



Royal Tropical Institute

Annual Financial Report 2008



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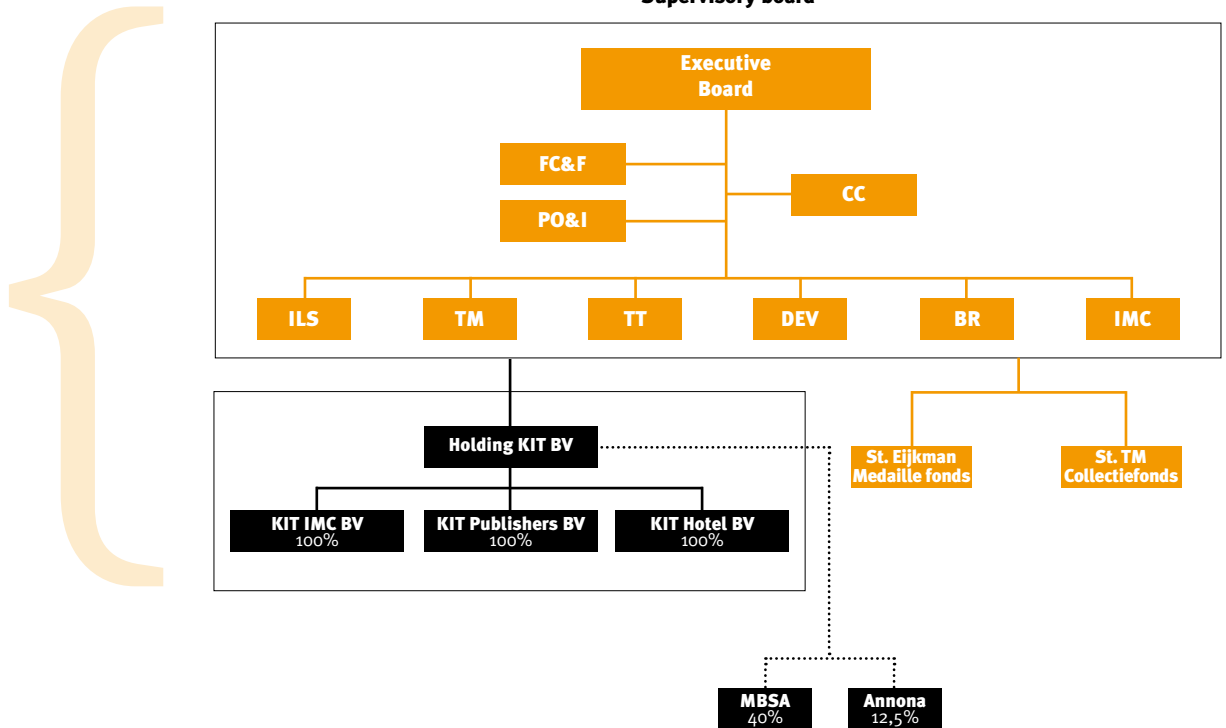
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Report of the Executive Board

The Financial Statements 2008 relate to all activities of the Vereniging Koninklijk Instituut voor de Tropen/ Royal Tropical Institute Association (KIT), Holding KIT BV (including KIT Publishers BV, KIT Hotel BV and KIT IMC BV), Stichting Eijkman Medaillefonds and the Stichting Collectiefonds Tropenmuseum.

**KIT Association
Balance Sheet
and Income and
Expenditure Account**



Consolidated Results

(AMOUNTS IN €1,000)

In the annual report, KIT's activities are grouped by theme. The financial report examines each department individually. The results of the individual departments are shown in the table below.

	2008	2007	Budgeted result for 2008
KIT Development Policy & Practice (DEV)	338	1	24
KIT Biomedical Research (BR)	317	11	58
KIT Intercultural Management & Communication (IMC)	(290)	(454)	(45)
KIT Information & Library Services (ILS)	59	119	(17)
Tropenmuseum (TM)	244	(308)	(300)
Tropentheater (TT)	42	(184)	0
Result, line departments (staff)	710	(815)	(280)
Executive Board/Raad van Bestuur	43	(47)	0
Finance, Control & Facilities (FC&F)	(360)	217	0
Corporate Communication (CC)	25	(150)	0
Personnel, Organisation & Information (PO&I)	(200)	395	0
Redundancy fund	257	508	0
Result, staff departments	(235)	923	0
Result Royal Tropical Institute Association	475	108	(280)
Result, Holding KIT BV	8	269	292
Foundations	0	0	0
Consolidated result	483	377	12

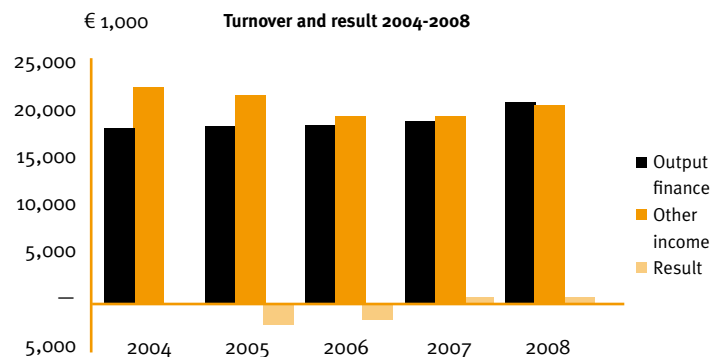
Consolidated results

The result of the Royal Tropical Institute improved in 2008 compared to 2007 and the budgeted result. With the exception of IMC, this positive result was an effect of both higher income (output financing and other income) and lower costs in the line departments. In the staff departments the deteriorated result was a consequence of the incidental costs for the implementation of a new bookkeeping program. The limited result at Holding KIT BV was caused by a lower result at KIT Publishers. In addition, due to the economic crisis, the turnover of both KIT Hotel BV and KIT Publishers was lower than forecasted. Because the cost-base is largely inflexible, it takes time to adapt to a new economic situation.

Therefore the overall results at Holding KIT BV were slightly disappointing.

