

EASTERN AND SOUTHERN AFRICA SMALL SCALE FARMERS FORUM (ESAFF)



**DIRECTORS' REPORT  
AND**

**FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30<sup>TH</sup> JUNE, 2018**



**MORIA ASSOCIATES**  
Certified Public Accountants

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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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

**ORGANIZATION INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2018**

**PRINCIPAL PLACE OF ACTIVITIES**

Eastern and Southern Africa Small Scale  
Farmers Forum (ESAFF)  
Morogoro Postal 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  
Morogoro, Tanzania

**REGIONAL COORDINATOR**

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

Tel. +255782486183  
E-mail: [coordinator@esaff.org](mailto:coordinator@esaff.org)

**ORGANIZATION CHAIRMAN**

Serge Benstrong  
2nd Floor, Grosvenor House  
Pointe Larue  
Mahe - Seychelles  
Telephone +2484374357 (Office SeyFA) personal +2428515020  
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**AUDITORS**

Moria Associates  
Certified Public Accountants  
Zanaki Street  
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P. O. Box 1395  
Dar es Salaam, Tanzania  
0739/323/334

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

### **DIRECTORS REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

#### **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. The organization 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 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- ZIMSOF), Lesotho (Lesotho Small Scale Farmers Forum), South Africa (ESAFF South Africa), Malawi (National Smallholder Farmers Movement- NASFAM), Rwanda (ESAFF/APPPE), 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 the main objectives of ESAFF:

- 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 FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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

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

#### **3. VISION STATEMENT**

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

#### **4. MISSION STATEMENT**

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

#### **5. THE PURPOSE**

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

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

### DIRECTORS REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

#### 6. REPORT ON ACTIVITIES DONE DURING THE YEAR

During the reporting period ESAFF activities focused on 4 key results areas delivered from the new ESAFF Strategic Plan 2016-2026. In order to reach the programme goal, the Forum focuses on the following key result areas, namely:

- (i) Agriculture Public Policies and budgets 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) Mainstreaming Climate change adaptation, HIV/AIDS and gender equality and youth involvement, and
- (iv) Institutional development of ESAFF members and ESAFF Regional Office.

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:**

Under this result the following key activities were executed;

- (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 3 countries Lesotho, Swaziland and South Africa
- (ii) ESAFF in collaboration with other actors (farmers federation, CSOs, EAC secretariat, EALA, National parliament's representatives and media carried out agriculture budget summit in Nairobi aiming at reflecting the 3<sup>rd</sup> summit, the biennial review processes and the 2<sup>nd</sup> budget summit resolutions and achievements (the operationalisation of the Zanzibar resolution on Malabo).
- (iii) ESAFF conducted a policy, plans and budget analysis for 2018/19 in 5 EAC member states in relation to the Malabo Declaration targets and (national Agriculture Investment Plans (NAIPs) with the aim of identifying at least 5 key issues to be validated by farmers and fronted to the EAC head of states.
- (iv) ESAFF also participated in the SADC Agriculture and Health budget Summit and documentation of best practice Johannesburg in August 2017.
- (v) 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 Swaziland.

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

### **DIRECTORS REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

#### **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.

#### **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) Strengthening organisational, managerial and advocacy capacity of weak members (eSwatini, Lesotho, South Africa as well as Zambia by supporting with working tools (computers), office space as well as coordination. Countries also developed personnel, and final policies as well as gender and youth policy to guide the operations.
- (ii) Support members in southern Africa especially Eswatini, Lesotho and South Africa to recruit new members and enhance networking with farmer organisations, networking with like minded CSOs, Government officials (CAADP) as well as parliamentarians and media houses.
- (iii) Facilitate and support linkages and exchange sessions between members particularly eSwatini, Lesotho and South Africa.
- (iv) Translate, print and disseminate developed manuals/tools on OCA/SAYO, Financial Management Manual, PETS Manual, Fundraising Guide and share with member organisations in Southern Africa
- (v) Facelifting ESAFF regional website and websites for ESAFF Lesotho, ESAFF South Africa, ESAFF Eswatini, ESAFF Rwanda, ESAFF Burundi, KESSFF and ESAFF Zambia as well as ZIMSOF. Ensuring that they are up to date and vibrant. This encouraged countries to be documenting successful stories as a result of activities implementation.
- (vi) Recruitment of ESAFF Lesotho, ESAFF South Africa, ESAFF Eswatini accountants to ensure financial management is enhanced.

