

Company Number: 09360833

Charity Number: 1168223

GATSBY AFRICA

ANNUAL REPORT

5 APRIL 2023

The Peak
5 Wilton Road
London SW1V 1AP

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LEGAL AND ADMINISTRATIVE INFORMATION

The company is a private limited company by guarantee incorporated on 18 December 2014 in the United Kingdom (registered no. 09360833) and operates from its registered office (The Peak, 5 Wilton Road, London, SW1V 1AP). The company is registered with the Charity Commission (registered no. 1168223).

Trustees/ Directors	Mr JC Burns Mr P Hesketh (appointed 27 January 2023) Mrs K Everett (appointed 27 January 2023) Miss JS Portrait OBE	
Registered Office	The Peak 5 Wilton Road London SW1V 1AP	
Principal Officers	Mr P Hesketh Mrs K Everett Mr J Highstead Mrs A Otieno	Chief Executive Chief Executive Officer – Sainsbury Family Charitable Trusts Executive Director Head of Finance
Bankers	Royal Bank of Scotland 119-121 Victoria Street London SW1E 6RA	
Solicitors	From 1 August 2022: BDB Pitmans LLP 1 Bartholomew Close London EC1A 7BL To 31 July 2022: Portrait Solicitors 21 Whitefriars Street London EC4Y 8JJ	
Auditors	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW	

STRATEGIC REPORT AND ANNUAL REVIEW OF ACTIVITIES

Objects

The objects of Gatsby Africa ('GA') as given in the Articles of Association are:

- a) the prevention and/or relief of poverty in Africa and elsewhere in the world, in particular but not limited to undertaking any activity of a charitable nature which may further the prevention and/or relief of poverty work of the Gatsby Charitable Foundation ('Gatsby') (registered charity number 251988) for the public benefit.
- b) To advance such charitable purposes (according to the law of England and Wales) as the Trustees see fit from time to time in particular but not limited to the prevention and/or relief of poverty in Africa and elsewhere.

Principal activities

To achieve these objects GA delivers projects in East Africa funded primarily by grants from the Gatsby Charitable Foundation. GA aims to help more people benefit from economic growth in East Africa – creating jobs, raising incomes, building opportunities, and thereby reducing poverty.

GA aims to achieve this by:

- 1) Transforming key agricultural and economic sectors in East Africa through programmes that partner with others to implement ambitious strategies; and
- 2) Synthesising and sharing lessons from its programmes and elsewhere to enable their application at scale within its own sectors of interest as well as others.

In the financial year 2022-23, GA focused on implementing 9 sector programmes across East Africa: Tanzanian forestry; Kenyan and Ugandan forestry; regional aquaculture; regional textiles; Kenyan livestock; Kenyan agricultural inputs; Kenyan water; and (in partnership with the Wood Foundation, a Scottish registered charity) Tanzanian and Rwandan tea.

Each programme aims to capture what is working and what is not, and to share this with other stakeholders - particularly governments and donors - so that they can benefit from the lessons learned. Ultimately GA aims to share the benefits of sector transformation beyond its own networks, influencing the wider development community, governments and funders, bringing widespread benefits to East African citizens and, more widely, to people living in poverty across the global south.

Review of Activities

Transforming key agricultural and economic sectors in East Africa through programmes that partner with others to implement ambitious strategies

- ***Tanzanian Forestry:*** *Creating a world-class forestry sector that underpins downstream wood and energy industries, thereby creating jobs and reducing poverty levels, delivering widespread economic, social and environmental benefits to Tanzanian citizens.*

The programme has continued to actively pursue concession opportunities, both at the national and local government levels. The Madaba pilot project is now showing great promise and moving into project design. Further opportunities are also opening up on Tanzania Forestry Service land, building on GA's strong government engagement to date.

STRATEGIC REPORT AND ANNUAL REVIEW OF ACTIVITIES (continued)

- ***Kenyan and Ugandan Forestry:*** *Introducing innovative wood processing technologies and ownership models to transform the Kenyan and Ugandan forestry sectors, protecting the environment, and benefiting millions of citizens by creating jobs and thereby reducing poverty levels. The programme is supporting the sector to attract investment to drive value addition in Uganda's forestry sector, bringing widespread economic, social and environmental benefits to Uganda's citizens.*

Kenyan Forestry: Increasingly the government of Kenya is setting clear strategies and targets for the development of forestry – motivated in part by engagement with GA's programme and the country's ambitious climate-change mitigation commitments. The team is making progress in its work to develop subsidiary legislation to facilitate private investment in public plantations through Public Private Partnerships (PPPs) and the Kenyan Government has demonstrated a commitment to this process, recently approving the Issues Paper which initiates the legislative review.

Ugandan Forestry: In Uganda, the main focus of the programme has been to attract investment in high-quality primary processing, increasing grower prices and incentivising continued investment in plantations. The team has supported a group of medium sized growers to formalise their association and develop a compelling case for investment, likely through a joint venture. The programme is in its pilot stage and will continue to explore the scalability of different models over the coming months.

- ***Tanzanian Tea:*** *Facilitating domestic and foreign investment that allows the implementation of a 'high-quality' operating model for smallholder tea that boosts profits which are then shared more equitably between farmers and factory.*

With its implementation partner, The Wood Foundation Africa (TWFA), a Scottish registered charity, GA is involved in the operation of a farmer service company that provides financial / technical support and green leaf logistics to smallholder tea farmers in Njombe. The Tanzanian tea sector continues to face challenges, and the long-term sustainability of the sector remains uncertain.

