THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
AUDIT OF FINANCIAL STATEMENTS OF SOUTHERN AGRICULTURAL
GROWTH CORRIDOR OF TANZANIA - CATALYTIC TRUST FUND
(SAGCOT-CTF) FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2019

Controller and Auditor General,
National Audit Office of Tanzania,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41104 TAMBUKARELI
DODOMA.
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December, 2019
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### Abbreviations

<table>
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<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAG</td>
<td>Controller and Auditor General</td>
</tr>
<tr>
<td>ISSAIs</td>
<td>International Standard of Supreme Audit Institutions</td>
</tr>
<tr>
<td>IPSASs</td>
<td>International Public Sector Accounting Standards</td>
</tr>
<tr>
<td>PAA</td>
<td>Public Audit Act No.11 of 2008</td>
</tr>
<tr>
<td>SAGCOT-CTF</td>
<td>Southern Agricultural Growth Corridor of Tanzania-Catalytic Trust fund</td>
</tr>
</tbody>
</table>
1.0 GENERAL INFORMATION

1.1. Mandate
The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 (revised 2005) and in Sect. 10 (1) of the Public Audit Act No.11 of 2008.

1.2. Vision, Mission and Core Values

Vision
To be a highly regarded Institution that excels in Public Sector Auditing.

Mission
To provide high quality audit services that improves public sector performance, accountability and transparency in the management of public resources.

Core Values
In providing quality services, NAO is guided by the following Core Values:

✓ **Objectivity:** We are an impartial public institution, offering audit services to our clients in unbiased manner.
✓ **Excellence:** We are professionals providing high quality audit services based on standards and best practices.
✓ **Integrity:** We observe and maintain high standards of ethical behaviour, rule of law and a strong sense of purpose.
✓ **People focus:** We value, respect and recognize interest of our stakeholders.
✓ **Innovation:** We are a learning and creative public institution that promotes value added ideas within and outside the institution.
✓ **Best resource utilisation:** We are an organisation that values and uses public resources entrusted to it in an efficient, economic and effective manner.

We do this by:
- Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- Helping to improve the quality of public services by supporting innovation on the use of public resources;
- Providing technical advice to our clients on operational gaps in their operating systems;
- Systematically involve our clients in the audit process and audit cycles; and
- Providing audit staff with appropriate training, adequate working tools and facilities that promote their independence.

© This audit report is intended solely for the information of SAGCOT-CTF and the World Bank. However, upon release by the World Bank, it becomes a public record and its distribution may not be limited.
1.3. Audit Objectives
To obtain reasonable assurance about whether the financial statements as a whole are
free from material misstatement, whether due to fraud or error and are prepared in
accordance with an applicable financial reporting framework; and whether laws and
regulations have been complied with.

1.4. Audit Scope
The audit was carried out in accordance with the, the International Standards of
Supreme Audit Institutions (ISSAIs) and other audit procedures as were deemed
appropriate under the circumstances. This covered the evaluation of the effectiveness
of the financial accounting system and internal control over various activities of the
SAGCOT-CTF.

The audit was conducted on a sample basis; therefore, the findings are confined to the
extent that records, documents and information requested for the purpose of the audit
were made available to me. Audit findings and recommendations arising from the
examination of the accounting records, appraisal of the activities as well as evaluation
of the Internal Control System which requires management's attention and actions, are
set out in the management letter issued separately to the SAGCOT-CTF.

As an auditor, I am not required to specifically search for fraud and therefore, my
audit cannot be relied upon to disclose all such matters. However, my audit was
planned in such a way that I would have reasonable expectations of detecting material
errors and misstatement in the financial statements resulting from irregularities
including fraud. The responsibility for detection, prevention of irregularities and the
maintenance of an effective and adequate system of internal control rests with the
management of the SAGCOT-CTF.

1.5. Audit Methodology
My audit approach included tests of the accounting records and other procedures in
order to satisfy the audit objectives. My audit procedures included the following:
- Planning the audit to identify and assess risks of material misstatement, whether
due to fraud or error, based on an understanding of the entity and its environment,
including the entity's internal controls.
- Obtaining sufficient appropriate audit evidence about whether material
misstatements exist, through designing and implementing appropriate responses to
the assessed risks.
- Forming an opinion on the financial statements based on conclusions drawn from
the audit evidence obtained.
- Following up on the implementation of the previous year's audit findings and
recommendations to ensure that proper action has been taken in respect of all
matters raised.
Chairman of the Board,
SAGCOT - CTF,
P. O. Box 10977,
DAR ES SALAAM

Report on the audit of financial statements of SAGCOT - CTF for the financial year ended 30th June, 2019

Unqualified Opinion
I have audited the accompanying financial statements of SAGCOT - CTF, which comprise the statement of financial position as at 30th June, 2019 and the Statement of Financial Performance, the Statement of Changes in Net Assets, the Cash Flow Statement and the Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of SAGCOT - CTF as at 30th June, 2019 and its financial performance and cash flows for the year then end in accordance with International Public Sector Accounting Standards (IPSASs) Accrual basis of accounting and in the manner required by the Public Finance Act, 2001 (revised 2004).

Basis for Opinion
I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of SAGCOT - CTF in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Tanzania, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Information Other than the Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises of the Management Report and the Declaration by the Head of Finance but does not include the financial statements and our auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the
financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Key Audit Matters
Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters to communicate in my report.

Responsibilities of Management and those charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management determines 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, management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements
My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs/ISAs 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.

In addition, Sect. 10 (2) of the PAA No.11 of 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.
Further, Sect. 48(3) of the Public Procurement Act No. 7 of 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the Law and its Regulations.

**Report on Other Legal and Regulatory Requirements**

**Compliance with the Public Procurement Act, 2011**

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, SAGCOT - CTF procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No. 7 of 2011 and its underlying Regulations of 2013.

Charles E. Kicheke
CONTROLLER AND AUDITOR GENERAL

31st December, 2019

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P.O. Box 950
41104 Tambukareli, Dodoma
Tel: 255 (026) 262179
Fax: 255 (022) 2171527
Email: ocag@nao.go.tz

Copy to: The Chief Secretary,
State House,
1 Julius Nyerere Road,
Chamwino,
P. O. Box 1102
40400 DODOMA.

Permanent Secretary and Paymaster General,
Ministry of Finance and Planning,
Treasury Square Building,
18 Jakaya Kikwete Road,
P.O. Box 2802,
40468 DODOMA.