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

### **DIRECTORS REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

- (vii) Small holder consultative meeting that brought small holders and agriculture CAADP focal persons from ESAFF Lesotho, ESAFF South Africa, ESAFF Eswatini countries to discuss issues affecting them in agriculture context also aiming at networking between the CAADP focal persons and small holder farmers in March 2018.
- (viii) ESAFF held a joint reflection workshop with ESAFF Lesotho, ESAFF South Africa, ESAFF Eswatini countries to share what has been achieved, lessons learnt and way forward as a result of the project implementation.
- (ix) ESAFF Regional Office managed to fundraise from Trust Africa (USD 100,000), Bread for The World (Euro 150,000) and continued to co implement the SDC funded project for public resource management in SADC Countries particular Tanzania, Zambia, Mozambique and Malawi.
- (x) The board instructed the secretariat to purchase a plot worthy TZS 7,387,000 of the size 6,792m<sup>2</sup> for a period of 33 years located at Dakawa Sokoine Morogoro block J No 11, the plot was owned by ESAFF effectively from 1<sup>st</sup> April 2017.
- (xi) The board instructed the secretariat to open the fixed account of TZS 57,100,000 in August 2017 maturing at August 2018 with the value of TZS 62,239,000. The decision was arrived at for sustainability of the organisation. The funds used to open a fixed deposit were a result from the 7% of the administrative from European Union project that ended in May 2016. The fixed deposit account was opened at Exim bank.
- (xii) ESAFF maintained 3 staff and intern on communication at its office in Morogoro. At national level support coordinators in Lesotho, eSwatini and South Africa.

#### **7. FACTORS WHICH CONSTRAINED THE IMPLEMENTATION OF THE ESAFF ACTIVITIES IN 2017/2018**

There are several factors which affected the implementation of ESAFF activities during the period ended 30<sup>th</sup> June 2018. The main challenges included the followings as the previous end of financial year:

- As ESAFF struggles to fundraise, it has been able to have consultants work on part time basis until May 2018 when it was able to have employees working on full time basis with minimum remunerations.
- Due to financial challenges statutory meeting did not take place, but Board members were informed through periodic reports and online discussion through email and whatsapp groups.



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

### **DIRECTORS REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

#### **8. GOVERNANCE STRUCTURE**

The Organisation powers and affairs are 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 end-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.

#### **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:

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

### DIRECTORS REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

#### 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. Ntombi kayise Fakudze	Swaziland	A farmer	Board Member	March 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 (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 FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

- 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 2016/2017	Amount received 2017/2018
Bread for the World (BfdW) Influence Project I	12Months	Euro 115,700	Euro 58,868	Euro 25,935
Bread for the World (BfdW) Influence ii	24 Months	Euro 255,000	-	Euro 49,493.8
Trust Africa (TA)	12 Months	USD 100,000	USD 46,373	USD 49,980
Southern Africa Trust (SAT)	1 month	ZAR 88,051	USD 29,360.2	USD 7,158
Swiss Development Cooperation (SDC)	36 Months	USD 206,800	USD 47,544.80	USD 84,368.66

#### 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.

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

### **DIRECTORS REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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 ended financial year there were staffs on full time basis from May 2018 and before that there were project associates on part time basis due to financial constraints.

##### **Management and Employees relationship**

There were no employees until May 2018 in this ending financial year 30<sup>th</sup> June 2018. Before May 2018, 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.

#### **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

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

**DIRECTORS REPORT FOR THE  
YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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 13 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."

**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 35, which have been prepared on going concern basis, were approved by the board of directors on 30/9/2018 and signed on its behalf by:



**Serge Benstrong**  
ESAFF Chairperson

**Date 30<sup>th</sup> September 2018**

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

**INTRODUCTION**

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 30 th June 2018, 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.