- ***Rwandan Tea:*** *Pioneering farmer owned factories and a farmer service company model to support the sector to fulfil its world-class potential, whilst ensuring smallholder farmers are key beneficiaries from its growth.*

With TWFA, GA provides input to two tea factories, and has established two farmer service companies, ROS and SCON, which continue to go from strength to strength. Both companies have hit their planting targets for the year, adding 550 ha into production, and exceeding last years production by 62% and 88% respectively. Tea prices have remained strong and farmer incomes have continued to increase, despite it being early in the project.

- ***Kenyan Livestock:*** *Establishing profitable and sustainable operating models across Kenya, the team is working to transform the quality and quantity of livestock outputs, bringing increased returns and management of climate risks to millions of pastoralists across the country.*

The livestock team has made significant progress focusing on strengthening national supply chains. The goal of this work is for the sector to establish profitable and sustainable operating models for aggregator-trader groups and processors/offtakes, ultimately improving the quality and quantity of livestock throughout the sector, and in turn, the income and livelihoods of pastoralists.

A project co-funded by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) was successfully completed, focusing on enhancing hygienic standards and competitiveness in meat processing through technical innovation and mechanisation. This has now attracted over \$2 million of private investment. The team has also conducted assessment of potential meat processors and off-takers, finding new opportunities to expand their operations further up the value chain; made considerable progress on the sector's animal health services; and provided technical feedlot and fattening support to various livestock enterprises.

STRATEGIC REPORT AND ANNUAL REVIEW OF ACTIVITIES (continued)

- ***Kenyan Water:*** Supporting the development of sustainable, resilient water service provision across Kenya, working closely with different levels of government to professionalise services, bringing reliable, quality provision to thousands of people across the country.

The team assisted seven water companies, providing input to improve their viability and resilience, and thereby provide clean drinking water to 42,000 additional people. In addition, the programme facilitated learning trips to Rwanda and Israel, resulting in valuable insights and the adoption of best practices. This was achieved through the policy and legislative frameworks being established in five Kenyan counties, with GA's team helping to foster greater collaboration between different levels of government, which is expected to help address key industry challenges.

- ***Regional Textiles:*** Assisting the sector to develop East Africa's industrial infrastructure in order to attract global brands with the capacity to bring hundreds of thousands of jobs to the region in the next 5 years.

Following recent global economic shocks, East Africa's textiles and apparel industry has a golden opportunity to benefit from a growing interest in supply chain diversification. The team is actively engaging with international buyers and potential investors and collaborating with business parks to develop the region's industrial infrastructure. The programme has successfully attracted investor interest, finalised a model for industrial space development, supported manufacturers in obtaining compliance certification, and focused on sustainability initiatives and the potential of alternative fibres. Efforts will continue to proactively seek investor interest, with investment anticipated within the next year or so.

- ***Kenyan Agricultural Inputs:*** Working closely with sector stakeholders and developing new inputs that have been adopted across Kenya, bringing benefits to thousands of farmers, and synthesising lessons that can be shared widely.

Over the past year, the team in Kenya achieved significant progress in promoting the use of granulated lime to address soil acidity, reaching 60,000 smallholder farmers, and delivering a significant uplift in yields. The team also focused on policy matters, contributing to the development of lime standards and a liming handbook. The programme helped sector-level organisations such as the Fertilizer Association of Kenya and the Seed Trade Association of Kenya successfully advocate on issues that affect the industry (for example, the inclusion of crop-specific fertiliser in government subsidy schemes; and the removal of VAT on vegetable seeds). The programme has completed a regional scoping exercise and presented proposals for specific value chains like soybeans and potato - the research and insights will be shared with the industry in 2023-24.

- ***Regional Aquaculture:*** Demonstrating the profitability of aquaculture and transforming its uptake across the region, addressing endemic food insecurity, while providing widespread social, economic and environmental benefits

The aquaculture team has made significant progress with its lead farms in Kenya and Uganda, demonstrating the efficacy of adopting improved management techniques, and prompting interest from farms across the region. The programme has also invested in creating a supportive environment for the industry, working on environmental sustainability, fish disease mitigation, zoning plans, and veterinary services. Concurrent efforts to improve the policy and regulatory environment have progressed well. In a bid to reduce the cost of inputs and enhance their effectiveness, the programme has supported the establishment of a feed mill which will come online soon - and is finalising arrangements for the region's first selective breeding programme.

REPORT OF THE TRUSTEES

Risk assessment

The Trustees have examined the major strategic, business and operational risks to which GA may be exposed and these are set out in the GA risk register. Areas of risk for GA currently include management of organisational growth, programme funding and impact, and personnel. The safety of staff employed by GA remains a constant priority for the Charity.

The risk register sets out the specific risks of the organisation, the impact level of those risks before and after existing controls have been considered, and the plans in place to improve controls where appropriate. The risk register is reviewed annually by the Trustees.

GA maintains a regular risk review process to ensure it manages its risks appropriately and this is delegated on a day to day basis to its professional management team. On a quarterly basis, or more frequently if deemed necessary, the management team review risks to the Charity to ensure that relevant actions are being taken to manage risks appropriately and ensure the risk register remains up to date. Progress on improvements to GA's control environment are also assessed on a quarterly basis. Any significant changes to risks will be reported to Trustees, with a formal review of the risk register on an annual basis.