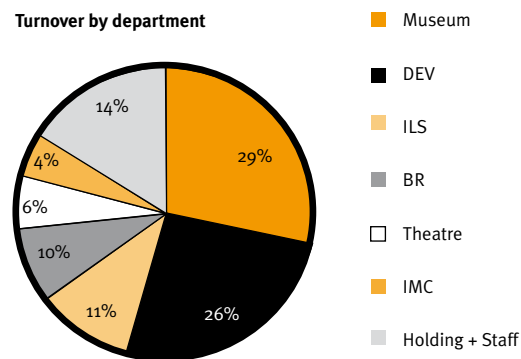
Consolidated turnover

The Institute's consolidated turnover consists of output finance from the Ministry of Foreign Affairs, market income, subsidies and income from subsidiaries. It increased by € 3 million compared to 2007; the increase is shown in both output financing and other income. At the end of the first quarter of 2008, output finance for 2008 was confirmed by the Ministry at € 21.5 million. KIT was unable to catch up with the higher amount of output finance compared to 2007 in the latter three quarters. Consequently, with the approval of the Ministry, a small part will be realised in 2009. Other income has grown due to increased project revenue at BR and increased subsidies (including Heritage Extra). Due to the deterioration in the economic situation in the second half of 2008, the turnover for Holding KIT BV was lower than expected.



	2004	2005	2006	2007	2008
Output finance	18,000	18,144	18,388	18,666	20,626
Other income	22,056	21,306	19,072	19,140	20,187
Result	60	-2,036	-1,436	377	483

Turnover by department



Consolidated balance sheet

The Institute's cash and cash equivalents and its operating capital improved again in 2008. Although the level of cash and cash equivalents seems very positive, this is to a large degree due to a vast increase in current liabilities.

Participating interests

The consolidated annual accounts of Holding KIT BV (including KIT Hotel BV, KIT Publishers BV and IMC BV) and two foundations have been consolidated in this Annual Report.

Participations of KIT Holding

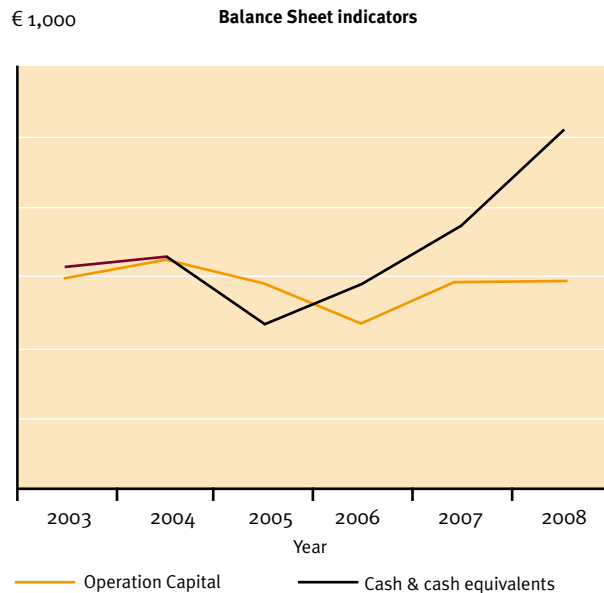
KIT Hotel BV controls all the activities of the NH Tropenhotel and the external congress facilities. As a result of the deterioration in the economic situation in the last two quarters of 2008, KIT Hotel BV's turnover stagnated. However, the result after tax improved compared to last year. This is mainly due to lower company tax in 2008.

The turnover of KIT Publishers BV was substantially lower than last year. The decrease in sales started in April and continued in the course of the year. As costs did not decrease proportionately, the overall result of KIT Publishers BV deteriorated substantially.

KIT IMC BV was founded on July 1, 2008. Holding KIT BV is a 100% shareholder of this company. In 2008, all activities still took place in the KIT IMC department. On January 1, 2009 all assets, activities and employees will be transferred to KIT IMC BV.

Production of biodiesel at Mali Biocarburant SA (MBSA) started late 2008. Income is also generated by the 'Trees for Travel' program of which MBSA is a beneficiary. In addition MBSA realised a slightly positive financial result in 2008. MBSA is considered a financial fixed asset, hence this company's results will not be consolidated.

At the end of 2008 the Annona Sustainable Investment Startup Fund (Annona) was created. Holding KIT BV holds a 12.5% share in Annona. Other shareholders are Stichting Spoorweg Pensioenfond and Stichting Pensioenfond Openbaarvervoer. Annona participates in startups which promote sustainable economic development with the aim of reducing poverty. Its first participation is in Yiriwa SA, a Malian trade house in organic cotton.



The Royal Tropical Institute Association manages two foundations, the Stichting Tropenmuseum Collectiefonds and the Stichting Eijkman Medaillefonds. In 2008 there was not much activity in either foundation. The net asset value of the Stichting Tropenmuseum Collectiefonds at year end 2008 was € 51, and that of the Stichting Eijkman Medaillefonds was € 23.

Developments in 2008

Enterprise Resource Planning system

In the course of 2008 a new Enterprise Resource Planning System was implemented.

Output finance

At the beginning of April, the four-year term output financing was confirmed by the Ministry of Foreign Affairs. The allocated amount was increased compared to previous years from around € 18.7 million for 2007 to € 21.5 million for 2008. Part of this increase was a compensation for inflation for the past five years.

Strategy

Drs. M. de Wilde was appointed COO of the Executive Board in October. Together with Dr. J. Donner, he will implement KIT's strategy to boost future financial growth in current and new markets.

Annona

At the end of 2008 the Annona Sustainable Investment Startup Fund (Annona) was created. The KIT Association supports Annona in selecting potential businesses that operate in accordance with KIT's mission statement. However, the fund has its own, independent Executive (and Investment) Board, Board of Directors and fund manager.

Annual Report 2008

A more detailed report on the activities that took place in 2008 (from a non financial perspective) is published separately from this annual financial report.

Prospects 2009

Enterprise Resource Planning system

The new Enterprise Resource Planning System will be increasingly embedded in the organisation. In addition, the system will support improved management information, which will be an important focal point in 2009.

