

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

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS

30 JUNE 2014

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

**ORGANIZATION INFORMATION
FOR THE YEAR ENDED 30 JUNE 2014**

PRINCIPAL PLACE OF ACTIVITIES

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

REGISTERED OFFICE

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

BANKERS

Exim Bank (T) LTD
Lumumba Road
P.O. Box 6033
Tel. +255 23 2601591
Morogoro, Tanzania

REGIONAL COORDINATOR

Mr. Joseph Mzinga
Eastern and Southern Africa Small Scale
Farmers Forum (ESAFF)
P. O. Box 1782
Morogoro, Tanzania
Tel. +255767486183
E-mail: mzinga@esaff.org

ORGANIZATION CHAIRMAN

Serge Benstrong
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AUDITORS

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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. INTRODUCTION

ESAFF is a network of grassroots small scale farmers' organisations 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.

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

2. MAIN OBJECTIVES OF THE FORUM

The following are main objectives of ESAFF forum:

- **Food security and sovereignty:** To support smallholder farmers to contribute more meaningfully to food security and sovereignty through improved access to necessary resources in the agriculture sector and rural development.
- **Trade and markets:** To empower small scale farmers to understand, access and influence markets of agricultural produce.
- **Cross cutting issues:** Gender, youth and HIV/ AIDS; to ensure these issues are incorporated in ESAFF programs at all levels and that ESAFF engage governments and RECs to ensure programs are youth, gender and HIV sensitive.
- **Institutional and organizational strengthening:** To strengthen the capacity of ESAFF and its members to fulfill its mission and objective.

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.

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

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30th JUNE 2014

5. THE PURPOSE

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

6. REPORT ON ACTIVITIES DONE DURING THE YEAR

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

The following are the details for each key result areas:

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

- (i) To build capacity of small scale farmers in sustainable agro ecological farming practices in the region. Motivated members to work on seed banks as an alternative to ensure food sovereignty
- (ii) To influence Policy decisions on food security and sovereignty at international, regional and national levels through campaigns on seed security in the region
- (iii) To influence the agriculture research Agenda at various level through the EU funder project, Including Smallholders in Agriculture for Development (INSARD)

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

- (i) The project under PELUM was to test the PESA agro marketing model for small scale farmers developed in 2011/12 in 4 countries of Tanzania, Kenya, Uganda and Rwanda
- (ii) Also studies on how to scale up the MVIWATA rural bulky market model to other Eastern African countries were conducted during the reporting period

Key Result Area 3 : Mainstreamed gender, youth and HIV in all its policies and programs and externally identified and engaged in a number of cross cutting issues for advocacy at national and regional levels regarding Gender, youth and HIV/AIDS by year 2014

- (i) Sessions on gender youth and HIV were organised to update ESAFF policies and put in place new youth policies at regional secretariat level. ESAFF has now updated policies on these three important components.
- (ii) A study on youth was conducted to see the broader picture of youth in agriculture in the eastern and southern Africa region

Key Result Area 4: ESAFF is an organization that produces high quality services efficiently, effectively and in good time by the year 2014

- (i) To strengthen ESAFF regional secretariat as a professional, efficient and effective and ensuring conducive working environment. Staff were recruited and working policies were improved

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

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30th JUNE 2014

- (ii) Statutory meetings for monitoring and enhancement of ESAFF region governance took place as well as Strengthened of institutional capability and sustainability of national (ESAFF members). Capacity assessments were done for all ESAFF members (except Malawi and Mozambique) during the reporting period.

7. FACTORS WHICH CONSTRAINED THE IMPLEMENTATION OF THE ESAFF ACTIVITIES IN 2013/2014

There are several factors which affected the implementation of ESAFF activities during the period ended 30 June 2014. The main challenges included the followings:

The year 2014 marked the end of the cycle of the strategic plan of ESAFF and the transition towards the new leadership of ESAFF. This means that the network was going through preparation for succession. Many members changed their leadership through democratic elections which in one way slowed the implementation of programmatic activities. Member organisations that changed leadership during the reporting period included; ESAFF Uganda, KESSFF -Kenya, ESAFF Lesotho, ESAFF South Africa, and NASFAM - Malawi. ZIMSOFF - Zimbabwe organised elections but retained same top leadership. Towards the end of the reporting period, at the regional level, elections were held during the Triennial General Summit in which members elected the whole new team for the Board executive committee (exco) of ESAFF. The succession and its transition were managed to a greater extent due to preparations that were done in the preceding years.