The Permanent Secretary,
Ministry of Agriculture,
P. O. Box 2182,
40487 DODOMA.
Chairman,
Partnership Council,
SAGCOT - CTF,
P. O. Box 10977,
DAR ES SALAAM

Permanent Secretary,
Prime Minister’s Office,
P. O. Box 980,
DODOMA.

World Bank Representative,
50 Mirambo Street,
P. O. Box 2054,
DAR ES SALAAM.
SOUTHERN AGRICULTURAL GROWTH CORRIDOR OF TANZANIA

SAGCOT CATALYTIC TRUST FUND

AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

DECEMBER 2019
SAGCOT CATALYTIC TRUST FUND

REPORT OF THE DIRECTORS AND ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2019

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SAGCOT CATALYTIC TRUST FUND

REPORT OF THE DIRECTORS AND ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

GENERAL INFORMATION

PRINCIPAL PLACE OF BUSINESS

Tanzanite Park Building,
4th Floor,
New Bagamoyo Road,
P.O. Box 10977,
DAR ES SALAAM

BANKERS

Bank of Tanzania,
P. O. Box 2939,
DAR ES SALAAM

National Microfinance Bank Limited
Bank House Branch,
P. O. Box 9031,
DAR ES SALAAM.

AUDITORS

The Controller and Auditor General,
The National Audit Office of Tanzania (NAOT),
P. O. Box 950,
DODOMA.
SAGCOT CATALYTIC TRUST FUND
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2019

1. INTRODUCTION
The Directors present their report and the audited financial statements for the financial year ended 30 June 2019, which disclose the state of affairs of the SAGCOT Catalytic Trust Fund.

2. INCORPORATION
SAGCOT Catalytic Trust Fund is incorporated under the Trustees’ Incorporation Act, CAP. 318 [R.E 2002] on 30th May 2011.

3. VISION
To become a leading agricultural Trust Fund capable of catalyzing and sustaining local content in agribusiness investments.

4. MISSION
To strategically finance and empower smallholder farmers to actively, commercially and profitably participate in all stages of the agribusiness value chain through investments that creates access to markets for smallholder farmers’ produce.

5. PRINCIPAL ACTIVITIES
The SAGCOT Catalytic Trust Fund (CTF) has been established to catalyze these investments into socially responsible projects through four investment windows.

- The SAGCOT Matching Grant Fund (SMGF)
  Funds in the form of “small” subsidies to support non-commercial components of business linkage Programme and strengthen commercial supply chains encompassing larger numbers of smallholders.

- The SAGCOT Social Venture Capital Fund (SSVCF)
  Targets assistance to smaller and newer agribusinesses, particularly those with links to smallholder out growers, to improve the probability of business success.

- Patient Capital
  To fund partially the cost of providing agricultural supporting infrastructure by making it available to small holder farmers on affordable basis.

- Credit Enhancement
  Capacity to facilitate mobilization of senior debt to part fund infrastructure and working capital required by early stage agricultural ventures.
5. **PRINCIPAL ACTIVITIES (Continued)**

The SAGCOT Catalytic Trust Fund (CTF) is an innovative financing mechanism which catalyze private sector investment in commercially and financially viable agribusinesses envisaged in the SAGCOT area (over the long term). The Trust targets innovative linkage interventions along the value chain by providing the bridging finance for commercially viable agricultural businesses that incorporate and support "smallholder farmers' transformation".

As part of the SAGCOT initiative, CTF development has undergone a long well beaten path to where it stands. The most notable stage was reached at the SAGCOT launch by His Excellence the President of the United Republic of Tanzania in January 2010 in Dodoma and later on at World Economic Forum in Davos Switzerland.

Conceptual thinking and vision of SAGCOT is well documented in the SAGCOT Blue Print Document. The Trust Deed for SAGCOT-CTF is a legal document which contain detailed matters to the administration and governance of the Fund.

A main objective of the SAGCOT is to provide opportunities for smallholder producers to engage in profitable agriculture by linking them into nationally and internationally competitive supply chains. This may be achieved in the form of 'hub and out grower' schemes, or expanding trading networks that improve input delivery, production efficiency, product quality and reduce trading costs.

6. **COMPOSITION OF THE BOARD OF DIRECTORS**

The Directors of the SAGCOT-CTF to date was appointed on 15th February 2018 and up to the date of this report, except otherwise stated:

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>Position</th>
<th>Age</th>
<th>Qualification</th>
<th>Nationality</th>
<th>Date appointed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Peniel M. Lyimo</td>
<td>Chairman</td>
<td>69</td>
<td>MSc Agricultural Economics</td>
<td>Tanzanian</td>
<td>15.02.2018</td>
</tr>
<tr>
<td>2</td>
<td>Rosebud Violet Kurwijila</td>
<td>Member</td>
<td>66</td>
<td>MSc Agricultural Economics, M.Phil in Development Economics &amp; Honours Degree in Agriculture</td>
<td>Tanzanian</td>
<td>15.02.2018</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Godfrey Simbeye</td>
<td>Member</td>
<td>61</td>
<td>MSc Information System Management, Bachelor of Commerce in Accounting, FCPA</td>
<td>Tanzanian</td>
<td>15.02.2018</td>
</tr>
</tbody>
</table>
SAGCOT CATALYTIC TRUST FUND

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2019
(Continued)

6. COMPOSITION OF THE BOARD OF DIRECTORS (Continued)

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>Position</th>
<th>Age</th>
<th>Qualification</th>
<th>Nationality</th>
<th>Date appointed</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Mr. Christopher Lewis</td>
<td>Member</td>
<td>37</td>
<td>MBA Farm Management</td>
<td>British</td>
<td>15.02.2018</td>
</tr>
<tr>
<td>5</td>
<td>Mr. Thomas George</td>
<td>Member</td>
<td>28</td>
<td>Bachelor of Arts (Mathematics)</td>
<td>American</td>
<td>15.02.2018</td>
</tr>
<tr>
<td>6</td>
<td>Mr. John Joel Kyaruzi</td>
<td>Secretary of the Board</td>
<td>58</td>
<td>PhD Software Engineering</td>
<td>Tanzania</td>
<td>15.02.2018</td>
</tr>
</tbody>
</table>

7. CORPORATE GOVERNANCE

The Board of SAGCOT Catalytic Trust Fund consists of 5 Directors, with the exception of the Executive Secretary, there is no other director who hold executive position in the Fund. The Board takes overall responsibility for the Fund, including identifying key risk areas, considering and monitoring investment decisions, significant financial matters, and reviewing the performance of management business plans and budgets. Moreover, the Board is responsible for ensuring that comprehensive system of internal control policies and procedures are operative, for purpose of compliance and sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day to day management of the business to Executive Secretary assisted by senior management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Fund's operational activities, acting as a medium of communication and coordination between all the various business units.