Risk management

In 2009 the financial department will start focusing on improving financial risk management even further, also in relation to the corporate governance code for the cultural sector (code 'Wijffels'). Risks will be mapped according to a risk management model, such as the Coso Enterprise Risk Management Framework. In addition risk management procedures will be completed for all risk categories: market, operational, financial and compliances.

Staff

KIT is focusing on growth. To realise this growth, more staff will be employed and current vacancies must be filled. Due to the training of this new staff it will take a while before the extra employees will create additional turnover.

New development

The original plan for the development of a new theatre has been cancelled as it did not fit in with the municipality's overall plan for the area. Because it is important for the long-term survival of the theatre that a new theatre will be built, KIT is adjusting the original plans.

Jubilee – KIT's centenary

In 2010, the KIT Association will celebrate its centenary. In 2009 a major part of the preparations for the festivities will be made. These preparations will be partly financed by a heritage donated to KIT in 2008, which is specified under 'appropriated reserve' on the balance sheet per yearend.

Consolidated Balance Sheet as of December 31, 2008 (Before Appropriation of Results)

(AMOUNTS IN €1,000)

Assets	2008	2007
Fixed assets		
<i>Tangible fixed assets</i>		
Buildings	22,211	22,415
Machinery & equipment	2,191	2,240
Hardware & software	859	472
Fixtures & fittings	944	1,000
Other fixed assets	1,300	1,502
Total: Tangible fixed assets	27,505	27,629
<i>Financial fixed assets</i>		
Participations in group entities	0	0
Receivables group entities	0	0
Receivables other participating interests	0	0
Other participating interests	165	131
Other financial fixed assets	259	355
Total: Financial fixed assets	424	486
Current assets		
<i>Stocks</i>		
Finished products	376	430
Total: Stocks	376	430
<i>Accounts receivable</i>		
Debtors	510	937
Other receivables	127	146
Advance payments and accrued income	4,652	3,790
Total: Accounts receivable	5,289	4,873
<i>Cash and cash equivalents</i>		
Banks	2,555	1,983
Cash	71	30
Deposits	7,800	5,400
Total: Cash	10,426	7,413
Total Assets	44,020	40,831

Consolidated Balance Sheet as of December 31, 2008 (Before Appropriation of Results)

(AMOUNTS IN €1,000)

Liabilities	2008	2007
Equity		
General reserve	29,346	28,968
Appropriated reserves	226	119
Appropriated reserve Foundations	74	73
Operating results	483	377
Total: Equity	30,129	29,537
Appropriated funds		
Appropriated fund Buza	0	207
Appropriated fund OC&W	0	0
Total: Appropriated funds	0	207
Provisions		
Provision for monthly redundancy pay	3,186	3,522
Provision for jubilee payments	215	215
Provision for tax payments	0	110
Total: Provisions	3,401	3,847
Current liabilities		
Accounts payable	1,990	1,755
Taxation and social security contributions	494	456
Pension liabilities	225	209
Other liabilities	28	262
Advance receivables and accrued expenses	7,753	4,558
Total: Current liabilities	10,490	7,240
Total Equity and liabilities	44,020	40,831

Consolidated Income and Expenditure Account 2008

(AMOUNTS IN €1,000)

Income and Expenditure	2008	2007	Budget 2008
Income			
Output financing	20,419	18,666	21,500
Output financing PMV	207	0	207
Heritage Extra	491	0	758
Subsidy contributions	1,522	1,302	1,161
Project revenues	9,187	7,994	7,614
Other revenues	8,987	9,844	10,693
Total income	40,813	37,806	41,933
Expenditure			
Personnel costs	18,689	17,515	20,580
Contracted personnel	2,645	2,217	1,665
Other personnel management costs	1,111	468	626
Material project costs	3,835	4,025	3,382
Depreciation costs	2,578	2,606	2,681
Other operating expenses	11,866	10,717	13,242
Total expenditure	40,724	37,548	42,176
Operating results	89	258	(243)
Financial Income & Expenditure			
Interest income	360	303	255
Costs of exchange	(42)	(15)	0
Interest expense	3	(5)	0
Total financial income & expenditure	321	283	255
Other income and expenses	93	(54)	0
Tax	(21)	(110)	0
Net results	483	377	12

Consolidated Cash Flow Statement 2007

(AMOUNTS IN €1,000)

Cash flow from operating activities	2008	2007
Operating income	89	258
<i>Elimination of non-cash items</i>		
Depreciation/amortisations	2,578	2,606
Movement provisions	202	203
	2,780	2,809
<i>Modification of working capital</i>		
Decrease/ (increase), accounts receivable	(416)	1,192
Decrease/ (increase), stocks	54	32
Increase/ (decrease), current liabilities	3,152	(285)
	2,790	939
Monthly redundancy payments made	(648)	(1,158)
Interest received	363	303
Interest paid	0	(15)
Exchange rate differences	(42)	(5)
Other income and expenses	94	(54)
Taxes	(21)	(110)
	(254)	(1,039)
Cash flow from operating activities	5,405	2,967
Investments in tangible fixed assets	(2,454)	(1,524)
Cash flow from investments	(2,454)	(1,524)
Decrease/ (increase), financial fixed assets	62	182
Cash flow from financing	62	182
Change in cash and cash equivalents	3,013	1,625

The cash flow statement is calculated by the indirect method.

The operating income in the cash flow statement is defined as the result of income and expenditure. The other movements within operational activities are specified in the Income and Expenditure Account. Investments are covered in the general notes to the balance sheet.

Notes to the Consolidated Balance Sheet and Income and Expenditure Account

(AMOUNTS IN €1,000)

General

The Royal Tropical Institute (KIT) in Amsterdam is an independent centre of knowledge and expertise in the field of international and intercultural cooperation. The Institute contributes to sustainable development, poverty alleviation and cultural preservation and exchange. The Royal Tropical Institute has an Executive Board – which consists of Dr. J. Donner and M. de Wilde MBA, who commenced at the beginning of October – and a Board of Directors.