The Trustees have evaluated that a major risk continuing to be faced by the Charity is that payments to overseas bodies may not be applied to its charitable purposes. To mitigate this risk the Trustees have implemented a rigorous, proportionate set of governance procedures which considers whether programmes and activities of the Charity which are to be the recipients of payments made overseas are aligned with the charitable objectives of GA. During implementation of these programmes there is a series of performance reviews which checks, amongst other matters, that the funding paid overseas has been applied to programme outputs approved originally.

GA is also mindful of its responsibilities regarding the reporting of serious incidents, including safeguarding. The Charity is working closely with its partners and staff to develop their awareness of safeguarding responsibilities with respect to vulnerable persons. The Trustees have undertaken an extensive review of security policies and procedures embedded within GA, including its crisis management procedures, country level threat monitoring and staff training. Trustees receive notification of serious incidents, and monitor that these are then reported to the Charities Commission.

Programme investments

In common with other charities, GA undertakes programme investments in order to catalyse structural change in the sectors in which it operates, thereby creating jobs, raising incomes and improving relief from poverty. Such investments are loans, or guarantees for loans, that are provided to beneficiaries on concessionary, non-commercial terms and rates, typically where such finance is unavailable for the sector.

GA, via its subsidiary, Msingi East Africa Limited, provides concessionary loans and deposit security for third party loans to stimulate growth in the aquaculture sector in East Africa where debt finance is otherwise not available. Such loans attract interest of 3.5% – 15.0% per annum. GA seeks to achieve a moderate rate of return on its programme investment portfolio in any financial year.

The loan portfolio is subject to impairment charges of £2.4 million at the end of the financial year, with the net carrying value of the portfolio of £2.3 million at 5 April 2023, compared to a net carrying value of £1.7 million in the previous year.

The principal reason for the impairment charge continues to be the uncertainty around the recoverability of amounts loaned to Victory Farms. Victory Farms, a major beneficiary of the programme investment activity, is in default under the terms of the standstill agreement that was agreed with Gatsby Africa in 2022. Negotiations are underway with Victory Farms to agree a revised repayment schedule which meets the charity's expectation that its loan is repaid, as well as continuing to support Victory Farms impact in relieving poverty in the aquaculture sector.

Trustees anticipate that there is a reasonable prospect of future repayment of the loan due from Victory Farms, not least in view of the fundraising that was completed by Victory Farms in May 2023. Nevertheless a cautious approach has been taken to the assessment of impairment of the amount that is due.

REPORT OF THE TRUSTEES (continued)

Programme investments (continued)

A further loan of £484,000 was made to Samakgro Limited to facilitate the construction of a feedmill production facility for the livestock and aquaculture sectors. Victory Farms is a partner in the joint venture which is the shareholder of Samakgro Limited. The total recoverable balance of the loan at year end is £1,308,000.

Interest income of £302,000 was received on such loans during the year, a return of 6.5% per annum.

Foreign, Commonwealth & Development Office ('FCDO')

GA entered into an agreement with the FCDO in July 2022 to undertake the project: 'Kenya-UK partnering for accelerated climate transitions'. The purpose of the project is to improve overall levels of poverty by unlocking private investment in commercial forestry to deliver on Kenya's climate strategy. GA, together with a number of partners, will deliver the project over 30 months from September 2022 to March 2025. The amount awarded under the grant for delivery of the project is £1.7 million.

Organisation

GA is one of the Sainsbury Family Charitable Trusts ('SFCT'), which share a common administration. GA has incurred staff costs and a share of the SFCT overheads.

Trustees are appointed by existing Trustees and are provided with relevant information relating to their responsibilities as Trustees.

The Charity and its Trustees are fully aware of the requirements and duties set out in the Charities (Protection and Social Investment) Act 2016. The Trust does not raise funds from the public and as such has no fundraising activities requiring disclosure under SI 62A of the Charities Act 2011.

Financial performance and reserves

The Group recorded a net surplus of grant income over charitable expenditure of £1.6 million for the year. GA's reserves at year end were £4.8 million; of which restricted Group reserves were £Nil and unrestricted Group reserves were £4.8 million. Company reserves of the Charity at year end were £2.2 million.

Sufficient reserves are held by the Group to match amounts invested in programme investments and maintain working capital balances. To the extent surplus reserves are identified then GA evaluates if these may be utilised to undertake further programme investment activity to support the Charity's sector transformation objectives.

The Trustees reasonably expect that the Charity will continue to receive its funding from Gatsby, and have received a letter of ongoing financial support to this effect.

Staff remuneration

The remuneration of senior staff (including key management personnel) is reviewed by the Trustees on an annual basis taking into account the requirements of their role and performance during the year. From time to time the SFCT Management Committee benchmarks pay levels against the comparable positions in similar organisations.

Public benefit

Trustees are aware of the Charity Commission guidance on Public Benefit and confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to it. The Trustees consider that the information provided in this Report about the Charity's aims, its activities, and its achievements in the many areas of interest that the Charity supports demonstrates the benefit arising from its activities to its beneficiaries, and to the public in general.

Charity governance

Trustees are aware of the Charity Governance Code published in 2017 and updated in December 2020 which sets out the principles and recommended practice for good governance within the sector. The Charity has reviewed its governance arrangements against the principles within the code and believes that it is compliant with the code whilst maintaining its need to operate its governance efficiently. Trustees make sure that decision-making processes are informed, rigorous and timely, and that effective delegation, control, risk-assessment, and management systems are set up and monitored.

REPORT OF THE TRUSTEES (continued)

Charity governance (continued)

Except for those matters specifically reserved for Trustees, decisions concerning the day to day operation of the Charity are delegated to the Principal Officers, who have implemented suitable financial and related controls and reporting arrangements to make sure Trustees oversee delegated matters. Two of the Charity's Trustees are also trustees of Gatsby Charitable Foundation. Details about other charities for which the Trustees also act as trustee may be found on the Charities Commission website.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Gatsby Africa for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue to operate.


