

**The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Annual Report
and
Financial Statements
30 September 2011**

**The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Annual Report and Financial Statements
For the year ended 30 September 2011**

CONTENTS	PAGE
Company information	1-2
Report of the Directors	3
Statement of Directors' Responsibilities	4
Report of the Independent Auditors	5-6
FINANCIAL STATEMENTS	
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11-19

**The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Company Information
For the year ended 30 September 2011**

Directors

The directors who held office during the year and up to the date of this report were:

Name	Position	Appointment date
Leslie D. Omari	Chairman	Resigned on 18 th February 2011
Harrison B. Kalua	Chairman	Re-appointed on 18 th February 2011
Etienne Delbar	Ex-officio	Re-appointed on 18 th February 2011
Ishak K. Lukenge	Member	Resigned on 18 th February 2011
Francois Nkurunziza	Member	Re-appointed on 18 th February 2011
Benny Zimba	Member	Re-appointed on 18 th February 2011
Lionel H. E. de Roland-Phillips	Ex-officio	Re-appointed on 18 th February 2011
John Rebero	Member	Re-appointed on 18 th February 2011
Tewodros M. Yilma	Vice chairman	Resigned on the 2 nd August 2011
Steve Walls	Ex-officio	Resigned on 18 th February 2011
Caleb Dengu	Ex-officio	Resigned on 18 th February 2011
Hailu Gebre Hiwot	Member	Resigned on 18 th February 2011
Robert Waggwa Nsibirwa	Treasurer	Appointed on 18 th February 2011
Abdullah Bagersh	Vice Chairman	Appointed on 18 th February 2011
Sarah Schach	Member	Appointed on 18 th February 2011
Adolph Kumburu	Member	Appointed on 18 th February 2011
John Karuru	Member	Appointed on 18 th February 2011
Victor Ngezayo	Member	Appointed on 18 th February 2011
Joseph Taguma	Member (Alternate to Mr. Benny Zimba)	Appointed on 18 th February 2011

Secretary

Samuel N. Kamau
Executive Director
Eastern African Fine Coffees Association
P. O. Box 27405
Kampala

Principal place of business and registered office

Plot 958 Muyenga Hill
P. O. Box 27405
Kampala

The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Company Information (Continued)
For the year ended 30 September 2011

Bankers

Citibank Uganda Limited
Ternan Avenue
P. O. Box 7505
Kampala

Bank of Africa Uganda Limited
P. O. Box 2750
Kampala

Solicitors

Bitaguma Deo
West End & Co. Advocates
Plot 30 Kampala Road
2nd Floor, Greenland Towers
P. O. Box 6497
Kampala

Auditors

Ernst & Young
Ernst & Young House
18 Clement Hill Road
Shimoni Office Village
P. O. Box 7215
Kampala

**The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Report of the Directors
For the year ended 30 September 2011**

The directors present their report together with the audited financial statements for the year ended 30 September 2011, which disclose the state of affairs of The Eastern African Fine Coffees Association ('the Company' or 'EAFCA').

1. Principal Activity

The Company continues to support the development of a strategy to improve and promote high quality coffee production, processing and marketing in the Eastern African region.

2. Results

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

3. Accumulated Reserves

The accumulated reserves of the Company are set out on page 9.

4. Directors

The directors who held office during the year and up to the date of this report are set out on page 1. The directors were in office for the entire period unless otherwise indicated.

5. Auditors

Ernst & Young have expressed their willingness to continue in office in accordance with Section 159(2) of the Ugandan Companies Act (Cap 110).

By order of the Board,

Secretary

2012

**The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Statement of Directors' responsibilities
For the year ended 30 September 2011**

The Ugandan Companies Act (Cap 110) requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of financial affairs of the Company at the end of the financial year and of its operating results for that year. It also requires the directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors are ultimately responsible for the internal control of the Company. The directors delegate responsibility for internal control to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the Company's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent and using the going concern basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

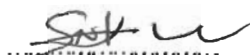
The directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act (Cap 110). The directors are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

The financial statements were approved on16/02.....2012 by the Board of Directors and signed on its behalf by:



Director



Director

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
THE EASTERN AFRICAN FINE COFFEES ASSOCIATION**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Eastern African Fine Coffees Association which comprise the statement of financial position as at 30 September 2011, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 7 to 19.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act (Cap 110), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Eastern African Fine Coffees Association as at 30 September 2011, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Ugandan Companies Act (Cap 110).

