

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

DIRECTORS' REPORT
AND ANNUAL FINANCIAL STATEMENTS

30 JUNE 2016

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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

ORGANIZATION INFORMATION
FOR THE YEAR ENDED 30 JUNE 2016

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

Exim Bank (T) LTD
Lumumba Road
P.O. Box 6033
Tel. +255 23 2601591
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REGIONAL COORDINATOR

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Eastern and Southern Africa Small
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E-mail: [coordinator @esaff.org](mailto:coordinator@esaff.org)

ORGANIZATION CHAIRMAN

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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

1. INTRODUCTION

The Eastern and Southern Africa small-scale Farmers Forum (ESAFF) is a network of grassroots small scale farmers' organization 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 and 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 (ESAFF Swaziland) 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 2016

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 Organization'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 organization 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 Organization'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 Organization'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 Organizational development at ESAFF and members level.

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

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2016

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 Regional and national agriculture policy making policy processes as well as Budgeting.
 - ESAFF engaged with the SADC processes in making the Regional Agriculture Investment and Implementation Plan (RAIP) after the Regional Agriculture Policy (RAP) was approved. ESAFF was invited to have a seat in the Regional Working Group of the RAIP in which she advocated for the interest of smallholder farmers in the region in areas of sustainable productivity, increased funding to the sector as well as intra-regional trade arrangements, climate resilience and mutual accountability. ESAFF organised various fora between farmers and representatives of governments and Regional economic groups including the EAC Farmers Budget Summits 2016 as well as between SADC and Women Smallholder Farmers in 2015. ESAFF called for smallholder farming to be at the centre in policy making, implementation and monitoring. ESAFF also called for the fully implementation of national and regional protocol as well as the enhancing of the oversight role of the legislature (SADC Parliamentary Forum - SADC PF).
 - In East African Community, ESAFF campaigned for the domestication of the Malabo in the regional parliament (EALA) decided to take the initiative to put in place a resolution to that effect. ESAFF called for the removal of non-tariff barriers on cross border agriculture commodities trade for smallholders and frequent export bans on cereals.
 - ESAFF also engaged national and district local governments to advance the need and interests of smallholder farmers in line with the Malabo Declaration and goals as well as in line with the National Agriculture Investment Plans (NAIPs). ESAFF called for more funding to the sector (10%), full disbursement of allocated funds as well as enhance transparency, accountability. ESAFF conducted Public Expenditure Tracking Surveys (PETS) in 10 districts in the region and engaged to convince districts and national officials to finalise various projects of importance to farmers like cattle dip, irrigation schemes, input support, markets and rural roads constructions
- (ii) Another activity was to build capacity of small scale farmers in sustainable agro ecological farming practices in the region. ESAFF called for recognition of food sovereignty ideas, putting agroecology as a model for sustainable production. ESAFF continued to motivate members to establish seed banks as an alternative to

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

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2016

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

ensure food sovereignty. ESAFF is working with research institute in Uyole Southern Tanzania to purify a local maize landrace, Ibandawe that can be used as a source of wealth creation while ensuring ownership of local seeds to smallholders.

Key Result Area 2: Trade and Markets in which policy and law makers are sensitised on the importance of MVIWATA model of small scale farmers 'bulky market and cross border trade as a motivation for increased productivity and poverty alleviation among farmers. During the reporting period The Eastern and Southern Africa small scale Farmers' Forum (ESAFF) and the East Africa Civil Society Forum (EACSO), together with implementing partners organised the EAC Small Scale Farmers Summit held at AICC Arusha on 10th February 2016. The summit deliberations were based on Comprehensive Africa Agriculture Program (CAADP) Regional Compact Agreement for EAC, Domestication of the Malabo Declaration, as well as discussions on removal of Non-Trade Barrier (NTB) and their impact to small holder farmers. Smallholder farmer and small cross border traders engaged the EAC secretariat and EALA to continue making trade environment conducive in the East Africa Community.

- (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) Consolidation of MVIWATA's existing markets and expanding market information systems (MAMIS) in EAC

To facilitate expansion in accessing marketing information, the following were achieved:

- Improvement of operation of MAMIS software and hardware, and Improvement of provision of information in 10 markets of North-West and Southern Tanzania: Bariadi, Maswa, Tabora, Bukombe, Igunga, Singida, Kibaigwa, Kahama, Makambako, Uyole in Tanzania. These markets were linked to MAMIS, to operation focusing on collection and sending data of price and volume of crops traded in these markets. **After interventions and support it was noted an improvement in data collection and dissemination from the markets that had challenges on submitting market data:** Agents from these markets are submitting market information on the agreed days as required; usage of similar measurement units of crops (Kilogramme) while market information received at MVIWATA at 10:00AM, and the number of request and users increased from an average of 200 to 500 per months.

