training in animal husbandry and use these animals to produce both milk and meat, kickstarting household income. Once the animals produce offspring the women repay their loan by passing on two kids or lambs to other poor women, thus increasing the impact of our work.

During 2009 we were also delighted to be successful in our application to the EU Food Facility funding line on behalf of this project, which will enable us to expand our work to four new woredas in the Oromiya region, beginning in 2010.

Post conflict agricultural rehabilitation model in Southern Sudan

We continued our work on our post conflict model in South Sudan during the year in Eastern Equatoria State, Kapoeta North and Kapoeta South Counties. We estimate that we have now benefitted over 111,000 people in the region, helping them to develop sustainable livelihoods from agriculture, contributing to peace in the region and reducing farmers' reliance on food aid. Our approach combines short term support for new returnees and training in agricultural techniques together with improving water availability in local areas and encouraging local institutions to be more responsive to community driven development in order to ensure sustainability.

During 2009 we have continued to install and repair boreholes, shallow wells, dams and water pans for both domestic and livestock use, and also to help establish local committees to manage communal water resources. Over 9,200 households in the project area now have improved access to water as a result. We have also undertaken a mass animal vaccination programme which benefitted 1,050 households and trained 117 new CAHWs who will make a huge impact on animal health in the region. We lent out goats to 134 vulnerable women, continued to train farmers through our farmer research extension groups and provided quality seeds to 2,290 households. We also saw concrete evidence that our approach is working. Average per acre yields of sorghum and groundnuts have increased by around 20% in the project area since 2008, significantly increasing food security and quality of life for our beneficiaries.

Maendeleo Agricultural Technology Fund (MATF)

FARM-Africa's Maendeleo Agricultural Technology Fund (MATF) is a grant making fund that develops innovative agricultural technologies that are transferable, sustainable and sensitive to local environment and economic situations for smallholder farmers across the region. The fund concentrates its efforts on the production, processing and marketing of local produce. MATF grantees have been testing bulb onions, lemon and citronella grasses, upland rice and cashew nuts in 2009, all with a great deal of success. 10,000 households have adopted new techniques for growing bulb onions during the year, doubling yields and significantly increasing quality standards for their crops. Processing plants for lemon and citronella grasses and cashew nuts are under construction, which will allow farmers to generate more income from their harvests. The upland rice trial has been particularly successful, with over 1,100 acres now planted in Uganda, over 25,300 farmers actively planting the crop, and over 630 metric tonnes sold by farmers in the year. This is an amazing result for farmers who just two years ago were farming on a subsistence basis and struggling to feed their families.

FARM-Africa was also delighted to receive scale up funding for a new approach to cassava farming in Kenya during the year through the NFU Africa 100 appeal. This project started in late 2009, and will benefit 3,825 families over the next three years through increasing cassava yields and linking farmers to local markets.

EU Food Facility Funded Projects

Two exciting new projects focused on mitigating the impact of rising food prices on the poor were added to our roster late in 2009. In Tanzania we will be helping farmers improve their sesame yields and bring their products to market. In Kenya we will be working with communities in drought-prone areas to help them grow sturdier and more reliable crops. We have now started work on these projects and look forward to benefiting even more families in these areas.

Participatory Forest Management (PFM)

Many millions of rural Africans are reliant in some way on forested areas to support their livelihoods, either directly through making use of the forest's natural resources, or indirectly through maintenance of the water table. We help to support these people by acting as intermediary between the communities and local government bodies, helping them to work together to establish forest management plans and determine their rights and responsibilities. We support them to gain an understanding of how best to balance income generation with ways of protecting the forest for the future. We help communities to explore alternative ways of earning money without harming the environment such as bee keeping, harvesting wild coffee and establishing small eco-tourism businesses.

Bringing Nou Forest under Participatory Management in Tanzania

During 2009 we continued to strengthen our ties with forest-dwellers in the Babati and Mbulu districts of Tanzania, through our participatory forest management project in the region. The project faced some delays in the year due to disputes over boundary setting in the forest, but we expect usage maps of the forest to be ready in early 2010 – the foundation of the future forest management plan and the key to sustainable livelihoods and livelihood generation. The project has also continued to support 12 bee keeping groups, with a great deal of success. All 12 groups were trained and given beehives in 2009. Out of 792 distributed hives, 456 beehives have been colonised and 230 hives equipped with a super box where bees store pure honey. So far 2,300 kg of honey has been harvested earning the farmers' groups nearly seven million Tanzanian shillings, or approximately £3,200.

Eco-region Sustainable Management in the Bale Mountains, Ethiopia

We continued our work in the Bale Mountains Eco-region in Ethiopia during 2009. This area forms the watershed of the Bale Massif, which is critical for the livelihoods and well being of hundreds of thousands of people in the highlands of southeast Ethiopia, and an estimated 12 million people in the lowlands of southeast Ethiopia, northern Kenya and Somalia. However, unsustainable natural resource exploitation and degradation throughout the area is increasingly threatening the environment, food security and the livelihoods of the local population.

In order to address the situation FARM-Africa is working in partnership with SOS Sahel Ethiopia and Oromiya Forest and Wildlife Enterprise (OFWE), the government body responsible for forest resources in Oromiya region of Ethiopia to establish a sustainable forest management plan and to create low impact livelihood opportunities for local communities. During 2009 we completed the mapping exercise for the region and presented it to local government officials, a key first step in any forest management plan. We also helped to establish seven local management committees and brought over 41,000 hectares of forest under the management of the local community as a result.

A number of forest based business activities are also underway, focussing on coffee, honey and bamboo. *BaleWild* Natural Products are now being sold internationally, with forest coffee being supplied to an Italian speciality coffee company and honey being sold in country for culinary uses as well as an ingredient for a range of natural cosmetics.

We are also continuing to study the viability of placing an economic value on the carbon tied up in the forest managed by the Bale community as a possible source of income for the surrounding communities through the Reducing Emissions from Deforestation and Degradation ("REDD") programme. If we are successful, we believe we will release many millions of pounds to help maintain the forest for future generations.

Strengthening Sustainable Livelihoods and Forest Management in Ethiopia

We are delighted to announce that we have received funding from the European Union to expand the sustainable management of Ethiopia's forests by bringing a further 400,000 hectares of forest under participatory forest management. The project will directly benefit some 300,000 people and began in January 2010.

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED

YEAR ENDED 31 DECEMBER 2009

Pastoralism

Our work with pastoralist communities across East Africa and Ethiopia has continued throughout 2009, offering them the chance to maintain their traditional way of life and helping them to diversify their livelihoods by exploring varied ways to generate income to support themselves and their families. However we must recognise that it is becoming increasingly difficult to secure long-term funding for this area of our work outside of Ethiopia, and we have renewed our commitment to undertaking a review of our approach to supporting pastoralists during 2010 to determine how best to take this strand of our work forward.

Tanzania and Northern Kenya

We completed our pastoralist work in Hanang, Northern Tanzania during the year. During the four years we worked in this region we helped many thousands of people move from sole dependency on cattle to taking part in a range of livelihood activities, helping them to combat the impacts of low rainfall and a harsh natural environment. The project was particularly successful in generating improvements in animal health in the region. We trained 137 CAHWs, who have now been linked to the government veterinary department for future training and support. Since we introduced the CAHW system to Hanang the prevalence of East Coast Fever in local herds has reduced from 9.3% to 2.1%, and worm infestation rates have reduced from 55% to 15% - a real demonstration of the impact of accessible and high quality animal health services developed through our work.

