

**EASTERN AND SOUTHERN AFRICA SMALL
SCALE FARMERS' FORUM (ESAFF)**

**DIRECTORS' REPORT
AND ANNUAL FINANCIAL STATEMENTS**

30 JUNE 2015

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

**DIRECTORS' REPORT AND ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

ORGANIZATION INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

PRINCIPAL PLACE OF ACTIVITIES

Eastern and Southern Africa Small
Scale Farmers Forum (ESAFF)
Morogoro Postal House Building
P. O. Box 1782
Morogoro, Tanzania

REGISTERED OFFICE

Eastern and Southern Africa Small
Scale Farmers Forum (ESAFF)
P. O. Box 1782
Morogoro, Tanzania

BANKERS

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REGIONAL COORDINATOR

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AUDITORS

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EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

1. INTRODUCTION

The Eastern and Southern Africa small-scale Farmers Forum (ESAFF) is a network of grassroots small scale farmers' organisation working in 15 countries of Eastern and Southern Africa (ESA) region. The movement which started in 2002 during the World Summit on Sustainable Development (WSSD) in Johannesburg - South Africa is a small scale farmer initiated, farmer led and farmer owned. Its purpose is to enable small farmers in Eastern and Southern Africa to speak as a united voice so that issues, concerns and recommendations become an integral part of policies and practices at grassroots levels, national levels as well as at regional and global levels.

ESAFF which is fully operational since April 2009 is registered in Tanzania under Non-Governmental Organizations Act 2002 of the United Republic of Tanzania on 27 August 2007. Its registration number is OONGO/1097. The secretariat of ESAFF is in Morogoro is led by the Coordinator who reports to the Regional Board.

ESAFF operates at country level in Eastern and Southern Africa through its members namely, Tanzania (National Network of Small Scale Farmers Groups in Tanzania (MVIWATA), Kenya- Kenya Small Scale Farmers Forum-(KESSFF), Uganda (ESAFF Uganda), Zambia (ESAFF Zambia), Zimbabwe (Zimbabwe Movement of Small Organic Farmers Forum, Lesotho (Lesotho Small Scale Farmers Forum), South Africa (ESAFF South Africa), Malawi (National Smallholder Farmers Movement- NASFAM), Rwanda (ESAFF-Rwanda), Burundi (ESAFF-Burundi), Seychelles (SeyFA), Madagascar (CPM), Mozambique (ROSA), Swaziland (CIESAS) and DRC-Congo (FOPAC)

2. MAIN OBJECTIVES OF THE FORUM

The following are main objectives of ESAFF forum:

- To initiate the development and establishment of educational projects to alleviate illiteracy, improve and raise quality of agriculture and related activities to small scale farmers.
- To carry out field projects, educational programs, research and workshops on different arrears of study so as to enable people to alleviate ignorance in the small scale farming.
- Creating increased small scale farmers' awareness about the potential and capacity to defend their rights, needs, interests and demands socially, economically and culturally.
- Advocating for small scale farmers' rightful positions in society within respective countries, regionally and internationally.
- Mobilizing for self-organization and collective voice amongst small scale farmers in the Eastern and Southern Africa Region.
- Fostering the practice of a sustainable and viable agriculture practices for the benefit of small scale farmers and the general public.
- To foster networking and coordination among national farmers' organisations in Eastern and Southern African Region.
- To work in partnership or in affiliated manner with like minded actors nationally, regionally and internationally.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2015

2. MAIN OBJECTIVES OF THE FORUM (*continued*)

- To enter into contracts or any other arrangements with any International bodies, governments or authorities which are supreme, municipal, local or otherwise, that may seem conducive to carrying out the Organisation's objects.
- To open and operate bank account or accounts and to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, cheques, warrants, debentures and other related instruments.
- To promote or assist in the promotion of any organisation or association having objects similar to the objects of this Organisation, and also any association the objects of which are calculated either directly or indirectly to benefit the Organisation in the attainment of any of its objects.
- To subscribe to other charities and to provide development and financing for any public purpose, to grant pensions, allowances, gratuities and bonuses to, and to provide a superannuating or any other fund or funds for the Organisation's servants, their widows or widowers and dependents as the case may be.
- To raise funds, invite and receive donations, grants, assistance, and contributions in order to support the Organisation's projects but on such terms and conditions congruent to the principal aim of the Organisation.
- To do all such other things as are incidental or conducive to the attainment of the above objects or any of them.

3. VISION STATEMENT

A strong effective forum of empowered Small Scale Farmers with united voices in the policy processes for ecological agriculture and poverty free Eastern and Southern Africa region.

4. MISSION STATEMENT

Empowering Small Scale Farmers in Eastern and Southern Africa to influence development policies and promote ecological agriculture through capacity strengthening, research and networking.

5. THE PURPOSE

To enable small farmers in Eastern and Southern Africa to speak as a united voice so that the issues, concerns and recommendations of farmers become an integral part of policies and practices at grassroots, national, regional and international levels.