Accounting Principles

This annual report has been drafted in accordance with Directive 640 on reporting for non-profit organisations of the Netherlands Council for Annual Reporting.

Consolidation

The Consolidated Annual Accounts include the financial results of the Royal Tropical Institute Association as well as the results of Holding KIT BV (including a 100% participation in KIT Hotel BV, KIT Publishers BV and KIT IMC BV) Stichting Tropenmuseum Collectiefonds and Stichting Eijkman Medaillefonds, which form a single economic entity with KIT.

Holding KIT BV holds a 40% interest in Mali Biocarburant and 12.5% in Annona BV. These companies have therefore not been consolidated, but are considered financial fixed assets.

Holding KIT BV was founded in 2006 for holding activities and has registered offices in Amsterdam. It holds the group companies KIT Publishers BV (100%), KIT Hotel BV (100%), KIT IMC BV (100%) and a 40% share in MBSA as well as a 12.5% share in Annona Sustainable Investment Startup Fund BV. The members of the Executive Board of Holding KIT BV are Dr J. Donner and M. de Wilde MBA.

KIT Publishers BV has registered offices in Amsterdam. The objective of KIT Publishers is to distribute books, digital products and periodicals in the field of arts, culture, travel, politics, country information and applied science. The sole member of the Executive Board of KIT Publishers BV is R Smit MA.

KIT Hotel BV, formerly the International Centre Foundation (SIC), was founded on March 27, 2007 and has registered offices in Amsterdam. The main activities of KIT Hotel BV consist of the exploitation of the NH Tropenhotel and accommodation offered by KIT for conferences, meetings and receptions. The sole member of the Executive Board of KIT Hotel BV is B. Eenkhoorn LLM.

KIT IMC BV has registered offices in Amsterdam. The objective of KIT IMC is to bridge differences between cultures, to enhance respect for and understanding of cultural differences through training, advising and coaching. Furthermore KIT IMC wants to contribute to raising interest in the Netherlands with regard to sustainable development, poverty reduction, cultural exchange and the preservation of cultural uniqueness. The sole member of the Executive Board of KIT IMC BV is R. Mentink MA.

Stichting Tropenmuseum Collectiefonds and Stichting Eijkman Medaillefonds both have registered offices in Amsterdam. The members of the executive board of the Collectiefonds are Mr L.J.B. Schenk (chair), Dr J. Donner, Mr B. Eenkhoorn LLM, Prof. S. Legêne, Mr H. von Saher, Prof. J.A.M.F. Vaessen and Mrs A.M. Six-van Krimpen. The members of the executive board of Eijkman Medaillefonds are Prof. L.J. Gunning-Schepers (Chair), Prof. P.R. Klatser (Secretary and Treasurer), Prof. J. Stoof, Prof. E.A. van der Veen, Prof. E.C. Klasen, Prof. J. van der Velden and Dr M.R.A. van Cleeff.

Notes to the Consolidated Balance Sheet as of December 31, 2008

(AMOUNTS IN €1,000)

Assets

Fixed assets

TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at cost minus straight-line depreciation based on the estimated economic lifespan, or at a lower market value. The depreciation of the different components is calculated as follows:

Buildings (and renovations): from 3 to 50 years

Machinery and equipment: from 5 to 20 years

Hardware: 3 years

Fixtures & fittings: 10 years

Other tangible assets: from 3 to 10 years

The museum and library collections are not valued in the consolidated balance sheet.

	Total	Buildings	Machinery & Equipment	Hardware & Software	Fixture & Fittings	Other Fixed Assets
Balance as of January 1	27,629	22,415	2,240	472	1,000	1,502
Purchased 2008	2,454	887	359	783	218	207
Depreciation 2008	(2,578)	(1,091)	(408)	(396)	(274)	(409)
Balance as of December 31	27,505	22,211	2,191	859	944	1,300
Purchase value as of January 1	67,139	39,394	10,066	3,776	4,248	9,655
Cumulative Depreciation	(39,634)	(17,183)	(7,875)	(2,917)	(3,304)	(8,355)
Balance as of December 31	27,505	22,211	2,191	859	944	1,300

The buildings are situated on a plot that was leased in perpetuity from the city of Amsterdam in 1911. The insured value of buildings, machinery, equipment, hardware, fixtures & fittings and other fixed assets amounts to € 155,000 (2007: € 154,000). The insured value will be reviewed in 2010.

Financial fixed assets

Other participating interests

Participating interests are valued at net asset value, unless specific circumstances require valuation at cost or lower market value.

Notes to the Consolidated Balance Sheet as of December 31, 2008

(AMOUNTS IN €1,000)

On February 14, 2007 a minority interest of 40% was acquired in Mali Biocarburant SA, a Malian entity that produces bio-fuel from jatropha nuts. The CEO of MBSA is outsourced from the Royal Tropical Institute Association. The chairman of the Executive Board of the Association is chairman of the Board of Directors of MBSA. Holding KIT BV participates in MBSA with the objective of reducing poverty by producing biofuel and promoting sustainable economic development. It is the intention of Holding KIT BV to sell its shares in MBSA within a term of 3-5 years in order to secure the objectives mentioned above.

On December 29, 2008 a minority interest of 12.5% was acquired in Annona Sustainable Investment Startup Fund BV, a Dutch entity. Holding KIT BV participates in Annona with the objective of reducing poverty by taking interest in startups which promote sustainable economic development. At the moment Annona BV holds an interest in Yiriwa S.A. (50%), a Malian trade house in organic cotton that offers small-scale farmers sustainable access to markets, where they receive better prices for their premium quality organic crops.

The minority interest in MBSA (40%) is valued at cost or lower market value. This valuation method has been chosen because of the location of the entity and the uncertainties related to valuation at net assessed value.

For example, valuation of the land that MBSA owns is difficult to assess and there is a risk that the political situation in the country might become less stable. This argumentation also applies to Annona BV (12.5%). Annona BV is therefore valued according to the same principles.