In Northern Kenya we continued to work with vulnerable and marginalised pastoralist communities in the Moyale district, helping them to start small business activities and improve their livelihoods. We provided training on developing a business plan, marketing and management during the year, and over 50 small business opportunities have been started as a result in areas as diverse as bee keeping, livestock marketing, processing hides and skins and producing milk and meat through small pastoralist groups. We have also helped local communities to put disaster risk reduction plans in place, and to negotiate access to much needed water and pasture for their livestock.

Ethiopia

Our work with the pastoralists in the Afar region of Ethiopia has continued throughout 2009, helping them to develop sustainable livelihoods and to plan for drought and other environmental disasters. We trained pastoralist communities on health, education, disaster recovery and peacekeeping issues during the year. We also continued to work on controlling the spread of prosopis - a particularly invasive weed which can damage existing vegetation and change the pH value of the soil, making it extremely difficult to grow crops.

Our new Integrated Pastoralist Programme began in July 2009 in the Hamer Woreda of South Omo, in SNNP region. The rains in this area have failed twice in the past year, so we are helping to support ten pastoralist communities to establish Early Warning and Disaster Management (EWDM) Committees to assess and manage the risks they face in these difficult conditions. The communities have already started to plan local disaster management projects, mainly focused around water development activities, such as building underground water cisterns and roof catchment systems, spring development, or equipping schools and health posts, for example by setting up solar energy systems for lights.

IMPROVEMENT IN RELEVANT GOVERNMENT POLICIES THAT INHIBIT THE UPTAKE OF GOOD PRACTICE AND PRIORITISATION OF AGRICULTURE IN PUBLIC SECTOR EXPENDITURE AND POVERTY REDUCTION STRATEGY PAPERS.

FARM-Africa has continued to work to improve the policy environment during 2009, influencing change at regional levels within individual countries and taking an active role in influencing high level international debates of the importance of agricultural development.

All Party Parliamentary Group on Agriculture and Food Development (APPG)

The APPG continues to be a strong voice for African farmers within the UK Parliamentary system and beyond. The APPG was formed in response to recognition that there has been a general neglect of the importance of agricultural development and a steady decline in the funding of relevant agricultural research.

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During 2009, FARM-Africa continued to have a pivotal role, building links with the Government, and continuing to push for coherent action on relevant policy issues.

The APPG undertook an inquiry into global food security in early 2009, at which both Dr Peter Hazell (a FARM-Africa trustee) and our Chief Executive Christie Peacock were called to be witnesses, together with the heads of the Food and Agriculture Organisation and the World Food Programme, and the UN Secretary-General's Special Envoy on food security. The final report from the enquiry was published in early January 2010.

Supporting land policy reforms in Tanzania

The work that we have done with the Tanzanian pastoralists establishing land registries has been ground breaking. For the first time in history farmers have legal entitlement to the land they farm, providing them with collateral to obtain loans for much needed equipment, livestock or other needs. We have also established and trained a number of village land tribunals, helping to make them more effective in resolving local land disputes equitably.

Sharing expertise on livestock breeding in Kenya

In Kenya we met with the National Animal Breeding Taskforce, sharing our expertise on livestock provision to help inform the Kenyan national policy on animal breeding. It is our hope that the importation ban which currently restricts the importation of dairy goats from certain countries will be lifted, as this presents a serious barrier to the scale up of our Goat Model.

Supporting the Ethiopian Ministry of Agriculture to regulate forestry areas

During 2009 we continued to support the Ethiopian Government in adopting and implementing participatory forest management techniques across the country. We provided technical support to the Ministry of Agriculture for preparation of a draft federal level Forest Regulation based on the PFM model. The document is in the final stages of development and represents another significant step in helping to protect both Ethiopia's forests and its rural people.

SHARING OUR EXPERTISE WITH OTHERS THROUGH TRAINING AND TECHNICAL SUPPORT

Agricultural and Environmental Education Project, Tanzania

FARM-Africa's Agricultural and Environmental Education Project (AEEP) works with 24 primary schools in Babati and Hanang districts of northern Tanzania. The project works directly with 13,500 pupils, teachers, parents and school administrators and indirectly with a population of around 77,500 people, helping to transmit agricultural skills to young people in the region.

So far, teachers have produced 58 pupils' text books on a range of topics such as field crops, trees and poultry, cattle, fruits and vegetables. 1500 copies of these books have been printed and are even in use in schools not participating in the project. We have also established 72 demonstration plots in 24 schools, allowing pupils to gain practical experience in agriculture, poultry keeping and environmental practices. During 2009, 24 head teachers went on a study tour and received trained on the making of compost manure, bee keeping, poultry management, how to prepare chicken food by using locally available food stuffs and how to make and use organic pesticides from locally available plants. These teachers are now passing on their new skills to their pupils through activities such as establishing stingless bee colonies within schools.

As well as improving pupils' agricultural knowledge, AEEP is also helping to increase school enrolment in the Babati and Hanang areas. Overall school enrolment has increased from 2008 to 2009 by 7% for boys and 5% for girls within the project schools, something which the recent mid-term evaluation felt was a clear by-product of the improved school environments, practical curriculum and new teaching methods. During 2009 the local government in Babati and Hanang has identified 12 new schools in which they plan to replicate the project approach themselves – a real endorsement for our work. AEEP will help to support these new schools and local government staff working within them during 2010.

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Community Animal Health Network (CAHNET)

Our CAHNET project links livestock herders, animal health practitioners and institutions together to share their experiences of good animal health practices. The project improves the knowledge and practical skills of participants, who then go on to improve animal health in their regions.

Since its establishment in 2001 CAHNET has developed into an effective network of community animal health practitioners and is now fully funded for 2009 - 2011. This is due to funding from GALVmed, a not-for-profit organisation funded jointly by the Bill & Melinda Gates Foundation and DFID. CAHNET is building its membership base, involving private companies to help develop pan-African standards in community-based animal health systems. In 2009 CAHNET has made strides in enhancing communication with its grassroots members through livestock keepers' associations and increased recruitment. We also relaunched the CAHNET website and began to use SMS technology as a way of spreading information and linking CAHWs together.

INCREASED UNDERSTANDING OF, AND ENGAGEMENT IN, AFRICAN AGRICULTURAL DEVELOPMENT AMONG THE PUBLIC, MEDIA, COMPANIES AND ORGANISATIONS IN THE NORTH AND SOUTH, IN ORDER TO FACILITATE THE DEVELOPMENT AND SCALING-UP OF FARM- AFRICA MODELS

Dinner with Kofi Annan

We were honoured and delighted to host a dinner in October at Haberdashers Hall with Kofi Annan as our guest speaker. He spoke very engagingly about issues facing rural Africans today and was interviewed by Madeleine Bunting of The Guardian. As well as raising much needed funds for our work, the dinner provided a strong platform to engage many key opinion formers and entrepreneurs with agricultural development issues.

High Profile Publications

Much of our work is aimed at helping the poorest and most vulnerable people in Africa cope with and adapt to climate change. To illustrate and spread the word about the increasingly devastating effects of climate change on the rural poor, we contributed to the *Climate Frontline* report, published in late 2009. This publication was initiated and co-ordinated by the Norwegian Development Fund and is a collaboration of five NGOs who each provided access to journalists to write case studies of people's experiences of living in challenging climates. The publication was distributed at the 2009 Copenhagen Climate Change Conference and was extremely well received.