6. REPORT ON ACTIVITIES DONE DURING THE YEAR

During the reporting period ESAFF activities focused on 4 key results areas as advocating for Food security and sovereignty in the region, Trade and markets, Cross cutting issues of gender, climate change and youth as well as HIV/AIDS as well as Organisational development at ESAFF and members level.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

DIRECTORS' REPORT (*Continued*)

FOR THE YEAR ENDED 30th JUNE 2015

6. REPORT ON ACTIVITIES DONE DURING THE YEAR (*continued*)

The following are the details for each key result areas:

Key Result Area 1: Food security and sovereignty, to ensure food security in the region:

This included:

- (i) To influence Policy decisions on food security and sovereignty at international, regional and national levels through campaigns on seed security in the region. The following were undertaken:

- During the reporting period ESAFF and its members spread in 15 countries in Eastern and Southern Africa continued to engage in major continental policy agriculture making policy processes. A campaign vision 2025 was developed during the annual general meeting in June 2015 showing how ESAFF and its members will engage the CAADP framework at all level in the next 10 years.

The making of the 2nd decade of the Comprehensive African Agriculture Development Programme (CAADP) started in the year 2013/2014 where ESAFF and other like-minded organisations influenced the process to be more pro smallholder farmers, take onboard agroecology and issues of women, and youth smallholder farmers. The year 2014/15 focused on engaging agriculture policies at AU/NEPAD level, Regional Economic Communities (RECs) – EAC and SADC as well as at national level and grassroots level focusing on the Malabo Declaration and commitment of June 2014. Other activities included conclusion of the studies analysing CAADP, Agriculture Public Financing and other agriculture policies at EAC and SADC level, at national levels. Studies increased awareness and provided farmers with evidence based advocacy at all levels. Studies showed that many African countries allocate substantial amount on agriculture budget but the actual disbursement over the year is late and below the allocated amount. Studies also provided information on where and when to engage national and local budgetary and policy formulation processes.

- (ii) Another activity was to build capacity of small scale farmers in sustainable agro ecological farming practices in the region. Motivated members to work on seed banks as an alternative to ensure food sovereignty. ESAFF continued to document life changing stories on farmers who have managed to conduct seed multiplication in Tanzania, Rwanda, Zimbabwe and Zambia and shared with other network members.
- (iii) On Agriculture research agenda, ESAFF is exploring opportunities to work with research institutions to support farmers to catalogue the seed maize variety that they propagate so that they can register and own it.

Key Result Area 2: Trade and Markets in which Small scale farmers' awareness of their rights and responsibilities, and are able to negotiate good trade deals and are demanding and accessing fair markets for their agriculture produces (Project funded through PELUM East Africa and EU INVOLVE conducted by MVIWATA and GRET).

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

DIRECTORS' REPORT (*Continued*)

FOR THE YEAR ENDED 30th JUNE 2015

6. REPORT ON ACTIVITIES DONE DURING THE YEAR (*continued*)

Key Result Area 2: (*continued*)

- (i) Sharing of one impact study of MVIWATA bulk markets experience on food security And food trade was conducted by GRET and MVIWATA and will support the study on regional trade and NTBs in EAC. There were calls for supporting SSFs to access markets and venture into bulk marketing as it is convenient for many buyers to acquire agricultural products from a group of farmers at one place.
- (ii) Regional Conference for Showcasing to EAC Governments and ESAFF members the effectiveness of bulk marketing and the importance of "Cross-border Trade Centres" for food security.
- (iii) As a way of facilitating trading among EAC countries, MVIWATA in collaboration with ESAFF and GRET organized a regional workshop that brought together representatives of governments, traders and small scale farmers from EAC countries. The workshop was conducted in Morogoro-Tanzania from the 15th to 18th of July 2014 with a total of 77 (57 Males, 20 Females) participants.
- (iv) **Consolidation of MVIWATA's existing markets and expanding market information systems in EAC**
During the regional workshop MVIWATA presented on the operation of MVIWATA Agricultural Marketing Information System (MAMIS) and the possible options of expanding in other EAC countries. Presentation on MAMIS and the way to link with other MIS in EAC countries had also been presented in different meetings that were held. As a result of these presentation people from Burundi have been making follow up and request on support on how to introduce similar systems.

Key Result Area 3: Mainstreamed gender, youth and HIV in all its policies and programs and externally identified and engaged in a number of cross cutting issues for advocacy at national and regional levels regarding Gender, youth and HIV/AIDS.

- (i) Gender and youth issues continued to be important elements in ESAFF operations and programme planning and implementation since the year 2013. In August 2013 ESAFF Board approved gender, youth and HIV/AIDS policies to guide mainstreaming of these cross cutting issues within ESAFF. The year 2014 saw more women and youth coming in ESAFF leadership. To June 2015 women farmer leaders were at the helm of 5 members that include MVIWATA - Tanzania, ESAFF South Africa, Lesotho, ZIMSOFF - Zimbabwe, ESAFF Rwanda. Within ESAFF the executive committee of the Board is female dominated in which 3 out of four leaders are women. Apart from the Chairman, the vice chair, General Secretary and Treasurers are women farmer leaders. At ESAFF secretariat level, out of 6 staff; two staff were men and four were women. ESAFF is looking forward to see more youth and women farmer leaders are making their way in the Board at national and regional level.
- (ii) A study on youth was conducted to see the broader picture of youth in agriculture in the eastern and southern Africa region

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2015

6. REPORT ON ACTIVITIES DONE DURING THE YEAR (*continued*)

Key Result Area 4: ESAFF is an organization that produces high quality services efficiently, effectively and in good time by the year 2016

During the reporting period ESAFF continued to ensure that it has a strong and competent secretariat for day to day activities, the Board that is providing guidance and direction as well as financial mobilisation and communication within and outside the organisation.