The Fund is committed to the principles of effective corporate governance. The directors recognize the importance of integrity, transparency and accountability. During the year the Board of SAGCOT Catalytic Trust Fund has the following Board sub-committees to ensure a high standard of corporate governance and accountability.

7.1. Audit Committee

The audit committee is responsible for ensuring compliance with applicable legislation and the requirements of regulatory authorities, reviewing reports and following up on matters raised by the external auditors and internal auditors.
The members who served the Audit Committee during the year and up to 30th June 2019 were:

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>Position</th>
<th>Age</th>
<th>Qualification</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Godfrey Simbeye</td>
<td>Chairperson</td>
<td>61</td>
<td>MSc in Information System Management, Bachelor of Commerce in accounting, FCPA</td>
<td>Tanzanian</td>
<td>02.05.2018</td>
</tr>
<tr>
<td>2</td>
<td>Mr. Christopher Lewis</td>
<td>Member</td>
<td>37</td>
<td>MBA Farm Management</td>
<td>British</td>
<td>02.05.2018</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Raphael Mashauri</td>
<td>Co-opted Member</td>
<td>47</td>
<td>Certified Public Accountant (CPA), B. Com in Accounting</td>
<td>Tanzania</td>
<td>02.05.2018</td>
</tr>
</tbody>
</table>

7.2. Investment Committee

The Trust Deed requires the SAGCOT Catalytic Trust Fund to have an Investment Committee. The selection of Investment Committee members does take into consideration the experience needed to have a mix of relevant skills among the Investment Committee members including international, regional and local financial experience. The requirements to be a member of the Committee are summarised below:

- Previously held senior management positions within banking or agribusiness investment;
- Strong credit skills and of previously leading an investment or credit committee or participating in investment or credit decisions in a significant manner;
- A working understanding of development organizations’ approaches to private sector lending;
- Strong experience in monitoring and management of investments, particularly for early stage companies;
- Successfully track record of developing and closing international agriculture projects, managing joint ventures/partnership in the region or raising capital for investment;
- Excellent contacts and relationship in the agricultural and financial sectors and the region;
- Grant making skills within an international organization and experience in developing or appraising contract farming and or out grower program.

The main terms of reference for the Investment Committee include:

- In respect of Matching Grant Fund and Social Venture Capital Fund, to use its financial and business expertise and sound commercial judgement about the financial viability and commercial sustainability of any proposed recipients and or related projects;
- In respect of the Matching Grant Fund, use its expertise in grant making determinations about the matching applications;
SAGCOT CATALYTIC TRUST FUND

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2019

(Continued)

- Approve resolution (Unanimous) the grant recipient proposed by the Fund Manager which comply with the relevant Investment Policy and conform to the Objects of the CTF, provided always that the Investment Committee shall have the discretion to decide as to whether or not to recommend a proposal;
- Refer any rejected proposal back to the Fund Manager for reassessment; and
- Make recommendations to the Board that ensure compliance with the Investment Policy.

The members of the Investment Committee who served the Committee during the year and up to 30th June 2019 were:

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
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<td>Chairperson</td>
<td>66</td>
<td>Msc in Agricultural Economics, M.Phil in Development Economics &amp; Honours Degree in Agriculture</td>
<td>Tanzanian</td>
<td>02.05.2018</td>
</tr>
<tr>
<td>2</td>
<td>Mr. Charles Chenza</td>
<td>Member</td>
<td>56</td>
<td>M.A (Economics), B.A (Economics)</td>
<td>Tanzanian</td>
<td>02.05.2018</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Nicomed Bohay</td>
<td>Member</td>
<td>47</td>
<td>MBA in International Finance, BBM</td>
<td>Tanzanian</td>
<td>02.05.2018</td>
</tr>
<tr>
<td>4</td>
<td>Mr. Bedason Shallanda</td>
<td>Member</td>
<td>56</td>
<td>M.A (Economics), B.A (Economics)</td>
<td>Tanzanian</td>
<td>02.05.2018</td>
</tr>
<tr>
<td>5</td>
<td>Mrs. Jacquiline Woiso</td>
<td>Member</td>
<td>44</td>
<td>MBA, ADBA</td>
<td>Tanzanian</td>
<td>02.05.2018</td>
</tr>
</tbody>
</table>

7.3. Fund Mobilization Committee

The Fund Mobilization Committee comprises of members of the Board with the relevant expertise but CTF may co-opt other external members where necessary.

The main terms of reference for the Mobilization Committee include:
- Advise the Board on the new financing opportunities;
- Engage with international private/public venture capitalist to use CTF as their fund manager;
- Engage with International Funders to provide their Grants in support of agribusiness value chain through SAGCOT CTF; and
- Engage with the Government to obtain Guarantees on strategic financing windows;
SAGCOT CATALYTIC TRUST FUND

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2019
(Continued)

The members of the Fund Mobilization Committee who served the Committee during the year and up to 30th June 2019 are:

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>Position</th>
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<td>American</td>
<td>02.05.2018</td>
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<tr>
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<td>Member</td>
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<td>MSc in Information System Management, Bachelor of Commerce in Accounting, FCPA</td>
<td>Tanzanian</td>
<td>02.05.2018</td>
</tr>
<tr>
<td>3</td>
<td>Mr. John Joel Kyaruzi</td>
<td>Secretary of the Committee</td>
<td>58</td>
<td>PhD Software Engineering</td>
<td>Tanzania</td>
<td>02.05.2018</td>
</tr>
</tbody>
</table>

7.4. Management
The Management of the SAGCOT Catalytic Trust Fund is under the Executive Secretary and is organized in the following departments.

- Finance and Administration
- Matching Grant Fund
- Monitoring & Evaluation Coordination

8. SUMMARY OF THE NOTABLE ACHIEVEMENTS IN YEAR 2018/19
The following major achievements were recorded during the financial year 2018/19.

8.1. SAGCOT-CTF managed and sustained
- Conducted two Extra Ordinary Board Meeting and One Ordinary Board meeting
- Facilitation of Investment Committee meeting, the investment ordinary meetings were conducted to deliberate the implementation of pilot projects.

8.2. Audit of SAGCOT-CTF Accounts for the year 2017/18
- The Annual accounts for the year 2017/13 were prepared and audited by the Controller and Auditor General. The auditor issued unqualified opinion for the said annual accounts.