- MAMIS operation expanded in six market along the Tanzanian borders to Arusha, (Namanga) Ruvuma, Mbeya, Rukwa, and Kilimanjaro (Himo). Kagera which are not in MAMIS coverage and seems to be important including borders market along EAC which are doing well in trade of agricultural produce.

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.

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

DIRECTORS' REPORT (*Continued*)

FOR THE YEAR ENDED 30th JUNE 2016

- (i) Gender and youth issues continued to be important elements in ESAFF operations and programme planning and implementation since the year 2013. ESAFF has continued to advocate within the network the importance of youth and women in all plans and activities.

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 well as national farmers network (members) as professional, efficient and effective organisations in advocacy and networking (including membership development) as well as in planning. ESAFF managed to develop a long term strategy plan (2016-2026) thanks to the theory of "wheel "of influence and theory of "wheel "of impact and ensuring conducive working environment. Updated organisational policies, advocacy strategies and external relationships with key stakeholders like government, media, and like-minded organisations engaged. More desired is the relationships between ESAFF and progressive private sector at all levels.
- (ii) Hold statutory meetings for planning, monitoring and enhancement of ESAFF region governance as well as strengthened of institutional capability and sustainability. These are exco meetings, Board meetings and Annual General Meeting.
- (iii) On communication and visibility, ESAFF continued to be a source of information at national and international level. ESAFF also established what's up groups for staff, for the Board and Exco to facilitate smooth and instant communication among those groups.
- (iv) ESAFF website, www.esaff.org was updated regularly alongside the E-Newsletter and social media embedded like Flickr, Facebook, and YouTube and Twitter. Annual advocacy calendar was produced, posters on the Malabo Declaration in English and Kiswahili were produced and distributed. Other reference literature on farmer organisation governance, public expenditure tracking surveys (PETS) in Kinyarwanda, English and Kiswahili were produced and disseminated widely across the region. Video documentaries on seed, public expenditure tracking, and Advocacy guide also printed and distribute alongside policy briefs on the agriculture sector.
- (v) Later in 2017, ESAFF will update and print its SAYO (Self Asses Your Organisation Tool, Financial Management Handbook, Fundraising Guide, and Policy Analysis Tool.

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

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2016

7. FACTORS WHICH CONSTRAINED THE IMPLEMENTATION OF THE ESAFF ACTIVITIES IN 2015/2016

There are several factors which affected the implementation of ESAFF activities during the period ended 30th June 2016. The main challenges included the followings:

- The year ended by 2016 marked the end of the Strategic Plan 2014-2016 as well as the end of financial support from Oxfam Novib (December 2015), Bread for the World (June 2016) and the EU (May 2016). All these called for ESAFF and network to put extra efforts to develop a new strategic plan framework but also ensure that is informed by evaluation from the strategic plan 2014-2016.
- The Political and peace insecurity in Burundi paved a challenge in ensuring that activities, especially on budget tracking are realised. ESAFF Burundi elected a new leadership was elected in April 2015 and by later in the year ESAFF started implementing activities.
- 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 managed to produce and translate important reference materials in these Kinyarwanda. These include policy briefs and PETS Guide

7. GOVERNANCE STRUCTURE

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

- a) 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.
- b) 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.
- c) 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).
- d) 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.

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

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2016

REGIONAL BOARD

The Board of Directors meets at least three times each year.

Following are the Directors who served the Forum regional board during the year up to the date of this report:

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 Muyoboke	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. Kennedy Chipoya	Zambia	A farmer	Board Member	October 2015
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

8. 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:

- a) **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).

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

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2016

8. MEMBERS DURING THE YEAR (*continued*)

- b) **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 eight members under this category.
- c) **Associate Members:** Associate shall be any national farmers' organization 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.