The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Statement as to disclosure to auditors

In so far as the Trustees are aware at the time of approving the Trustees' Annual Report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board on 5 December 2023 and signed on their behalf by



Mr JC Burns
Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATSBY AFRICA

Opinion

We have audited the financial statements of Gatsby Africa ('the charitable company') for the year ended 5 April 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and charitable company's affairs as at 5 April 2023 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATSBY AFRICA (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 8 the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable group and company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATSBY AFRICA (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation, health & safety legislation and anti-fraud, bribery and corruption legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of external grant income, the impairment of programme related investments and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Trustees about their own identification and assessment of the risks of irregularities, sample testing on grant income and the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tina Allison
Senior Statutory Auditor
For and on behalf of Crowe U.K. LLP
Statutory Auditor
London

15 December 2023

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)

FOR THE YEAR ENDED 5 APRIL 2023

	<i>Notes</i>	Restricted Funds	Unrestricted Funds	Total Funds 2023	Total Funds 2022
		£'000	£'000	£'000	£'000
Income					
Grants receivable	2.	415	18,085	18,500	14,225
Other income		-	345	345	399
Total income		415	18,430	18,845	14,624
Expenditure					
Charitable activities					
Grant expenditure	3.	-	330	330	573
Direct programme expenses	4.	874	14,024	14,898	15,687
Support costs	5.	-	2,005	2,005	2,509
Total expenditure		874	16,359	17,233	18,769
Net surplus/(expenditure) for the year		(459)	2,071	1,612	(4,145)
Transfers between funds		315	(315)	-	-
Other recognised gains and losses					
Movement in foreign exchange		-	(824)	(824)	23
Net movement in funds		(144)	932	788	(4,122)
Reconciliation of funds					
Total funds brought forward		144	3,854	3,998	8,120
Total funds carried forward		-	4,786	4,786	3,998

The notes on pages 15 to 25 form part of this Statement of Financial Activities.

CONSOLIDATED AND CHARITY BALANCE SHEET
(Company Registration No. 09360833)

AS AT 5 APRIL 2023

		2023		2022	
	Notes	Group £'000	Charity £'000	Group £'000	Charity £'000
FIXED ASSETS					
Tangible fixed assets	7.	794	794	405	368
Investments in subsidiaries	8.	-	-	-	-
Programme investments	9.	2,287	49	1,695	47
		3,081	843	2,100	415
CURRENT ASSETS					
Debtors	10.	19,267	19,250	3,419	1,915
Cash at bank and in hand		2,775	2,382	2,299	1,529
Total Current Assets		22,042	21,632	5,718	3,444
LIABILITIES					
Creditors - amounts falling due within 1 year	11.	(20,273)	(20,255)	(3,731)	(3,770)
NET CURRENT ASSETS/(LIABILITIES)		1,769	1,377	1,987	(326)
Total Assets Less Current Liabilities		4,850	2,220	4,087	89
Creditors - amounts falling due after 1 year	12.	(64)	(64)	(89)	(89)
NET ASSETS		4,786	2,156	3,998	-
The funds of the charity:					
Unrestricted funds		4,786	2,156	3,854	-
Restricted funds		-	-	144	-
		4,786	2,156	3,998	-

The net income of the parent charity for the financial year was £2,156,000 (2022: £Nil).

The financial statements were approved and authorised for issue by the Trustees / Directors on 5 December 2023 and were signed on their behalf by:



Mr JC Burns
Trustee

The notes on pages 15 to 25 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 5 APRIL 2023

	2023	2022
	£000	£000
Net cash inflows/(outflows) from operating activities	1,252	(2,104)
Cash (outflows) from financing activities	(776)	(919)
Net cash (used) from operating and financing activities	<u>476</u>	<u>(3,023)</u>
Cash at bank and in hand	2023	2022
	£000	£000
Change in cash at bank and in hand during the year	476	(3,023)
Cash at bank and in hand at beginning of year	<u>2,299</u>	<u>5,322</u>
Cash at bank and in hand at end of year	<u>2,775</u>	<u>2,299</u>
Reconciliation of net income/(expenditure) to net cash inflows/(outflows) from operating activities	2023	2022
	£000	£000
Net surplus/(expenditure) for the year	1,612	(4,145)
Depreciation	783	168
Fixed asset acquisitions	(1,260)	(169)
Fixed asset disposals	30	53
Impairment charge on programme investments	182	1,870
(Increase) in debtors	(15,848)	(1,808)
Increase in creditors	16,517	1,916
Movement in foreign exchange	(764)	11
Net cash inflows/(outflows) from operating activities	<u>1,252</u>	<u>(2,104)</u>
Net cash flows from financing activities	2023	2022
	£000	£000
Programme investment loan	(494)	(735)
Movement in foreign exchange	(282)	(184)
Net cash movement from financing activities	<u>(776)</u>	<u>(919)</u>

The notes on pages 15 to 25 form part of these financial statements.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

a) Organisation information

The Charity is a private limited company by guarantee (registered number 09360833), which is incorporated and domiciled in the UK and is a public benefit entity. The address of the registered office is The Peak, 5 Wilton Road, London, SW1V 1AP. The company is registered with the Charity Commission (registered no. 1168223).

b) Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The Charity constitutes a public benefit entity as defined by FRS102.