8.3. Coordination of the Finance Working Group of the SAGCOT
- SAGCOT CTF is co-chairing the innovative financing group with the objective of developing alternative financing solution to agricultural constraints. Other members of the group are SAGCOT Center Ltd, Financial Sector Deepening Trust Fund (FSDT), Agricultural Marketing Development Trust Fund (AMDT) and Tanzania Agricultural Development Bank (TADB). The partnership aims at resolving the challenges faced by farmer organizations and agribusinesses in
accessing formal finance because of lack of credit history and complex risk profiles. Innovative finance uses non-traditional mechanisms to raise funds for the development sector, including agriculture.

- Engaged the consultant (Dalberg) to conduct study on Soya, Dairy and Potatoes to map level of service and investment required. The consultant submitted the report on Soya which revealed that to achieve its potential the Soya value chain requires investment of in Soya extrusion plant, however to break even the investment in plant will require annual production of 100,000Mt of Soya. Current Soya production is only 10,000Mt which discourage investment in the Soya extrusion plant. SAGCOT CTF has uptake the investment in Soya Extrusion plant as one of strategic pipeline project through the MG facility which hinges on farm supporting infrastructure to increase production and productivity.

8.4. Financing of Project Pipeline for MATCHING GRANT FUND

- Facilitated completion of construction of paddy storage warehouse at Mwakanga village, Ubaruku ward, Mwendamitu Irrigation Scheme in Mbalari District Council. Including the construction of 500M access road to a gravel level to facilitate easy passage of farmer crops from the Irrigation scheme to the paddy storage warehouse.
- Signed MoU with Tanzania Agricultural Development Bank (TADB) on 29th April, 2019 to implement blended financing machinery which will lower the TADB lending costs for riskier projects and therefore widen access to finance for the farmers and agribusiness operators.
- Commenced the implementation of Electronic Data capturing system for identification, registration, management and monitoring small holder farmers, service provider, market and their farms. The dairy farmers are captured through oracle database system and crop farmers are captured through Mongo database system. The contracts between SAGCOT CTF and system implementer have been signed. Stage one is completed, to configure electronic system to the SAGCOT CTF cloud storage account and stage two of capturing data of small holder farmers to the systems will be implemented in the next financial year. The system will increase farm and animal productivity through determination of decisions and analysis across the entirely agricultural value chain.

8.5. Generation of Project Pipeline for Social Venture Fund

- The SAGCOT CTF have been in discussion with the ASDP II team, the African Development Bank (AfDB) through AfDB’s Technologies for African Agricultural Transformation (TAAT) Program Framework and Staple Crop Processing Zone (SCPZ). SAGCOT CTF intends to coordinate the technology adoption, financing and partnership platform for supporting the uptake of proven agricultural technologies in SAGCOT.
- Prepared a plan of action with the ASDP II team to have a common fundraising platform for the implementation of twelve pipeline projects.

8.6. Branding Activities (Website + Promotional Materials)

- The Secretariat launched website and uploaded information that create awareness of SAGCOT CTF activities to the Public.
- During the exhibition, presentation about CTF was held to the public.
8.7. Human resource in CTF empowered

- Staff benefits were paid on time, administrative and overhead costs were financed during the 2018/19 financial year.
- Two staff were recruited under World Bank financing. For the remaining positions/vacancies will be recruited when there is assurance from other sources of funding.
- More efforts were deployed on release of financing from the Government.

9. FUTURE DEVELOPMENT PLANS

The Fund will continue to improve its outreach through the introduction of innovative products, focusing on value-added customer services and selective expansion of its services while carefully managing both costs and risks. The Fund will continue to focus on improving productivity and introducing new products to the market.

10. MATCHING GRANT FUND

The matching grant fund objectives is seeking to improve the productivity and incomes of smallholder farmers through providing matching grants to established commercial agribusinesses that are seeking to develop and strengthen supply chains encompassing smallholders.

The project selection is based on the criteria as provided in the Trust Deed as well as matching grant manual. The Matching grant funding is disbursed on the basis of reimbursements approved projects completed using the beneficiaries' own funds.

11. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Fund. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding:

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

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 SAGCOT-CTF system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 30 June 2019 and is of the opinion that they met accepted criteria.

The Board carries risk and internal control assessment through the Audit Committee.
12. SOLVENCY
The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that SAGCOT Catalyst Trust Fund has adequate resources to continue to operate and exist in the foreseeable future with the support from the Government.

13. EMPLOYEES' WELFARE

13.1. Management and Employees' Relationship
There has been continued good relation between employees and management for the year ended 30 June 2019. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and the relevant trade union.

Currently, the Management of CTF secretariat comprises the Executive Secretary, Financial Management Specialist, Business Linkages Expert, IT Expert, Assistant Financial Management Specialist and Administration Expert.

13.2. Medical Assistance
The medical insurance guaranteed by the Board. These services are provided by Health Insurance known as AAR.

13.3. Employees Benefit Plan
The Fund pays contributions to the relevant pension schemes on monthly basis which qualifies to be a defined as contribution plan.

The average number of employees during the financial year was 8 employees (30 June 2018: 6 employees).

14. RELATED PARTY TRANSACTIONS
During the financial year under review, there were payments made to core staff (Executive Secretary, Financial Management Specialist, Business Linkages Expert, IT Expert, Assistant Financial Management Specialist and Administration Expert) as disclosed on Note 20 to the Financial Statements.

15. AUDITORS
According to the Constitution of the United Republic of Tanzania, 1977 and the Public Audit Act, 2008, establishes the Controller and Auditor General as the statutory Auditor of the Fund.
SAGCOT CATALYTIC TRUST FUND

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2019
(Continued)

P.P. Mkongwa
Accounting Officer

Date: 31.12.2019

Executive secretary

Date: 31st December 2019
SAGCOT CATALYTIC TRUST FUND

STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019

The Trust Deed requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Fund as at the end of the financial year and the results of the operations of the Fund for that year. It also requires Directors to ensure that they keep proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Fund. They are also responsible for safeguarding the assets of the Fund, ensuring the Fund’s compliance with all regulatory and legal requirements; and for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using Accrual basis of accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public-Sector Accounting Standards and in the manner required by the Trust Deed.

