

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

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30<sup>TH</sup> JUNE, 2017



**MORIA ASSOCIATES**  
Certified Public Accountants

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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

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

### DIRECTORS' REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

#### 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 00NGO/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 (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.
- 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.

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

DIRECTORS' REPORT FOR THE (Continued)  
YEAR ENDED 30<sup>TH</sup> JUNE 2017

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

- 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 delivered from the ESAFF Strategic plan 2016-2026. In order to reach the programme goal, the Forum will focus on the following key result areas, namely:

- (i) Agriculture Public policy and budget influenced for the realisation of the Malabo Declaration through PETS and PSAM at all levels
- (ii) Wealth creation through ecological agriculture, joint marketing, farmer managed seed system, land security and trade
- (iii) Mainstream Climate change adaptation, HIV/AIDS and gender equality and youth involvement
- (iv) Organisational and institutional development of ESAFF members and ESAFF Regional Office

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

DIRECTORS' REPORT FOR THE (Continued)  
YEAR ENDED 30<sup>TH</sup> JUNE 2017

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

The following are the details for each key result areas:

**Key Result Area 1:**

Agriculture public policy and budget influenced for the realisation of the MALABO declaration through PETS and PSAM at all level:

This included

- (i) ESAFF enhanced Smallholder Farmers understanding of their roles and responsibilities in public resources management, transparency and accountability through PETS/PSAM at national and district levels -activities focused in 4 countries Tanzania Mainland (Kiteto and Mvomero Districts) and Tanzania Zanzibar (Dunga Central District), Zimbabwe (Mutoko District) under and Zambia (Shibuyunji
- (ii) ESAFF influenced EALA to put in place the Zanzibar Resolution on Malabo in the East African Community in October 2016. The resolution is the milestone of achievement for ESAFF in its policy engagement at both national and regional level. Is the tool to engage EAC Member states on agricultural issues.
- (iii) Engaging Members of the European parliament (MEPs) on Agricultural Investments and Impact to smallholder farmers, held on 19<sup>th</sup> September 2016 at the office of the European Commission Delegation in Dar es Salaam
- (iv) Successful Engagement with SADC on the Regional Agriculture Policy Investment Plans through women conference in Johannesburg RSA - Issues raised by women farmers included: Exclusion in accessing favourable financing and other vital input like land
- (v) Organise the SADC Agriculture and Health budget Summit in Johannesburg in November 2016.
- (vi) Influence Project in Lesotho, Swaziland and South Africa (LSS) to support advocacy for increased commitments of governments on the implementation of Malabo in these countries and to support strengthening of organisational capacity the ESAFF members in these countries; Lesotho, RSA and lesotho

**Key Result Area 2:**

Wealth creation through ecological agriculture, joint marketing, farmer managed seed system, land security and trade;

During the implementation, ESAFF continued to support smallholder farmers to own seed as a way of wealth creation for smallholder farmers through working with Agriculture Research Institute in Uyole in Mbeya - Tanzania. ESAFF also participated in national, regional and international forum advocating for the farmers rights to seeds organised by like-minded organisations. ESAFF South Africa organise a seed festival inviting members from nearby Limpopo to participate.

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

DIRECTORS' REPORT FOR THE (Continued)  
YEAR ENDED 30<sup>TH</sup> JUNE 2017

### Key Result Area 3 :

Mainstream Climate change adaptation, HIV/AIDS and gender equality and youth involvement

During the reporting period, ESAFF Board reviewed the gender policy of ESAFF in Johannesburg during Board meeting held in February 2017. The Board put some recommendation to improve the policy especially on article 7. The board resolved on promoting women to senior positions at all levels as well as encouraging members to adopt and implement gender and youth policies and development of procedures and guidelines for the implementation and monitoring of the Policy at every phase and stages.