Among the key deliverables over the year are as follows;

- (i) To strengthen ESAFF regional secretariat as a professional, efficient and effective and ensure conducive working environment. Staffs were recruited and working policies were improved. Total numbers of permanent staff at ESAFF by June 2015 were 6 in which 4 are women and 2 male.
- (ii) Statutory meetings for monitoring and enhancement of ESAFF region governance took place as well as Strengthened of institutional capability and sustainability. These are 3 exco meetings, 3 Board meetings and one AGM.
- (iii) On communication and visibility, ESAFF continued to be a source of information at national and international level. International media like the Press TV, Radio France International contacted ESAFF to seek smallholder farmers' opinion on various issues like GMOs and Agriculture Financing.
- (iv) ESAFF website, www.esaff.org was updated regularly alongside the social media embedded like Flickr, Facebook, and YouTube. Instagram and twitter were added as tool for communication. Board members were oriented and supported to use social media like what sup and vibe as well as skype for communication. Youth farmers have taken interest and mostly communicating through ESAFF communication tool. Robust membership mobilisation is on-going and ESAFF and its network members are updating their membership data bases which by July 2014 stood at 530,000 members in 15 countries.
- (v) On working material s for farmers, ESAFF developed and disseminated various manuals/tools and guide to assist farmers in evaluating themselves through SAYO (self Asses Your Organisation Tool, Financial Management Manual, Governance Manual, Advocacy Guide, Public Expenditure Tracking (PETS) guide and manual, Fundraising Guide, Policy Analysis Tool and these were produced and shared with members. Members were also trained on advocacy, communications and networking strategies.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

DIRECTORS' REPORT (*Continued*)

FOR THE YEAR ENDED 30th JUNE 2015

7. FACTORS WHICH CONSTRAINED THE IMPLEMENTATION OF THE ESAFF ACTIVITIES IN 2014/2015

There are several factors which affected the implementation of ESAFF activities during the period ended 30 June 2015. The main challenges included the followings:

- (i) The year 2014 marked the beginning of the cycle of the strategic plan of ESAFF and the transition from old leadership to the new leadership of ESAFF. The transition went well and the proper handover from old to new leadership went well. ESAFF is implementing a new strategic plan 2014-2016 with a relatively new board and new members of staff. Following this fact, most of the time was
- (ii) Initially spent to orient new members and staff about the organisation and its programs. The Board support especially the new executive committee to the implementation of activities have been enormous while staffs were ready to spend more time to ensure timely delivery of activities.
- (iii) The leadership challenges of ESAFF Burundi, as well as political environment, were not favourable to conduct activities from the month of November 2014 to March 2015. The executive committee of the board and the regional secretariat supported ESAFF Burundi through the leadership crisis during that period after which a new leadership was elected in April 2015.
- (iv) Language barrier have proven to be a challenge in Rwanda and Burundi where it was perceived that French language could be enough. Albeit local languages of Kinyarwanda and Kirundi are popular languages among local farmers in the two countries. ESAFF will work to translate important reference materials in these two languages. These include the governance manual, finance management guidelines and PETS handbook

8. GOVERNANCE STRUCTURE

The Organisation powers and affairs shall be managed by the members through the following Organs:-

- (i) The Tri-Annual General Summit (TGS) is held after every three years. The Summit constitutes of four members or delegates or representatives from each member country, it has almost 54 members and these members change after each three years. Last TGS was done in June 2014 and next TGS is expected to be in June 2017. The TGS elects office bearers of the organisation (executive committee of the Board exco); the Chairman, Vice Chairman, General Secretary and Treasurer. It also approves strategic plan, select bankers and auditors and amends constitution.
- (ii) The Annual General Meeting (AGM) and or Extraordinary General Meetings held every year. AGM constitutes two members or delegates or representatives from each member country. The AGM main function is to approve annual plans.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2015

8. GOVERNANCE STRUCTURE (*Continued*)

- (iii) The ESAFF Regional Board - is constituted of thirteen (15) elected at the Tri-Annual General Summit of the Organization. The tenure of office for Board members is three (3) years but renewable once when deemed appropriate subject to re-election. The Board works to support the secretariat operations through the Executive Committee (Exco).
- (iv) The Secretariat is headed by the ESAFF Regional Coordinator and governed by rules, regulations and policies made by ESAFF Regional Board from time to time for the proper and efficient execution of the day to day activities of the Organisation under the oversight role of the Board through the exco.