	Holding KIT BV
Balance as of January 1	131
Allocation of 12.5% in Annona BV	34
Balance as of December 31	165

OTHER FINANCIAL FIXED ASSETS

The long-term receivable on redundancy payments with the Ministry of Foreign Affairs amounts to € 259 (2007: € 355). The short-term receivable is disclosed under the other receivables.

Notes to the Consolidated Balance Sheet as of December 31, 2008

(AMOUNTS IN €1,000)

Stocks

Stocks are valued at the lower of costs and net realisable value, less any provisions considered necessary.

	31-12-08	31-12-07
KIT Publishers BV	275	314
KIT association	91	105
KIT Hotel BV	9	10
Stichting Eijkman Medaillefonds	1	1
Balance as of December 31	376	430

Accounts receivable

Debtors and other accounts receivable are carried at face value less any provisions considered necessary.

Debtors	31-12-08	31-12-07
Debtors from consultancy projects	1,683	2,804
Other debtors	1,759	1,673
Advance payments related to consultancy projects and other debtors	(2,421)	(3,029)
Provision for doubtful debtors	(511)	(511)
Balance as of December 31	510	937

The decrease in outstanding debtors per yearend has to be seen in conjunction with accrued income, which has increased.

Other receivables	31-12-08	31-12-07
Receivable BZ monthly redundancy pay obligations	127	138
Other receivables	0	8
Balance as of December 31	127	146

Notes to the Consolidated Balance Sheet as of December 31, 2008

(AMOUNTS IN €1,000)

The long-term part of the redundancy pay obligations is included in other financial fixed assets.

Advance payments and accrued Income	31-12-08	31-12-07
Revenue to be invoiced	2,315	1,952
VAT receivables	547	431
Other accrued income	1,790	1,407
Balance as of December 31	4,652	3,790

Accrued income and revenue to be invoiced has substantially increased. This has to be seen in conjunction with outstanding debtors from consultancy projects which was substantially lower than last year. By yearend 2008 there was more work in progress still to be invoiced.

There is a potential risk that higher provisions for doubtful debtors have to be made here due to later invoicing. With the implementation of the ERP system KIT expects to diminish this risk in the future.

Cash and cash equivalents

Cash and cash equivalents are carried at face value. Unless otherwise stated, they are freely available.

The Association has a credit facility at the Postbank amounting to € 227. No bank guarantees have been issued. All cash and cash equivalents are callable.

Foreign currencies

Assets and liabilities in foreign currency are converted at the exchange rates prevailing on the balance sheet date. The conversion differences are reflected in the Income and Expenditure Account. All transactions in foreign currencies are recorded at exchange rates prevailing on the transaction date.

Notes to the Consolidated Balance Sheet as of December 31, 2008

(AMOUNTS IN €1,000)

Liabilities

Equity

	Total	General Reserve	Appropriated reserves	Appropriated reserve foundations	Operating result
Balance as of January 1	29,537	28,968	119	73	377
Adjustment	2	1	–	1	–
Appropriation operational results 2007	0	377	–	–	(377)
Reallocation to/from general reserve	107	–	107	–	–
Operational results 2008	483	–	–	–	483
Balance as of December 31	30,129	29,346	226	74	483

GENERAL RESERVE

This reserve acts as a capital buffer. The operating result of the Income and Expenditure Account is credited or charged to this reserve.

Per year end 2007 a provision for jubilee payments of € 215 had to be formed in accordance with current accounting principles (R) 271 art. 203). This provision has been deducted from the general reserve as mentioned in the annual financial account 2007. The presented figures per year end 2007 have been altered for this purpose.

APPROPRIATED RESERVES

The appropriated reserves consists of the Fostering Employability fund (POP) and an appropriated reserve for the 100 year anniversary of KIT. The POP Fund amounts to € 101 as per 31 December 2008. It serves to cover extraordinary expenses for the training of KIT employees. Each year 0.6% of the gross salary of KIT employees is fed into the fund, in accordance with agreements made with the staff unions. Expenses are accounted for in the Income and Expenditure Account. They are covered by a release from the fund. KIT management may not use this fund for other purposes. In 2008 a heritage of € 125 was received by KIT. This heritage has mainly been allocated to be spend on the celebrations with regard to the 100 year anniversary of KIT in 2010.

APPROPRIATED RESERVE FOUNDATIONS

According to Directive 640 on reporting for non-profit organisations, the equity of foundations cannot be included in the single accounts because foundations do not have shareholders, and hence, cannot be owned. The Royal Tropical Institute Association manages two foundations and the assets & liabilities and income & expenses of these two foundations are fully accounted for in the consolidated accounts. The net asset value of Stichting Tropenmuseum Collectiefonds at year end 2008 was € 51, and the net asset value of Stichting Eijkman Medaillefonds was € 23. The inclusion of the assets and liabilities of these two funds results in a difference of € 74 between the equity of the single accounts and the consolidated accounts of Royal Tropical Institute Association.

Appropriated Funds	Appropriated fund Buza	Appropriated fund OC&W
Balance as of January 1	207	0
Allocation	(207)	0
Balance as of December 31	0	0

APPROPRIATED FUND BUZA

An appropriated fund has been set up for output financing because this sum has been granted for a four-year term (2004 to 2007). The authorised financing was spent, except for € 207 which relates to a 'People, Markets, Value programme'. The remaining balance of € 207 was spent in 2008.

APPROPRIATED FUND OC&W

The Dutch Ministry of Education, Culture & Science (OC&W) finances the Tropentheater and Tropenmuseum for a cycle period of four years (2005-2008). In accordance with the accounting principles of the Ministry a separate fund has been set up. All funds were spent in 2008. At the end of 2008 the fund stood at nil (2007: nil).

Provisions**Provision for monthly redundancy pay**

This provision was made in 2001 as a result of the obligation to pay monthly redundancy compensation to inactive personnel up to 2030. Part of it is covered by receipts from the Ministry of Foreign Affairs. The associated commitment of the Ministry of € 386 is included in the balance sheet (€ 127 short-term, € 259 long-term). The provision is adjusted annually in line with the salary increases stipulated in collective labour agreements.