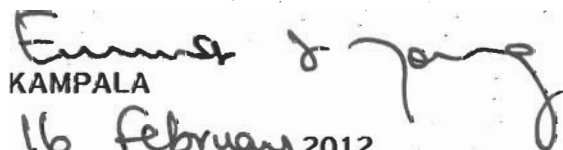
Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 11 to the financial statements that indicate that the Company has made significant judgments and estimates relating to income tax.

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Ugandan Companies Act (Cap 110) we report to you, based on our audit that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.


KAMPALA
16 February 2012

The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Statement of Comprehensive Income
For the year ended 30 September 2011

		2011	2010
	Note	US\$	(Restated) US\$
Income			
Grants	3	654,243	590,967
Program funds	4	198,838	-
Conference income		671,360	557,805
Membership fees		29,058	19,638
Write off of unclaimed payables		-	298,137
Other income	5	<u>36,574</u>	<u>50,104</u>
		<u>1,590,078</u>	<u>1,516,651</u>
Expenses			
Administrative costs			
Direct costs	6	159,297	171,148
Staff expenses		108,985✓	199,813
Other employment costs	7	84,780✓	100,941
Other administrative costs	8	<u>314,293</u>	<u>396,184</u>
		<u>667,355</u>	<u>868,086</u>
Programs/ Activities			
Programme activities, marketing & promotion	9	542,969 ✓	614,985
Policy change & implementation		<u>-</u>	<u>78,884</u>
		<u>542,969</u>	<u>693,869</u>
Total expenses		<u>1,210,324</u>	<u>1,561,955</u>
Surplus/ (deficit) for the year	10	<u>379,754</u>	<u>(45,304)</u>
Tax	11	-	-
Surplus/ (deficit) for the year		<u>379,754</u>	<u>(45,304)</u>
Other comprehensive income, net of tax		-	-
Total comprehensive surplus/ (Deficit) for the year, net of tax		<u>379,754</u>	<u>(45,304)</u>

The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Statement of Financial Position
As at 30 September 2011

	Note	2011 US\$	2010 (Restated) US\$	2009 US\$
ASSETS				
Non-current assets				
Property and equipment	12	39,848	16,820	22,824
Current assets				
Prepayments and other receivables	13	121,651	3,543	16,416
Cash and bank balances	14	221,206	5,016	62,234
		342,857	8,559	78,650
TOTAL ASSETS		382,705	25,379	101,474
RESERVES AND LIABILITIES				
Reserves				
Accumulated fund/ (deficit)		233,181	(146,573)	(101,269)
Current liabilities				
Staff gratuity	15	23,661	29,069	25,721
Accruals and other payables	16	125,863	142,883	177,022
		149,524	171,952	202,743
TOTAL RESERVES AND LIABILITIES		382,705	25,379	101,474

These financial statements were approved by the Board of Directors on
 16th FEB. 2012 and were signed on its behalf by: -


 Director


 Director

The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Statement of Changes in Equity
For the year ended 30 September 2011

	Note	Accumulated (deficit)/surplus US\$	Total Reserves US\$
At 1 October 2009		(101,269)	(101,269)
Deficit for the year (restated)	21	(45,304)	(45,304)
As at 30 September 2010		(146,573)	(146,573)
At 1 October 2010		(146,573)	(146,573)
Surplus for the year		379,754	379,754
As at 30 September 2011		233,181	233,181

