

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

DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS

30 JUNE 2013

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

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

TABLE OF CONTENTS	PAGE
Organization information	1
Directors' report	2-8
Independent auditors' report	9-10
Financial statements:	
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Summary of receipts and payments by source of fund	15-17
Notes to the financial statements	18-33

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

### **ORGANIZATION INFORMATION FOR THE YEAR ENDED 30 JUNE 2013**

#### **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](mailto:mzinga@esaff.org)

#### **ORGANIZATION CHAIRMAN**

Moses Shaha  
P.O. Box 388, Kilifi 80108,  
Mombasa, Kenya  
Tel +254 724281610  
E-mail : [Moses.shaha@yahoo.com](mailto:Moses.shaha@yahoo.com)

#### **AUDITORS**

Ernst and Young  
Certified Public Accountants  
Utalii House  
36 Laibon Road, Oysterbay  
P. O. Box 2475  
Dar es Salaam, Tanzania  
+255 22 2667227/7368/6853

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

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

#### 1. INTRODUCTION

ESAFF is a network of grassroots small scale farmers' organisations working in 13 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 OONGO/1097. The secretariat of ESAFF in Morogoro, Tanzania is led by the Coordinator who reports to the Regional Board.

ESAFF operates in 13 countries 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 Association, 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-Seychelles), Madagascar (CPM-Madagascar) and Mozambique (ROSA).

#### 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 programmes 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 2013**

#### **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

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

### **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30th JUNE 2013**

- (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
- (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 2013/2012**

There are several factors which affected the implementation of ESAFF activities during the period ended 30 June 2013. The main problems include the following:

- Fundraising activities especially for the southern Africa region. After EU INVOLVE funding for EAC was available for to June 2016. The challenge is to ensure also southern African members have guaranteed funding for joint activities.
- Delays in the disbursement of funds in which most of funds arrived late in the year. Activities at members level was possible after the month of April/May 2013
- Interview and recruitment process due to the nature and spread of ESAFF. Having no single public media to reach member, ESAFF used emails, website and members to reach potential candidates for the job. However, some successful candidates could not join due to lack of relevant papers for work permit application.

### **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 April 2011 and next TGS is expected to be in June 2014.
- 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
- c) The ESAFF Regional Board - is constituted of thirteen (13) 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) made of the Chairperson, Vice chairperson, General Secretary and the Treasurer.
- 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



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

### DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30th JUNE 2013

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:

Name	Country of Residence	Qualifications/professional	Position	Appointment date
1. Mr. Moses Shaha	Kenya	A farmer	Chairperson	April 2011
2. Ms. Elizabeth Mpofu	Zimbabwe	A farmer	Vice Chairperson	April 2011
3. Mr. Hakim Baliraine	Uganda	A farmer	Secretary	April 2011
4. Mr. Richard Rabetrano	Madagascar	A farmer	Treasurer	June 2012
5. Ms. Mamalefetsane	Lesotho	A farmer	Board Member	April 2011
6. Ms. Rachel Muyobokeye	Rwanda	A farmer	Board Member	April 2011
7. Ms. Odette Nzeyimana	Burundi	A farmer	Board Member	April 2011
8. Ms. Catherine Chimanya	Malawi	A farmer	Board Member	January 2013
9. Ms. Saquina Mucavele	Mozambique	A farmer	Board Member	April 2012
10. Mr. Aaron Tlaka	South Africa	A farmer	Board Member	April 2011
11. Mr. Mubanga Kasakula	Zambia	A farmer	Board Member	April 2011
12. Mr. Serge Benstrong	Seychelles	A farmer	Board Member	April 2011
13. Mr. Haji Usi Haji	Tanzania	A farmer	Board Member	December 2012

#### 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:

- 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.
- 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.

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

### DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30th JUNE 2013

- 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 2013/2012	Amount received 2012/2011
Oxfam Novib	36 Months	Euro 260,000	Euro 210,000	Euro 50,000
BFTW	36 Months	Euro 150,000	Euro 50,000	Euro 50,000
INSARD	36 Months	Euro 47,881	-	Euro 14,541
EU	42 Months	Euro 1,181,164	Euro 335,350	NIL
Trust Africa	12 Months	USD 34,600	-	USD 34,600
Southern Africa Trust (SAT)	18 months	ZAR 900,000	USD 31,579	NIL

#### 11. RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

The Forum has established logframe 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.