FARM-Africa was also actively involved in helping International Food Policy Research Institute put together the *Millions Fed* publication during the year, both by contributing to the content and by acting in an advisory role. The publication was funded by the Bill and Melinda Gates Foundation, and is intended to promote increased investment in agricultural development through identifying and documenting successful agricultural case studies from across the globe. We also helped to arrange the UK launch of this important document.

Media Relations

FARM-Africa continued to build on its relationship with The Guardian throughout 2009. During March, we were featured in the paper's "Spotlight on Livelihoods" coverage, part of their ongoing reporting on the Katine Community Development Project in Uganda. Following this feature Guardian Films produced a short video on the impact of improved cassava varieties, which is available on their website.

We were also invited to be a part of the second year of the The Guardian International Development Journalism Competition. The competition promotes the complex issues involved in international development whilst celebrating the efforts of NGOs and their outstanding contributions to global poverty alleviation. Preeti Jha, a BBC journalist, visited Moyale, Kenya, as part of the competition and wrote about our work there with pastoralists. Preeti went on to win in the professional category, and her article about our work graced the cover of a Guardian supplement in late November, bringing the many issues faced by pastoralists today into the front rooms of the UK public.

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The Africa 100 Appeal

The Africa 100 Appeal, launched by the National Farmers Union (NFU) in 2008, reached a successful conclusion during the year. The appeal marked the centenary of NFU and united the UK farming industry to raise funds to help increase sustainable food production in East Africa. The appeal raised over £200,000 for our work, and our chairman, Martin Evans, received the cheque at the Farmers Weekly Awards in October, accompanied by a great deal of trade press coverage.

Public Speaking and Advocacy

FARM-Africa's Chief Executive was once again asked to speak at several important events and programmes during the year, helping to spread the word about the importance of agriculture to rural Africans today. She was invited to speak by the World Animal Forum in May at a CEOs' retreat for the world's foremost animal welfare organisations. She also spoke at the British Veterinary Association Congress in September, and was invited to be involved in a workshop of the British Government's Global Food and Farming Futures Project run by the government's Chief Scientific Adviser Professor John Beddington. She was also part of an expert panel at a DFID seminar entitled *Climate Change: Can Africa Feed Itself?*

Other staff represented FARM-Africa at the Charity Finance Directors' Group Risk Conference, speaking about working together with trustees, and at the 6th World Conference of Science Journalists, discussing food security.

PLANS FOR THE FUTURE

FARM-Africa's key organisational objectives for 2010 are:

To continue to develop, refine and validate agricultural practices with real impact through our grassroots projects: FARM-Africa will continue to develop models of agricultural good practice that make a demonstrable improvement to the lives of over 4.7 million people. In particular, we will begin testing a new sesame marketing model in Tanzania, continue to develop our forestry work and also start work on cultivating drought-tolerant crops in Kenya.

To test a number of innovative ways of scaling up the impact of our project work: We will begin to test a number of innovative ways of funding the scale up of our project work during the year, including working in operational partnership with corporates and setting up a stand-alone social enterprise. We will evaluate these tests during 2011 and assess whether they provide viable options for bringing our work to scale while bringing about sustainable change for farmers and herders across Africa.

To produce comprehensive evidence of the impact of our work: We will standardise our project based monitoring and evaluation system during the year and produce our first organisation wide impact report in late 2010. We will use this report to improve the effectiveness of our work for our beneficiaries.

To maintain our unrestricted reserves and improve financial sustainability: Once again, we plan to maintain our unrestricted reserves levels during the year, balancing the requirement to increase reserve levels with the need to fund key activities to allow FARM-Africa to continue to grow and thrive. We will continue to improve financial sustainability through improving our contract and project-based financial management processes and securing increased levels of institutional funding for our projects for 2012 and beyond.

To continue to increase the organisation-wide impact of our support services: We will continue to develop our HR and IT services to provide an effective platform for FARM-Africa's operational objectives, both through working internally and through securing and deploying pro bono support.

FINANCES

Overview

2009 has been a successful year for FARM-Africa financially despite the considerable issues in the global economic environment, and the ever-present challenge of funding the core costs that allow us to plan ahead, work strategically and plan and fund innovative, high-quality programmes. We have increased our total incoming resources by over £730,000 in the year, and generated an overall surplus of £331,000 – a strong result in a difficult economic climate.

Our charitable income and expenditure can be divided into two types depending upon the conditions placed on us around its expenditure – restricted and unrestricted funds. We generated a **restricted surplus** of £367,000 in 2009, made up of an increase in restricted income, from £4.1 million to £4.7 million, offset by a small increase in restricted expenditure on our work in the field. The bulk of this surplus has been generated through receipt of funds for two of our new EU Food Facility Projects in December 2009, which we will spend out in 2010. These timing differences between the receipt and expenditure of funds are a common occurrence and the 2009 picture falls within acceptable operational parameters.

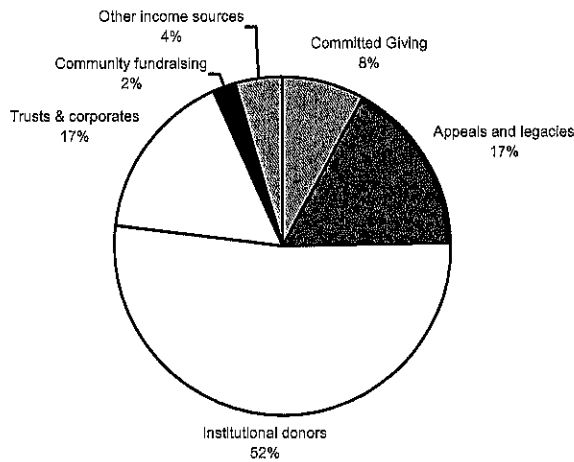
We generated a small **unrestricted deficit** of £36,000 in 2009 against a break even budget for the year. Overall our unrestricted income increased slightly by £179,000 in the year, representing a very strong performance by our UK team in a difficult fundraising climate, together with a significant growth in pro bono services generously donated to support our HR and IT functions, in particular by Lovells LLP and IBM. However, total fundraising costs increased by £200,000 in the year from £1 million to £1.2 million due to an increased focus on project development and finding grant funds for new projects from institutional, corporate and trust donors. This investment has proved very successful, as our growth in restricted income during 2009 and planned project portfolio for 2010 and 2011 testifies. We are however unable to offset the costs of raising restricted funds against the funds themselves, meaning that we must finance the excellent work of our Programme Funding Unit from other sources. Our unrestricted costs for the year excluding fundraising costs increased slightly from £1.2 million in 2008 to £1.3 million in 2009, demonstrating our ongoing focus on efficiency and value for money. We consider that our ongoing unrestricted costs are now much more closely matched to our sustainable unrestricted income, a key factor in securing FARM-Africa's financial stability.

Whilst we have generated a small unrestricted deficit for the year, we have also been able to release some funds from restricted to unrestricted reserves following a review of funding for closed projects, allowing us to continue to rebuild our **unrestricted reserves**, from £416,000 at 31 December 2008 to £448,000 at 31 December 2009. We will continue to rebuild these funds over the coming years until reserve levels are in line with our reserves policy.

In summary, we begin 2010 in a strong financial position, although with lower levels of unrestricted reserves than we consider necessary for the long term financial stability of the organisation. We expect 2010 to be another challenging year from an economic perspective – the credit crunch is by no means over and exchange rates still remain volatile compared to our past experience. However we regularly monitor our position through forecasting and risk reporting, and this together with the strategies and actions underpinning our 2009 – 2011 business plan allows us to continue to look forward with confidence and excitement to the years ahead.