Some weak members that had no standing secretariats slowed the pace of activities implementation and reporting. This necessitated the regional secretariat to send its staff on missions to support the implementation of some activities on the grounds. ESAFF network encouraged members without secretariat to put mechanism and fundraise to ensure that they put in place standing secretariat. ESAFF Rwanda, ESAFF Burundi, ESAFF Lesotho, ESAFF Zambia, ESAFF South Africa are ESAFF members without standing secretariats.

Two new members were admitted to the ESAFF network at the end of the year 2013. This had implications in terms of the implementations of some the activities. The action by the Board to admit new members (CIEAS - Swaziland and FOPAC - Democratic Republic of Congo- DRC) increased the size of its Board members from 13 to 15 members hence cost implications, new culture and new ways of doing business proposed by new members.

End of two donors support to ESAFF towards the end of financial year was another challenge encountered in the reporting period. This had significant impact on staffing and program activities. Immediately after the start of the new financial year, July 2014, ESAFF was to remain with European Union funding that was to affect the personnel cost. ESAFF could no longer afford the same personnel cost which necessitated change of terms and conditions of employees.

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

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30th JUNE 2014

8. GOVERNANCE STRUCTURE

ORGANIZATIONAL STRUCTURE

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

- a) The Tri-Annual General Summit (TGS) is held after every three years. The Summit constitutes of four members or delegates or representatives from each member country. It has almost 54 members and these members change after each three years. Last TGS was done in June 2014 and next TGS is expected to be in June 2017. The TGS elects office bearers of the organisation (executive committee of the Board exco); the Chairman, Vice Chairman, General Secretary and Treasurer. It also approves strategic plan, select bankers and auditors and amend 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 (Continued) FOR THE YEAR ENDED 30th JUNE 2014

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	Vice Chairperson	June 2014
3. Ms. Rachel Muyobokey	Rwanda	A farmer	Treasurer	June 2014
4. Ms. Mamalefetsane Phakoe	Lesotho	A farmer	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. Ms. Odette Nzeyimana	Burundi	A farmer	Board Member	June 2014
9. Mr. Thomas Kasache	Malawi	A farmer	Board Member	June 2014
10. Ms. Saquina Mucavele	Mozambique	A farmer	Board Member	June 2014
11. Ms. Flora Maswanganyi	South Africa	A farmer	Board Member	June 2014
12. Mr. Mubanga Kasakula	Zambia	A farmer	Board Member	June 2014
13. Mr. Haji Ussi Haji	Tanzania	A farmer	Board Member	June 2014
14. Mr. Achilles Mbusa Lumalisa	DRC-Congo	A farmer	Board Member	June 2014
15. Mr. Bheva Hlope	Swaziland	A farmer	Board Member	June 2014

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. They are 7 members in this category.

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

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30th JUNE 2014

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 2013/2014	Amount received 2012/2013
Oxfam Novib	36 Months	Euro 260,000	Euro 99,527	Euro 210,000
Bread for the World (BFTW)	36 Months	Euro 150,000	Euro 49,886	Euro 50,000
INSARD	36 Months	Euro 47,881	Euro 19,556	-
European Union (EU)	42 Months	Euro 1,181,164	Euro 484,299	Euro 335,350
Southern Africa Trust (SAT)	18 months	ZAR 900,000	USD 22,900	USD 31,579

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 (Continued) FOR THE YEAR ENDED 30th JUNE 2014

11. RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

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

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

The Board of Directors assessed the internal control systems throughout the financial year ended 30 June 2014 and is of the opinion that they met accepted criteria.

12. EMPLOYEES' WELFARE

Staff Welfare

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

Management and Employees relationship

The relationship between employees and management is good. During the year ended 30th June 2014, the organization had 4 staffs. The advocacy officer terminated his contract in March 2014 while the communication officer contract ended in April 2014. Replacement was worked on by the executive committee (exco) of the Board.