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

### **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 30th JUNE 2013**

#### **11. RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)**

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 2013 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 30<sup>th</sup> June 2013, the organization had 5 staffs.

#### **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.

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

DIRECTORS' REPORT (Continued)  
FOR THE YEAR ENDED 30th JUNE 2013

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 11 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 12 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.

The financial statements, as set out on pages 11 to 32, which have been prepared on going concern basis, were approved by the board of directors on 12/12/2013 and signed on its behalf by:



Moses Shaha  
ESAFF Chairperson

12/12/13  
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 30<sup>th</sup> June 2013, 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.

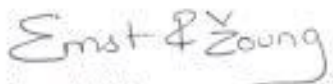
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In 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 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 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Ernst & Young  
Certified Public Accountants,  
Dar es Salaam

Signed by: Joseph Sheffu

Date: 12/12/2013



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

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2013

	Notes	JUNE 2013 TZS	JUNE 2012 TZS
Income			
Accountable grants	5	761,252,721	585,306,086
Membership contributions	6	<u>6,296,378</u>	<u>6,514,969</u>
Total Income		<u>767,549,099</u>	<u>591,821,055</u>
Expenditure			
Grants disbursements	7	227,145,156	-
Administration expenses	8	181,674,872	88,240,750
Program expenses	9	<u>362,979,083</u>	<u>526,744,250</u>
Total expenditure		<u>771,799,112</u>	<u>614,985,000</u>
Deficit of income over expenditure		<u>(4,250,012)</u>	<u>(23,163,945)</u>

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

## STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> JUNE 2013

	Notes	JUNE 2013 TZS	JUNE 2012 TZS
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Equipment	15	24,191,242 ✓ <u>24,191,242</u>	22,243,183 <u>22,243,183</u>
<b>Current Assets</b>			
Staff advances	10	2,005,393 ✓	1,094,795
Prepayments and other receivables	11	10,576,818 ✓	20,110,000
Advances to Sub grantees- EU Fund		81,799,176 ✓	-
Bank and Cash Balances	12	496,616,612 ✓ <u>590,997,999</u>	19,904,139 <u>41,108,934</u>
<b>TOTAL ASSETS</b>		<u>615,189,241</u>	<u>63,352,117</u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated Surplus		27,755,996 ✓ <u>27,755,996</u>	32,006,008 <u>32,006,008</u>
<b>Current Liabilities</b>			
Payables	13	52,169,077 ✓	2,500,000
Deferred Income	14	535,264,168 ✓ <u>587,433,245</u>	28,846,109 <u>31,346,109</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u>615,189,241</u>	<u>63,352,117</u>

The financial statements on pages 11 to 33 were approved by the Board of Directors on 12-12- 2013 and were signed on its behalf by:

Name: Moses S. HAHU  
 Signature: [Signature]  
 Position: ESAFF CHAIRMAN  
 Date: 12/12/13

Name: Joseph E. Maima  
 Signature: [Signature]  
 Position: COORDINATOR  
 Date: 12/12/2013



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

## STATEMENT OF CHANGE OF EQUITY FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2013

DESCRIPTION	ACCUMULATED SULPLUS 2013 TZS	ACCUMULATED SULPLUS 2012 TZS
Balance brought forward	32,006,008	48,156,453
Additions of assets acquired by Grants Funds	-	7,013,500
Surplus/(Deficit) for the Year	(4,250,012)	(23,163,945)
Balance as at 30 June	<u>27,755,996</u>	<u>32,006,008</u>