REGIONAL BOARD

The Board of Directors meets at least three times each year. The following are the Directors who served the Forum regional board during the year up to the date of this report:

REGIONAL BOARD

Name	Country of Residence	Qualifications/ professional	Position	Appointment date
1. Mr. Serge Benstrong	Seychelles	A farmer	Chairperson	June 2014
2. Mr. Mario Acel - Mungu	Uganda	A farmer	Board Member	June 2014
3. Ms. Rachel Muyobokeye	Rwanda	A farmer	Treasurer	June 2014
4. Ms. Mamalefetsane Phakoe	Lesotho	A farmer	General Secretary	June 2014
5. Mr. Richard Rabetrano	Madagascar	A farmer	Board Member	June 2014
6. Mr. Alfayo Kurunah	Kenya	A farmer	Board Member	June 2014
7. Ms. Elizabeth Mpofu	Zimbabwe	A farmer	Board Member	June 2014
8. Mr. Selemani Niyonkuru	Burundi	A farmer	Board Member	March 2015
9. Mr. Bellie Mpando	Malawi	A farmer	Board Member	June 2014
10. Mr. Abel Asainda	Mozambique	A farmer	Board Member	June 2014
11. Ms. Flora Maswanganyi	South Africa	A farmer	Vice Chairperson	June 2015
12. Mr. Mubanga Kasakula	Zambia	A farmer	Board Member	June 2014
13. Mr. Haji Ussi Haji	Tanzania	A farmer	Board Member	June 2014
14. Mr. Achilles Mbusa Lumalisa	DRC-Congo	A farmer	Board Member	June 2014
15. Mr. Bheva Hlope	Swaziland	A farmer	Board Member	June 2014

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2015

9. MEMBERS DURING THE YEAR

The Forum relies on membership subscription and donations from donors' organizations to pursue its activities, within constitution it stipulate rights and responsibilities of each members. The forum has the following categories of membership, namely:

- (i) **Founder members:** Founder members are the national farmers' organisations that have formed and registered the Organisation whose names and signatures appear in Constitution as founding members. There are 7 members in this category. These members are Zimbabwe (ZIMSOFF), Tanzania (MVIWATA), Kenya (KESSF), Rwanda (ESAFF Rwanda), South Africa (ESAFF South Africa), Lesotho (ESAFF Lesotho) and Zambia (ESAFF Zambia).
- (ii) **Ordinary Members:** Members are national farmers' organization in any country of the Region which joins the Organisation after its incorporation or registration. Currently there are seven members under this category.
- (iii) **Associate Members:** Associate shall be any national farmers' organisation or ESAFF Chapter in any country of the Region which is applying to be a member but the process of its admission has not been fully determined by the Organisation. Provided that such membership shall last for not less than one calendar year and shall not exceed two calendar year. No member in this category

10. DONORS DURING THE YEAR

Forum do receive grants from different donors to implement different activities, during the year under review forum has received grants from the following donors:

Donor	Period of Contract	Contracted Amount	Amount received 2014/2015	Amount received 2013/2014
Oxfam Novib	18 Months	Euro 160,000	Euro 150,837	Euro 99,527
Bread for the World (BFTW)	24 Months	Euro 172,000	Euro 78,000	Euro 49,886
INSARD	-	-	-	Euro 19,556
Trust Africa (TA)	3 Months	USD 25,000	USD 24,965	-
European Union (EU)	42 Months	Euro 1,811,164	Euro 482,317	Euro 484,299
Southern Africa Trust (SAT)	24 months	ZAR 900,000	USD 28,640	USD 22,900

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2015

11. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board accepts final responsibility for the risk management and internal control systems of the forum.

The Secretariat oversees the management of financial risks and establishes the appropriate financial risk governance framework for the forum.

It is the task of the Board to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the forum's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

The Forum has established log frame of targets to be achieved, perform capacity building and due diligence of its activities executed by members, performs internal audit reviews, performs monitoring and evaluation of its activities. The Forum also is at its final steps to review and update existing Financial Policy and Human Resource manual.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the internal control system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board of Directors assessed the internal control systems throughout the financial year ended 30 June 2015 and is of the opinion that they met accepted criteria.

12. EMPLOYEES' WELFARE

Staff Welfare

Staff welfare is covered under the terms and conditions of employment that outline various benefits and policies governing employment.

Management and Employees relationship

The relationship between employees and management is good. During the year ended 30th June 2015, the organization had 6 staffs. The advocacy officer terminated his contract in March 2015, and the replacement was done immediately in April 2015 by the coordinator with support from the Board Chairman and executive committee (exco) members of the Board. Management continues to give employees platform to express themselves on issues they want to see improved at relevant meetings and platforms.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2015

13. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of ESAFF is responsible for the preparation and fair presentation of the financial statements for each year, which give a true and fair view of the state of affairs of the financial state of the organization at the end of the financial year in terms of operational results of organization and projects.

In preparing the statement of financial statements, board of directors required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgments and estimates that are reasonable and prudent; and
- Maintain financial records and prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) and the policies and procedures required by accounting policies selected by ESAFF.

Board of Directors is responsible for maintenance of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the organization as well as adequate systems of internal financial control. Board also have responsibility for taking such steps as is reasonable to safeguard the assets of the forum in compliance with all regulatory and legal requirements and for taking reasonable steps for the prevention, detection of fraud, error and other irregularities.

14. FINANCIAL PERFORMANCE AND SOLVENCY OF THE FORUM

The performance of financial was good during the year and its results are set out on page 15 of these financial statement. Also the board of directors consider the Forum to be solvent and state of affairs of the forum is noted on page 16 of this financial statement.

15. GOING CONCERN ASSUMPTION

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this report.

16. SUBSEQUENT EVENTS

There were no events subsequent to year end that required adjustment to, or disclosure in, these financial statements as per IAS 10 "Events after the reporting period."

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

**DIRECTORS' REPORT (*Continued*)
FOR THE YEAR ENDED 30th JUNE 2015**

17. AUDITORS

The auditors of Ernst and Young have expressed their willingness to continue in office and are eligible for reappointment.