Notes to the Consolidated Balance Sheet as of December 31, 2008

(AMOUNTS IN €1,000)

The appropriated amount is the balance of incoming and outgoing employees. Incoming employees have become inactive and joined an early retirement scheme. The existing obligation towards outgoing employees has been cancelled or reduced as a result of legal proceedings. The estimated redundancy pay obligation for 2009 is € 738.

	2008	2007
Balance as of January 1	3,522	4,477
Appropriation chargeable to the result	311	203
Net payments	(647)	(1,158)
Balance as of December 31	3,186	3,522

Provision for jubilee payments

Employees working for KIT for 12 ½, 25, 40 or 50 years get a jubilee allowance. In 2008 a provision has been formed for these payments that may occur in future years. The figures as per January 1st 2008 have been altered for this purpose. An amount of € 215 has been deducted from the general reserve. In the year 2008 itself there were no changes in the amount that has to be provided for. Therefore the impact on the Income and Expenditure account was nil.

Provision for tax payments

The tax provision in the Balance Sheet is nil (2007: € 110). The result of KIT Holding BV in 2008 was € 8. Therefore hardly any corporate tax was due. No provision for tax payments had been made as per year end 2008.

Notes to the Consolidated Balance Sheet as of December 31, 2008

(AMOUNTS IN €1,000)

Current Liabilities

Accounts payable	31-12-08	31-12-07
Accounts payable Royal Tropical Institute Association	1,667	1,394
Accounts payable Holding KIT BV (2007: KIT Hotel BV and Publishers BV)	323	361
Balance as of December 31	1,990	1,755

Pension liabilities

The KIT pension plan qualifies as a multi-employer defined benefit plan. It is therefore treated as a defined contribution plan. The pension scheme is insured by ABP. The agreement is that KIT has no obligations for deficits other than higher future insurance payments.

According to information from ABP the fund has a covering rate of the obligations of 90% per year end.

Advance receivables and accrued expenses	31-12-08	31-12-07
Advance receivable Output finance Ministry of Foreign Affairs	1,082	0
Accrual for vacation days	1,671	1,182
Accrual for 8% vacation payment	573	593
Advance receivable Heritage Extra Ministry of Foreign Affairs	419	450
Advance receivable Bank Giro Loterij	320	120
Advance receivable Stichting Doen	100	100
Advance receivable BZ monthly redundancy pay obligations*	54	79
Advance receivable Stichting Mondriaan	0	12
Other accrued expenses	3,534	2,022
Balance as of December 31	7,753	4,558

* This is the *advance* receivables, the majority of the receivables regarding redundancy pay obligations are part of the other financial fixed assets and other receivables.

Notes to the Consolidated Balance Sheet as of December 31, 2008

(AMOUNTS IN €1,000)

See the notes on the consolidated income and expenditure account for an explanation of the € 1,082 advance receivable from the Ministry of Foreign Affairs.

The accrual for vacation days is caused by the fact that a number of KIT's employees are around 60 years old and are saving up 'seniority days' to be able to take early retirement. These days are accrued as a future liability.

The increase in other accrued expenses of € 1.5 million is mainly (€ 1 million) caused by an increase in costs to be paid with regard to projects. The remaining € 0.5 million is caused by a current account deficit of the Hotel BV to NH Tropicen.

Guarantees and obligations not shown in the balance sheet

Obligations not shown in the balance sheet relate to contracts concluded for a term of more than one year.

The remaining obligation amounts to € 2,955 and is subdivided as follows:

Less than one year	€ 958
One to five years	€ 1,997
More than five years	€ 0

Notes to the Consolidated Income and Expenditure Account 2008

(AMOUNTS IN €1,000)

Principles for the Determination of Results

Income and expenditure are allocated to the period under review during which products and services were supplied or costs and other expenses incurred. Losses are recognised as soon as they can be foreseen.

The balance shown on the Income and Expenditure Account is defined as the difference between revenues and expenses in the year under review, taking into account the above-mentioned accounting policies.

Output financing

Income from output financing (OF) can be divided into general output financing (2008: € 21,500) and separate output financing income related to a project named 'People, Markets, Values' (PMV) (in accordance with the approval from the Ministry: € 207 spent in 2008).

In 2008 KIT did not succeed in achieving 100% of the output, partly due to the late confirmation of the output financing for the period 2008-2011. The Ministry of Foreign Affairs has agreed that KIT will complete the remaining output of 2008 in 2009. Hence the corresponding output finance will be reserved for 2009.

	Regular OF	PMV
Budget 2007	0	207
Budget 2008	21,500	0
Spent in 2008	(20,418)	(207)
Additional OF budget 2009	1,082	0

Notes to the Consolidated Income and Expenditure Account 2008

(AMOUNTS IN €1,000)

SUBSIDY CONTRIBUTIONS

The following table specifies the total of subsidies received. On request terms and conditions of the subsidies can be provided by the Institute. If specified in the terms and conditions, subsidy contributions will be audited.

	2008	2007
Netherlands Ministry for Education, Culture and Science	355	344
Plan Netherlands	365	38
Mondriaan Stichting/ Foundation	273	128
HIVOS/NCDO (National Committee for International Cooperation and Sustainable Development)	118	108
Stichting/Foundation 'Het Gebaar'	75	97
VSB Funds	75	20
HGIS	55	0
City of Amsterdam (Amsterdam City Council)	52	6
University of Amsterdam	38	0
Netherlands Ministry of Foreign Affairs	32	122
Royal Library	30	0
Historical Museum of Amsterdam	24	0
Amsterdams Fonds voor de Kunst (Amsterdam Art Fund)	10	49
Institute of Tropical Medicine (Berlin)	9	0
Dutch Organisation for Scientific Research (NOW)	8	0
Prins Bernhard Cultuur Fonds (Prins Bernhard Cultural Foundation)	3	130
BankGiro Loterij*	0	80
Fund for Programming and Marketing in the Performing Arts	0	25
Fonds voor de Podiumkunsten	0	17
Senter Internationaal	0	12
Gasterra Publicaties/ Publications	0	10
FAPK	0	8
Society for Tropical Medicine Intern. Health	0	23
Others	0	85
Total	1,522	1,302

Notes to the Consolidated Income and Expenditure Account 2008

(AMOUNTS IN €1,000)

* For a 5-year period (2007-2011) € 200 per year will be received from the BankGiro Loterij. This grant is allocated for specific purposes (purchase collection Museum). In 2008 € 80 was spent. This expense is booked on the advance received and is therefore not visible in the above standing specification. The remaining € 320 is accrued on the balance sheet.