### Key Result Area 4:

Organisational and institutional development of ESAFF members and ESAFF Regional Office

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) Consultancy support to ESAFF activities (External and Internal) and Office Maintenance
- (ii) Refine ESAFF Strategic plan 2016-2026 and the EU INVOLVE report.
- (iii) Board Meeting, and Exco Meeting - in Johannesburg along side the Women Conference and Exco Meeting in May 2017 along strategic thinking workshop
- (iv) Strategic thinking workshop to develop proposal for for INFLUENCE III, EAST Africa for Rwanda, Burundi and Kenya in May 2017
- (v) Proposal Development for LSS (BftW) and support to KESSFF (USAID)
- (vi) Support organisation development of ESAFF members in Lesotho, South Africa and Swaziland through self assesment of their organisations (SAYO) and support to Burundi due to leadership crisis
- (vii) Develop a video documentary of ESAFF 15th anniversary
- (viii) Develop and launch a new ESAFF website (total facelifting)
- (ix) Printing of ESAFF advocacy calendar 2017 and PETS Booklets for southern Africa members
- (x) Purchase of fixed asset: land SqM 7,000 in Mvomero- and plan for endowment funds (about TZS 50 Million as fixed deposit). After EU completion INVOLVE Project, there was disbursement of funds for admin cost (7%) of total project which is EURO 29,000- The secretariat is sought guidance on how best to utilise the funds by: Investing in bonds and security, Purchase of land and start building an office, Fixed deposit that might attract annual returns, Put in place policy to guide the above but also hired a a wealth management consultant for the same course.

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

DIRECTORS' REPORT FOR THE (Continued)  
YEAR ENDED 30<sup>TH</sup> JUNE 2017

### 7. FACTORS WHICH CONSTRAINED THE IMPLEMENTATION OF THE ESAFF ACTIVITIES IN 2016/2017

There are several factors which affected the implementation of ESAFF activities during the period ended 30<sup>th</sup> June 2017. The main challenges included the followings as the previous end of financial year.:

- The year ended in 2016 marked the end of many projects and donor funding that resulted adrop off all staffs and engaged consultants from time to time basing on the activities to be implemented.
- Challenges to access new funding as ESAFF African partners were also ending their strategic plan hence created a challenge in accessing new funding.
- Challenges in internal reporting from members with no standing secretariat (ESAFF Zambia, Tanzania Zanzibar and turnover of project coordinator in Southern Africa - Influence project.
- Involving government officials particularly at district in obtaining source government documents during Public expenditure tracking (PETs) and lack of decentralisation by devolution systems (financial, political and administrative) in Zambia and Zimbabwe which made PETS difficult .
- Fearful of some government official and some stake holders in expressing themselves as far PETs is concerned.

### 8. 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 2018. 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 FOR THE (Continued)  
YEAR ENDED 30<sup>TH</sup> JUNE 2017

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:

8. GOVERNANCE STRUCTURE (Continued)

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 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. Abeid Girukwayo	Burundi	A farmer	Board Member	March 2017
9. Ms. Maggie Phirri	Malawi	A farmer	Board Member	June 2016
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.	Tanzania	A farmer	Not yet appointed after the death of Usi Haji Usi Jan 2017	
14. Mr. Achilles Mbusa Lumalisa	DRC-Congo	A farmer	Board Member	June 2014
15. Ms. NtombikayiseFakudze	Swaziland	A farmer	Board Member	March 2017



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

DIRECTORS' REPORT FOR THE (Continued)  
YEAR ENDED 30<sup>TH</sup> JUNE 2017

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:

- 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 (KESFF), Rwanda (ESAFF Rwanda), South Africa (ESAFF South Africa), Lesotho (ESAFF Lesotho) and Zambia (ESAFF Zambia).

9. 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 seven members under this category.
- c) **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 2015/2016	Amount received 2016/2017
Bread for the World (BFTW)	30 Months	Euro 17,500	Euro 62,990	Euro 25,941
Bread for the World (BFTW) Influence	12 Months	Euro 115,700	0	Euro 58,868
Bread for the World (BFTW) Strategic Thinking Workshop	2 Months	Euro 11,998	0	0
Trust Africa (TA)	15 Months	USD 116,000	USD 69,580	USD 46,373
Southern Africa Trust (SAT)	12 months	ZAR 400,000	USD 29,669.58	USD 29,360.2
Swiss Development Cooperation (SDC)	36 Months	USD 206,800	0	USD 47,544.80

## 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.

## 11. RISK MANAGEMENT AND INTERNAL CONTROLS

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 30th June 2017 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. However in this financial no contractual staffing engaged on full time basis due to financial constraints. Only personnel under project associates basis were engaged to ensure organisational activities are implemented accordingly.