9. 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 2015/2016
Oxfam Novib	18 Months	Euro 160,000	Euro 150,837	Euro 9,979
Oxfam Novib CB	6 Month	EURO 10,000	0	Euro 9,984.50
Bread for the World (BFTW)	24 Months	Euro 172,000	Euro 78,000	Euro 62,990
Trust Africa (TA)	15 Months	USD 116,000	USD 24,965	USD 69,580
European Union (EU)	42 Months	Euro 1,811,164	Euro 482,317	0
Southern Africa Trust (SAT)	24 months	ZAR 460,000	USD 28,640	USD 29,669.58
Alliance for Food Sovereignty in Africa (AFSA)	1 Month	USD 4,000	0	USD 3,995
Swiss Development Cooperation (SDC)	8 Month	USD 8,000	0	USD 7,970

10. 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 on-going 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;

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

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2016

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

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2016

- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

10. RISK MANAGEMENT AND INTERNAL CONTROLS (*Continued*)

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 2016 and is of the opinion that they met accepted criteria.

11. 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 2016, the organization had three program associates. The contract with the six staffs came to an end in May 2016, as a result of coming to an end of funding from donors who had a great contribution to personnel cost. The Board decided to retain few as project associates to accomplish the year cycle activities and reporting, and ensure fundraising for the new strategic plan 2016-2026.

12. 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.

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

DIRECTORS' REPORT (*Continued*) FOR THE YEAR ENDED 30th JUNE 2016

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.

13. FINANCIAL PERFORMANCE AND SOLVENCY OF THE FORUM

The performance of financial was good during the year and its results are set out on page 14 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 15 of this financial statement.

14. 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.

15. 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."

16. 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 14 to 17, which have been prepared on going concern basis, were approved by the board of directors on 30th Sept 2016 and signed on its behalf by:



Serge Benstrong
ESAFF Chairperson

30 Sept 2016
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 2016, 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 (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 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the NGO Act, 2002 (revised 2005), we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of accounts have been kept by the organisation, so far as appears from our examination of those books;
- iii. The report of the directors is consistent with the financial statements;
- iv. Information specified by law regarding directors' remuneration and transactions with the organisation is disclosed; and
- v. The Organisation's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Ernst & Young

Ernst & Young

Certified Public Accountants,

Dar es Salaam

Signed by: Neema Kiure-Mssusa

Date: 30/09/2016

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30th JUNE 2016

	Notes	JUNE 2016 TZS	JUNE 2015 TZS
Income			
Accountable Grants	1	1,561,041,493	1,422,279,064
Other Income	2	<u>48,004,656</u>	<u>132,095,715</u>
Total income		<u>1,609,046,149</u>	<u>1,554,374,779</u>
Expenditure			
Grants Disbursements	3	182,985,709	295,069,796
Administration Expenses	4	262,171,546	230,872,409
Program Expenses	5	<u>1,158,139,994</u>	<u>904,523,993</u>
Total expenditure		<u>1,603,297,249</u>	<u>1,430,466,198</u>
Surplus of income over expenditure		<u>5,748,900</u>	<u>123,908,581</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2016

	Notes	JUNE 2016 TZS	JUNE 2015 TZS
Non-Current Assets			
Equipment	6	<u>13,381,055</u>	<u>13,133,618</u>
Current Assets			
Staff advances	7	75,556	360,972
Prepayments	8	30,330,283	83,945,224
Bank and Cash Balances	9	28,996,929	765,764,493
Grants Advances	10	29,119,212	212,104,919
Grants Receivables	11	<u>366,761,058</u>	<u>1,062,175,608</u>
		<u>455,283,038</u>	
TOTAL ASSETS		<u><u>468,664,093</u></u>	<u><u>1,075,309,226</u></u>
RESERVES AND LIABILITIES			
Reserves			
Accumulated Surplus		<u>202,148,641</u>	<u>196,399,742</u>
		<u>202,148,641</u>	<u>196,399,742</u>
Current Liabilities			
Payables	11	199,004,298	55,827,720
Deferred Income	12	<u>67,511,154</u>	<u>823,081,763</u>
		<u>266,515,452</u>	<u>878,909,484</u>
TOTAL RESERVES AND LIABILITIES		<u><u>468,664,093</u></u>	<u><u>1,075,309,226</u></u>

The financial statements on pages 14 to 17 were approved by the Board of Directors on
2016 and were signed on its behalf by:

Name: Joseph Mairika
Signature: [Signature]
Position: Coordinator
Date: 30/07/2016

Name: George Benistrom
Signature: [Signature]
Position: Chairperson
Date: 30 Sept 2016