The financial statements, as set out on pages 15 to 33, which have been prepared on going concern basis, were approved by the board of directors on 30.09.2015 and signed on its behalf by:



Serge Benstrong
ESAFF Chairperson

30.09.2015
Date

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
THE EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM**

We have audited the financial statements of the Eastern And Southern Africa Small Scale Farmers' Forum (ESAFF), which comprise of the Statement of financial position as at 30th June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility to the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls as management determine is necessary to enable the preparation of financial statements that are free from 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we considered the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal controls. Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 unqualified audit opinion.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
THE EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (continued)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Eastern and Southern Africa Small Scale Farmers' Forum (ESAFF) as at 30th June 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


Ernst & Young

Certified Public Accountants,

Dar es Salaam

Signed by: Joseph Sheffu.....

Date: 30th September 2015

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30th JUNE 2015**

	Notes	JUNE 2015 TZS	JUNE 2014 TZS
Income			
Accountable Grants	5	1,422,279,064	1,068,529,595
Other Income	6	132,095,715	55,822,964
Total income		<u>1,554,374,779</u>	<u>1,124,352,559</u>
Expenditure			
Grants Disbursements	7	295,069,796	167,125,794
Administration Expenses	8	230,872,409	336,661,387
Program Expenses	9	904,523,993	571,505,386
Total expenditure		<u>1,430,466,198</u>	<u>1,075,292,567</u>
Surplus of income over expenditure		<u>123,908,581</u>	<u>49,059,991</u>

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

**STATEMENT OF CHANGE OF EQUITY
FOR THE YEAR ENDED 30th JUNE 2015**

	Accumulated Surplus JUNE 2015 TZS	Accumulated Surplus JUNE 2014 TZS
Statement of Reserve		
Balance Brought Forward	72,491,161	27,755,995
Asset Adjustment		(4,324,825)
Surplus for the year	123,908,581	49,059,991
Balance as at 30 June 2015	196,399,742	72,491,161

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30th JUNE 2015

	June 2015 TZS	June 2014 TZS
Cash flow from operating activities		
Surplus For The Year	123,908,581	49,059,991
Adjustments for:		
Depreciation	9,602,132	8,745,666
Net cash flow before working capital changes	133,510,713	57,805,657
Changes in working capital		
Decrease in Staff Advances	128,943	1,515,479
Decrease/(Increase) in Prepayments	(73,396,100)	27,694
Increase/(Decrease) in Grants Advances	3,545,623	(133,851,366)
(Increase)/(Decrease) in Payables	43,811,865	(40,153,222)
Increase in Deferred Income	89,069,828	198,747,767
Net cash flow from operating activities	196,670,872	84,092,010
Cash flow from investing activities		
Purchase of equipment	(8,435,000)	(3,180,000)
Net cash flow from investing activities	(8,435,000)	(3,180,000)
Increase in cash and cash equivalents during the year	188,235,872	80,912,010
Cash and cash equivalent at the beginning of the year	577,528,621	496,616,611
Cash and cash equivalent at the end of the year	765,764,493	577,528,621

SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND
FOR THE YEAR ENDED 30 JUNE 2015