### Management and Employees relationship

There no employees in this ending financial year 30<sup>th</sup> June 2017. During the year ended 30<sup>th</sup> June 2017, the organization had been engaging project associates to carry out various activities in various organization activities as could not be able to cover full employment cost. Most projects came to an end by May 2016 resulting to drop off of employees due to insufficient funds to sustain them.

### 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 12 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 14 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 FOR THE (Continued)  
YEAR ENDED 30<sup>TH</sup> JUNE 2017

17. AUDITORS

The auditors of Moria Associates 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 30/9/2017 and signed on its behalf by:

Muyoboke Rachel 

Serge Benstrong  
ESAFF Chairperson

30/9/2017  
Date

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
EASTERN AND SOUTHERN AFRICA SMALL-SCALE FARMERS FORUM (ESAFF)**

**INTRODUCTION**

We have audited the accompanying financial statements of the Eastern and Southern Africa small-scale Farmers Forum (ESAFF) set out on pages 16 to 19, which comprise the Statement of Financial Position as at 30<sup>th</sup> June, 2017, Statement of Comprehensive Income, the Statement of Changes In Equity and Statements of Cash Flows for the year then ended, and the notes, comprising a summary of significant Accounting Policies and other Explanatory Information.

**UNQUALIFIED OPINION**

In our opinion, the accompanying financial statements present fairly, in all material respects, the Financial Position of the Eastern and Southern Africa small-scale Farmers Forum (ESAFF) as at 30<sup>th</sup> June, 2017, and its Financial Performance and Cash Flows for the year then ended in accordance with International Financial Reporting Standards.

**BASIS OF OPINION**

We conducted our audit in accordance with International Standards on Auditing (ISAs)

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our responsibility as an auditor is to express an independent opinion on the financial statements based on the audit. We conducted our audit in accordance with International Standards on Auditing (ISAs) and such other audit procedures we considered necessary in the circumstances. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, We considered the internal control relevant to the ESSAFF's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ESSAFF's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Continued)  
TO THE MEMBERS OF  
EASTERN AND SOUTHERN AFRICA SMALL-SCALE FARMERS FORUM (ESAFF)

MEMBERS OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Directors of the Eastern and Southern Africa small-scale Farmers Forum (ESAFF) are responsible for the preparation and fair presentation of these Financial Statements in accordance with the International Financial Reporting Standards and are consistent with the previous period, and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

DAR ES SALAAM  
*9th October*, 2017



A handwritten signature in blue ink that reads "Daudi Abdallah". The signature is written in a cursive style and is positioned above a horizontal dotted line.

Daudi Abdallah  
CERTIFIED PUBLIC ACCOUNTANTS  
- IN PUBLIC PRACTICE

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

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	June 2017 TShs	June 2016 TShs
Income			
Accountable Grants	1	507,239,629	1,561,041,493
Other Income	2	35,014,217	48,004,656
<b>Total income</b>		<b>542,253,846</b>	<b>1,609,046,149</b>
Less:			
Expenditure			
Grants Disbursements	3	-	182,985,709
Administration Expenses	4	122,892,987	262,171,546
Program Expenses	5	443,490,283	1,158,139,994
<b>Total expenditure</b>		<b>566,383,270</b>	<b>1,603,297,249</b>
<b>Surplus/(Deficit) of income over expenditure</b>		<b>(24,129,423)</b>	<b>5,748,900</b>

Joseph Mdinge

Name

[Signature]

Signature

Coordinator

Position

30/07/2017

Date

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

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017

	Notes	June 2017 TShs	June 2016 TShs
<b>Non Current Assets</b>			
Equipment	6	<u>16,174,866</u>	<u>13,381,055</u>
<b>Current Assets</b>			
Staff advances	7	2,693,479	75,556
Prepayments & Advances	8	45,564,462	30,330,283
Bank and Cash Balances	9	139,300,116	28,996,929
Grants Advances	10	-	29,119,212
Grants Receivable	11	<u>31,686,358</u>	<u>366,761,058</u>
		<u>219,244,415</u>	<u>455,283,038</u>
<b>TOTAL ASSETS</b>		<u><b>235,419,281</b></u>	<u><b>468,664,093</b></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated Surplus		<u>185,888,818</u>	<u>202,148,641</u>
		<u>185,888,818</u>	<u>202,148,641</u>
<b>Current Liabilities</b>			
Payables	12	12,340,493	199,004,298
Deferred Income	13	37,189,971	67,511,154
		<u>49,530,464</u>	<u>266,515,452</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><b>235,419,281</b></u>	<u><b>468,664,093</b></u>