The Directors are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Fund and its financial performance. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

P.P. Mkongwa
Accounting Officer

Date: 31.12.2019

Executive secretary

Date: 31st December 2019
SAGCOT CATALYTIC TRUST FUND

STATEMENT OF DECLARATION OF THE HEAD OF FINANCE ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) ACT No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with the statement of Declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing the financial statement of the Trust Fund showing true and fair view position of the Trust Fund in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Trustees' Incorporation Act, Cap 318 [R.E 2002]. Full legal responsibility for financial statements rests with the Board of Directors as indicated in the statement of Directors' responsibility.

I Mbosela John Mbosela being the Head of Finance of SAGCOT Catalyst Trust Fund hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2019, have been prepared in compliance with the International Public Sector Accounting Standards (IPSAS) and the Trustees' Incorporation Act, Cap 318 [R.E 2002].

I thus confirm that the financial statements give true and fair view position of SAGCOT Catalyst Trust Fund as on that date and that they have been prepared based on the properly maintained financial records.

Signed by:

NBAA Membership No. ACPA 1486

Date: 31st December 2019
SAGCOT CATALYTIC TRUST FUND

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

<table>
<thead>
<tr>
<th>Assets</th>
<th>2018/19 USD</th>
<th>2017/18 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>176,509</td>
<td>67,415</td>
</tr>
<tr>
<td>Receivables</td>
<td>5,497</td>
<td>4,677</td>
</tr>
<tr>
<td></td>
<td><strong>182,006</strong></td>
<td><strong>72,092</strong></td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>9,022</td>
<td>33,013</td>
</tr>
<tr>
<td></td>
<td><strong>9,022</strong></td>
<td><strong>33,013</strong></td>
</tr>
<tr>
<td>Total Assets</td>
<td><strong>191,028</strong></td>
<td><strong>105,105</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2018/19 USD</th>
<th>2017/18 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Income Grant</td>
<td>175,479</td>
<td>70,794</td>
</tr>
<tr>
<td>Payables</td>
<td>16,895</td>
<td>1,298</td>
</tr>
<tr>
<td></td>
<td><strong>192,374</strong></td>
<td><strong>72,092</strong></td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Grants</td>
<td></td>
<td>33,013</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>33,013</strong></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td><strong>192,374</strong></td>
<td><strong>105,105</strong></td>
</tr>
</tbody>
</table>

| Net Assets                    | (1,346)     |             |

| Net Assets Represented By:    |             |             |
| Accumulated Surplus           | (1,346)     | (1,346)     |

Accounting Officer: [Signature]

Executive Secretary: [Signature]

Date: 31st December 2019

Notes:
SAGCOT CATALYTIC TRUST FUND

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2019

<table>
<thead>
<tr>
<th>Notes</th>
<th>Revenue from non-exchange transactions</th>
<th>Expenses</th>
<th>(Deficit) / Surplus for the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2018/19</td>
<td>2017/18</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>2,433,978</td>
<td>686,166</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>1,030</td>
<td>(10,370)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,435,008</td>
<td>675,796</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>518,847</td>
<td>381,730</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>27,557</td>
<td>26,028</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>315,057</td>
<td>203,862</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>6,935</td>
<td>27,321</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>1,580,359</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>23,991</td>
<td>36,855</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,472,746</td>
<td>675,796</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(37,738)</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Accounting Officer

Date: 31st December 2019

Executive Secretary
# CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

## CASH FLOWS FROM OPERATING ACTIVITIES:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018/19 USD</th>
<th>2017/18 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts</td>
<td>2,542,042</td>
<td>692,403</td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Staff Benefits</td>
<td>(518,847)</td>
<td>(381,730)</td>
</tr>
<tr>
<td>Administration Expenses</td>
<td>(27,557)</td>
<td>(26,028)</td>
</tr>
<tr>
<td>Supplies and Operating Expenses</td>
<td>(300,280)</td>
<td>(203,807)</td>
</tr>
<tr>
<td>Matching Grants Expenses</td>
<td>(6,935)</td>
<td>(27,321)</td>
</tr>
<tr>
<td>Fund Manager Expenses</td>
<td>(1,580,359)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash flows from operating activities</strong></td>
<td>108,064</td>
<td>53,517</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018/19 USD</th>
<th>2017/18 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of Property and Equipment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash flows from investing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018/19 USD</th>
<th>2017/18 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from Borrowings</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of Borrowings</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash flows from Financing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Increase/ (Decrease) in Cash and Cash Equivalent</strong></td>
<td>108,064</td>
<td>53,517</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018/19 USD</th>
<th>2017/18 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalent at 01 July 2018</td>
<td>67,415</td>
<td>24,268</td>
</tr>
<tr>
<td>Gain/(loss) in Exchange Rate Fluctuation</td>
<td>1,030</td>
<td>(10,370)</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalent at 30th June 2019</strong></td>
<td>176,509</td>
<td>67,415</td>
</tr>
</tbody>
</table>

---

Accounting Officer: [Signature]

Executive Secretary: [Signature]

Date: 31st December 2019
# SAGCOT CATALYTIC TRUST FUND

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2019

<table>
<thead>
<tr>
<th>Date</th>
<th>Accumulated Surplus USD</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 July 2018</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prior Year Adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derecognition of Deferred Capital Amount Not in Cash and Cash Equivalent</td>
<td>33,013</td>
<td>33,013</td>
</tr>
<tr>
<td>Undercharge of Prior Year Expenses by Payable Amount</td>
<td>(1,298)</td>
<td>(1,298)</td>
</tr>
<tr>
<td>Undercharge of Grant Received by Receivable Amount</td>
<td>4,677</td>
<td>4,677</td>
</tr>
<tr>
<td>Surplus/(Deficit) for the year</td>
<td>(37,738)</td>
<td>(37,738)</td>
</tr>
<tr>
<td>30th June 2019</td>
<td>(1,346)</td>
<td>(1,346)</td>
</tr>
<tr>
<td>01 July 2017</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surplus/(Deficit) for the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>30 June 2018</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
SAGCOT CATALYTIC TRUST FUND