The Charity is exempt from presenting its Statement of Financial Activities under s.408 of the Companies Act 2006.

The Charity operates from its registered office in the United Kingdom. It operates in East Africa via two branches established in Kenya and Tanzania, and through Forestry Development Trust, a trust registered in Tanzania with charitable intent. These entities are not treated as separate from Gatsby Africa, and therefore the financial results of these branches are fully integrated for the purposes of these financial statements.

The Consolidated Statement of Financial Activities, Balance Sheet and Cash Flows of the Group incorporate the results of the Charity for the year ended 5 April 2023 and of its subsidiaries, Msingi East Africa Ltd and Kenya Markets Trust, from the date that the Charity became their sole Member (see Note 8).

c) Going concern

After making enquires, the Trustees are not aware of material uncertainties that cast doubt on going concern and have a reasonable expectation that the company has adequate resources to continue its activities for the foreseeable future as reflected in the Report of the Trustees. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Gatsby Africa continues to receive grant funding from Gatsby Charitable Foundation. As this funding is provided over several years, and is drawn down as needed, Gatsby Africa does not require significant reserves. Gatsby Africa has received a letter of ongoing financial support from Gatsby Charitable Foundation.

d) Income

Income predominantly represents grants receivable which relate to the current year and are subject to contractual conditions from the donor specifying the time period to which related expenditure can occur. These grants are credited to restricted income within the SOFA. Where approved grant expenditure exceeds grant income received to date and entitlement to the income can be demonstrated, an accrued income figure is recognised, or a deferred income balance is recognised if entitlement to income is in a future period.

e) Grants payable

Grants for which there is a legal obligation, or a valid expectation of receipt by the beneficiary at the year end, and for which conditions attaching to their payment have been fulfilled, are accounted for within the Statement of Financial Activities. Grants approved subject to conditions that have not been met at the year end are not accrued (see Note 3).

f) Direct programme expenditure

Direct programme expenditure comprises project costs incurred by the Charity in the year, in accordance with the Charity's objects.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (continued)

g) Support costs

Support costs comprise in the main a share of the staff and office costs of the joint office of the Sainsbury Family Charitable Trusts, which are allocated in proportion to time spent on Charity matters and grants paid, as well as costs directly incurred by Gatsby Africa.

h) Governance costs

Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include fees for statutory audit and legal fees where relevant.

i) Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, programme investments together with other debtors. Financial liabilities held at amortised cost comprise grants payable and accruals.

j) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairments in value. Fixed assets are depreciated at rates which reflect their useful lives to the Charity. The following rates have been used:

Motor vehicles – 25% straight line

Furniture and fittings - 20% straight line

Computer equipment - 33% straight line

Leasehold improvements – life of lease

k) Programme investments

Concessionary loans made to beneficiaries are recognised and measured at the amount paid, with the carrying amount adjusted in subsequent years to reflect repayments, accrued interest and, if necessary, for any impairment. Where there is objective evidence of impairment of such loans then an impairment charge is recognised as a cost within expenditure on charitable activities.

Deposits placed with financial institutions to act as security for loans made to third party beneficiaries are recorded as programme investments. Where there is objective evidence of impairment of the underlying loan to a third party beneficiary such that the security provided will be forfeited then an impairment charge is recognised as a cost within expenditure on charitable activities.

l) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

m) Critical accounting judgements and key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, the assessment of the recoverability of programme investments is an area of estimation uncertainty as by its nature the ability of a beneficiary to repay amounts lent to it is contingent upon future performance. In arriving at the estimate of the impairment charge the Trustees have taken into account operational and financial performance information supplied by beneficiaries, sector debt servicing trends, security provided in respect of loans and other relevant data.

There are no other areas where assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

NOTES TO THE ACCOUNTS

2. INCOME

	2023	2022
	£'000	£'000
Grants Receivable		
Gatsby Charitable Foundation	18,009	14,006
Foreign, Commonwealth & Development Office ('FCDO')	415	-
Other	76	219
	18,500	14,225

Income received from the FCDO to undertake the project: 'Kenya-UK partnering for accelerated climate transitions' is treated as restricted income.

3. GRANTS PAYABLE

Group	2023	2022
	£'000	£'000
Grants expenditure	330	573

Grants of £330,000 (2022: £573,000) were recorded as payable to the Wood Foundation during the financial year.

Charity	2023	2022
	£'000	£'000
Reconciliation of grants payable:		
Commitments at 6 April 2022	6,982	5,793
Grants approved in the year	-	6,231
Grants cancelled in the year	(1,028)	(1,184)
(Decrease)/increase in grants payable for the year	(1,028)	5,047
Grants paid during the year	(626)	(3,858)
Commitments at 5 April 2023	5,328	6,982

Commitments at 5 April 2023 are payable as follows:

	2023	2022
	£'000	£'000
Within one year (note 11)	903	1,724

Commitments at year end are payable to the following beneficiaries:

	2023	2022
	£'000	£'000
The Wood Foundation	903	573
Msingi	-	1,151
	903	1,724

In addition to the amounts committed and accrued noted above, the Trustees have also authorised certain grants which are subject to the recipient fulfilling certain conditions relating to the delivery of the grant-funded activities. The total amount authorised but not accrued as expenditure at 5 April 2023 was £5,328,000 (2022: £5,658,000).