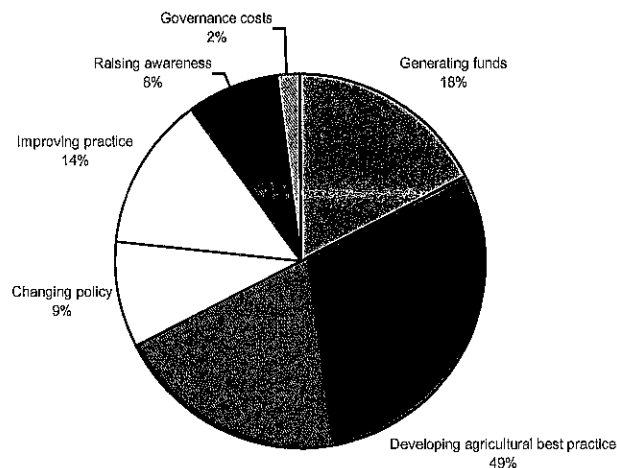
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Where does the money come from?



Compared to 2008, total income for the year is up by £693,000 (11%) to £7.17 million. This increase has been driven by a £539,000 increase in funds received from institutional donors, reflecting the strong support these key organisations continue to show for our work. All other income streams have shown a strong performance in the year in a tough economic climate. As always we remain exceptionally grateful for the support of all our donors and would like to thank them for their enthusiasm and support for our work.

And what have we spent it on?



Compared with 2008 total expenditure for the year is up by £475,000 (7%) to £6.8 million as a result of growth in our project portfolio. Just over £5.5 million (81%) of that expenditure was made on direct charitable activities supporting the implementation of our vision, compared to £5.3 million (83%) in 2008. This represents our ongoing commitment to ensuring that we operate in as efficient a manner as possible to deliver the best possible impact for our beneficiaries. Costs of generating funds have increased significantly from £1 million to £1.2 million, as a result of a very successful campaign to generate additional funds from restricted donors.

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RESERVES POLICY

The Board has determined that FARM-Africa needs unrestricted reserves for the following purposes:

- to provide working capital for the effective running of the organisation;
- to protect against unrestricted income fluctuations;
- to protect against unforeseen project expenditure due to working in inherently risky situations;
- to manage the seasonality of income within the organisation; and
- to enable FARM-Africa to invest in unforeseen funding opportunities should it choose to do so.

The Board continues to consider therefore that unrestricted reserves should fall at or around the level specified by the aggregate of the following three measures:

- three months' unrestricted expenditure;
- an assessment of income volatility, calculated based on forecast income streams and the estimated risk factors attached thereto; and
- 15% of annual unrestricted income forecast for the coming year

These measures implied a target for unrestricted reserves at 31 December 2009 of £857,000. Because of the financial issues experienced in 2007, unrestricted reserves at 31 December 2009 were £448,000 (2008: £416,000) and therefore below the target level. One of the key financial goals underlying the 2009 – 2011 business plan is to restore unrestricted reserves to a level much closer to the target required.

GOVERNANCE AND ORGANISATIONAL STRUCTURE

FARM-Africa's officers and advisers are as shown on pages 3 and 4 of this report.

Sir Peter de la Billiere KBC KBE DSO MC MSC DL, Mr Michael Palin CBE and Lord Plumb of Coleshill DL kindly agreed to continue as patrons of FARM-Africa during 2009. Sir Martin Wood OBE FRS DL continued as President.

FARM-Africa is governed by a board of trustees based in the UK and authority is delegated by them to the Chief Executive to manage the organisation. Three new trustees were recruited in 2009. John Shaw is now an independent management consultant and non executive director on the board of Café Direct, having previously served as Finance Director of Oxfam GB for over 4 years. Prior to joining Oxfam in 2002 John worked at Royal Mail for 27 years, including in various senior finance roles. During his time at Oxfam John was instrumental in establishing a new inter-Oxfam strategic fundraising group and funding processes. Dr Timothy Williams is an Agricultural Economist at the Commonwealth Secretariat. Tim heads and coordinates the work of the Enterprise and Agriculture Section, whose objective is to improve the competitiveness of small- and medium-sized enterprises and agriculture throughout the Commonwealth. Tim has over 25 years' experience in policy analysis and policy advisory work focused on enhancing enterprise development and improving the livelihoods of smallholder farmers. Prior to joining the Commonwealth Secretariat, he was Research Team Leader and Regional Representative (West Africa) of the International Livestock Research Institute. Richard Macdonald was the Director General of the NFU for 14 years. He has a deep knowledge of farming and the food industry as well as being involved in agricultural politics for all his working life. He has been a member of the NFU's Board, the CBI Council, the International Federation of Agricultural producers, the Board of Assured Food Standards and various Ministerial working parties and initiatives. He is now a non Executive Director of Moy Park, a Nuffield Trustee, a Governor of the Royal Agricultural College, the Chairman of Salsa and has various advisory posts in the food industry.

New trustees receive a personalised induction, including briefings from the Chair, Chief Executive and other Senior Management Team members. They are also encouraged to visit our project work when the

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opportunity arises. Trustees also receive ongoing training, either one to one or through briefings at board meetings, as and when specific training needs are identified.

The Lord De Ramsey stepped down as both Chairman and trustee at our last AGM on 6 July 2009. We would like to thank John very much indeed for his commitment to FARM-Africa, and his guidance and leadership through some times of great change for our organisation.

The Finance Remuneration and Audit Committee (FRAC) meet regularly under the chairmanship of Richard Lackmann, FARM-Africa's Treasurer. FRAC normally includes at least three trustees, together with external members as required. FRAC agrees the external audit plan, reviews the external auditor's management letter and monitors implementation of actions required as a result. FRAC also undertakes a detailed review of the annual budget, quarterly management accounts, the risk register and the annual report and accounts before their submission to the Board. It approves the annual internal audit plan and oversees the implementation of recommendations arising from internal audit reports. It also approves salary increments for the senior management team and the annual cost of living increase for UK staff, and makes a recommendation to the Board on the salary of the Chief Executive.

The Programme Advisory Committee (PAC) also meets regularly under the chairmanship of Professor Peter Hazell. PAC includes at least two trustee members, together with external members from a wide range of disciplines. It has two main objectives – to ensure, on behalf of the Board, that systems are in place to monitor programme quality and strategic fit and to provide management with a 'sounding-board' and advice on aspects of its programme work.

The Nominations Committee also continued its work during the year. The Nominations Committee was chaired by The Lord De Ramsey DL (until 6 July 2009) and Martin Evans thereafter, and consists of not less than three trustees appointed by the Board, with the Chief Executive as a non-voting member of the committee. The committee takes responsibility for identifying and proposing new Board members, and for their induction, support and development.

We are supported by Farm Africa U.S.A Inc. which is a US non-profit 501(c)(3) organization that promotes and improves agriculture, natural resource management and food production in an effort to alleviate hunger and poverty in Africa.

FARM-Africa (South Africa), registered as a South African company in 2005, is a subsidiary of FARM-Africa, which retains a controlling interest in the company. The FARM-Africa (South Africa) office was closed during 2008, and the company has been dormant throughout 2009.