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

STATEMENT OF CASHFLOW  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2013

	JUNE 2013 TZS	JUNE 2012 TZS
Operating activities		
Deficit for the year	(4,250,012)	(23,163,945)
Adjustment for non Cash:		
Depreciation	7,651,541	15,344,072
Net cash flows generated from operating activities Before changes in Working Capital items	3,401,529	(7,819,873)
Decrease in Staff Advances	(910,598)	
Increase/ (decrease) in prepayment	9,533,182	(21,243,084)
Decrease in Grants Advances	(81,799,176)	
Increase in Payables	49,669,077	1,028,728
Increase in Deferred Income	506,418,059	8,799,089
Net cash flows generated from operating activities	486,312,073	(19,235,140)
Investing activities		
Purchase of property and equipment	(9,599,600)	(7,013,500)
Net cash flows used in investing activities	(9,599,600)	(7,013,500)
Financing activities		
Increase of Reserve Fund due to Grant used on Acquisition of PPE		7,013,500
Net cash flows used in financing activities		7,013,500
Increase in cash and cash equivalents	476,712,473	(19,235,140)
Cash and cash equivalent at the beginning of the year	19,904,139	39,139,279
Cash and cash equivalent at the end of the year	12 496,616,612	19,904,139

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

## SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND FOR THE YEAR ENDED 30 JUNE 2013

DESCRIPTION	OWN FUND	BIW	OXFAM NOVIB	INSARD	SAT	EU	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Opening balance as of July 01, 2012	(363,486)	5,908,881	5,602,055	17,698,659	-	-	28,846,109
Receipts during the period	6,659,864	100,794,663	416,390,000	-	49,800,004	700,322,627	1,273,967,158
Fund Available	6,296,378	106,703,544	421,992,055	17,698,659	49,800,004	700,322,627	1,302,813,267
<b>LESS: PAYMENT</b>							
General Investment	266,250	518,750	315,000	-	-	8,499,600	9,599,600
Recurrent expenses							
Payroll expenses	-	37,748,060	31,420,516	7,229,129	8,355,722	94,360,657	179,114,084
Administration expenditures	1,328,000	6,328,750	8,073,500	1,743,000	1,678,440	11,015,636	30,167,325
Professional expenditures	1,589,628	1,763,750	3,535,800	1,660,000	-	21,754,825	30,304,003
	2,917,628	45,840,560	43,029,816	10,632,129	10,034,162	127,131,117	239,585,413
<b>Programmes</b>							
Key Result Area 1: Food security and sovereignty, to ensure food security in the region							
Sub-result 1: To build the capacity of small scale farmers in sustainable agro ecological farming practices	-	-	18,675,000	-	-	-	18,675,000
Sub-result 2: To influence Policy decisions on food security and sovereignty at International, regional and national levels	3,112,500	44,612,500	45,650,000	-	22,639,873	-	116,014,873
Sub-result 3: To influence the agriculture research Agenda at various level (INSARD)	-	-	-	6,423,600	-	-	6,423,600



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

## SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND FOR THE YEAR ENDED 30 JUNE 2013

DESCRIPTION	OWN FUND	Bftw	OXFAM NOVIB	INSARD	SAT	EU	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
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	-	2,075,000	-	-	-	-	2,075,000
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	-	6,225,000	2,075,000	-	-	-	8,300,000
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	-	-	-	-	-	-	-
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	-	-	4,565,000	-	-	-	4,565,000
Sub-Result 2: Enhanced ESAFF region governance by the year 2014	-	-	40,462,500	-	-	61,734,775	102,197,275
Sub-result 3: Strengthened institutional capability and sustainability of national (ESAFF members) by 2014	-	-	24,900,000	-	-	91,068,430	115,968,430
Sub-result 4: Enhanced Linkages, and partnerships within ESAFF network as well as between ESAFF and likeminded organisations by 2014	-	-	3,735,000	-	-	4,470,588	8,205,588
Disbursement to EU Partners	-	-	-	-	-	135,939,322	135,939,322
	3,112,500	52,912,500	140,062,500	6,423,600	22,639,873	293,213,115	518,364,087

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

SUMMARY OF RECEIPTS AND PAYMENTS BY SOURCE OF FUND  
FOR THE YEAR ENDED 30 JUNE 2013

DESCRIPTION	OWN FUND	BRW	OXFAM NOVIB	INSARD	SAT	EU	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Grand Total of Expenditure	6,296,378	99,271,810	183,407,316	17,055,729	32,674,035	428,843,831	767,549,099
Balance Carried Forward	-	7,431,734	238,584,739	642,930	17,125,969	271,478,796	535,264,168