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30th JUNE 2016

	Accumulated Surplus 2016	Accumulated Surplus 2015
Balance Brought Forward	196,399,741	72,491,160
Surplus for the year	<u>5,748,900</u>	<u>123,908,581</u>
Balance as at 30 June	<u><u>202,148,641</u></u>	<u><u>196,399,741</u></u>

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

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30th JUNE 2016

	JUNE 2016 TZS	JUNE 2015 TZS
Cash flow from operating activities		
Surplus for The Year	5,748,900	49,059,991
Adjustments for:		
Depreciation	6,187,562	8,745,666
Net cash flow before working capital changes	11,936,462	57,805,657
Changes in working capital		
Decrease/(increase) in Staff Advances	285,416	128,943
Decrease/(increase) in Prepayments	53,614,941	(73,396,100)
Decrease/(increase) in Grants Advances	182,985,709	3,545,623
Decrease/(increase) in Grants Receivable	(366,761,060)	
(Decrease)/increase in Payables	143,176,578	43,811,865
(Decrease)/increase in Deferred Income	(755,570,609)	89,069,828
Net cash outflow from operating activities	(730,332,564)	120,965,816
Cash flow from investing activities		
Purchase of equipment	(6,435,000)	(8,435,000)
Net cash outflow from investing activities	(6,435,000)	(8,435,000)
Decrease in cash and cash equivalents during the year	(736,767,564)	188,235,872
Cash and cash equivalent at the beginning of the year	765,764,493	577,528,621
Cash and cash equivalent at the end of the year	28,996,929	765,764,493

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

SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND FOR THE YEAR ENDED 30th JUNE 2016

RECEIPTS AND EXPENDITURE PER DEVELOPMENT PARTNER FY 2015/2016		Donors																		
ESAFF		OWN FUND	OXFAM NOVIB	Bread for the World (Bftw)	Trust Africa (TA)	European Union (EU)	Southern Africa Trust (SAT)	Alliance for Food Sovereignty in Africa (AFSA)	Oxfam NOVIB (Capacity Development)	Swiss Development Cooperation (SDC)	TOTAL									
		006	001	002	003	004	005	007	008	009										
		TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'									
1	Opening Balance as of 1st July, 2015	6,396.00	114,586.00	53,713.00	-	654,783.00	-	-	-	-	829,478.00									
2	Receipts During The Period	3,734.00	9,847.00	148,375.00	149,653.00	-	30,908.00	8,623.00	24,999.00	8,719.18	384,858.18									
		-	14,916.00	-	-	-	33,954.26	-	-	8,715.20	57,585.45									
	Other income	44,737.41	-	-	-	-	-	-	-	-	44,737.41									
		54,867.41	139,349.00	202,088.00	149,653.00	654,783.00	64,862.26	8,623.00	24,999.00	17,434.38	1,316,659.04									
	LESS: PAYMENTS																			
I	CASH PAYMENT																			
A.	General Investment	-	-	-	-	6,435.00	-	-	-	-	6,435.00									
B.	Recurrent Expenses	-	-	-	-	-	-	-	-	-	-									
1	Payroll Costs	30,603.00	3,266.77	89,733.00	16,724.20	195,800.25	6,874.07	8,810.48	-	-	351,811.78									
2	Administration Expenditures	-	8,071.39	5,100.07	3,651.83	25,360.08	-	-	-	-	42,183.37									
3	Professional Charges	-	-	-	-	34,631.98	-	-	-	-	34,631.98									
C.	Programmes	-	-	-	-	-	-	-	-	-	-									
	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)	-	7,333.74	26,343.15	43,203.23	9,569.72	17,603.42	-	-	-	104,053.26									
1	Sub result 2: Member capacities enhanced on agriculture policy advocacy within the CAADP frameworks at AU, RECs - EAC and National level.	-	-	-	-	20,000.00	-	-	-	-	89,476.28									
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	-	50,191.91	13,754.22	39,945.88	59,685.13	-	-	-	-	181,011.43									
3		-	-	-	-	-	-	-	-	-	-									

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

SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND FOR THE YEAR ENDED 30th JUNE 2016