Of this total of € 1,522 (2007: € 1,302) an amount of € 377 (2007: € 355) has a permanent nature and the remaining € 1,145 (2007: € 947) applies only for projects and events taking place in 2008 and can be regarded as incidental.

Project revenues	2008	2007
Reimbursement, personnel	4,957	3,695
Reimbursement, equipment	4,230	4,299
Total	9,187	7,994

Costs of equipment and travelling costs are generally reimbursed as incurred. These revenues must be seen in combination with the material project costs specified in the consolidated income and expenditure account. There can be a slight margin.

The overall increase in revenues of € 1.2 million is mainly due to € 800 extra turnover by KIT Biomedical Research. Included in project revenues is € 220 from Oxfam Novib related to the project 'West African Gender Inclusive Citizenship' (WAGIC) project. Work on this project was performed from January to December 2008. Activities will continue in 2009.

Other revenues	2008	2007
Rooms, food & beverage and other (Hotel BV)	3,893	3,834
Courses Intercultural Management & Communication	1,552	1,808
Entrance Museum and Theatre	1,192	1,208
Rental income external organisations in KIT	891	931
Publishers	840	869
Sponsor income	283	305
Sales of equipment and pharmaceutical items	276	243
Contributions of members	9	34
Other income	51	612
Total	8,987	9,844

Notes to the Consolidated Income and Expenditure Account 2008

(AMOUNTS IN €1,000)

Total turnover of KIT Hotel BV (both hotel and congress facilities) has stayed at roughly the same level. This is caused by lower turnover in the last quarter of 2008 because of the economic crisis, as well as the three-month close down of the KIT congress hall for interior painting during the summer.

Personnel costs	2008	2007
Wages and salaries	15,758	14,668
Social security contributions	1,289	1,267
Pension contributions	1,642	1,580
	18,689	17,515
Other personnel costs	3,756	2,685
Total	22,445	20,200

The number of employees on 31 December 2008 was 353 (2007: 356).

Part of the increase in wages and salaries is due to the terms in the Collective Labour Agreement; another is the result of expense fees for long term expats and redemption fees.

The increase in other personnel costs is mainly due to an increase in redundancy fees and because of a General Labour Agreement pay raise of 3,1%.

Other operating expenses	2008	2007
Accommodation	3,034	3,050
Management and administration	2,916	3,247
Programmes and presentations	2,905	2,476
Publ. documentation and information	1,012	1,172
Laboratory, courses and other	1,999	772
Total	11,866	10,717

Costs of exchange

The exchange rate differences can be attributed to fluctuations in the US dollar against the euro.

Notes to the Consolidated Cash Flow statement 2008

(AMOUNTS IN €1,000)

Depreciation costs of and investments in tangible fixed assets are in balance in 2008, so this had no impact on the massive increase of € 3,013 in cash:

	2008	2007
Depreciation/amortisations (i.e. depreciation of tangible fixed assets)	2,578	2,606
Investments in tangible fixed assets	(2,454)	(1,524)
Effect on cashflow	124	1,082

The same can be said for cash flow from financing activities. In 2008 only € 62 was spent.

The increase in cash and cash equivalents of € 3,013 can therefore only be caused by operational activities. There are three main reasons for this:

- There was a substantial decrease (€ 510) in monthly redundancy payments. In 2007 € 1,158 was spent. In 2008 this went down to € 648;
- A decrease in accounts receivable of € 416;
- An increase of € 3,152 in current liabilities.

It may seem though that the amount of cash has increased by over € 3 million, but this is mainly caused by an increase of advance receivables and accrued expenses (see page 20). In other words most of this money will be spent in 2009.

Balance Sheet as of December 31, 2008 (Before Appropriation of Results)

(AMOUNTS IN €1,000)

Assets	31-12-2008	31-12-2007
Fixed assets		
<i>Tangible fixed assets</i>		
Buildings	21,361	21,398
Machinery & equipment	2,052	2,001
Hardware & software	857	469
Fixtures & fittings	653	691
Other fixed assets	1,284	1,490
Total: Tangible fixed assets	26,207	26,049
<i>Financial fixed assets</i>		
Participations in group entities	1,765	757
Receivables group entities	1,855	1,855
Other financial fixed assets	259	355
Total: Financial fixed assets	3,879	2,967
Current assets		
<i>Stocks</i>		
Finished products	90	105
Total: Stocks	90	105
<i>Accounts receivable</i>		
Debtors	(42)	294
Other receivables	125	303
Advance payments and accrued income	4,404	3,571
Total: Accounts receivable	4,487	4,168
<i>Cash and cash equivalents</i>		
Banks	330	1,215
Cash	46	30
Deposits	7,750	5,400
Total: Cash	8,126	6,645
Total Assets	42,789	39,934

Balance Sheet as of December 31, 2008 (Before Appropriation of Results)

(AMOUNTS IN €1,000)

Liabilities	31-12-2008	31-12-2007
Equity		
General reserve	28,875	28,498
Appropriated reserves	226	119
Appropriated reserve participations	470	470
Operating results	483	377
Total: Equity	30,054	29,464
Appropriated funds		
Appropriated fund Buza	0	207
Appropriated fund OC&W	0	0
Total: Appropriated funds	0	207
Provisions		
Provision for monthly redundancy pay	3,186	3,522
Provision for jubilee payments	215	215
Total: Provisions	3,401	3,737
Current liabilities		
Accounts payable	1,667	1,454
Taxation and social security contributions	494	441
Pension liabilities	225	209
Advance receivables and accrued expenses	6,948	4,422
Total: Current liabilities	9,334	6,526
Total Liabilities	42,789	39,934

Income and Expenditure Account 2008

(AMOUNTS IN €1,000)

	2008	2007
Results from participating interests	8	269
Other costs and benefits	475	108
Operating result	483	377

Notes to the Balance Sheet and the Income and Expenditure Account 2008

(AMOUNTS IN €1,000)

General

The accounting policies and the principles for the determination of the results are identical to those set out in the notes to the consolidated annual accounts.