**The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Statement of Cash Flows
For the year ended 30 September 2011**

	Note	2011 US\$	2010 US\$
OPERATING ACTIVITIES			
Surplus/ (deficit) for the year		379,754	(45,304)
Adjustments for:			
Gain on disposal		(651)	-
Depreciation		<u>16,434</u>	<u>10,061</u>
		395,538	(35,243)
 (Increase)/decrease in prepayments and other receivables		<u>(118,108)</u>	12,873
(Decrease)/increase in staff gratuity		(5,408)	3,348
Decrease in accruals and other payables		<u>(17,020)</u>	<u>(34,139)</u>
 Net cash flows from/ (used in) operating activities		<u>255,002</u>	<u>(53,161)</u>
INVESTING ACTIVITIES			
Proceeds from disposal of assets		8,734	-
Purchase of property and equipment		<u>(47,546)</u>	<u>(4,057)</u>
 Net cash flows used in investing activities		<u>(38,812)</u>	<u>(4,057)</u>
 Net increase/ (decrease) in cash and cash equivalents		<u>216,190</u>	<u>(57,218)</u>
 Cash and cash equivalents at 1 October		<u>5,016</u>	<u>62,234</u>
 Cash and cash equivalents at 30 September	14	<u>221,206</u>	<u>5,016</u>

The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Notes to the Financial Statements

1. Organization Information

Eastern African Fine Coffees Association is a Company limited by guarantee incorporated under the Companies Act (Cap 110). The Company's major operation is organising conferences for coffee producers, processors as well as marketeers for member countries.

The financial statements of the Company for the year ended 30 September 2011 were authorized for issue in accordance with a resolution of the directors on ^{16th FEB} 2012.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of accounting

The financial statements have been prepared on a historical cost basis of accounting and are presented in United States Dollars (US\$) as stipulated in the Company's Articles and Memorandum of Association.

b) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Ugandan Companies Act (Cap 110)

c) Changes in accounting standards

The accounting policies adopted are consistent with those used in the previous financial year.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt the applicable standards when they become effective.

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard. The Company does not expect any impact on its financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2. Summary of significant accounting policies (continued)

(c) Changes in accounting standards (continued)

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is expected to have no impact on the financial statements of the Company.

d) Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Current taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

d) Significant accounting judgments, estimates and assumptions (continued)

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

e) Income recognition

Grant income is recognized when there is reasonable assurance that the Company will comply with the conditions attaching to the grant and that the grant will be received.

Membership income is recognised when there is reasonable certainty of the member paying up.

f) Grants

Grants relating to more than one year are recognised as deferred income and released to the statement of comprehensive income over the period to which they relate.

g) Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated using the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

Computers and office equipment	33⅓%
Furniture and fixtures	12½%
Plant and machinery	20%
Motor vehicles	25%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit or loss.

**The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Notes to the Financial Statements (continued)**

2. Summary of significant accounting policies (continued)

h) Intangible assets

Intangible assets acquired separately are measured initially at cost less accumulated amortization. The amortization expense is taken to the statement of comprehensive income through the direct costs expense item. Amortization is calculated on a straight line basis at an annual rate of 25%

i) Foreign currency transactions

Uganda shillings and other currency transactions during the year are converted into United States Dollars at rates ruling at the transaction dates. Monetary assets and liabilities at the reporting date, which are expressed in Uganda shillings and other currencies, are translated into United States Dollars at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the statement of comprehensive income in the year in which they arise.

j) Retirement benefits costs

The Company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act, 1985. The Company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently 10% of the employees' gross salary. The Company's contributions are charged to the statement of comprehensive income in the period to which they relate.

Staff gratuity

The Company had a staff gratuity scheme to which the Company and employees' contributions are 15% and 5% of the employees' monthly gross pay, respectively. This scheme was terminated effective 1 April 2010.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Notes to the Financial Statements (continued)

3. Grants

	2011 US\$	2010 US\$
Common Fund for Commodities (CFC)	654,248	400,000
USAID-COMPETE Program	-	190,967
	<u>654,248</u>	<u>590,967</u>

CFC: This was provided to EAFCA for the project 'Building capacity in coffee certification and verification for specialty coffee farmers in Eastern Africa' for the period 1 October 2010 to 30 September 2011.

USAID-COMPETE Program: This was provided to enable EAFCA implement the 'Enhancing the Competitiveness of Fine African Coffees (ECOFAC) Program'. The program was closed in the year ended 30 September 2010.