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2013**

#### **GENERAL INFORMATION**

ESAFF is a network of grassroots small scale farmers' organizations working in 13 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 13 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 2013**

**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 30<sup>th</sup> JUNE 2013**

#### **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 30<sup>th</sup> JUNE 2013

#### 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 30<sup>th</sup> JUNE 2013**

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

##### **i. Financial Instruments - initial recognition and subsequent measurement**

###### **1) 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



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

### **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2013**

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

##### **1. Financial instruments - initial recognition and subsequent measurement**

###### **i) Financial assets (Continued)**

Impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

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

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

###### **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 30<sup>th</sup> JUNE 2013**

#### **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 30<sup>th</sup> JUNE 2013**

#### **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 2012:

- *IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets*
- *IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*
- *IFRS 7 Financial Instruments : Disclosures - Enhanced Derecognition Disclosure Requirements*

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

### **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2013**

#### **3. CHANGES IN ACCOUNTING POLICIES (Continued)**

The adoption of the standards or interpretations is described below:

##### ***IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets***

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis.

The amendment is effective for annual periods beginning on or after 1<sup>st</sup> January 2012 and has been no effect on the Group's financial position, performance or its disclosures.

##### ***IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters***

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1<sup>st</sup> July 2011. The amendment had no impact to the Organisation.

##### ***IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements.***

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the entity's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement.

The amendment is effective for annual periods beginning on or after 1<sup>st</sup> July 2012. 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 30<sup>th</sup> JUNE 2013**

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

##### **IAS 19 *Employee Benefits* (Revised)**

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The management has opinion that these changes will have no impact on the financial statement as the forum has no plan assets.

##### **IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011)**

As a consequence of the new IFRS 11 *Joint Arrangements*, and IFRS 12 *Disclosure of Interests in Other Entities*, IAS 28 *Investments in Associates*, has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

##### **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". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Forum's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

##### **IFRS 12 *Disclosure of Interests in Other Entities***

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Forum's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

##### **IFRS 13 *Fair Value Measurement***

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Forum is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

##### **Annual Improvements May 2012**

These improvements will not have an impact on the Forum, but include:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2013

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

**IFRS 1 First-time Adoption of International Financial Reporting Standards**

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS. This has no impact on because the Forum has not stopped IFRS.

**IAS 1 Presentation of Financial Statements**

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

**IAS 16 Property Plant and Equipment**

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property; plant and equipment are not inventory.

**IAS 32 Financial Instruments, Presentation**

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*.

**IAS 34 Interim Financial Reporting**

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1<sup>st</sup> January 2013.



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2013

	JUNE 2013 TZS	JUNE 2012 TZS
<b>5. Accountable grants</b>		
Grants - Oxfam Novib	183,407,316	117,407,005
Grants - BFTW	99,271,810	84,525,684
Grants - INSARD	17,055,729	19,833,976
Grants - SAT	32,674,035	-
Grants - EU	428,843,831	-
Grants - Trust Africa	-	51,834,421
Grants - Ford Foundation	-	311,705,000
	<u>761,252,721</u>	<u>585,306,086</u>
<b>6. Membership contributions</b>		
Membership subscription	2,518,714	2,370,300
Contributions	3,777,664	4,144,669
	<u>6,296,378</u>	<u>6,514,969</u>
<b>7. Grants disbursement</b>		
Budget tracking Districts	47,249,900	-
Budget tracking MVIWATA	-	-
National advocacy strategy	43,955,934	-
Sub-grantees administration Expenses	-	-
Disbursement - GRET	55,907,722	-
Disbursement - MVIWATA	80,031,600	-
	<u>227,145,156</u>	<u>-</u>
<b>8. Administration expenses</b>		
Board & AGM Meeting expenses	40,605,393	-
Payroll and related costs	69,084,105	36,870,750
Staff training	8,614,146	4,604,000
Audit fees	15,913,660	5,920,000
Rent	3,942,592	-
Depreciation	7,651,541	15,344,000
Foreign loss	6,198,071	-
Security	4,800,000	-
Office utility & maintenance	4,113,277	25,502,000
Office stationery & communication Expenses	13,957,627	-
Professional charges & memberships	680,400	-
Bank charges	3,075,060	-
Vehicle maintenance & fuel	3,039,000	-
	<u>181,674,872</u>	<u>88,240,750</u>