**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) 30 th June 2018, and its Financial Performance and Cash Flows for the year then ended.

**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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial .We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**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.

**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.

DAR ES SALAAM  
30/09, 2018

**MORIA ASSOCIATES**  
CERTIFIED PUBLIC ACCOUNTANTS  
P. O. Box 7042  
DAR-ES-SALAAM



Daudi Abdallah  
CERTIFIED PUBLIC ACCOUNTANTS  
- IN PUBLIC PRACTICE

ESAFF

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	June 2018 TShs	June 2017 TShs
<b>Income</b>			
Grants Received	10	529,942,377	507,239,629
Other Income	10(a)	15,162,804	35,014,217
<b>Total income</b>		<u>545,105,181</u>	<u>542,253,846</u>
<b>Add: Deferred Grant c/f</b>		37,189,971	
<b>Less: Deferred Grant b/d</b>		133,423,949	
		<u>448,871,203</u>	<u>542,253,846</u>
<b>Expenditure</b>			
Administration Expenses	11	63,310,927	65,228,139
Program Expenses	11(a)	474,010,224	501,155,131
<b>Total expenditure</b>		<u>537,321,151</u>	<u>566,383,270</u>
<b>Surplus/(Deficit) of income over</b>		<u>(88,449,948)</u>	<u>(24,129,424)</u>



ESAFF

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	Notes	June 2018 TShs	June 2017 TShs
<b>Non Current Assets</b>			
Equipment	9	<u>13,169,740.92</u>	<u>16,174,866.00</u>
<b>Current Assets</b>			
Staff advances	12	384,409.58	2,693,478.77
Prepayments & Advances	13	16,726,302.30	45,564,462.48
Bank and Cash Balances	14	134,961,533.86	139,300,115.89
Fixed Deposits	15	57,100,000.00	-
Grants Receivable	16	13,240,832.74	31,686,357.94
		<u>222,413,078.48</u>	<u>219,244,415.08</u>
<b>TOTAL ASSETS</b>		<u>235,582,819.40</u>	<u>235,419,281.08</u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated Surplus		<u>97,438,870.05</u>	<u>185,888,816.99</u>
		<u>97,438,870.05</u>	<u>185,888,816.99</u>
<b>Current Liabilities</b>			
Payables	12	4,720,000.25	12,340,492.50
Deferred Income	13	133,423,949.10	37,189,971.09
		<u>138,143,949.35</u>	<u>49,530,463.59</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u>235,582,819.40</u>	<u>235,419,280.58</u>

The financial statements on pages 4 to 12 were approved by The Board on 30/9/ 2018 and were signed on its behalf by:

  
Name

  
Name

ESAFF

STATEMENT OF CHANGE IN RESERVES  
FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Surplus June 2018	Accumulated Surplus June 2017
<b>Statement of Reserve</b>		
Balance Brought Forward	185,888,817	202,148,640
Prior Year Adjustment (Note )	-	7,869,600
(Deficit)/Surplus for the year	(88,449,948)	- 24,129,424
<b>Balance as at 30 June 2018</b>	<u>97,438,869</u>	<u>185,888,817</u>



ESAFF

**STATEMENT OF CASHFLOW  
FOR THE YEAR ENDED 30 JUNE 2018**

	June 2018 TShs	June 2017 TShs
<b>Cash flow from operating activities</b>		
Surplus/(Deficit) For The Year	(88,449,948)	(24,129,424)
Adjustments for:		
Prior year Adjustment		7,869,600
Depreciation	3,005,125	4,593,188
Net cash flow before working capital changes	<u>(85,444,823)</u>	<u>(11,666,636)</u>
Changes in working capital		
Decrease/(increase) in Staff Advances	2,309,069	(2,617,923)
Decrease/(increase) in Prepayments	28,838,160	(15,234,179)
Decrease/(increase) in Grants Advances		29,119,211
Decrease/(increase) in Grants Receivable	18,445,525	335,074,702
Decrease/(increase) in Fixed Deposits	(57,100,000)	
(Decrease)/increase in Payables	(7,620,492)	(186,663,806)
(Decrease)/increase in Deferred Income	96,233,978	(30,321,182)
<b>Net cash outflow from operating activities</b>	<u>(4,338,583)</u>	<u>117,690,188</u>
<b>Cash flow from investing activities</b>		
Purchase of equipment		(7,387,000)
<b>Net cash outflow from investing activities</b>		<u>(7,387,000)</u>
Decrease in cash and cash equivalents during the year	(4,338,583)	110,303,188
Cash and cash equivalent at the beginning of the year	<u>139,300,117</u>	<u>28,996,929</u>
<b>Cash and cash equivalent at the end of the year</b>	<u><u>134,961,534</u></u>	<u><u>139,300,117</u></u>