Donors									
ESAFF	OWN FUND 006	OXFAM NOVIB 001	BftW 002	TA 003	EU 004	SAT 005	SADC CNGO 007	TOTAL	
1	Opening Balance as of July 01, 2014	-	7,021,623	-	719,816,548	-	1,019,465	-	736,156,534
2	Receipts During The Period	13,416,271	154,259,040	42,421,093	946,725,570	46,969,600	8,397,651	1,522,620,564	
		13,416,271	161,280,663	42,421,093	1,666,542,118	45,950,135	8,397,651	2,258,777,098	
	LESS: EXPENDITURE								
A.	General Investment	-	2,750,000	-	5,685,000	-	-	8,435,000	
B.	Recurrent Expenses								
1	Payroll Costs	-	73,372,360	3,325,192	198,819,983	5,740,988	-	320,680,677	
2	Administration Expenditures	-	5,772,073	-	25,385,025	546,190	-	35,891,486	
3	Professional Charges	-	2,232,176	-	33,964,426	-	-	40,615,317	
C.	Programmes								
	Key Result Area 1 - Food security and sovereignty: small scale farmers continue to ensure food security in the region through sustainable production and policy advocacy for favourable policies and resources availability								
	Sub-result 1: Small-holder farmers' rights protocol and responsive implementation of CAADP II, 2014 -2025 on public investment to agriculture, addressed (The AU Heads of State Malabo Declaration June 2014)	-	15,506,720	-	-	39,662,957	4,781,054	69,454,076	
1	Sub-result 2: Member capacities enhanced on agriculture policy advocacy within the CAADP frameworks at AU, RECs and National level.	-	33,122,534	-	160,558,699	-	-	193,681,234	
2	Sub-result 3: Carry out monitoring systems of CAADP engagements on 10% for agriculture at EAC and national level in the support of small scale farming	-	24,679,756	-	39,095,902	-	-	228,614,501	
3	Sub-result 4: Sustainable climate-oriented, agro-ecological agriculture at national, regional and continental level implemented	-	6,970,014	-	-	-	-	15,157,034	
4	Sub-result 5: Agriculture research agenda influenced at various level	-	-	-	-	-	-	-	
5	Key Result Area 2- Trade and Markets: Small scale farmers are aware of their rights and responsibilities, and are able to negotiate good trade deals and are demanding and accessing fair market for their agriculture produces								
6	Sub Results Area 1 : Capacity of grassroots members built to market collectively and negotiate fair prices for inputs and produce in through MVIWATA Experience (2.1, 2.2 2.3 and 2.4)	-	-	-	231,750,438	-	-	231,750,438	
	Sub Results Area 2: Researched into and campaigned against unfair trade and marketing policies and practices between countries, regions at global level	-	-	-	63,319,358	-	-	63,319,358	
	Sub Results Area 3:	-	-	-	-	-	-	-	
	Key Result Area 3- ESAFF mainstreamed youth, gender and HIV in all the policies and programs and has externally identified and engaged in a number of cross cutting issues for advocacy at national and regional levels regarding Gender, Youth and HIV/AIDS by the year 2016								
	Sub-result 1: All members have developed and implementing cross cutting issues in their policies and programs	-	-	-	-	-	-	-	
7	Sub-result 2: Youth are motivated to take interest in ESAFF activities and leadership	-	-	-	-	-	-	-	
8	Key Results Area 4: ESAFF is an organization that produces high quality services efficiently, effectively and in good time								
9	Sub-result 1: Strengthened institutional capability and sustainability of members	-	5,147,750	-	4,350,100	-	-	9,497,850	
10	Sub-Result 2: To strengthen ESAFF regional secretariat as a professional, efficient and effective and ensuring conducive working environment	-	3,903,950	-	-	-	-	3,903,950	
11	Sub-result 3: Enhanced ESAFF region governance	-	7,701,250	-	-	-	-	7,701,250	
12	Sub-result 4: Mobilise the necessary resources for the implementation of the strategic plan (services)	-	-	-	-	-	-	-	
	Sub-Result 5: Enhanced leverage, Communication, visibility and Linkages, within ESAFF network as well as between ESAFF and likeminded organisations	-	41,761,310	-	120,376,866	-	3,616,597	165,754,773	
	Sub-result 6: Ensured learning, sustainability of SP through Monitoring and Evaluation of projects activities	7,020,000	25,111,720	-	2,710,400	-	-	34,842,120	
	Grand Total	7,020,000	206,183,659	107,567,388	42,421,093	45,950,135	8,397,651	1,429,299,064	
	Balance Carried Forward	6,396,271	114,585,509	53,713,275	654,782,979	-	-	829,478,034.09	19

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2015

GENERAL INFORMATION

ESAFF is a network of grassroots small scale farmers' organizations working in 15 countries of Eastern and Southern Africa (ESA) region. The movement is a small scale farmer initiated, farmer led and farmer owned. Its purpose is to enable small farmers in Eastern and Southern Africa to speak as a united voice so that issues, concerns and recommendations become an integral part of policies and practices at national, regional/international levels.

The Eastern and Southern Africa small-scale Farmers Forum-ESAFF established in 2002 and registered in Tanzania under Non-Governmental Organizations Act 2002 of the United Republic of Tanzania on 27 August 2007, its registration number is 00NGO/1097. The secretariat of ESAFF in Morogoro, Tanzania is led by the Coordinator who reports to the Regional Board.

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

The financial statements have been prepared under the historical cost basis and are presented in Tanzania shillings which are operation currency of Forum.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Revenue recognition

Revenue for the forum is mainly in forms of members' contribution and grants from donor.

Membership contributions

Annual membership contributions from members are recognised on cash basis upon receipt of contribution from the member. They have 15 members and each member has to contribute USD 150 per annually.

Donor grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over a period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where there is no basis existing for allocating a grant to periods other than the one in which it was received, grant is recognised on receipt basis.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2015

2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)

Reserve Fund

The fund is set for recording the Property, Plant and Equipment (electronic equipment) transferred by MVIWATA to ESAFF and capital grant spent for acquisition of non-current assets during the period.

Where the Forum receives non-monetary grants, the asset and the grant are recorded at fair value amounts and released to the income statement over the expected useful life of the underlying assets by equal annual instalment.

Other Income

Other income is recognised to the extent that it is probable that the economic benefits will flow to the forum and income can be reliably measured, regardless of when payment is made.

Unused Grants

Grants received from donor for postponed activities are recorded as deferred liabilities and transferred to income of the period as corresponding the expenditure is incurred into implementation of the postponed activities. This is according to the matching concept.

b. Operating expenses

Operating expenses are recognised on an accrual basis. Hence expenditures incurred and their associated liabilities are recognized in the income and expenditure statement at the accounting period in which they occur, regardless of whether or not the payment of expense is made.

c. Foreign currency translation

The financial statements are presented in Tanzania Shillings which is also the Forum's functional currency. Transactions in foreign currencies during the year are converted into Tanzania Shillings at rates ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Tanzania Shillings at rates ruling at the reporting date. The resulting differences from conversion and translation are taken into the statement of comprehensive income in the year in which they arise.

d. Taxes

Value Added Tax (VAT)

The Forum is not registered for VAT exemption therefore the cost of the supplies will include the VAT, and the practice is to apply for VAT exemption for specific procurement of goods and services from the Tanzania Revenue Authority when they are purchasing goods and services using donor funds for who has VAT exemption.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2015

2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)

Income tax

The Forum is exempted from Income Tax as it is engaged solely in charitable activities without profit motive. But it has to withhold tax from its employees and from rent payments then they submit it to Tanzania Revenue Authority.

e. Property and Equipment

Property and Equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Major replacement of parts of property or equipment is recognized as individual assets with specific useful live and depreciation, respectively. All other repairs and maintenance expenses related to equipment are charged to the statement of comprehensive income in the year in which they are incurred.