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

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30th JUNE 2014

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

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

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 30th JUNE 2014

17. AUDITORS (Continued)

The financial statements, as set out on pages 13 to 35, which have been prepared on going concern basis, were approved by the board of directors on 03.10.2014 and signed on its behalf by:



Serge Benstrong
ESAFF Chairperson

05.11.2014
Date

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

We have audited the financial statements of the Eastern And Southern Africa Small Scale Farmers' Forum (ESAFF), which comprise of the Statement of financial position as at 30th June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility to the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls as management determine is necessary to enable the preparation of financial statements that are free from misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal controls. Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Eastern and Southern Africa Small Scale Farmers' Forum (ESAFF) as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

Ernst & Young

Certified Public Accountants

Dar es Salaam

Signed by: Neema Kiure-Mssusa

Date:

05/11/2014

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

STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2014

	Notes	June 2014 TZS	June 2013 TZS
Non-Current Assets			
Equipment	6	<u>14,300,749</u>	<u>24,191,242</u>
Current Assets			
Staff advances	7	489,914	2,005,394
Prepayments	8	10,549,124	10,576,817
Bank and Cash Balances	9	577,528,621	496,616,612
Grants Advances		<u>215,650,542</u>	<u>81,799,176</u>
		<u>804,218,201</u>	<u>590,997,999</u>
TOTAL ASSETS		<u>818,518,950</u>	<u>615,189,241</u>
RESERVES AND LIABILITIES			
Reserves			
Accumulated Surplus		<u>72,491,161</u>	<u>27,755,996</u>
		<u>72,491,161</u>	<u>27,755,996</u>
Current Liabilities			
Payables	10	12,015,853	52,169,077
Deferred Income	11	<u>734,011,936</u>	<u>535,264,168</u>
		<u>746,027,789</u>	<u>587,433,245</u>
TOTAL RESERVES AND LIABILITIES		<u>818,518,950</u>	<u>615,189,241</u>

The financial statements on pages 13 to 19 were approved by the Board of Directors on 2014 and were signed on its behalf by:

Name: JOSEPH ZENSTIKONG
 Signature: [Signature]
 Position: CHAIRMAN
 Date: 5.11.2014

Name: JOSEPH E-MZINKA
 Signature: [Signature]
 Position: COORDINATOR
 Date: 5-11-2014

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30th JUNE 2014

	Notes	June 2014 TZS	June 2013 TZS
Income			
Accountable Grants	1	1,068,529,594	761,252,721
Other Income	2	<u>55,822,963</u>	<u>6,296,378</u>
Total income		<u>1,124,352,557</u>	<u>767,549,099</u>
Expenditure			
Grants Disbursements	3	167,125,793	227,145,156
Administration Expenses	4	336,661,388	181,674,872
Program Expenses	5	<u>571,505,386</u>	<u>362,979,083</u>
Total expenditure		<u>1,075,292,567</u>	<u>771,799,111</u>
Surplus/(Deficit) of income over expenditure		<u>49,059,990</u>	<u>(4,250,012)</u>

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

STATEMENT OF CHANGE OF EQUITY
FOR THE YEAR ENDED 30th JUNE 2014

	Accumulated Surplus JUNE 2014	Accumulated Surplus JUNE 2013
Statement of Reserve		.
Balance Brought Forward	27,755,995	32,006,008
Asset Adjustment	(4,324,826)	-
(Deficit)/Surplus for the year	<u>49,059,990</u>	<u>(4,250,012)</u>
Balance as at 30 June	<u>72,491,159</u>	<u>27,755,996</u>

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

STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30th JUNE 2014

	June 2014 TZS	June 2013 TZS
Cash flow from operating activities		
Surplus/(Deficit) For The Year	49,059,990	(4,250,012)
Adjustments for:		
Depreciation	<u>8,745,666</u>	<u>7,651,541</u>
Net cash flow before working capital changes	57,805,656	3,401,529
Changes in working capital		
Decrease/(increase) in Staff Advances	1,515,480	(910,598)
Decrease/(increase) in Prepayments	27,694	9,533,182
Decrease/(increase) in Grants Advances	(133,851,366)	(81,799,176)
(Decrease)/increase in Payables	(40,153,224)	49,669,077
(Decrease)/increase in Deferred Income	<u>198,747,768</u>	<u>506,418,059</u>
Net cash outflow from operating activities	<u>84,092,008</u>	<u>486,312,073</u>
Cash flow from investing activities		
Purchase of equipment	(3,180,000)	(9,599,600)
Net cash outflow from investing activities	<u>(3,180,000)</u>	<u>(9,599,600)</u>
Increase in cash and cash equivalents during the year	80,912,010	476,712,473
Cash and cash equivalent at the beginning of the year	<u>496,616,611</u>	<u>19,904,139</u>
Cash and cash equivalent at the end of the year	<u>577,528,621</u>	<u>496,616,612</u>