NOTES TO THE ACCOUNTS

4. DIRECT PROGRAMME EXPENSES

	2023			2022 <i>Restated</i>
	Direct Costs	Staff Costs	Total	Total
	£'000	£'000	£'000	£'000
Forestry	2,260	2,462	4,722	3,957
Aquaculture	1,666	1,250	2,916	4,452
Textiles	535	1,064	1,599	3,829
Water	665	502	1,167	485
Portfolio monitoring	259	701	960	-
Learning and Knowledge	330	590	920	1,137
Livestock	553	362	915	677
Agricultural inputs and scoping	310	547	857	361
UKPACT	213	351	564	-
GIZ	163	22	185	-
OSFP	80	13	93	-
Other programmes	-	-	-	789
	7,034	7,864	14,898	15,687

Aquaculture programme expenses include impairment charges of £170,000 (2022: £Nil). Msingi programme expenses include impairment charges of £Nil (2022: impairment charge £1,870,000).

Msingi programme expenses in 2022 of £5,904,000 were allocated to the following programmes: Aquaculture: £4,452,000, Textiles: £1,452,000.

Kenya Market Trust expenses in 2022 of £2,312,000 were allocated to the following programmes: Livestock: £677,000, Water: £485,000, Agricultural inputs and scoping: £361,000, Other activities: £789,000.

5. SUPPORT COSTS

	2023			2022
	Charitable Activities	Governance	Total	Total
	£'000	£'000	£'000	£'000
Staff costs	1,124	-	1,124	1,620
Direct costs	603	-	603	570
Share of joint office costs	202	-	202	242
	1,929	-	1,929	2,432
Auditors' remuneration	-	76	76	77
	1,929	76	2,005	2,509

The Charity is one of the Sainsbury Family Charitable Trusts which share a joint administration at the Registered Office. 18.0% of the total joint administration costs have been allocated to GA (2022: 19.0%), and includes a proportionate shares of support costs and staff costs. Joint administration and office costs of £202,000 (2022: £242,000) charged to GA.

Included within grant-related support costs is a total of £7,000 (2022: £46,000), which relates to legal services provided until 31 July 2022 by Portrait Solicitors in which Miss JS Portrait OBE was a partner.

Auditors' remuneration comprises £36,000 (2022: £32,000) paid to the Charity's group auditors, and £40,000 (2022: £45,000) paid to affiliates of the group auditors based overseas. Irrecoverable VAT of £6,000 (2022: £5,000) are included with the amount paid to the Charity's group auditors.

NOTES TO THE ACCOUNTS

6. ANALYSIS OF STAFF COSTS

	2023	2022
	£'000	£'000
Wages and salaries	8,131	8,681
Social security costs	250	398
Other pension costs	607	355
	8,988	9,434

The average number of staff employed during the year was 130 (2022: 150). Staff costs include contributions to money purchase pension schemes. Within staff costs are redundancy payments of £327,000 (2022 - restated: £69,000) of which £Nil (2022: £Nil) were accrued at year end.

The number of employees whose earnings in relation to time spent on the Charity's affairs exceeded £60,000 p.a. excluding pension contributions was:

	2023	2022
	No.	No. Restated
£60,001 - £70,000	4	6
£70,001 - £80,000	8	5
£80,001 - £90,000	7	3
£90,001 - £100,000	4	1
£100,001 - £110,000	1	-
£110,001 - £120,000	3	2
£120,001 - £130,000	3	3
£130,001 - £140,000	2	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	1
£160,001 - £170,000	1	1
£170,001 - £180,000	2	1
£180,001 - £190,000	1	1
£190,001 - £200,000	2	-
£220,001 - £230,000	-	1
£240,001 - £250,000	1	-

Staff costs equivalent to 16.0 full time employees (2022: 17.7) were charged to GA under joint administration arrangements of the Sainsbury Family Charitable Trusts.

No Trustees received remuneration from GA during the year (2022: £Nil). Mr P Hesketh and Mrs K Everett were appointed as Trustees in January 2023 to enable the better administration of GA and, in particular, to facilitate compliance with the requirements of the Ugandan National Bureau for Non-Governmental Organisations in connection with the registration of GA's Ugandan branch. Gatsby Charitable Foundation has met staff costs of £209,000 (2022: £Nil) apportioned under joint administration arrangements for executive services provided by these Trustees to GA, and will continue to do so for the duration of their appointment.

Amounts paid by Gatsby Charitable Foundation in connection with executive services on behalf of Gatsby Africa were:

	P Hesketh	K Everett	2023	2022
	£'000	£'000	£'000	£'000
Wages and salaries	133	49	182	-
Social security costs	19	7	26	-
Other pension costs	-	1	1	-
	152	57	209	-

NOTES TO THE ACCOUNTS

6. ANALYSIS OF STAFF COSTS (continued)

Travel expenses of £4,000 were paid on behalf of one Trustee during the year (2022: £4,000). Having regard to the roles of its staff, the Charity considers its key management personnel to comprise three staff members (2022: 4 staff), to which total compensation paid, including employer contributions to group personal pensions during the year was £248,000 (2022: £501,000).