Depreciation is calculated in the straight-line method to write off the cost of each asset, to their residual value over its estimated useful life as follows:

Motor vehicle	25%
Motor Cycles	20%
Office Equipment	20%
Land and Building	4%
Furniture and fittings	12.5%
Computer and Accessories	33.3%

An item of equipment and any significant part initially recognised is derecognised upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

f. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at banks and in hand and short term deposits. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and cash equivalents defined above, net of outstanding bank overdrafts if any.

g. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2015

2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)

Forum as a lessee

Finance leases that transfer to the Forum substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the forum will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follow:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Organisation that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

i) Financial Assets

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial instruments - initial recognition and subsequent measurement

i) Financial assets (Continued)

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired, The Organisation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Organisation has transferred substantially all the risks and rewards of the asset, or (b) the Organisation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Organisation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Organisation's continuing involvement in the asset.

In that case, the Organisation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Organisation has retained continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Organisation could be required to repay.

Impairment of financial assets

The Organisation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments.

Financial assets carried at amortised cost

For financial assets carried at amortised cost the Organisation first assesses individually for financial assets that are individually significant whether objective evidence of impairment exists or collectively for financial assets that are not individually significant. If the Organisation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial instruments – initial recognition and subsequent measurement

i) Financial assets (Continued)

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Organisation. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, and loans and borrowings. The Trust determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Forum's financial liabilities include trade and other payables, bank overdraft, and loans and borrowings.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial instruments – initial recognition and subsequent measurement

i) Financial Liabilities (Continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Trust that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income. The Trust has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of non-financial assets

The Forum assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the forum estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

k) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

l) Provisions

Provisions are recognised when the forum has a present legal or constructive obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation.

m) Pension and other post-employment benefits

The Forum contributes in a statutory pension scheme to which the forum contribute 10% also the Forum charged 20% of employee gross salary as gratuity expenses and this amount is accrued each month. The forum's contributions, gratuity and leave accruals are charged to the income statement as they fall due.

3. CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2013:

- IFRS 10 Consolidated Financial Statements,
- IFRS 11 Joint Arrangements,
- IFRS 12 Disclosure of Interests in Other Entities,

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2015

	Notes	JUNE 2015 TZS	JUNE 2014 TZS
Non-Current Assets			
Equipment	10	13,133,618	14,300,750
Current Assets			
Staff Advances	11	360,971	489,915
Prepayments	12	83,945,223	10,549,124
Bank and Cash Balances	13	765,764,493	577,528,621
Grants Advances		212,104,910	215,650,541
		1,062,175,607	804,218,201
TOTAL ASSETS		1,075,309,225	818,518,951
RESERVES AND LIABILITIES			
Reserves			
Accumulated Surplus		196,399,742	72,491,161
		196,399,742	72,491,161
Current Liabilities			
Payables	14	55,827,720	12,015,855
Deferred Income	15	823,081,763	734,011,935
		878,909,483	746,027,790
TOTAL RESERVES AND LIABILITIES		1,075,309,225	818,518,951

The financial statements on pages 15 to 33 were approved by the Board of Directors on 30.09 2015 and were signed on its behalf by:

Name: SERGE SENSIRONO
 Signature: [Signature]
 Position: CHAIRMAN
 Date: 30.09.2015

Name: JOSEPH MZINGA
 Signature: [Signature]
 Position: COORDINATOR
 Date: 30.09.2015

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2015

3. CHANGES IN ACCOUNTING POLICIES (Continued)

New and amended standards and interpretations (Continued)

- IAS 19 Employee Benefits,
- IAS 27 Separate Financial Statements,
- IAS 28 Investments in Associates have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2013:

- **IFRS 13 – Fair Value measurement.**

IFRS 13 provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value measurement is required or permitted by IFRS.) Effective 1 January 2013. Application of IFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

The amendment is effective for annual periods beginning on or after 1st July 2013. The Forum does not have any assets with these characteristics so there has been no effect on the presentation of its financial statement

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Forum's financial statements are listed below. This listing is of standards and interpretations issued, which the Forum reasonably expects to be applicable at a future date. The Forum intends to adopt those standards when they become effective.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. These amendments would continue to be considered for future disclosures.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2015

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

IFRS 9 Financial Instruments

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 and financial liabilities as defined in IAS 39. The standard does not have an effective date as yet. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Company.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Company does not expect that IFRIC 21 will have material financial impact in future financial statements.

Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. These amendments would continue to be considered for future disclosures.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The forum has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

These improvements are effective for annual periods beginning on or after 1st July 2013.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2015

	JUNE 2015 TZS	JUNE 2014 TZS
5. Grants Received		
Grants - Oxfam Novib	206,183,659	228,246,910
Grants - Bread for the World	107,567,388	109,221,703
Grants - Trust Africa	42,421,093	52,316,827
Grants - Southern Africa Trust	45,950,135	65,223,522
Grants - SADC-CNGO	8,397,651	-
Grants - European Union	1,011,759,138	613,520,632
	<u>1,422,279,064</u>	<u>1,068,529,595</u>
6. Other Income		
Membership Subscription	3,703,008	5,833,708
Other Incomes	128,392,707	49,989,255
	<u>132,095,715</u>	<u>55,822,963</u>
7. Grants Disbursement		
Disbursement - Gret	63,319,358	133,726,255
Disbursement - MVIWATA	231,750,438	33,399,538
	<u>295,069,796</u>	<u>167,125,795</u>
8. Administration Expenses		
Board & AGM Meeting Expenses	23,080,500	98,766,633
Payroll and related costs	121,682,973	142,890,193
Staff Training	-	9,971,750
Audit Fees	37,592,617	24,344,597
Rent	13,049,624	12,051,647
Depreciation	9,602,132	8,745,666
Security	4,599,000	4,800,000
Office Utility & Maintenance	7,479,800	5,646,488
Office Stationery & Communication Expenses	4,382,684	16,305,617
Professional Charges & Memberships	3,022,700	4,168,000
Bank Charges	3,914,978	3,557,047
Vehicle Maintenance & Fuel	2,465,400	5,413,750
	<u>230,872,409</u>	<u>336,661,387</u>
9. Program Expenses		
Technical Staff Payroll	198,997,703	173,591,456
Key result Area 1: Food security & sovereignty	506,906,846	264,265,207
Key result Area 2: Trade & Markets	-	-
Key result Area 3: Cross cutting issues	-	24,503,000
Key result Area 4: Organisational Capacity	198,619,444	109,145,724
	<u>904,523,993</u>	<u>571,505,386</u>

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th JUNE 2015**

10. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment	Furniture & Fittings	Computer & Accessories	TOTAL
	TZS	TZS	TZS	TZS	TZS
COST					
As at 1 July 2014	17,500,000	4,105,500	6,075,000	12,262,600	39,943,100
Additions	-	-	1,600,000	6,835,000	8,435,000
As at 30 June 2015	17,500,000	4,105,500	7,675,000	19,097,600	48,378,100
DEPRECIATION					
As at 1 July 2014	13,125,000	2,700,250	3,586,876	6,230,225	25,642,350
Charge during the year	4,375,000	622,434	842,708	3,761,990	9,602,132
As at 30 June 2015	17,500,000	3,322,684	4,429,584	9,992,215	35,244,482
NET BOOK VALUE					
As at 30 June 2015	-	782,816	3,245,416	9,105,385	13,133,618
As at 30 June 2014	4,375,000	1,405,250	2,488,124	6,032,376	14,300,750

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2015

	JUNE 2015	JUNE 2014
	TZS	TZS
11. Staff Advances		
Staff Imprest	360,972	489,914
	<u>360,972</u>	<u>489,914</u>
12. Prepayments and Advances		
Prepayment	9,628,106	8,970,124
Other Debtors	74,317,118	1,579,000
	<u>83,945,224</u>	<u>10,549,124</u>
13. Cash & Cash Equivalent		
Exim Bank Account - TShs	60,204,867	25,424,714
Exim Bank Account - USD	6,033,904	7,334,184
Exim Bank Account - EURO	699,525,722	544,769,723
	<u>765,764,493</u>	<u>577,528,621</u>
14. Payables		
Audit Fees Payable	17,676,565	11,900,000
Accrued Expenses	-	115,855
Staff Gratuity payable	38,151,155	
	<u>55,827,720</u>	<u>12,015,855</u>
15. Deferred Income		
Oxfam Novib	114,585,509	10,337,829
Bread for the World (BftW)	53,713,275	4,877,024
Southern Africa Trust (SAT)		(1,019,465)
European Union (EU)	654,782,979	719,816,548
	<u>823,081,763</u>	<u>34,011,935</u>

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2015

16. COMMITMENTS AND CONTINGENCIES

a) CAPITAL COMMITMENTS

As at 30 June 2015 the Forum had no any contractual capital commitments.

b) OPERATING LEASE COMMITMENTS

Operating lease payments represent rentals payable by the forum for its office premises. Leases are negotiated for an average term of one to three years during which rentals are fixed.

17. CONTINGENCY LIABILITY

As at the reporting date, the directors are not aware of any contingency liability that has to be disclosed in these financial statements.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Forum principal financial liabilities comprise of trade and other payables. And the Forum financial assets include receivables derived from advances to staff and cash mainly from donors.

Mainly the Forum is exposed to credit risk, liquidity risk and currency risk. The Forum senior management oversees the management of these risks. The Board of Directors reviews and approves policies for managing each of these risks as listed below:

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk is managed by limit credits and advances to employees.

Liquidity risk

The Forum monitors the risk of shortage of funds through forecast of future cash flows to meet its obligations and pursue long term contractual commitments.

Currency risk

Foreign currency risk is the risk that the forum future cash flows will fluctuate because of changes in foreign exchange rates. Grants from donors are committed in foreign currency and converted into Tanzania Shillings at the rate ruling on the receipt date.

19. EVENTS SUBSEQUENT TO THE YEAR END

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affected the financial position of the Forum and the results of its operations.

20. COMPARISON FIGURES

Prior year figures have been regrouped for comparison purpose.