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

SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND
FOR THE YEAR ENDED 30 JUNE 2014

DESCRIPTION	OWN FUND	BftW	OXFAM NOVIB	INSARD	SAT	EU	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Opening Balance as of July 01, 2012	-	7,431,734	238,584,739	642,930	17,125,969	271,478,796	535,264,168
Receipts During The Period	7,454,555	106,666,993	-	51,673,897	47,078,088	1,061,858,384	1,274,731,917
Fund Available	<u>7,454,555</u>	<u>114,098,727</u>	<u>238,584,739</u>	<u>52,316,827</u>	<u>64,204,057</u>	<u>1,333,337,180</u>	<u>1,809,996,085</u>
LESS: PAYMENT							
General Investment	-	-	-	-	-	3,180,000	3,180,000
Recurrent Expenses	-	46,863,642	53,027,195	9,961,440	3,423,713	203,205,658	316,481,648
Payroll Costs	-	7,439,223	10,253,423	-	596,024	22,413,043	41,065,199
Administration Expenditures	363,486	7,393,200	2,169,856	-	-	24,506,381	34,069,437
Professional Charges	-	-	-	-	-	-	-
Programmes	363,486	61,696,065	65,450,474	9,961,440	4,019,737	250,125,082	391,616,285
Key Result Area 1: Food security and sovereignty, to ensure food security in the region	-	5,278,600	3,595,134	-	-	-	8,873,734
Sub-result 1: To build the capacity of small scale farmers in sustainable agro ecological farming practices	-	-	-	-	-	-	-
Sub-result 2: To influence Policy decisions on food security and sovereignty at international, regional and national levels	-	19,050,088	15,504,225	-	61,203,785	14,914,895	110,672,993

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

SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND (Continued) FOR THE YEAR ENDED 30 JUNE 2014

DESCRIPTION	OWN FUND	Bftw	OXFAM NOVIB	INSARD	SAT	EU	
<i>Sub-result 3: To influence the agriculture research Agenda at various level (INSARD)</i>	-	-	-	42,355,387	-	10,051,160	52,40
<i>Sub-result 4: To improve small scale farmers adaptation and mitigation of climate change</i>	-	-	8,686,294	-	-	-	8,68
<i>Sub Result 5: Strengthening Small Scale farmers capacity to hold states accountable in fulfilling the Maputo Declaration by conducting Public Expenditure Trucking (PETS) in 10 districts in 5 EAC countries</i>	-	-	-	-	-	80,165,798	80,16
<i>Key Result Area 2 - Trade and Markets: Small scale farmers are aware of their rights and responsibilities, and are able to negotiate good trade deals and are demanding and accessing fair market for their agriculture produces (EU Partners)</i>	-	-	-	-	-	56,113,941	56,11
<i>Key Result Area 3 :- ESAFF has mainstreamed gender, youth and HIV in all its policies and programs and has externally identified and engaged in a number of cross cutting issues for advocacy at national and regional levels regarding Gender, youth and HIV/AIDS by year 2014</i>	-	-	-	-	-	-	-
<i>Sub-result 1: Increased number of ESAFF members with organizational policies on gender, youth involvement and HIV/AIDS; from 4 in 2011 to 13, in the year 2014</i>	-	-	3,663,000	-	-	-	3,663
<i>Sub-result 2: Youth are motivated to take interest in agriculture and Increased percentage of youth attending policy processes meetings regarding agriculture and rural development at national and local level from 20% in the year 2011 to 50% in the year 2014</i>	-	5,210,000	15,630,000	-	-	-	20,840

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

SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND (Continued) FOR THE YEAR ENDED 30 JUNE 2014