RECEIPTS AND EXPENDITURE PER DEVELOPMENT PARTNER FY 2015/2016		Donors																	
	ESAFF	OWN FUND	OXFAM NOVIB	Bread for the World (Bftw)	Trust Africa (TA)	European Union (EU)	Southern Africa Trust (SAT)	Alliance for Food Sovereignty in Africa (AFSA)	Oxfam NOVIB (Capacity Development)	Swiss Development + Cooperation (SDC)									
		006 TSHS'000	001 TSHS'000	002 TSHS'000	003 TSHS'000	004 TSHS'000	005 TSHS'000	007 TSHS'000	008 TSHS'000	009 TSHS'000									TOTAL
	Sub-result 4: Sustainable climate-oriented, agro-ecological agriculture at national, regional and continental level implemented																		
4	Sub-result 5: Agriculture research agenda influenced at various level	-	43,481.30	15,142.09															58,623.39
5	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)	-																	
	Sub Results Area 2: Researched into and campaigned against unfair trade and marketing policies and practices between countries, regions at global level	-																	
	Sub Results Area 3:	-																	
	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	Sub-result 1: Strengthened institutional capability and sustainability of members	-																	
9		-				64,935.39	5,949.57	-	2,111.79	-									72,996.75

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

SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND FOR THE YEAR ENDED 30th JUNE 2016

RECEIPTS AND EXPENDITURE PER DEVELOPMENT PARTNER FY 2015/2016																
Donors																
	OWN FUND	OXFAM NOVIB	Bread for the World (Bftw)	Trust Africa (TA)	European Union (EU)	Southern Africa Trust (SAT)	Alliance for Food Sovereignty in Africa (AFSA)	Oxfam NOVIB (Capacity Development)	Swiss Development Cooperation (SDC)							
ESAFF																TOTAL
	006	001	002	003	004	005	007	008	009							
	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'	TSHS'000'							TSHS'000'

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2016

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 is 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 2016

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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2016

2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)

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.

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 de-recognition 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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2016

2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2016

2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial instruments - initial recognition and subsequent measurement

i) Financial assets (Continued)

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2016

3. CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations

The accounting policies adopted are consistent with those used in the previous year. The following new and amended standards and interpretations that became effective for the organisation during the year did not have any impact on the accounting policies, financial position or performance of the organisation:

- a) Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- b) Annual Improvements 2010-2012 Cycle
 - IFRS 2 Share-based Payment
 - IFRS 3 Business Combinations
 - IFRS 8 Operating Segments
 - IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
 - IAS 24 Related Party Disclosures
- c) Annual Improvements 2011-2013 Cycle
 - IFRS 3 Business Combinations
 - IFRS 13 Fair Value Measurement
 - IAS 40 Investment Property

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Organisation's financial statements are disclosed below. The Organisation intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Organisation plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2016

permitted. The organisation plans to adopt the new standard on the required effective date using the full retrospective method.

Amendments to IAS 7 Statement of cash flows

The improvements to disclosures require companies to provide information about changes in their financing liabilities. The amendments will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).

The improvements are part of the Board's Disclosure Initiative—a portfolio of projects aimed at improving the effectiveness of disclosures in financial reports.

The IAS 7 amendments become mandatory for annual periods beginning on or after 1 January 2017. The impact of the amendments is being assessed by the Organisation.

IFRS 16 Leases

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The key features of the new standard are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach. The new standard's transition provisions permit certain reliefs.

The new standard requires lessees and lessors to make more extensive disclosures than under IAS 17. The impact of the new standard is being assessed by the organisation.

Other standards issued but not yet effective

The following new and amended standards are not expected to have an impact on the financial statements of the organisation:

- a) Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- b) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- c) IFRS 14 Regulatory Deferral Accounts
- d) Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th JUNE 2016

- e) Amendments to IAS 27: Equity Method in Separate Financial Statements
- f) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- g) Amendments to IAS 1 Disclosure Initiative
- h) Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

Annual Improvements 2012-2014 Cycle – These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures - Servicing contracts and Applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2016