7. TANGIBLE FIXED ASSETS

Group	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Total
<u>Cost</u>	£'000	£'000	£'000	£'000	£'000
At beginning of year	67	582	481	292	1,422
Acquisitions	603	225	245	187	1,260
Disposals	-	(241)	(17)	(72)	(330)
Movement in foreign exchange	-	(17)	(428)	(75)	(520)
At end of year	669	549	281	332	1,831
<u>Accumulated depreciation</u>					
At beginning of year	20	475	319	203	1,017
Depreciation charge for the year	127	274	221	161	783
Disposals	-	(237)	(4)	(59)	(300)
Movement in foreign exchange	-	(34)	(380)	(49)	(463)
At end of year	147	478	156	256	1,037
Net book value at 5 April 2023	522	71	125	76	794
Net book value at 5 April 2022	47	107	162	89	405

Charity	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Total
<u>Cost</u>	£'000	£'000	£'000	£'000	£'000
At beginning of year	67	581	295	227	1,170
Acquisitions	603	225	245	187	1,260
Disposals	-	(241)	(17)	(72)	(330)
Movement in foreign exchange	-	(17)	(242)	(10)	(269)
At end of year	670	548	281	332	1,831
<u>Accumulated depreciation</u>					
At beginning of year	20	474	146	162	802
Depreciation charge for the year	127	274	221	161	783
Disposals	-	(237)	(4)	(59)	(300)
Movement in foreign exchange	-	(33)	(207)	(8)	(248)
At end of year	147	478	156	256	1,037
Net book value at 5 April 2023	522	71	125	76	794
Net book value at 5 April 2022	47	107	149	65	368

NOTES TO THE ACCOUNTS

8. INVESTMENTS IN SUBSIDIARIES

	2023		2022	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Msingi East Africa	-	-	-	-
Kenya Markets Trust	-	-	-	-
East Africa Tea Investments	-	-	-	-
	-	-	-	-

The activities of subsidiaries consolidated in these financial statements are:

Msingi East Africa Ltd: registered in Kenya, Certificate of Compliance No. CLG/2016/12064. Its offices are at 14 Riverside Drive, Nairobi.

Kenya Markets Trust (Soko Transformation Limited, a company limited by guarantee): registered in Kenya, Certificate of Compliance No. CLG-JLFYQ9. Its offices are at the Rivaan Centre, Muguga Green, Nairobi.

On or around the end of the 2022 financial year substantially all of the activities, operations and employment arrangements of Msingi East Africa Ltd and Kenya Markets Trust were transferred to Gatsby Africa – Kenya branch.

The financial results of the subsidiaries for the year were:

	2023		2022	
	Msingi	KMT	Msingi	KMT
	£'000	£'000	£'000	£'000
Income	783	76	4,103	83
Expenditure	(178)	(142)	(5,904)	(2,248)
Net income/(expenditure) for the year	605	(66)	(1,800)	(2,165)
Total assets	2,648	-	2,893	1,716
Total liabilities	-	(16)	(1,646)	(389)
Net assets/(liabilities)	2,648	(16)	1,247	1,327

The Charity operates in East Africa via branches that have been set up and locally registered, and which are controlled and managed by Gatsby Africa. These branches are not treated as separate from Gatsby Africa, and therefore the financial results of these branches are fully integrated for the purposes of these financial statements.

The activities of branches integrated in the financial statements of the Charity are:

Gatsby Africa – Kenya branch: registered in Kenya as a foreign branch of Gatsby Africa (UK), Certificate of Compliance No. CF/2015/185025. Its offices are at 14 Riverside Drive, Nairobi.

Gatsby Africa – Tanzania branch: registered in Tanzania as a foreign branch of Gatsby Africa (UK), Certificate of Compliance No. 130926. Its offices are at FNB House, Ohio Street, Dar es Salaam.

Forestry Development Trust: registered as a Trust in Tanzania with charitable intent under the Trustees' Incorporation Ordinance, Cap 318. Its offices are at 20 Balozi Road, Gangilonga, Iringa. Gatsby Africa controls the Board of Forestry Development Trust, and is treated as a branch for the purposes of these financial statements.

East Africa Tea Investments

Gatsby Africa is a member of East Africa Tea Investments (EATI), a charitable company registered in Scotland which supports the development of tea factories and ancillary services in Rwanda and Tanzania. Gatsby Africa does not control nor exercise significant influence over EATI and is therefore treated as a simple investment in the financial statements.

NOTES TO THE ACCOUNTS

9. PROGRAMME INVESTMENTS

Group	Concessionary loans	Guaranteed loans	Total
<u>Cost</u>	£'000	£'000	£'000
At beginning of year	3,491	372	3,863
Advances made during the year	481	12	493
Movement in foreign exchange	263	18	281
At end of year	4,235	402	4,637
<u>Impairment provision</u>			
At beginning of year	(2,147)	(21)	(2,168)
Impairment charge	(170)	-	(170)
Movement in foreign exchange	(12)	-	(12)
At end of year	(2,329)	(21)	(2,350)
Net book value at 5 April 2023	1,906	381	2,287
Net book value at 5 April 2022	1,344	351	1,695

Concessionary loans to the following beneficiaries totalled more than 5% of the balance due from programmes investments (before impairment provision):

	Total loan	2023	Total loan	2022
<u>Cost</u>	£'000	%	£'000	%
Victory Farms	2,585	56	2,448	64
Samakgro Limited	1,315	29	710	18

Interest rates charged on the concessionary loans range between 3.5% - 15.0% per annum. Debenture security is obtained from beneficiaries who have received such loans.

Loan repayment terms are between 3 – 4 years. Programme investments are expected to be repaid by beneficiaries as follows:

	Concessionary loans	Guaranteed loans	Total
<u>Net book value</u>	£'000	£'000	£'000
Due within one year	-	381	381
Due after more than one year	1,906	-	1,906
At 5 April 2023	1,906	381	2,287
At 5 April 2022	1,344	351	1,695

There were no concessionary loans which were committed but not taken up at year end.