GRANT-MAKING POLICY

The Maendeleo Agricultural Technology Fund is a competitive grant-making fund open to any organisation in Kenya, Tanzania and Uganda. Calls for proposals are issued through advertisements in the press and notices sent to key institutions. Applicants are invited to submit a short concept note, which is screened by FARM-Africa for eligibility before being reviewed by an advisory panel. Successful applicants are invited to submit a full proposal for consideration by the panel. Those applicants submitting proposals that are approved for funding receive a field visit to assess the capacity of the lead organisation and verify the need for the grant. Successful applicants receive funding over a period of two to three years. FARM-Africa receives a final financial and narrative report when funding is complete.

In certain circumstances, FARM-Africa also makes grants to partner organisations and individuals, for example to Development Associations in Southern Ethiopia, in order to build up their capacity to plan, manage and report on small development initiatives, or to para-vets and animal health assistants in Kenya to help them establish their businesses.

RISK MANAGEMENT

The Board is responsible for ensuring that there is an appropriate procedure for the management of the risks faced by FARM-Africa. Assisted by senior staff, the Board regularly reviews and assesses the major risks to which FARM-Africa is exposed, in particular those relating to the operations and finances of the organisation, and receives a report regarding the status of those risks and mitigating actions and controls in

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place at each meeting. Key risks identified by the Board are in the areas of financial viability, the impact of foreign exchange rates and inflation on expenditure, adequacy of security arrangements in field activities, management of complex contractual arrangements and the effectiveness of HR management for our internationally dispersed staff.

The environment in which FARM-Africa works is inherently risky. FARM-Africa seeks to manage the resulting risks by spreading its work over a number of countries and contexts, and by sourcing funding from as wide a variety of funders as possible.

Moreover, FARM-Africa is committed to innovation in its operational programmes, and as a result will often engage in activities that are new or untested elsewhere. This strategy will inevitably increase the level of risk to FARM-Africa. The Board fully support this strategy, and are satisfied that the management systems in place provide reasonable, albeit not absolute, assurance that identifiable risks are managed appropriately.

LEGAL STRUCTURE

FARM-Africa is a registered charity (registration number 326901) and is constituted as a company registered in England and Wales and limited by guarantee (registration number 01926828). Its objects and powers are set out in its Memorandum and Articles of Association. FARM-Africa has one subsidiary company, FARM-Africa (South Africa) Limited, whose results are consolidated into these group accounts. FARM-Africa (South Africa) Limited has been dormant throughout 2009.

TAX STATUS

FARM-Africa has charitable status and is exempt from corporation tax as all of its income is charitable and is applied for charitable purposes.

AUDITOR APPOINTMENT

A resolution for the reappointment of Chantrey Vellacott DFK LLP as FARM-Africa's auditor will be proposed at the forthcoming Annual General Meeting.

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors for the purposes of company law) are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Practice).

Company law requires the Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and the group at the year end and the incoming resources and application of resources, including the income and expenditure for that period. In preparing those financial statements, the Board is required to:

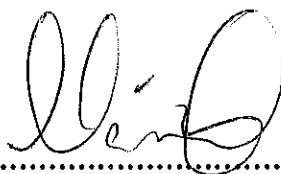
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and the group and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware. The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

ON BEHALF OF THE BOARD:



CHAIRMAN (Martin Evans):

DATE: 13 May 2010

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD AND
AGRICULTURAL RESEARCH MANAGEMENT LIMITED**

We have audited the financial statements of FARM-Africa and its subsidiary for the year ended 31 December 2009 which comprise the Group Statement of Financial Activities (incorporating the Group Income and Expenditure Account) the Group and Charitable Company Balance Sheets, the Group Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the trustees and auditor

The responsibilities of the directors, who are also the charity trustees for the purposes of charity law, for preparing the annual report of the board of trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities on page 24

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with Companies Act 2006 and whether the annual report of the board of trustees is consistent with the financial statements. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED
YEAR ENDED 31 DECEMBER 2009

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD AND
AGRICULTURAL RESEARCH MANAGEMENT LIMITED (CONTINUED)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and the group as at 31 December 2009 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the annual report of the board of trustees is consistent with the financial statements.

Chantrey Vellacott DFK LLP

Sally Jayne Bonner (Senior Statutory Auditor)
Chantrey Vellacott DFK LLP
For and on behalf of Chartered Accountants and Statutory
Auditor

Russell Square House
10-12 Russell Square
London WC1B 5LF

Date: 13 May 2010

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED
YEAR ENDED 31 DECEMBER 2009

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2009 £'000	Total Funds 2008 £'000
Incoming resources from generated funds					
Voluntary income:					
Donations and legacies	2	1,775	14	1,789	1,706
Grants	2,3	281	4,650	4,931	4,392
Gifts in kind	2	299	-	299	64
Activities for generating funds	4	154	-	154	240
Investment income	5	3	-	3	38
Total incoming resources from generated funds		2,512	4,664	7,176	6,440
Incoming resources from charitable activities	6	-	-	-	25
Other incoming resources	7	1	-	1	18
Total Incoming Resources		2,513	4,664	7,177	6,483
Costs of generating funds					
Voluntary income:					
Donations and legacies	9	(792)	-	(792)	(754)
Grants	9	(336)	-	(336)	(163)
Activities for generating funds	10	(73)	-	(73)	(83)
Total Costs of Generating Funds		(1,201)	-	(1,201)	(1,000)
Charitable activities					
Testing & developing					
agricultural best practice	11	(567)	(2,862)	(3,429)	(3,552)
Changing policy	11	(173)	(439)	(612)	(630)
Improving practice	11	(223)	(705)	(928)	(671)
Raising public awareness	11	(255)	(291)	(546)	(397)
Total Charitable Activity Costs		(1,218)	(4,297)	(5,515)	(5,250)
Governance costs	13	(130)	-	(130)	(121)
Total Resources Expended		(2,549)	(4,297)	(6,846)	(6,371)
Net incoming/(outgoing) resources for the year	8	(36)	367	331	112
Transfers between funds	16	68	(68)	-	-
Total funds brought forward		416	1,420	1,836	1,724
Total funds carried forward	21 & 22	448	1,719	2,167	1,836

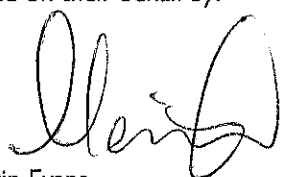
All of the above results are derived from continuing activities. There are no recognised gains or losses other than those stated above. The notes on pages 31 – 41 form an integral part of these financial statements.