	JUNE 2016 TZS	JUNE 2015 TZS
1 Grants Received		
Grants - Oxfam Novib	139,349,049	206,183,659
Grants - Bread for the World (BftW)	169,012,588	107,567,388
Grants - Trust Africa (TA)	173,001,418	42,421,093
Grants - European Union (EU)	998,195,981	1,011,759,138
Grants - Southern Africa Trust (SAT)	30,427,060	45,950,135
Grants - Alliance for Food Sovereignty in Africa (AFSA)	8,622,528	-
Special Grants - Oxfam Novib- Capacity Development	24,998,492	-
Grants-Swiss Agency for Development and Cooperation, SDC	17,434,375	-
Grants - SADC CNGO	-	8,397,651
	<u>1,561,041,492</u>	<u>1,422,279,064</u>
2 Other Income		
Membership Subscription	3,267,243	3,703,008
Other Incomes	44,737,413	128,392,707
	<u>48,004,656</u>	<u>132,095,715</u>
3 Grants Disbursement		
Budget Tracking Districts	-	-
Budget Tracking MVIWATA	-	-
National Advocacy Strategy	-	-
Sub-grantees Administration Expenses	-	-
Disbursement - GRET	1,800,168	63,319,358
Disbursement - MVIWATA	181,185,541	231,750,438
	<u>182,985,709</u>	<u>295,069,796</u>
4 Administration Expenses		
Board & AGM Meeting Expenses	-	23,080,500
Payroll and related costs	133,950,851	121,682,973
Staff Training	-	-
Audit Fees	45,217,783	37,592,617
Rent	12,787,962	13,049,624
Depreciation	6,187,562	9,602,132
Security	3,052,500	4,599,000
Office Utility & Maintenance	9,182,693	7,479,800
Office Stationery & Communication Expenses	13,386,192	4,382,684
Professional Charges & Memberships	34,631,984	3,022,700
Bank Charges	2,022,417	3,914,978
Vehicle Maintenance & Fuel	1,751,602	2,465,400
	<u>262,171,546</u>	<u>230,872,409</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th JUNE 2016

6 PROPERTY & EQUIPMENT

	Motor Vehicles	Office Equipment	Furniture & Fittings	Computer & Accessories	Total
	TZS	TZS	TZS	TZS	TZS
COST					
As at 1 July 2015	17,500,000	4,105,500	7,675,000	19,097,600	48,378,100
Additions	-	-	-	6,435,000	6,435,000
Adjusting Entry	-	-	-	-	-
Disposed	-	-	-	-	-
As at 30 June 2016	17,500,000	4,105,500	7,675,000	25,532,600	54,813,100
DEPRECIATION					
As at 1 July 2015	17,500,000	3,322,684	4,429,584	9,992,215	35,244,482
Charge during the year	-	434,483	959,375	4,793,704	6,187,563
Disposal of assets	-	-	-	-	-
As at 30 June 2016	17,500,000	3,757,167	5,388,960	14,785,919	41,432,045
NET BOOK VALUE					
As at 30 June 2016	-	348,333	2,286,041	10,746,681	13,381,055
As at 30 June 2015	-	782,816	3,245,416	9,105,385	13,133,618

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2016

	JUNE 2016 TZS	JUNE 2015 TZS
7 Staff Advances		
Staff Imprest	75,555	360,972
Staff Advances	-	-
	<u>75,556</u>	<u>360,972</u>
8 Prepayments and Advances		
Prepayment (Rent Building & Website Hosting)	14,093,534	9,628,106
Other Debtors	16,236,749	74,317,118
	<u>30,330,283</u>	<u>83,945,224</u>
9 Cash & Cash Equivalent		
Exim Bank Account - TShs	2,309,577	60,204,867
Exim Bank Account - USD	20,541,584	6,033,904
Exim Bank Account - EURO	6,145,768	699,525,722
	<u>28,996,929</u>	<u>765,764,493</u>
10 Grant Advance		
GRET	14,494,474	16,294,642
MVIWATA	14,624,737	195,810,278
	<u>29,119,211</u>	<u>212,104,919</u>
11 Grant Receivables		
Trust Africa (TA)	23,348,059	
European Union (EU)	343,413,001	
	<u>366,761,060</u>	
12 Payables		
Audit Fees Payable	25,000,000	17,676,565
Accrued Expenses	16,769,160	-
Partners (GRET, MVIWATA) Payable	157,235,138	-
Staff Gratuity Payable	-	38,151,155
	<u>199,004,298</u>	<u>55,827,720</u>
13 Deferred Income		
Oxfam Novib (ON)	-	114,585,509
Bread for the World (BftW)	33,076,151	53,713,275
Southern Africa Trust(SAT)	34,435,002	
European Union (EU)	-	654,782,979
	<u>67,511,153</u>	<u>823,081,763</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2016

14. COMMITMENTS AND CONTINGENCIES

a) CAPITAL COMMITMENTS

As at 30 June 2016 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.

15. 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.

16. 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.

17. 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.

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