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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018**

#### **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 SIGNIFICANTS 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 2018

**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 installment.

**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 Forums 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 2018**

**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 2018**

#### **2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)**

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.

##### **i. 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 30<sup>th</sup> JUNE 2018**

#### **2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)**

##### **j. 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 Organisations 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 30<sup>th</sup> JUNE 2018**

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

**k. Financial instruments – Initial recognition and subsequent measurement**

**l) 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 assets 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 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.

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

### **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018**

#### **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 Forums 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 2018**

**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.

**m) 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 assets recoverable amount. An assets recoverable amount is the higher of an assets 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.

**n) 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.

**p) 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.

**q) Pension and other post-employment benefits**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018**

**3. CHANGES IN ACCOUNTING POLICIES**

**New and amended standards and interpretations**

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

IFRS 1, First-time Adoption of International Financial Reporting Standards,  
IAS 7 Statement of Cash Flows  
IAS 19 Employee Benefits  
IAS 12 Income Taxes  
IAS 7 Statement of Cash Flows

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

The amendment is effective for annual periods beginning on or after 1 st July 2017. The Forum does not have any assets with these characteristics so there has been no effect on the presentation of its financial statement

**4. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

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

**Transfers of Investment Property– IAS 40 Investment Property: Clarification of the requirements on transfers to, or from, investment property.**

This amendment says an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2018 with earlier application permitted, These amendments would continue to be considered for future disclosures.

**IFRIC 22 Foreign Currency Transactions and Advance Consideration**

This interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it) when derecognising a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

**IFRIC 23 Uncertainty over Income Tax Treatments.**

The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2019

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

### **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 th JUNE 2018**

#### **5. COMMITMENTS AND CONTINGENCIES**

##### **a) CAPITAL COMMITMENTS**

As at 30 JUNE 2018 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.

#### **6. 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.

#### **7. 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.

#### **8. 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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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

9 PROPERTY & EQUIPMENT

	Land & buildings TShs	Motor Vehicles TShs	Office Equipment TShs	Furniture & Fittings TShs	Computer & Accessories TShs	Total TShs
<b>COST</b>						
As at 1 July 2017	7,387,000.00	17,500,000.00	4,105,500.00	7,675,000.00	25,532,600.00	62,200,100.00
Additions	-	-	-	-	-	-
Adjusting Entry	-	-	-	-	-	-
Disposed	-	-	-	-	-	-
<b>As at 30 June 2018</b>	<b>7,387,000.00</b>	<b>17,500,000.00</b>	<b>4,105,500.00</b>	<b>7,675,000.00</b>	<b>25,532,600.00</b>	<b>62,200,100.00</b>
<b>DEPRECIATION</b>						
As at 1 July 2017	₹ -	17,500,000.00	3,977,167.00	5,857,960.00	18,690,107.00	46,025,234.00
Charge during the year	295,880.00	-	128,333.33	441,250.00	2,139,661.75	3,005,125.08
Disposed of assets	-	-	-	-	-	-
<b>As at 30 June 2017</b>	<b>295,880.00</b>	<b>17,500,000.00</b>	<b>4,105,500.33</b>	<b>6,299,210.00</b>	<b>20,829,768.75</b>	<b>49,030,359.08</b>
<b>NET BOOK VALUE</b>						
As at 30 June 2018	7,091,120.00	-	(0.33)	1,375,790.00	4,702,831.25	13,169,740.92
As at 30 June 2017	7,387,000.00	-	128,333.00	1,817,040.00	6,842,493.00	16,174,866.00