Deposits of £332,000 (2022: £304,000) have been placed with Uganda Development Bank to secure guaranteed loans of £213,000 (2022: £199,000) that have been made by the Uganda Development Bank to the following beneficiaries: Ferdsults, Rock Springs, Pearl Aquatics, Nyanja Fisheries. The guarantees enable debt financing which is otherwise not available to be provided to beneficiaries in the Kenyan aquaculture sector.

NOTES TO THE ACCOUNTS

9. PROGRAMME INVESTMENTS (continued)

Victory Farms

At year end Victory Farms was in default of its loan obligations under the terms of the standstill agreement it had negotiated with its creditors (including Msingi East Africa Limited (Msingi)) providing a temporary waiver of financial covenants and the deferral of debt repayments for a period of time in order for the company to secure additional financing.

In May 2023 Victory Farms was successful in raising £28,200,000 of new equity, £20,200,000 in cash subscribed equity, and £8,000,000 of existing Victory Farms debt being converted to equity. In spite of the cash injection the trading performance of Victory Farms has not generated sufficient free cash flow to enable the servicing of its creditor loan obligation to Msingi to resume. Negotiations are underway with Victory Farms to agree a revised repayment schedule which meets the charity's expectation that its loan is repaid, as well as continuing to support Victory Farms impact in relieving poverty in the aquaculture sector.

Trustees anticipate that there is a reasonable prospect of future repayment of the loan due from Victory Farms. Nevertheless a cautious approach has been taken to the assessment of impairment of the amount that is repayable, and have recorded an impairment charge of £1,990,000 (2022: £1,775,000) has been provided against the programme investment. At year end the net amount estimated as recoverable from Victory Farms is £608,000 (2022: £576,000).

Samakgro Limited (Samakgro)

During the year Msingi East Africa Limited advanced a further £484,000 to Samakgro as the final instalment under the loan agreement to enable Samakgro to continue its construction of an agricultural and aquaculture feedmill production facility. Samakgro is a joint venture between two partners, one of which is Victory Farms. Victory Farms expects to benefit from feed supply arrangements in future once the production facility is fully commissioned.

Reports provided to the Trustees indicate that construction is proceeding as planned. Accordingly no provision for impairment has been made against the loan. At year end the net amount estimated as recoverable from Samakgro Limited, including interest receivable, is £1,308,000 (2022: £710,000).

Charity	Guaranteed loans
<u>Cost and net book value</u>	<u>£'000</u>
At beginning of year	47
Advances made during the year	-
Movement in foreign exchange	2
Cost and net book value at 5 April 2023	49
Cost and net book value at 5 April 2022	47

Deposits of £49,000 (2022: £47,000) have been placed with Tanzania Commercial Bank at year end to secure guaranteed loans of £4,000 (2022: £20,000) that have been made by the Tanzania Commercial Bank to Tonga Supplies Company Ltd (Nicolaus Tonga). The guarantee enables debt financing which is otherwise not available to be provided to beneficiaries in the Tanzanian forestry sector.

NOTES TO THE ACCOUNTS

9. PROGRAMME INVESTMENTS (continued)

Loan repayment terms are between 1 – 2 years. Programme investments are expected to be repaid by beneficiaries as follows:

	Guaranteed loans
<u>Net book value</u>	£'000
Due within one year	49
Due after more than one year	-
At 5 April 2023	49
At 5 April 2022	47

10. DEBTORS

	2023		2022	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants receivable	18,342	18,342	543	543
Other debtors	565	548	2,746	1,287
Prepayments and accrued income	360	360	130	85
	19,267	19,250	3,419	1,915

Grants receivable represents amounts receivable as charitable grant income for future accounting periods.

The Group balance of other debtors includes a fixed term deposit of £Nil (2022: £1,400,000).

11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023		2022	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants payable within one year	903	903	573	1,769
Trade creditors	656	656	230	230
Other creditors	1,131	1,113	2,100	1,578
Accruals and deferred income	17,583	17,583	828	193
	20,273	20,255	3,731	3,770

Deferred income represents amounts deferred as charitable grant income for future accounting periods.

Other creditors of the company include £794,000 (2022: £405,000) advanced to acquire fixed assets, repayable over the useful lives of those assets, of which £276,000 (2022: £306,000) is repayable within one year and £518,000 (2022: £100,000) is repayable after one year.

NOTES TO THE ACCOUNTS

12. CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

	2023		2022	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Other creditors	64	64	89	89

13. TAXATION

Since its activities are wholly charitable, the Charity will not be chargeable to UK corporation tax on its income or any profits. Accordingly, no tax liability arises. Taxation paid by branches and subsidiaries of the Charity are considered operational expenses of the programmes and included as direct costs of these charitable activities.

14. LIABILITY OF MEMBERS

The Charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £10.

15. COMMITMENTS AND CONTINGENCIES

Operating leases

The Charity has entered into operating lease agreements for the use of office space from which it conducts its activities in East Africa. At year end the charity had the following annual commitments under non-cancellable operating leases, which fall due as follows:

	2023		2022	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Within one year	10	10	175	85
Within 2 – 5 years	486	486	537	537

Annual operating lease costs incurred by the Group during the financial year were £556,000 (£518,000).

16. ANALYSIS OF FUNDS

Group

	2023			2022		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets	-	8,123	8,123	144	7,674	7,818
Liabilities	-	(3,337)	(3,337)	-	(3,820)	(3,820)
Net assets	-	4,786	4,786	144	3,854	3,998

Charity

	2023			2022		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets	-	5,475	5,475	-	3,859	3,859
Liabilities	-	(3,319)	(3,319)	-	(3,859)	(3,859)
Net assets	-	2,156	2,156	-	-	-