The financial statements on pages 4 to 12 were approved by The Board on..... 2017 and were signed on its behalf by:

Joseph E Mzinge

Name

Joseph E Mzinge  
Signature

Position

30/9/2017  
Date



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

STATEMENT OF CHANGE IN RESERVES  
FOR THE YEAR ENDED 30 JUNE 2017

	Accummulated Surplus June 2017	Accummulated Surplus June 2016
Statement of Reserve		
Balance Brought Forward	202,148,641	196,399,741
Prior Year Adjustment	7,869,600	-
(Deficit)/Surplus for the year	(24,129,423)	5,748,900
Balance as at 30 June 2017	<u>185,888,818</u>	<u>202,148,641</u>

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

STATEMENT OF CASHFLOW  
FOR THE YEAR ENDED 30 JUNE 2017

	June 2017 TShs	June 2016 TShs
<b>Cash flow from operating activities</b>		
Surplus/(Deficit) For The Year	(24,129,423)	5,748,900
Adjustments for:		
Prior year Adjustment	7,869,600	
Depreciation	4,593,188	6,187,562
Net cash flow before working capital changes	<u>(11,666,635)</u>	<u>11,936,462</u>
Changes in working capital		
Decrease/(increase) in Staff Advances	(2,617,922)	285,416
Decrease/(increase) in Prepayments	(15,234,179)	53,614,941
Decrease/(increase) in Grants Advances	29,119,212	182,985,709
Decrease/(increase) in Grants Receivable	335,074,700	(366,761,060)
(Decrease)/increase in Payables	(186,663,806)	143,176,578
(Decrease)/increase in Deferred Income	(30,321,183)	(755,570,609)
Net cash outflow from operating activities	<u>117,690,187</u>	<u>(730,332,564)</u>
<b>Cash flow from investing activities</b>		
Purchase of equipment	(7,387,000)	(6,435,000)
Net cash outflow from investing activities	<u>(7,387,000)</u>	<u>(6,435,000)</u>
Decrease in cash and cash equivalents during the year	110,303,187	(736,767,564)
Cash and cash equivalent at the beginning of the year	<u>28,996,929</u>	<u>765,764,493</u>
Cash and cash equivalent at the end of the year	<u>139,300,116</u>	<u>28,996,929</u>

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)  
SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND FOR THE YEAR ENDED 30TH JUNE 2017

	OWN FUND	ENDOWMENT	BRW -INF	BRW-BF	BRW -MD	TA	SAT	SDC	TOTAL
	Tzs	Tzs	Tzs	Tzs	Tzs	Tzs	Tzs	Tzs	Tzs
1 Opening Balance as of 1st July, 2017									28,996,929
2 Receipts During The Period									512,514,656
other receipt	35,014,217		136,718,253	95,170,086		78,150,835	98,532,792	103,942,690	35,014,217
ADJUSTMENT RECEIPTS	- 20,288,963	35,507,275							15,218,312
Ledger Receipts	14,725,254	35,507,275	136,718,253	95,170,086	-	78,150,835	98,532,792	103,942,690	591,744,114
TOTAL RECEIPTS	14,725,254	368,623,345	136,718,253	95,170,086	-	78,150,835	98,532,792	103,942,690	924,860,184
LESS: EXPENDITURE									
A. General Investment		7,387,000							7,387,000
B. Recurrent Expenses									
1 Project Coordination support		45,148,214		38,713,220				60,300,685	144,162,120
2 Administration Expenditures		20,151,390				693,625		11,373,420	32,218,435
3 Professional Charges		6,312,969	12,923,165						19,236,134
C. Programmes									
Sub result 1: Small-holder farmers' demand for the domestication of the Malabo Declaration at SADC and EAC as well as at Member country levels and Districts responded to and fulfilled			12,456,535				87,019,808	4,765,559	104,241,901
Sub result 2: Increased public resource management, transparency and accountability in the agriculture sector at SADC and EAC central and local Governments level		1,123,120	9,374,332	59,279,664				14,266,056	84,043,172
KRA 1 Sub 4 Own Fund	9,122,200								9,122,200
2			7,898,860		26,563,560	77,685,796			112,148,216
4			40,360,882						40,360,882
5	150,000								150,000
6									
Grand Total	9,272,200	80,122,694	83,013,774	97,992,884	26,563,560	78,379,421	87,019,808	90,705,720	553,070,060
Ledger payments	2,693,479	157,235,138	31,909,798	2,300,000				9,354,664	203,493,079
TOTAL PAYMENT	11,965,679	237,357,832	114,923,572	100,292,884	26,563,560	78,379,421	87,019,808	100,060,384	756,563,139
Balance Carried Forward	2,759,575	131,265,513	21,794,681	(5,122,798)	(26,563,560)	(228,586)	11,512,985	3,882,306	139,300,116