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2013

	JUNE 2013 TZS	JUNE 2012 TZS
<b>9. Program Expenses</b>		
Technical Staff Payroll	110,816,083	68,474,250
Capacity Building Costs	214,985,346	109,933,000
Publications & Researches	22,754,774	311,705,000
Visibility, Networking & Advocacy	8,527,680	36,632,000
Travels in Action	5,895,200	-
	<u>362,979,083</u>	<u>526,744,250</u>
<b>10 Staff Advances</b>		
Staff advances	558,699/	-
Staff Imprests	1,446,694/	1,094,795
	<u>2,005,393</u>	<u>1,094,795</u>
<b>11 Prepayments and other receivables</b>		
Prepayment	8,514,518/	-
Other debtors	2,062,300/	-
Receivable grants	-	20,110,000
	<u>10,576,818</u>	<u>20,110,000</u>
<b>12 Cash and Bank Balance</b>		
Exim Bank account - TZS	69,130,796/	1,757,601
Exim Bank account - USD	4,872,467/	2,976,102
Exim Bank account - EURO	422,613,349/	12,800,136
Petty Cash	-	2,370,300
	<u>496,616,612</u>	<u>19,904,139</u>
<b>13 Payables</b>		
Audit fees payable	13,634,260/	2,500,000
Accrued expenses	29,985,500/	-
Accrued leave	6,976,211/	-
Gratuity payable	1,573,106/	-
	<u>52,169,077</u>	<u>2,500,000</u>
<b>14 Deferred Income</b>		
Bread for the World (BftW)	7,431,734/	5,908,881
Oxfam Novib	238,584,739/	5,602,055
INSARD	642,930/	17,698,659
Southern Africa Trust (SAT)	17,125,969/	-
European Union (EU)	271,478,796/	-
Trust Africa	-	(363,486)
	<u>535,264,168</u>	<u>28,846,109</u>



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2013

15. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment	Furniture & Fittings	Computer & Accessories	Total
COST	TZS	TZS	TZS	TZS	TZS
As at 1 July 2012	17,500,000	491,870	3,654,744	31,272,837	52,919,451
Re-Allocation of assets	-	3,283,500	863,000	(4,146,500)	-
Additions	-	1,100,000	1,700,000	6,799,600	9,599,600
Disposed	-	(639,870)	-	(17,454,237)	(18,094,107)
As at 30 June 2013	17,500,000	4,235,500	6,217,744	16,471,700	44,424,944
DEPRECIATION					
As at 1 July 2012	4,375,000	312,030	1,767,860	24,221,378	30,676,268
Charge during the year	4,375,000	691,434	653,000	1,932,107	7,651,541
Reallocation of assets	-	1,844,223	499,559	(2,343,782)	-
Disposal of assets	-	(639,870)	-	(17,454,237)	(18,094,107)
As at 30 June 2013	8,750,000	2,207,817	2,920,418	6,355,467	20,233,702
NET BOOK VALUE					
As at 30 June 2013	8,750,000	2,027,683	3,297,326	10,116,233	24,191,242
As at 30 June 2012	13,125,000	179,840	1,886,884	7,051,459	22,243,183

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

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2013

#### 16. COMMITMENTS AND CONTINGENCIES

##### a) CAPITAL COMMITMENTS

As at 30 June 2013 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. RELATED PARTIES DISCLOSURES

The Forum operates in East and Southern Africa through members. The following transactions have been entered into with related parties for the relevant years:

	2013/2012 TZS	2012/2011 TZS
Income in form of Membership and subscription fees	6,296,378	6,514,969
Compensation of key management personnel		
Short term remuneration	29,680,000	-

#### 19. 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.



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2013

**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.

**20. 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.