4. Program funds

	2011 US\$	2010 US\$
Coffee Certification project	51,148	-
COMPETE - Coffee Quality Institute (CQI)	34,932	-
Japanese External Trade Organization (JETRO)	29,062	-
PRM World Bank training	<u>83,696</u>	-
	<u>198,838</u>	<u>-</u>

Coffee certification project: This is income earned by EAFCA for carrying out activities that promote the quality and quantity of certified verified coffee produced and processed within the Eastern Africa coffee producing region.

COMPETE - Coffee Quality Institute: This is income earned by EAFCA from the Coffee Quality Institute for providing training and technical assistance to coffee producers and other individuals in the supply chain to increase the value, volume and sustainability of high quality coffee production.

Japanese External Trade Organization: These were funds provided to EAFCA leading members to assist their study and promotion of business opportunities in Japan. The program was designed for African coffee producers or exporters to promote fine quality African coffees into Japan find the business opportunities in the Japanese market, learn ways to create additional value of African coffees and spread the participants' findings through the EAFCA network.

The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Notes to the Financial Statements (continued)

4. Program funds (continued)

Price Risk Management (PRM) **World Bank Training:** EAFCA had a contract with World Bank to deliver Price Risk training Programs on behalf of the World Bank. EAFCA partnered with the Agriculture Risk Management Team (ARMT) of the World Bank to introduce and roll out the PRM course in six EAFCA member countries namely Burundi, Ethiopia, Kenya, Rwanda, Tanzania and Zambia. The Price Risk Management Course was developed by the World Bank's ARMT and is being delivered, with funding provided by the European Union's 'All ACP Agricultural Commodities Programme (AAACP)'. The AAACP is a development investment funded by the European Commission with the objective to improve incomes and livelihoods for producers from agricultural commodities and to reduce income vulnerability at both producer and macro levels.

5. Other income	2011	2010
	US\$	US\$
Gain on disposal	651	-
Foreign exchange gain	5,888	-
Advertising income	22,989	33,130
Others	7,046	16,974
	<u>36,574</u>	<u>50,104</u>
6. Direct costs:	2011	2010
	US\$	US\$
Operating costs	47,530	21,618
Communication	11,930	36,772
Occupancy	30,166	31,166
Vehicle expenses	655	5,060
Supplies	1,092	9,582
Bank charges	16,391	17,484
Audit	9,000	9,000
Consultancy expenses	-	14,661
Other professional fees	4,604	15,744
Personnel costs	21,494	-
Depreciation	16,435	10,061
	<u>159,297</u>	<u>171,148</u>
7. Other employment costs		
Leave allowance	3,434	1,252
Medical allowance	7,209	7,649
13th Month bonus payment	4,720	-
Staff gratuity	-	28,178
Statutory obligations	69,417	63,862
	<u>84,780</u>	<u>100,941</u>

**The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Notes to the Financial Statements (continued)**

8. Other administrative costs	2011 US\$	2010 US\$
Technical assistance and consultancy	40,549	17,904
Duty travel	14,546	81,201
Dissemination and training	9,646	117,990
Institutional development	14,708	-
Professional fees to DCDM	92,322	70,000
Regional operating costs	34,863	14,726
International travel expenses	103,957	66,844
Accrued expenses and provisions	-	24,183
Chapter expenses	3,702	-
Foreign exchange losses	-	3,336
	<u>314,293</u>	<u>396,184</u>

9. Programme activities, marketing & promotion

CFC program expenses	215,328	104,339
Conference/programme costs	292,712	504,826
Marketing and promotion	<u>34,929</u>	<u>5,820</u>
	<u>542,969</u>	<u>614,985</u>

10. Surplus/ (deficit) for the year

The surplus/ (deficit) for the year has been arrived at after (crediting)/charging the following items:

	2011 US\$	2010 US\$
Depreciation	16,435	10,061
Auditor's remuneration	9,000	9,000
Foreign exchange (gain)/loss	<u>(5,888)</u>	<u>3,336</u>

11. Tax

According to the Income Tax Act, Cap 340, under section 2(bb) and Practice Note Number URA/IT/PN 3/06, The Eastern African Fine Coffees Association could qualify as an exempt organization for tax purposes. However, the Act requires that the Company should apply and obtain a tax exemption certificate from Uganda Revenue Authority (URA). The Company has not yet obtained the tax exemption certificate from URA and no corporation tax charge and liability has been included in the financial statements. Management is confident that the Company will obtain the tax exemption certificate from URA and no liability will accrue to the Company. Management has made an estimate of potential tax liabilities due to URA and has concluded that although the entity made an accounting surplus for the year, the entity has accumulated tax losses from prior years that offset the accounting surplus and therefore no income tax liability is likely to accrue to the Company.