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED
YEAR ENDED 31 DECEMBER 2009

CONSOLIDATED BALANCE SHEET

	Notes	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	17	46	96
CURRENT ASSETS			
Debtors	18	719	1,790
Short-term deposits held in UK		272	271
Cash at bank and in hand in UK		2,139	597
Cash at bank and in hand overseas		150	286
		3,280	2,944
Creditors			
Amounts falling due within one year	19	(1,050)	(1,114)
Net current assets		2,230	1,830
Total assets less current liabilities		2,276	1,926
Creditors:			
Amounts falling due after more than one year	20	(109)	(90)
NET ASSETS		2,167	1,836
FUNDS			
Restricted Funds	21	1,719	1,420
Unrestricted Funds			
General Funds		448	416
TOTAL FUNDS	22	2,167	1,836

Approved by the Board and authorised for issue on 13 May 2010
Signed on their behalf by:



Martin Evans
Chairman:



Richard Lackmann
Treasurer:

Registered Company No: 01926828

The notes on pages 31 to 41 form an integral part of these financial statements

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED

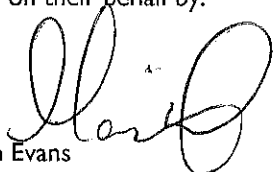
YEAR ENDED 31 DECEMBER 2009

COMPANY BALANCE SHEET

	Notes	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	17	<u>46</u>	<u>96</u>
CURRENT ASSETS			
Debtors	18	719	1,790
Short-term deposits held in UK		272	271
Cash at bank and in hand in UK		2,139	597
Cash at bank and in hand overseas		<u>150</u>	<u>286</u>
		3,280	2,944
Creditors			
Amounts falling due within one year	19	<u>(1,050)</u>	<u>(1,114)</u>
Net current assets		<u>2,230</u>	<u>1,830</u>
Total assets less current liabilities		2,276	1,926
Creditors:			
Amounts falling due after more than one year	20	<u>(109)</u>	<u>(90)</u>
NET ASSETS		<u>2,167</u>	<u>1,836</u>
FUNDS			
Restricted Funds	21	1,719	1,420
Unrestricted Funds			
General Funds		<u>448</u>	<u>416</u>
TOTAL FUNDS	22	<u>2,167</u>	<u>1,836</u>

Approved by the Board and authorised for issue on 13 May 2010

Signed on their behalf by:



Martin Evans
Chairman:



Richard Lackmann
Treasurer:

Registered Company No: 01926828

The notes on pages 31 to 41 form an integral part of these financial statements.

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED
YEAR ENDED 31 DECEMBER 2009

CONSOLIDATED CASHFLOW STATEMENT

	Notes	2009 £'000	2008 £'000
Net cash inflow / (outflow) from operating activities	A	1,410	333
Returns on investments and servicing of finance			
Deposit interest received		3	38
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(7)	(17)
Proceeds from the sale of fixed assets		1	18
Increase / (decrease) in cash		1,407	372
Net cash resources at 1 January		1,154	782
Net cash resources at 31 December	B	2,561	1,154

Notes to the cash flow statement

A. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2009 £'000	2008 £'000
Net incoming / (outcoming) resources	331	112
Depreciation	62	67
Profit on the disposal of fixed assets	(1)	(17)
Net exchange differences on fixed assets (see note 17)	(5)	-
(Increase) / decrease in debtors	1,071	(202)
(Decrease) / increase in creditors	(64)	367
Increase in provisions & creditors > 1 year	19	44
Investment income	(3)	(38)
Net cash inflow / (outflow) from operating activities	1,410	333

B. ANALYSIS OF CHANGES IN CASH DURING THE YEAR	2009 £'000	2008 £'000	Change in Year £'000
Short term deposits held in UK	272	271	1
Cash at bank and in hand in UK	2,139	597	1,542
Cash at bank and in hand overseas	150	286	(136)
	2,561	1,154	1,407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. ACCOUNTING POLICIES

a) Basis of Accounting

The consolidated financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) applicable accounting standards and the Companies Act 2006.

The results and balance sheet of the charitable company's sole subsidiary have been consolidated on a line by line basis.

b) Fund Accounting

Funds held by the charitable company are:

Restricted funds – these are funds which are subject to specific conditions imposed by the donors or when funds are raised for particular restricted purposes.

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

c) Incoming Resources

Voluntary income, including donations, gifts and legacies, gifts in kind and grants are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. In particular, donation income is accrued for at the year end in order to match its receipt with the relevant expenditure incurred in running the respective campaigns.

Gifts in kind are included in the financial statements at an estimate of the cost borne by the giver of the gift based on the market value of the gift. Services in kind are included in the financial statements at an estimate of their market value.

Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates.

When donors specify that donations and grants given to the charitable company must be used in future accounting periods, the income is deferred until those periods.

Income for generating funds (merchandise income and income derived from events and community fundraising) is recognised as it is earned, that is as the related goods or services are provided.

Investment and rental income are recognised on a receivable basis.

Incoming resources from charitable activities represents income arising from publications sales, and is recognised as it is earned.

d) Resources Expended

Expenditure is recognised when a liability is incurred. Irrecoverable VAT is included within the expense item to which it relates.

Charitable expenditure is reported as a functional analysis of the work undertaken by FARM-Africa, against our four strategic outcomes of testing and developing models of agricultural best practice, campaigning and influencing agricultural policy, improving agricultural practice through training and support and raising public awareness. Under these headings are included grants payable and costs of activities performed directly by the charitable company, together with associated support costs.

Grants payable to other institutions for development projects are included in the Statement of Financial Activities when funds are transferred to these institutions on the basis that future funds are only payable upon receipt of satisfactory expenditure reports for all amounts previously advanced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. ACCOUNTING POLICIES (CONTINUED)

The cost of generating funds comprises salaries, direct expenditure and overhead costs of UK based staff who promotes fundraising from all sources including institutional donors, trusts, companies and individuals

Governance costs include those incurred in the governance of the charitable company's assets, and comprise the costs of constitutional and statutory requirements and restructuring costs.

Support costs include central functions, and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocating office property costs by floor area, and management and human resources costs by the time spent on each area.

(e) Pension costs

The charitable company operates a defined contribution group personal pension plan for the benefit of its employees, and also makes payments to other defined contribution schemes for employees who are not members of the group scheme. Pension costs are recognised in the month in which the related payroll payments are made.

(f) Foreign currencies

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction or at an average exchange rate for the month. All non-sterling assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the statement of financial activities.

(g) Operating leases

Rental payments under operating leases are charged as expenditure incurred evenly over the term of the lease. The benefit of any reverse premium received is also spread evenly over the term of the lease.

h) Fixed assets

Fixed assets used within specific projects and purchased from funds donated for those projects are not capitalised but are written off on acquisition as direct project expenditure. The question of ownership of such assets is subject to various agreements between the charitable company and the respective donor agencies. The initial cost of fixed assets purchased within the last three years and presently employed in current projects is referred to in note 17.

All other assets costing more than £500 are included in the financial statements as fixed assets at cost less depreciation. Depreciation has been calculated to write off the cost of tangible fixed assets by equal instalments over their expected useful lives as follows:

Leasehold improvements	over the life of the lease
Vehicles	25% per annum
Computer equipment	33% per annum
Plant & equipment	25% per annum

Where the recoverable amount of a tangible asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant expenditure category in the statement of financial assets. Where an asset is not primarily used to generate income its impairment is assessed by reference to its service potential on its initial acquisition. The charitable company currently has no tangible fixed assets to which impairment provisions apply.