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**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 30<sup>TH</sup> JUNE 2017

**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 30<sup>TH</sup> JUNE 2017

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 30<sup>TH</sup> JUNE 2017

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.

## 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.



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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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.

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.

**De-recognition**

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 de-recognition 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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Financial Liabilities (Continued)

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

**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 2017:

- IFRS 7 Financial Instruments: Disclosures,
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Consolidated and Separate Financial Statements

None of these are expected to have a significant effect on the financial statements of the Forum.

**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.

**IFRS 2, Share-based Payment**

**Classification and Measurement of Share based Payment Transactions:**

The amendments address: the effects of vesting conditions on the measurement of a cash-settled share based payment; the accounting requirements for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled; and classification of share-based payment transactions with net settlement features. These amendments would continue to be considered for future disclosures.

**IFRS 4, Insurance Contracts**

**Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts:** Two amendments to IFRS 4 to address the interaction between IFRS 4 and IFRS 9: A temporary exemption from IFRS 9 has been granted to insurers that meet specified criteria; and An optional accounting policy choice has been introduced to allow an insurer to apply the overlay approach to designated financial assets when it first applies IFRS 9. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

### **4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)**

#### **IFRS 9 Financial Instruments**

A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and its cash flow characteristics. A new business model was introduced which allows certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The new standard introduces a single "expected credit loss" impairment model for the measurement of financial assets.

#### **IFRS 15 Revenue from Contracts from Customers**

New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.

#### **IFRS 16 Leases**

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other nonfinancial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

#### **IFRS 17 Insurance contracts**

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts.

These improvements are effective for annual periods beginning on or after 1<sup>st</sup> July 2017.

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS' FORUM (ESAFF)  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2017

	June 2017 TShs	June 2016 TShs
<b>1 Grants Received</b>		
Grants - Oxfam Novib	-	139,349,049
Grants - BFTW	-	169,012,588
Grants - BFTW-BF	100,292,884.00	-
Grants - BFTW INF	114,923,572.25	-
Grants - TA	78,379,420.89	173,001,418
Grants - EU	-	998,195,981
Grants - SAT	87,019,807.65	30,427,060
Grants - AFSA	-	8,622,528
ON-Capacity Building	-	24,998,492
Grants SDC	100,060,384.31	17,434,375
Grants - BFTW Moderated Workshop	26,563,560.00	-
	<u>507,239,629.10</u>	<u>1,561,041,492</u>
<b>2 Other Income</b>		
Membership Subscription	255,689.68	3,267,243
Other Incomes	34,758,527.53	44,737,413
	<u>35,014,217.21</u>	<u>48,004,656</u>
<b>3 Grants Disbursement</b>		
Budget Tracking Districts	-	-
Budget Tracking MVIWATA	-	-
National Advocacy Strategy	-	-
Sub-grantees Administration Expenses	-	-
Disbursement - Gret	-	1,800,168
Disbursement - MVIWATA	-	181,185,541
	<u>-</u>	<u>182,985,709</u>
<b>4 Administration Expenses</b>		
Board & AGM Meeting Expenses	-	-
Administration project coordination support and related costs	57,664,847.90	133,950,851
Staff Training	-	-
Audit Expenses	12,309,494.00	45,217,783
Rent	19,308,205.44	12,787,962
Depreciation	4,593,188.00	6,187,562
Security	-	3,052,500
Office Utility & Maintenance	652,855.89	9,182,693
Office Stationery & Communication Expenses	10,538,383.00	13,386,192
Professional Charges & Memberships	-	34,631,984
Bank Charges	1,718,990.79	2,022,417
Vehicle Maintenance & Fuel	-	1,751,602
Declared finished projects account of previous periods	16,107,021.62	-
	<u>122,892,986.64</u>	<u>262,171,546</u>
<b>5 Program Expenses</b>		
Technical project coordination support	86,497,271.86	217,860,925
Other Consultancy Expenses	6,926,640.00	-
Key Result Area 1: Food security and sovereignty	197,407,273.34	433,164,366
Key Result Area 2: Trade and Markets:	112,148,216.06	-
Key Result Area 3: Cross cutting issues	-	-
Key Results Area 4: Organisational Capacity	40,510,881.91	349,879,567
GRET & MVIWATA Administration share	-	157,235,136
	<u>443,490,283.17</u>	<u>1,158,139,994</u>