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	June 2018	June 2017 TShs
<b>10 Grants Received</b>		
Grants - BFTW-BF		100,292,884.00
Grants - BFTW INF	80,835,394.74	114,923,572.25
Grants -TA	111,255,480.00	78,379,420.89
Grants - SAT	16,118,026.50	87,019,807.65
Grants SDC	188,248,696.97	100,060,384.31
Grants - BFTW Strategic Plan	-	26,563,560.00
Grants - BFTW INF 2	133,484,778.60	-
	<u>529,942,376.81</u>	<u>507,239,629.10</u>
<b>10(b) Other Income</b>		
Membership Subscription	336,712.50	255,689.68
Gain On Foreign Exchange	7,815,493.24	-
Other Incomes	7,010,598.54	34,758,527.53
	<u>15,162,804.28</u>	<u>35,014,217.21</u>
<b>11(a) Administration Expenses</b>		
Payroll and related costs	7,688,626.12	-
Benefits - NSSF/LAPF	1,970,984.64	-
Audit Expenses	14,486,095.00	12,309,494.00
Rent	16,045,456.18	19,308,205.44
Depreciation	3,005,125.08	4,593,188.00
Office Utility & Maintenance	2,312,500.00	652,855.89
Office Stationery & Communication Expenses	10,882,285.00	10,538,383.00
Bank Charges	1,797,056.80	1,718,990.79
Bad Debt Expenses	5,122,798.00	16,107,021.62
	<u>63,310,926.82</u>	<u>65,228,138.74</u>
<b>11(b) Program Expenses</b>		
Technical Staff Payroll	126,564,345.40	144,162,119.76
Other Consultancy Expenses	-	6,926,640.00
Key Result Area 1: Food security and sovereignty	145,516,490.48	197,407,273.34
Key Result Area 2: Trade and Markets:	49,470,727.89	112,148,216.06
Key Results Area 4: Organisational Capacity	152,458,660.44	40,510,881.91
	<u>474,010,224.21</u>	<u>501,155,131.07</u>

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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

	June 2018 TShs	June 2017 TShs
<b>12 Staff Imprests &amp; Advances</b>		
Staff Imprests	384,409.58	609,478.77
Staff Advances	-	2,084,000.00
	<u>384,409.58</u>	<u>2,693,478.77</u>
<b>13 Prepayments and Countries Advances</b>		
Prepayment (Rent Building & Website Hosting)	10,472,544.00	9,354,664.18
Member Countries Advances	6,253,758.30	36,209,798.30
	<u>16,726,302.30</u>	<u>45,564,462.48</u>
<b>14 Cash &amp; Cash Equivalent</b>		
Exim Bank Account - TShs	19,618,007.09	117,369,772.97
Exim Bank Account - USD	101,509,947.80	14,718,338.67
Exim Bank Account - EURO	13,833,578.97	7,212,004.25
	<u>134,961,533.86</u>	<u>139,300,115.89</u>
<b>15 Fixed Deposits</b>		
FDR -Exim Bank	57,100,000.00	-
	<u>57,100,000.00</u>	<u>-</u>
<b>16 Grant Receivables</b>		
Bread for the World (BfW)-Inf 2017	13,240,832.74	5,122,797.94
Bread for the World (BfW)-Strategic Thinkung	-	26,563,560.00
	<u>13,240,832.74</u>	<u>31,686,357.94</u>
<b>17 Payables</b>		
Audit Fees Payable	4,720,000.00	5,996,525.00
Accrued Expenses	-	6,343,967.50
Social Security Payable	0.02	-
Net Salaries Payable	0.27	-
	<u>4,720,000.25</u>	<u>12,340,492.50</u>
<b>18 Deferred Grants</b>		
Bread for the World (BfW)-Inf	-	21,794,680.75
Southern Africa Trust (SAT)	-	11,512,984.65
SDC	65,988,443.55	3,882,305.69
TrustAfrica ( TA)	53,741,909.96	-
Bread for the World (BfW)-Inf 2018	13,693,595.59	-
	<u>133,423,949.10</u>	<u>37,189,971.09</u>