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED

YEAR ENDED 31 DECEMBER 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. VOLUNTARY INCOME

	Unrestricted 2009 £'000	Restricted 2009 £'000	Total 2009 £'000	Total 2008 £'000
Donations and legacies				
Committed giving	579	-	579	601
Appeals and donations	1,182	14	1,196	1,072
Legacies	14	-	14	33
	<u>1,775</u>	<u>14</u>	<u>1,789</u>	<u>1,706</u>
Grants				
Institutional donors (see note 3)	-	3,744	3,744	3,235
Trusts and foundations	129	503	632	871
Corporate donations	152	403	555	286
	<u>281</u>	<u>4,650</u>	<u>4,931</u>	<u>4,392</u>
Gifts in kind				
Donated services	299	-	299	64
	<u>2,355</u>	<u>4,664</u>	<u>7,019</u>	<u>6,162</u>

3. GRANTS FROM INSTITUTIONAL DONORS

	Unrestricted 2009 £'000	Restricted 2009 £'000	Total 2009 £'000	Total 2008 £'000
Grants from institutional donors				
Kilimo Trust	-	105	105	82
Big Lottery Fund	-	133	133	54
Dept For International Development	-	82	82	250
The Embassy of the Netherlands to Ethiopia *	-	1,063	1,063	539
Comic Relief	-	-	-	160
European Union	-	1,215	1,215	1,259
Band Aid Charitable Trust	-	85	85	-
Embassy of Ireland to Ethiopia	-	43	43	-
Cordaid	-	290	290	567
The Gatsby Foundation	-	-	-	98
The National Development Fund of Norway	-	206	206	121
GALVmed	-	470	470	-
Other international agencies	-	52	52	105
	<u></u>	<u>3,744</u>	<u>3,744</u>	<u>3,235</u>

* The Embassy of the Netherlands in Addis Ababa represents a consortium of donors which also includes the Irish and the Norwegian governments.

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED
YEAR ENDED 31 DECEMBER 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted 2009 £'000	Restricted 2009 £'000	Total 2009 £'000	Total 2008 £'000
Community fundraising	79	-	79	139
Rent receivable	70	-	70	89
Merchandise sales	5	-	5	12
	154	-	154	240

5. INVESTMENT INCOME

	Unrestricted 2009 £'000	Restricted 2009 £'000	Total 2009 £'000	Total 2008 £'000
Deposit interest	3	-	3	38

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted 2009 £'000	Restricted 2009 £'000	Total 2009 £'000	Total 2008 £'000
Training & support – training fees & publication sales	-	-	-	25

7. OTHER INCOMING RESOURCES

	Unrestricted 2009 £'000	Restricted 2009 £'000	Total 2009 £'000	Total 2008 £'000
Proceeds from the sale of fixed assets	1	-	1	18

8. NET INCOMING / (OUTGOING) RESOURCES FOR THE YEAR

This is stated after charging:

	Unrestricted 2009 £'000	Restricted 2009 £'000	Total 2009 £'000	Total 2008 £'000
Depreciation	62	-	62	67
Payments under operating leases	180	-	180	185
Auditor's remuneration	23	-	23	18

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED

YEAR ENDED 31 DECEMBER 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted 2009 £'000	Restricted 2009 £'000	Total 2009 £'000	<i>Total 2008 £'000</i>
Donations and legacies				
Fundraising costs	577	-	577	598
Support costs allocated (note 14)	215	-	215	156
	<u>792</u>	<u>-</u>	<u>792</u>	<u>754</u>
Grants				
Fundraising costs	296	-	296	132
Support costs allocated (note 14)	40	-	40	31
	<u>336</u>	<u>-</u>	<u>336</u>	<u>163</u>

10. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	Unrestricted 2009 £'000	Restricted 2009 £'000	Total 2009 £'000	<i>Total 2008 £'000</i>
Community Fundraising costs	34	-	34	49
Merchandise costs	-	-	-	3
Support costs allocated (note 14)	39	-	39	31
	<u>73</u>	<u>-</u>	<u>73</u>	<u>83</u>

11. DETAILS OF CHARITABLE ACTIVITIES

	Operational Programmes £'000	Grants Payable £'000 (note 12)	Support Costs* £'000 (note 14)	Total 2009 £'000	<i>Total 2008 £'000</i>
Testing & developing agricultural best practice	2,320	655	454	3,429	3,552
Changing policy	384	145	83	612	630
Improving practice	794	9	125	928	671
Raising public awareness	473	-	73	546	397
	<u>3,971</u>	<u>809</u>	<u>735</u>	<u>5,515</u>	<u>5,250</u>

* It is not appropriate to split support costs between activities undertaken directly and grant making activities due to the method of operation of the programme support team.

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED

YEAR ENDED 31 DECEMBER 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. GRANTS PAYABLE TO INSTITUTIONS

	2009	2008
	£	£
PARTICIPATORY FOREST MANAGEMENT PROGRAMME		
Ethiopia – SOS Sahel	666,709	474,511
Sub total Ethiopia	<u>666,709</u>	<u>474,511</u>
MAENDELEO AGRICULTURAL TECHNOLOGY FUND		
Kenya – Africa NOW	-	44,472
Kenya – Catholic Relief Services Kenya	6,164	-
Kenya – Community Mobilization Against Desertification	29,972	-
Kenya – Farm Concern	27,952	26,535
Kenya – K DFA	1,166	27,625
Sub total Kenya	<u>65,254</u>	<u>98,632</u>
Tanzania – Dutch Connexxion	11,958	23,225
Tanzania – Lake Zone Agricultural Research and Development – UKIRIGURU	3,286	19,611
Tanzania – Horticultural Research Institute – TENGERU	-	7,181
Sub total – Tanzania	<u>15,244</u>	<u>50,017</u>
Uganda – Africa 2000 Network	21,201	33,376
Uganda – Namulonge Agricultural Research Institute	40,743	-
Uganda – Community Integrated Development Initiative	-	6,774
Sub total Uganda	<u>61,944</u>	<u>40,150</u>
GRAND TOTAL GRANTS	<u>809,151</u>	<u>663,310</u>

The above represents the total aggregate payments made to each institution during the year. The total number of individual grant payments made during the year was 20 (2008: 20).

13. GOVERNANCE COSTS

	Total 2009	Total 2008
	£'000	£'000
Auditor's remuneration		
Statutory audit	23	18
Overseas audit	8	5
Internal audit	7	5
Board costs		
UK Board	2	4
South African Board		5
AGM costs	4	4
Strategic planning costs	44	46
Support costs allocated (note 14)	42	34
	<u>130</u>	<u>121</u>

No expenses were reimbursed to trustees during either 2009 or 2008.

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED

YEAR ENDED 31 DECEMBER 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. ANALYSIS OF SUPPORT COSTS

	Mgt Costs £'000	Office Costs £'000	Finance & IT £'000	HR Costs £'000	Total 2009 £'000	<i>Total 2008 £'000</i>
Basis of apportionment:	time	area	time	time		
Charitable activities						
Testing & developing agricultural best practice	28	179	190	57	454	500
Changing policy	5	33	35	10	83	91
Improving practice	8	49	53	15	125	93
Raising public awareness	5	29	30	9	73	54
	<u>46</u>	<u>290</u>	<u>308</u>	<u>91</u>	<u>735</u>	<u>738</u>
Income generation						
<i>Voluntary income:</i>						
Donations & legacies	2	56	81	76	215	156
Grants	1	10	19	10	40	31
	<u>3</u>	<u>66</u>	<u>100</u>	<u>86</u>	<u>255</u>	<u>187</u>
<i>Community Merchandise</i>	-	9	20	10	39	31
<i>Fundraising &</i>	<u>3</u>	<u>75</u>	<u>120</u>	<u>96</u>	<u>294</u>	<u>218</u>
Governance costs	2	-	40	-	42	34
	<u>51</u>	<u>365</u>	<u>468</u>	<u>187</u>	<u>1,071</u>	<u>990</u>

15. EMPLOYEES

	2009 £'000	<i>2008 £'000</i>
Staff costs		
Wages and salaries (including life insurance)		
Overseas contracted staff	1,744	1,603
UK contracted staff	823	781
Social security costs	86	83
Pension costs	55	54
	<u>2,708</u>	<u>2,521</u>
	2009 No.	<i>2008 No.</i>
Employees with remuneration in the range of £60,000 to £70,000	2	2
Employees with remuneration in the range of £70,000 to £80,000	1	-

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED

YEAR ENDED 31 DECEMBER 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. EMPLOYEES (cont)

FARM-Africa paid contributions of £5,115 (2008: £4,835) into a defined contribution pension scheme for the 3 (2008: 2) higher paid employees in the year.