DESCRIPTION	OWN FUND	Bftw	OXFAM NOVIB	INSARD	SAT	EU	TOTA
Key Result Area 4: ESAFF is an organization that produces high quality services efficiently, effectively and in good time by the year 2014	-	-	-	-	-	-	-
Sub-result 1: To strengthen ESAFF regional secretariat as a professional, efficient and effective and ensuring conducive working environment by the year 2014	-	1,356,600	5,210,000	-	-	-	6,566,600
Sub-Result 2: Enhanced ESAFF region governance by the year 2014	-	10,420,000	103,576,809	-	-	-	113,996,809
Sub-result 3: Strengthened institutional capability and sustainability of national (ESAFF members) by 2014	-	2,084,000	6,930,974	-	-	87,957,904	96,972,878
Sub-result 4: Enhanced Linkages, and partnerships within ESAFF network as well as between ESAFF and likeminded organisations by 2014	347,820	4,126,350	-	-	-	-	4,474,170
Grand Total of Expenditure	711,306	109,221,703	228,246,910	52,316,827	65,223,522	499,328,779	955,049,049
Balance Carried Forward	6,743,249	4,877,024	10,337,829	-	(1,019,465)	834,008,401	854,947,036

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2014

GENERAL INFORMATION

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

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

1. BASIS OF PREPARATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Revenue recognition

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

Membership contributions

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

Donor grants

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2014

2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)

Reserve Fund

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

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

Other Income

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

Unused Grants

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

b. Operating expenses

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

c. Foreign currency translation

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

d. Taxes

Value Added Tax (VAT)

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2014

2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)

Income tax

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

e. Property and Equipment

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

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

Motor vehicle	25%
Motor Cycles	20%
Office Equipment	20%
Office Furniture	12.5%
Land and Building	4%
Furniture and fittings	13%
Computer and Accessories	33.3%

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

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

f. Cash and cash equivalents

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

g. Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th JUNE 2014

2. SUMMARY OF SIGNIFICANTS ACCOUNTING POLICIES (Continued)

Forum as a lessee

Finance leases that transfer to the Forum substantially all the risks and benefits incidental to ownership of the leased item, are capitalised 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 recognised 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 recognised 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 amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

i) Financial Assets

Receivables

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial instruments - initial recognition and subsequent measurement

i) Financial assets (Continued)

Derecognition

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

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

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

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

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial instruments - initial recognition and subsequent measurement

i) Financial assets (Continued)

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

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

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

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

ii) Financial liabilities

Initial recognition and measurement

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial instruments - initial recognition and subsequent measurement

i) Financial Liabilities (Continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

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

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

Derecognition

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

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

Offsetting of financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30th JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of non-financial assets

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

k) Cash and short-term deposits

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

l) Provisions

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

m) Pension and other post-employment benefits

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

3. CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

3. CHANGES IN ACCOUNTING POLICIES (Continued)

New and amended standards and interpretations (Continued)

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

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

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

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

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

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th JUNE 2014**

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

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

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

IFRS 9 Financial Instruments

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

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

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

IFRIC Interpretation 21 Levies (IFRIC 21)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th JUNE 2014

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

	JUNE 2014 TZS	JUNE 2013 TZS
5 Grants Received		
Grants - Oxfam Novib	228,246,910	183,407,316
Grants - BFTW	109,221,703	99,271,810
Grants - INSARD	52,316,827	17,055,729
Grants - SAT	65,223,522	32,674,035
Grants - EU	<u>613,520,632</u>	<u>428,843,831</u>
	<u>1,068,529,594</u>	<u>761,252,721</u>
6 Other Income		
Membership Subscription	5,833,708	2,518,714
Other Incomes	<u>49,989,255</u>	<u>3,777,664</u>
	<u>55,822,963</u>	<u>6,296,378</u>
7 Grants Disbursement		
Budget Tracking Districts	-	47,249,900
Budget Tracking MVIWATA	-	-
National Advocacy Strategy	-	43,955,934
Sub-grantees Administration Expenses	-	-
Disbursement - Gret	133,726,255	55,907,722
Disbursement - MVIWATA	<u>33,399,538</u>	<u>80,031,600</u>
	<u>167,125,793</u>	<u>227,145,156</u>
8 Administration Expenses		
Board & AGM Meeting Expenses	98,766,633	40,605,393
Payroll and related costs	142,890,193	69,084,105
Staff Training	9,971,750	8,614,146
Audit Fees	24,344,597	15,913,660