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

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

6 PROPERTY & EQUIPMENT

	Land	Motor Vehicles	Office Equipment	Furniture & Fittings	Computer & Accessories	Total
	TShs	TShs	TShs	TShs	TShs	TShs
<b>COST</b>						
As at 1 July 2016		17,500,000	4,105,500	7,675,000	25,532,600	54,813,100
Additions	7,387,000.00	-	-	-	-	7,387,000
Adjusting Entry	-	-	-	-	-	-
Disposed	-	-	-	-	-	-
<b>As at 30 June 2017</b>	<b>7,387,000</b>	<b>17,500,000</b>	<b>4,105,500</b>	<b>7,675,000</b>	<b>25,532,600</b>	<b>62,200,100</b>
<b>DEPRECIATION</b>						
As at 1 July 2016		17,500,000	3,757,167	5,388,960	14,785,919	41,432,046
Charge during the year		-	220,000	469,000	3,904,188	4,593,188
Disposal of assets						
<b>As at 30 June 2017</b>	<b>-</b>	<b>17,500,000</b>	<b>3,977,167</b>	<b>5,857,960</b>	<b>18,690,107</b>	<b>46,025,234</b>
<b>NET BOOK VALUE</b>						
As at 30 June 2017	7,387,000	-	128,333	1,817,040	6,842,493	16,174,866
As at 30 June 2016	-	-	348,333	2,286,040	10,746,681	13,381,055

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

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

	June 2017 TShs	June 2016 TShs
<b>7 Staff Imprests &amp; Advances</b>		
Project Associates Imprests	609,478.77	75,555
Project Associates Advances	2,084,000.00	-
	<u>2,693,478.77</u>	<u>75,555</u>
<b>8 Prepayments and Countries Advances</b>		
Prepayment (Rent Building & Website Hosting)	9,354,664.18	14,093,534
Member Countries Advances	36,209,798.30	16,236,749
	<u>45,564,462.48</u>	<u>30,330,283</u>
<b>9 Cash &amp; Cash Equivalent</b>		
Exim Bank Account - TShs	117,369,772.97	2,309,577
Exim Bank Account - USD	14,718,338.67	20,541,584
Exim Bank Account - EURO	7,212,004.25	6,145,768
	<u>139,300,115.89</u>	<u>28,996,929</u>
<b>10 Grant Advance</b>		
GRET	-	14,494,474
MVIWATA	-	14,624,737
	<u>-</u>	<u>29,119,211</u>
<b>11 Grant Receivables</b>		
Trust Africa(TA)	-	23,348,059
European Union(EU)	-	343,413,001
Bread for the World (BftW)-Inf	5,122,798	-
Bread for the World (BftW)-Moderated Workshop	26,563,560	-
	<u>31,686,358</u>	<u>366,761,060</u>
<b>12 Payables</b>		
Audit Fees Payable	5,996,525.00	25,000,000
Accrued Expenses	6,343,967.50	16,769,160
Partners Payable	-	157,235,138
Staff Gratuity Payable	-	-
	<u>12,340,492.50</u>	<u>199,004,298</u>
<b>13 Deferred Grants</b>		
Bread for the World (BftW)-Inf	21,794,680.75	33,076,151
Southern Africa Trust (SAT)	11,512,984.65	34,435,002
SDC	3,882,305.69	-
	<u>37,189,971.09</u>	<u>67,511,153</u>



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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**14. COMMITMENTS AND CONTINGENCIES**

**a) CAPITAL COMMITMENTS**

As at 30 June 2017 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.