<table>
<thead>
<tr>
<th>S/No</th>
<th>Budget Item</th>
<th>Original Budget USD</th>
<th>Final Budget USD</th>
<th>Actual USD</th>
<th>variance USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Government of Tanzania</td>
<td>649,773</td>
<td>649,773</td>
<td>494,568</td>
<td>156,205</td>
</tr>
<tr>
<td>2</td>
<td>World Bank</td>
<td>15,225,034</td>
<td>15,225,034</td>
<td>2,047,474</td>
<td>13,177,560</td>
</tr>
<tr>
<td></td>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>To undertake Radio and TV marketing Activities</td>
<td>20,000</td>
<td>20,000</td>
<td></td>
<td>20,000</td>
</tr>
<tr>
<td>4</td>
<td>To prepare Promotional materials to support stakeholders with relevant information about SAGCOT-CTF</td>
<td>44,000</td>
<td>44,000</td>
<td></td>
<td>44,000</td>
</tr>
<tr>
<td>5</td>
<td>Conduct Stakeholders Awareness Campaigns</td>
<td>13,600</td>
<td>13,600</td>
<td></td>
<td>13,600</td>
</tr>
<tr>
<td>6</td>
<td>To participate in the SAGCOT events</td>
<td>19,600</td>
<td>19,600</td>
<td></td>
<td>19,600</td>
</tr>
<tr>
<td>7</td>
<td>To enhance Website and electronic promotional Materials</td>
<td>30,000</td>
<td>30,000</td>
<td></td>
<td>30,000</td>
</tr>
<tr>
<td>8</td>
<td>To conduct focus group meetings with stakeholders and Government officials</td>
<td>14,505</td>
<td>14,505</td>
<td>16,245</td>
<td>(1,740)</td>
</tr>
<tr>
<td>9</td>
<td>To Mobilize Additional Funds through international missions and Government Budgetary sessions</td>
<td>25,160</td>
<td>25,160</td>
<td></td>
<td>25,160</td>
</tr>
<tr>
<td>10</td>
<td>To finance shared Service administrative costs</td>
<td>51,338</td>
<td>51,338</td>
<td></td>
<td>51,338</td>
</tr>
<tr>
<td>11</td>
<td>To finance Supplier Development Programme on critical areas to increase farmer's access to and utilization of market and marketing systems.</td>
<td>10,936,977</td>
<td>10,936,977</td>
<td>6,935</td>
<td>10,930,043</td>
</tr>
<tr>
<td>12</td>
<td>To design and Implement BL Database eventually for online access (sites and farmers)</td>
<td>150,747</td>
<td>150,747</td>
<td></td>
<td>150,747</td>
</tr>
<tr>
<td>13</td>
<td>To pay Fund Manager</td>
<td>2,633,988</td>
<td>2,633,988</td>
<td>1,580,359</td>
<td>1,053,629</td>
</tr>
<tr>
<td>14</td>
<td>To Pay Staff Costs for CTF Secretariat</td>
<td>749,918</td>
<td>749,918</td>
<td>518,847</td>
<td>231,071</td>
</tr>
<tr>
<td>15</td>
<td>To employ and pay Short Term Consultants</td>
<td>167,266</td>
<td>167,266</td>
<td>20,580</td>
<td>146,686</td>
</tr>
<tr>
<td>16</td>
<td>To facilitate Official Travels</td>
<td>66,000</td>
<td>66,000</td>
<td>60,961</td>
<td>5,039</td>
</tr>
<tr>
<td>17</td>
<td>To facilitate Office Operating Costs</td>
<td>466,446</td>
<td>466,446</td>
<td>221,596</td>
<td>244,850</td>
</tr>
<tr>
<td>18</td>
<td>To procure Fixed Assets</td>
<td>90,000</td>
<td>90,000</td>
<td></td>
<td>90,000</td>
</tr>
<tr>
<td>19</td>
<td>To design and Implement BL Database eventually for online access (sites and farmers)</td>
<td>160,000</td>
<td>160,000</td>
<td></td>
<td>160,000</td>
</tr>
</tbody>
</table>
### SAGCOT CATALYTIC TRUST FUND

<table>
<thead>
<tr>
<th>S/No</th>
<th>Budget Item</th>
<th>Original Budget USD</th>
<th>Final Budget USD</th>
<th>Actual USD</th>
<th>variance USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.</td>
<td>To facilitate CTF Board Expenses Meetings annually</td>
<td>108,152</td>
<td>108,152</td>
<td>25,975</td>
<td>82,177</td>
</tr>
<tr>
<td>21.</td>
<td>To facilitate CTF Investment Expenses Meetings annually</td>
<td>81,960</td>
<td>81,960</td>
<td>199</td>
<td>81,761</td>
</tr>
<tr>
<td>22.</td>
<td>To facilitate CTF Audit Committee Expenses Meetings annually</td>
<td>16,396</td>
<td>16,396</td>
<td>1,383</td>
<td>15,013</td>
</tr>
<tr>
<td>23.</td>
<td>To facilitate Partnership Council Expenses Meetings annually</td>
<td>7,060</td>
<td>7,060</td>
<td>-</td>
<td>7,060</td>
</tr>
<tr>
<td>24.</td>
<td>To conduct internal and external Audit and produce report to Funders Annually</td>
<td>13,560</td>
<td>13,560</td>
<td>19,666</td>
<td>(6,106)</td>
</tr>
<tr>
<td>25.</td>
<td>To facilitate SAGCOT-CTF Resource Mobilization Committee Expenses Annually</td>
<td>8,132</td>
<td>8,132</td>
<td>-</td>
<td>8,132</td>
</tr>
</tbody>
</table>

Note: The reason for material variances is cancellation of SIP Project by the Government of Tanzania on 17th December 2018. Budget utilisation of funds were mostly affected except for operating activities budgeted under Government financing.

The final budget comprises of an amount allocated during the year and approved by the Board of Directors at the budget meeting. During the year ended 30 June 2019, there was no any revision of the original budget, therefore final budget remains same as initially approved.
SAGCOT CATALYTIC TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

1. GENERAL INFORMATION

SAGCOT Trust Fund is incorporated under the Trustees' Incorporation Ordinance, Cap 318 [R.E 2002] on 30th May 2011.

The SAGCOT Catalytic Trust Fund (CTF) has been established to catalyze these investments into socially responsible projects through four investment windows.

(i) The SAGCOT Matching Grant Fund (MGF), Funds in the form of "small" subsidies to support non-commercial components of business linkage Programme and strengthen commercial supply chains encompassing larger numbers of smallholders.

(ii) The SAGCOT Social Venture Capital Fund, targets assistance to smaller and newer agribusinesses, particularly those with links to smallholder out growers, to improve the probability of business success.

(iii) Patient Capital, to part fund the cost of providing agriculture supporting infrastructure and making it available to small holder farmers on an affordable basis.

(iv) Credit Enhancement, Capacity to facilitate mobilization of senior debt to part fund infrastructure and working capital required by early stage agricultural ventures.

2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair value.

Statement of compliance
The financial statements have been prepared in accordance with International Public Sector Accounting Standard (IPSAS) - accrual basis of Accounting.

3. CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year. New and amended standards and interpretations that became effective during the year beginning on or after 01 July 2018 listed below:

- IPSAS 39 – Employee Benefits – effective beginning on or after 1 January 2018 with early adoption encouraged
- IPASA 40 – Public Sector Combinations – applies from 1 January 2019, with early adoption encouraged.

New and amended standards and interpretations that became effective during the year did not have any impact on the accounting policies, financial position or performance of SAGCOT Catalytic Trust Fund.
4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of the SAGCOT Catalytic Trust Fund are measured using the currency of the primary economic environment in which the Fund operates (“the functional currency”). The financial statements are presented in United States Dollar, which is the Fund’s presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets (bid price) and liabilities (offer price) denominated in foreign currencies are recognized in the statement of financial performance.

Revenue recognition

Revenue from non-exchange transactions

Transfers from other government entities
Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

Grants
Grants are not recognised until there is reasonable assurance that the Trust Fund will comply with the conditions attaching to them and the grants will be received. Grants whose primary condition is that the Trust Fund should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to statement of financial performance on a systematic and rational basis over the useful lives of the related assets.

Other grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Trust Fund with no future related costs are recognised in the statement of financial performance in the period in which they become receivable.

Revenue from exchange transaction

Fees
The Trust Fund recognizes revenues from fees when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.
Revenue from exchange transaction (Continued)

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Property, Plant and Equipment

Plant and equipment are initially recorded at cost and thereafter stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met.

Depreciation is calculated on a straight-line basis, at annual rates estimated to write off the assets over their expected useful lives at the following annual rates:

- Buildings: 2%
- Office equipment: 25%
- Computers: 25%
- Furniture and fittings: 12%
- Electrical Installations: 12%
- Motor Vehicles: 25%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance when the asset is derecognised.

The assets' residual values and useful lives and methods of depreciation of Property and Equipment are reviewed and adjusted if appropriate, at each reporting date.

Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Trust Fund. As a result of the adoption of the accrual basis for Budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or under spending on line items.

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 considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR.
4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)
The EIR amortisation is included in finance income in the statement of Financial Performance. The losses arising from impairment are recognised in the statement of financial performance in finance costs.

Employee's benefits

a) Retirement benefit obligation

The Trust Fund's employees are members of state owned pension schemes including the GEPF Retirement Benefits Fund. These schemes will bear all pension obligations. Both employer and employees contribute the statutory fee to the pension funds and the amounts are charged to the statement of financial performance when due.

b) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognized as an expense accrual. The Trust Fund also accrues and pays gratuity of 25% of basic salary to its employees who employed in contract terms. Termination benefits are payable when employment is terminated before the normal retirement/contract expiry date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Cash and cash equivalent

Cash and cash equivalents are carried in the statement of financial position at face value. For the purpose of cash flow statements cash and cash equivalents, comprise cash in hand, cash at bank and fixed deposits.

Intangible assets - Computer software costs

Costs incurred on computer software are initially accounted for at costs as intangible assets and subsequently at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over the estimated useful lives. The Trust Fund's intangible assets have finite useful life of 3 years. The residual value and expected useful lives are reassessed annually.

Impairment on non-financial assets

Impairment of cash-generating assets

At each reporting date, the entity assesses 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 entity estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.
4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on non-financial assets (Continued)

Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

Inventories
Inventories are stated at the lower of cost and current replacement cost. Costs comprise purchase price, direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the First in First out (FIFO) method.

Provisions
Provisions are recognized when the entity has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

SAGCOT Catalytic Trust Fund as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust Fund's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on Trust Fund's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.
4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SAGCOT Catalytic Trust Fund as lessee
Assets held under finance leases are recognised as assets of the Trust Fund at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to statement of financial performance, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Trust Fund's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged as an expense to the statement of financial performance on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Financial Risk Management
The Fund’s activities expose it to a variety of financial risks mainly currency risk. The Fund’s overall risk management Programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance. The disclosures below summarize the way the Fund manages key risks.

Foreign Currency Risk
Foreign currency risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity’s functional currency. The Fund transacts partly in United States Dollar and its assets and liabilities are denominated in the Tanzanian Shillings. The foreign exchange exposures are reviewed and controlled by the Fund on a regular and frequent basis.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
The preparation of the SAGCOT-Trust Fund’s financial statement requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could require a material adjustment to carrying amount of the asset or liability affected in the future periods.

Judgments
In the process of applying the SAGCOT-Trust Fund’s accounting policies, no significant judgments were made by management.
5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Asset useful life
The useful life of items of property and equipment are estimated annually and are in line with the rate at which they are depreciated. During the year under review the board reviewed useful life for property and equipment. The useful life is disclosed in Note 4 to these financial statements.

Impairment of non-financial assets
The Trust Fund assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If indicators exist, an impairment test is done and any identified impairment loss is recognized in the financial statements. There is no impairment of non-financial assets during the year.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

- IPSAS 40 – Public Sector Combinations: Effective date is on or after 1 January 2019 with earlier adoption encouraged.
- IPSAS 41 – Financial Instruments: Effective date is on or after 1 January 2022 with earlier adoption encouraged.
- IPSAS 42 – Social Benefits: Effective date is on or after 1 January 2022 with earlier adoption encouraged.

The standards issued but not yet effective have no impact in the financial statements of the SAGCOT Catalytic Trust Fund.
SAGCOT CATALYTIC TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019
(Continued)

<table>
<thead>
<tr>
<th>7. GRANTS REVENUE</th>
<th>2018/19</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurrent Grants</td>
<td>2,433,978</td>
<td>666,166</td>
</tr>
<tr>
<td></td>
<td>2,433,978</td>
<td>666,166</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8. OTHER INCOME</th>
<th>2018/19</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain/ (Loss) from exchange rates</td>
<td>1,030</td>
<td>(10,370)</td>
</tr>
<tr>
<td></td>
<td>1,030</td>
<td>(10,370)</td>
</tr>
</tbody>
</table>

Gain is a result of various exchange rates used during the reporting period.