The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Notes to the Financial Statements (continued)

12. Property and equipment

	Computers & Equipment US\$	Furniture & fittings US\$	Machinery US\$	Motor Vehicles US\$	Total US\$
Cost:					
At 1 October 2008	39,217	13,722	18,574	28,515	100,028
Additions	4,069	-	-	14,165	18,234
As at 30 September 2009	43,286	13,722	18,574	42,680	118,262
Additions	4,057	-	-	-	4,057
At 30 September 2010	47,343	13,722	18,574	42,680	122,319
Additions	1,546	-	-	46,000	47,546
Disposals	-	-	-	(42,680)	(42,680)
At 30 September 2011	48,889	13,722	18,574	46,000	127,185
Depreciation					
At 1 October 2008	36,245	10,217	12,324	28,515	87,301
Charge for the year	2,263	1,328	1,505	3,041	8,137
At 30 September 2009	38,508	11,545	13,829	31,556	95,438
Charge for the year	4,187	1,328	1,505	3,041	10,061
At 30 September 2010	42,695	12,873	15,334	34,597	105,499
Disposals	-	-	-	(34,597)	(34,597)
Charge for the year	3,004	426	1,505	11,500	16,435
At 30 September 2011	45,699	13,299	16,839	11,500	87,337
Net Carrying Amount					
At 30 September 2009	4,778	2,177	4,745	11,124	22,824
At 30 September 2010	4,648	849	3,240	8,083	16,820
At 30 September 2011	3,190	423	1,735	34,500	39,848

	2011 US\$	2010 US\$	2009 US\$
13. Prepayments and other receivables			
Prepayments	800	-	5,508
Accounts receivable and staff advances	120,851	3,543	10,908
	121,651	3,543	16,416
14. Cash and bank balances:			
Cash at Bank	221,203	5,011	58,623
Cash at Hand	3	15	3,611
	221,206	5,016	62,234

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts.

- 18 +

The Eastern African Fine Coffees Association
(A Company Limited by Guarantee)
Notes to the Financial Statements (continued)

15. Staff gratuity

The Company's policy until 31 March 2010 was to pay gratuity to staff as disclosed in note 2 (j). The gratuity policy was terminated effective 1 April 2010. The amount presented in the statement of financial position represents the gratuity outstanding as at the reporting date.

16. Accruals and other payables	2011	2010	200
	US\$	US\$	US
Member creditors	55,481	16,036	48,96
Accruals	<u>70,382</u>	<u>126,847</u>	<u>128,06</u>
	<u>125,863</u>	<u>142,883</u>	<u>177,02</u>
17. Deferred income			
At 01 October	-	-	14,34
Received during the year	654,248	590,967	333,87
Released to the statement of comprehensive income	<u>(654,248)</u>	<u>(590,967)</u>	<u>(348,217)</u>
At 30 September	-	-	-

18. Contingent liabilities:

The Company had no contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that any material liabilities will arise.

19. Events after the reporting date:

There were no events after the reporting date affecting the financial statements of the Company as at 30 September 2011 (2010: Nil).

20. Incorporation

The Company is incorporated in Uganda under the Companies Act (Cap 110).

21. Prior year adjustment

The prior year adjustment relates to grant income that EAFCA received from CFC through DCDM and project expenses incurred by DCDM on behalf of EAFCA that was not posted in EAFCA's books of account for the year ended 30 September 2010.

	As previously stated	Adjustment	Restated
	2010		2010
	US\$	US\$	US\$
Statement of Financial Position			
Cash and bank	3,346	1,670	5,016
Statement of Comprehensive income			
CFC grant income	-	300,000	300,000
Other administrative costs	109,089	287,095	396,184
Direct costs	159,913	11,235	171,148
Deficit for the year	<u>(46,974)</u>	<u>1,670</u>	<u>(45,304)</u>