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

Administration Expenses (Continued)			
		JUNE 2014	JUNE 2014
		TZS	TZS
Rent		12,051,647	3,942,592
Depreciation		8,745,666	13,849,612
Security		4,800,000	4,800,000
Office Utility & Maintenance		5,646,488	4,113,277
Office Stationery & Communication Expenses		16,305,617	13,957,627
Professional Charges & Memberships		4,168,000	680,400
Bank Charges		3,557,047	3,075,060
Vehicle Maintenance & Fuel		5,413,750	3,039,000
		<u>336,661,388</u>	<u>181,674,872</u>
9 Program Expenses			
Technical Staff Payroll		173,591,456	110,816,083
Capacity Building Costs		160,487,782	214,985,346
Publications & Researches		83,414,590	22,754,774
Visibility, Networking & Advocacy		126,073,868	8,527,680
Travels in Action		27,937,690	5,895,200
		<u>571,505,386</u>	<u>362,979,083</u>
10 Staff Advances			
Staff Advances			558,699
Staff Imprest		489,914	1,446,694
		<u>489,914</u>	<u>2,005,393</u>
11 Prepayments and Advances			
Prepayment (Rent Building & Website Hosting)		8,970,124	8,514,518
Other Debtors		1,579,000	2,062,299
		<u>10,549,124</u>	<u>10,576,817</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

	JUNE 2014 TZS	JUNE 2014 TZS
12 Cash & Cash Equivalent		
Exim Bank Account - TShs	25,424,714	69,130,796
Exim Bank Account - USD	7,334,184	4,872,467
Exim Bank Account - EURO	544,769,723	422,613,349
Petty Cash		-
	<u>577,528,621</u>	<u>496,616,612</u>
13 Payables		
Audit Fees Payable	11,900,000	13,634,260
Accrued Expenses	115,853	29,985,500
Accrued Leave	-	6,976,211
Gratuity Payable	-	1,573,106
	<u>12,015,853</u>	<u>52,169,077</u>
14 Deferred Income		
Bread for the World (BftW)	4,877,024	7,431,734
Oxfam Novib	10,337,829	238,584,739
INSARD	-	642,930
Southern Africa Trust (SAT)	(1,019,465)	17,125,969
European Union (EU)	<u>719,816,548</u>	<u>271,478,796</u>
	<u>734,011,936</u>	<u>535,264,168</u>



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

15. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment	Furniture & Fittings	Computer & Accessories	TOTAL
	TZS	TZS	TZS	TZS	TZS
COST					
As at 1 July 2013	17,500,000	4,235,500	6,217,744	16,471,700	44,424,944
Additions	-	-	-	3,180,000	3,180,000
Adjusting Entry	-	-	-	(4,275,000)	(4,275,000)
Disposed	-	(130,000)	(142,744)	(3,114,100)	(3,386,844)
As at 30 June 2014	17,500,000	4,105,500	6,075,000	12,262,600	39,943,100
DEPRECIATION					
As at 1 July 2013	8,750,000	2,207,817	2,920,418	6,355,467	20,233,702
Charge during the year	4,375,000	622,433	759,375	2,988,857	8,745,666
Disposal of assets	-	(130,000)	(92,917)	(3,114,100)	(3,337,017)
As at 30 June 2014	13,125,000	2,700,250	3,586,876	6,230,224	25,642,351
NET BOOK VALUE					
As at 30 June 2014	4,375,000	1,405,250	2,488,124	6,032,376	14,300,749
As at 30 June 2013	8,750,000	2,027,683	3,297,326	10,116,233	24,191,242

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2014

16. COMMITMENTS AND CONTINGENCIES

a) CAPITAL COMMITMENTS

As at 30 June 2014 the Forum had no any contractual capital commitments.

b) OPERATING LEASE COMMITMENTS

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

17. CONTINGENCY LIABILITY

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

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Credit risk

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

Liquidity risk

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

Currency risk

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

19. EVENTS SUBSEQUENT TO THE YEAR END

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