Tangible Fixed Assets	Total	Buildings	Machinery & Equipment	Hardware & Software	Fixture & Fittings	Other Fixed Assets
Balance as of January 1	26,049	21,398	2,001	469	691	1,490
Purchased 2008	2,321	881	360	782	97	201
Depreciation 2008	(2,163)	(918)	(309)	(394)	(135)	(407)
Balance as of December 31	26,207	21,361	2,052	857	653	1,284
Purchase value as of January 1	61,078	36,739	8,514	3,715	2,505	9,605
Cumulative Depreciation	(34,871)	(15,378)	(6,462)	(2,858)	(1,852)	(8,321)
Balance as of December 31	26,207	21,361	2,052	857	653	1,284

Participations in group entities	Holding KIT BV
Balance as of January 1	757
Transferred to group entity Holding KIT BV (agio)	1,000
Result 2008	8
Balance as of December 31	1,765

Notes to the Balance Sheet and the Income and Expenditure Account 2008

(AMOUNTS IN €1,000)

The 100% participating interest in Holding KIT BV is valued at net asset value (NAV). The initial valuation of Holding KIT BV (€ 470) has been represented directly in equity. The result of the participation in Holding KIT BV corresponds to the contribution to the result of the annual accounts of Holding KIT BV. In 2008 € 1,000 was transferred to KIT Holding BV. This was represented directly in equity (agio reserve).

Receivables from group entities	31-12-08	31-12-07
Holding KIT BV	54	54
KIT Hotel BV	1,801	1,801
Balance as of December 31	1,855	1,855

The Royal Tropical Institute Association outsourced an employee to a subsidiary of Holding KIT BV. The net salary expenses of this employee are carried by the subsidiary. The overhead will be paid by Holding KIT BV at the moment the subsidiary is sold with enough margin to repay the balance to the Royal Tropical Institute Association. This overhead is accrued for as a receivable from Holding KIT BV. In 2008 receivables increased by € 45. Because of the uncertainty regarding the margin this € 45 has been provided for as a project risk. There is therefore no difference in total receivables compared to 2007.

Debtors	31-12-08	31-12-07
Debtors from consultancy projects	1,683	2,804
Other debtors	1,204	1,030
Advance payments	(2,418)	(3,029)
Provision for doubtful debtors	(511)	(511)
Balance as of December 31	(42)	294

Notes to the Balance Sheet and the Income and Expenditure Account 2008

(AMOUNTS IN €1,000)

Other receivables	31-12-08	31-12-07
Intercompany receivables	(2)	165
Receivable BZ monthly redundancy pay obligations	127	138
Balance as of December 31	125	303

The long-term part of the BZ receivable is included in other financial fixed assets.

Advance receivables and accrued income	31-12-08	31-12-07
Revenue to be invoiced	2,315	1,952
VAT receivables	421	431
Other accrued income	1,668	1,188
Balance as of December 31	4,404	3,571

Equity	Total	General Reserve	Appropriated reserves	Appropriated reserve participations	Operating result
Balance as of January 1, 2008	29,464	28,498	119	470	377
Appropriation operational results 2008	0	377			(377)
Allocation to appropriated funds	107		107		
Operational results 2008	483				483
Balance as of December 31, 2008	30,054	28,875	226	470	483

APPROPRIATED RESERVE PARTICIPATIONS

The initial participation in the subsidiary Holding KIT BV of € 470 (net asset value at 31 December 2006) has been added in 2007 to equity as an appropriated reserve.

For more information on movements in equity refer to disclosure of the consolidated accounts.

Personnel costs	2008	2007
Wages and salaries	14,164	13,415
Social Security contributions	1,289	1,221
Pension contributions	1,642	1,580
Total	17,095	16,216

Remuneration of the Executive Board and the Board of Directors

The remuneration of the Executive Board amounts to € 202 and consists of € 173 representing regular income and € 29 being the employer's share of social security contributions, insurance and pension contributions.

Members of the Board of Directors receive an expense allowance of € 0.4 or € 0.7 (Chairman and Vice Chairman) whenever they attend a meeting.

Agreement with KIT Publishers BV

The Royal Tropical Institute Association has agreed with KIT Publishers BV to include the latter's negative bank account in its interest facility up to € 1 million with ABN AMRO. As a guarantee, KIT Publishers BV has pledged its inventory and debtors as collateral. By yearend the bank account was € (693) whilst inventory and debtors amounted to € 490 based on 'going concern'.

Other Information

(AMOUNTS IN €1,000)

Statutory regulation of appropriation of results

According to article 20 of the statutes of the Association the board submits a proposal to the annual meeting of the Council of Members on the results of the year. Unless the Council decides otherwise, the result will be added to the reserves.

Proposed appropriation of results

The board proposes to add the result 2008 of € 483 to the general reserve.

Important post-balance sheet events

KIT received an inheritance at the beginning of 2009. The exact amount and conditions are not exactly known yet as per publishing date.

INTRODUCTION

We have audited the accompanying financial statements 2008 of the Royal Tropical Institute, Amsterdam, which comprise the consolidated and company balance sheet as at 31 December 2008, the consolidated and company profit and loss account for the year then ended and the notes.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Annual Report 2008, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Royal Tropical Institute as at 31 December 2008 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 21 April 2009

BDO CampsObers Audit & Assurance B.V.
for and on behalf of it,

R.W. Brummelman RA

Colophon

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