The average number of employees of the charitable company during the year analysed by function were:

	2009	2008
	No.	No.
Overseas contracted staff	179	204
UK contracted staff:		
Fundraising and publicity	14	13
Overseas project management (based in UK and overseas)	3	3
Project support	7	6
Management and administration of charity	2	2
	<hr/>	<hr/>
	205	228
	<hr/>	<hr/>

Neither the trustees nor any persons connected with them have received any remuneration during the current or preceding year.

16. TRANSFERS BETWEEN FUNDS

	Unrestricted	Restricted	<i>Unrestricted</i>	<i>Restricted</i>
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Tanzania – Agri. And Env. Education	(9)	9		
Ethiopia – Malaria Trypps	5	(5)	-	-
Ethiopia – Women's Ent Dev	3	(3)	-	-
Ethiopia – Part. Forest Mgmt	11	(11)	-	-
Ethiopia – TAU	19	(19)	-	-
Ethiopia – Part. Forest Mgmt. Extension	(4)	4	-	-
Ethiopia – Disaster Risk reduction	(15)	15	-	-
Kenya – Meru Milk Marketing	(8)	8	-	-
Kenya – LAMU surveys	5	(5)	-	-
S. Africa – Eastern Cape capacity Bld.	37	(37)	-	-
Other miscellaneous	24	(24)		
	<hr/>	<hr/>	<hr/>	<hr/>
	68	(68)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED

YEAR ENDED 31 DECEMBER 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. TANGIBLE FIXED ASSETS – The Company and the Group

	Leasehold Improvements £'000	Vehicles £'000	Machinery and Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 January 2009	108	62	32	114	316
Additions	-	-	-	7	7
Disposals	-	-	(21)	(32)	(53)
Exchange differences	-	9	-	2	11
At 31 December 2009	<u>108</u>	<u>71</u>	<u>11</u>	<u>91</u>	<u>281</u>
Depreciation					
At 1 January 2009	(62)	(38)	(25)	(95)	(220)
Charge for the year	(32)	(17)	(3)	(10)	(62)
Disposals	-	-	21	32	53
Exchange differences	-	(4)	-	(2)	(6)
At 31 December 2009	<u>(94)</u>	<u>(59)</u>	<u>(7)</u>	<u>(75)</u>	<u>(235)</u>
Net book value					
At 31 December 2009	<u>14</u>	<u>12</u>	<u>4</u>	<u>16</u>	<u>46</u>
At 31 December 2008	<u>46</u>	<u>24</u>	<u>7</u>	<u>19</u>	<u>96</u>

The tangible fixed assets purchased within the last four years, presently employed in current projects but not capitalised in these financial statements, have a total initial cost of approximately £1,436,619 (2008: £1,563,435). The accounting policy relating to fixed assets is referred to in note 1(h).

18. DEBTORS – The Company and the Group

	2009 £'000	2008 £'000
Other debtors	246	583
Prepayments	107	136
Accrued income – other	45	190
Accrued income – project grants	321	881
	<u>719</u>	<u>1,790</u>

19. CREDITORS: Amounts falling due within one year – The Company and the Group

	2009 £'000	2008 £'000
Trade creditors	40	40
Deferred income	604	-
Other creditors and accruals	380	1,052
Other tax and social security costs	26	22
	<u>1,050</u>	<u>1,114</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. CREDITORS: Amounts falling due after more than one year – The Company and the Group

	2009	2008
	£'000	£'000
Loan	-	18
Provision for overseas severance pay and gratuity provision	109	72
	<u>109</u>	<u>90</u>

21. RESTRICTED FUNDS

The Group

	<i>Balance at 1 January</i>	<i>Incoming resources</i>	<i>Outgoing resources</i>	<i>Transfers (note 16)</i>	Balance at 31 December 2009
	<i>2009</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Ethiopian Programmes	453	2,023	(1,802)	(19)	655
Kenyan Programme	510	994	(1,128)	3	379
Ugandan Programme	65	(10)	(46)	-	9
Tanzanian Programmes	321	1,005	(719)	9	616
South African Programmes	44	-	(7)	(37)	-
Sudanese Programme	1	652	(594)	-	59
Other miscellaneous restricted funds	26	-	(1)	(24)	1
	<u>1,420</u>	<u>4,664</u>	<u>(4,297)</u>	<u>(68)</u>	<u>1,719</u>
Movement on restricted reserves					

The movement on restricted reserves represents the net of monies received and expended on projects which are funded by grants from specific donors. The overall increase in the year is due to funds being received in advance of being expended.

The movement on restricted funds above has been aggregated by country. A more detailed analysis by individual fund is available on request.

Included in the figures above are the following amounts relating to projects funded by DFID:

	Incoming Resources £'000	Outgoing Resources £'000
Northern Tanzania Pastoralist Project	77	(73)
Ethiopia Pastoralist Project (EPP), Ethiopia	4	(4)
Northern Cape, South Africa phase II	0	(1)
	<u>81</u>	<u>78</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. NET ASSETS ANALYSIS – The Company and the Group

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Fund balances at 31 December 2009 are represented by:			
Tangible fixed assets	46	-	46
Current assets	570	2,710	3,280
Current liabilities	(168)	(882)	(1,050)
Long-term liabilities	-	(109)	(109)
	448	1,719	2,167

23. CONSTITUTION

The charitable company, which is limited by guarantee, does not have a share capital and is constituted as a charity. Every member undertakes to contribute an amount not exceeding £2 in the event of winding-up. The income and property of the charitable company cannot be transferred to the members by way of dividend.

24. COMMITMENTS: OPERATING LEASES

At 31 December 2009 FARM-Africa has the following annual commitments under non-cancellable operating leases:

	Equipment £'000	Property £'000	2009 Total £'000	2008 Total £'000
Operating leases which expire:				
In less than 1 year	-	45	45	-
Between one and two years	-	-	-	185
Between two and five years	9	-	9	9
	9	45	54	194

FARM-Africa's lease on its head office, Clifford's Inn, Fetter Lane, London expired in March 2010. A new lease has been negotiated on the same property which will run until March 2013.

26. SUBSIDIARY COMPANY

FARM-Africa holds 51% of the voting rights of FARM-Africa South Africa, allowing FARM-Africa to exercise control over that entity. FARM-Africa South Africa was registered in South Africa as a local Section 21 NGO on 20 April 2005. At 31 December 2009 the reserves of FARM-Africa South Africa amounted to nil (2008: nil).

FARM-Africa South Africa shares the objectives of FARM-Africa as a whole, and works within the overall strategy. At 31 December 2009 it had a nil balance sheet and the company made a loss for the year ended 31 December 2009 of £nil (2008: a loss £51,452).

27. RELATED PARTY TRANSACTIONS

There were no donations from trustees to FARM-Africa during the year (2008: nil). One former trustee made the charity a loan of £35,000 during 2008. No such loans were made during the year.

28. PARENT COMPANY RESULT

The parent company generated a surplus of £331,000 (2008: a surplus of £163,000).