<table>
<thead>
<tr>
<th>9. SALARIES AND STAFF BENEFITS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy fee and Salaries</td>
<td>495,365</td>
<td>358,248</td>
</tr>
<tr>
<td>Leave passage</td>
<td>23,482</td>
<td>23,482</td>
</tr>
<tr>
<td></td>
<td>518,847</td>
<td>381,730</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10. ADMINISTRATION EXPENSES</th>
<th>2018/19</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTF Board expenses</td>
<td>25,975</td>
<td>19,106</td>
</tr>
<tr>
<td>CTF Investment Committee</td>
<td>199</td>
<td>4,282</td>
</tr>
<tr>
<td>CTF Partnership Council expenses</td>
<td>-</td>
<td>2,640</td>
</tr>
<tr>
<td>CTF Audit and Risk Committee</td>
<td>1,383</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>27,557</td>
<td>26,028</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11. SUPPLIES AND OPERATING EXPENSES</th>
<th>2018/19</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport allowance</td>
<td>313</td>
<td>1,609</td>
</tr>
<tr>
<td>Electricity</td>
<td>2,751</td>
<td>1,462</td>
</tr>
<tr>
<td>Food and refreshment</td>
<td>1,172</td>
<td>1,076</td>
</tr>
<tr>
<td>Perdiem – domestic &amp; foreign</td>
<td>72,157</td>
<td>56,148</td>
</tr>
<tr>
<td>Travel ticket – domestic &amp; foreign</td>
<td>2,178</td>
<td>6,100</td>
</tr>
<tr>
<td>Internet and email connections</td>
<td>5,549</td>
<td>5,498</td>
</tr>
<tr>
<td>Telephone and mobile costs</td>
<td>331</td>
<td>771</td>
</tr>
<tr>
<td>Maintenance of Office Equipment</td>
<td>282</td>
<td>22</td>
</tr>
<tr>
<td>Office rent</td>
<td>46,810</td>
<td>39,000</td>
</tr>
<tr>
<td>Office Consumables</td>
<td>-</td>
<td>1,053</td>
</tr>
<tr>
<td>Office Renovation</td>
<td>50,483</td>
<td>-</td>
</tr>
<tr>
<td>Motor vehicle running expenses</td>
<td>22,807</td>
<td>14,843</td>
</tr>
<tr>
<td>Advertisement and publicity</td>
<td>22,864</td>
<td>7,078</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>12,288</td>
<td>-</td>
</tr>
<tr>
<td>Conference packages</td>
<td>1,205</td>
<td>4,253</td>
</tr>
<tr>
<td>Office stationeries</td>
<td>321</td>
<td>2,885</td>
</tr>
</tbody>
</table>
SAGCOT CATALYTIC TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019
(Continued)

Staff training costs 1,309 10,929
Software costs 11,800 10,000
Short-term consultancy 20,580 20,796
Other operating costs 28,489 13,728
Audit expenses 19,666 5,405
Bank Charges 1,701 1,206

315,057 203,862

2018/19 2017/18
USD USD

12. MATCHING GRANTS EXPENSES

Supplier Development Programme

6,935 27,321
6,935 27,321

The funds were spent on the construction of warehouse at Mwenda Mitu, Mbarali District, and Mbeya.

13. FUNDER MANAGER EXPENSES

Consultancy fees and reimbursable 1,580,359 -
1,580,359 -

The fund manager expenditures reported under Note 13 includes expenditures amounting to USD 526,764 which were paid directly through Programme Coordination Unit, SAGCOT Investment Project (Prime Minister's Office).

14. CASH AND CASH EQUIVALENTS

NMB – GoT TZS Account 1,056 12,160
NMB – GoT USD Account 164,180 3,452
BOT – GoT USD Account - 50,958
NMB-WB TZS Account 687 722
NMB-WB USD Account 2,860 123
BOT-WB USD Account 7,726 -

176,509 67,415

15. RECEIVABLES

Staff – Advance 1,300 462
Staff – Safari 2,917 1,096
Staff – Expenditure 1,280 3,119

5,497 4,677
16. PROPERTY AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>Office Equipment</th>
<th>Furniture and Fittings</th>
<th>Motor Vehicles</th>
<th>Computers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>As at 1 July 2018</td>
<td>21,897</td>
<td>22,555</td>
<td>140,307</td>
<td>33,460</td>
<td>218,219</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 30 June 2019</td>
<td>21,897</td>
<td>22,555</td>
<td>140,307</td>
<td>33,460</td>
<td>218,219</td>
</tr>
</tbody>
</table>

|                | USD              | USD                    | USD            | USD      | USD   |
| Accumulated depreciation | USD      |                        | USD            | USD      | USD   |
| As at 1 July 2018 | 21,420           | 10,827                 | 119,499        | 33,460   | 185,206 |
| Charge for the year | 477            | 2,707                  | 20,808         | -        | 23,991 |
| At 30 June 2019  | 21,420           | 10,827                 | 119,499        | 33,460   | 185,206 |

|                | Office Equipment | Furniture and Fittings | Motor Vehicles | Computers | Total |
| Carrying amount | USD              | USD                    | USD            | USD      | USD   |
| At 30 June 2019 | -                | 9,022                  | -              | -        | 9,022 |
| At 30 June 2018 | 477              | 11,728                 | 20,809         | -        | 33,013 |

Property, Plant and Equipment included ICT (computers, HP Server & Printers), Office Equipment (Binding Machine, Copier Machine, Scanner Jet, TV, Projector) and one Motor Vehicle which are fully depreciated but still in use. Furthermore, the Management is working to restate the economic useful life of these Assets.

Depreciation charges are calculated as per depreciation policy.
SAGCOT CATALYTIC TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019
(Continued)

17. DEFERRED INCOME GRANTS

<table>
<thead>
<tr>
<th></th>
<th>2018/19</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2018</strong></td>
<td>70,794</td>
<td>23,024</td>
</tr>
<tr>
<td>Derecognition of prior year Payables and Receivables figures wrongly included</td>
<td>(3,379)</td>
<td></td>
</tr>
<tr>
<td><strong>Receipts during the year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Tanzania</td>
<td>494,568</td>
<td>222,958</td>
</tr>
<tr>
<td>World Bank</td>
<td>2,047,474</td>
<td>469,446</td>
</tr>
<tr>
<td><strong>Grants available</strong></td>
<td>2,609,457</td>
<td>715,428</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants utilised during the year</td>
<td>2,433,978</td>
<td>653,988</td>
</tr>
<tr>
<td><strong>Closing balance – Deferred income as at 30 June</strong></td>
<td>175,479</td>
<td>70,794</td>
</tr>
</tbody>
</table>

18. CAPITAL GRANTS

<table>
<thead>
<tr>
<th></th>
<th>2018/19</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 01 July</td>
<td>33,013</td>
<td>69,868</td>
</tr>
<tr>
<td>Additions made during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated Surplus</td>
<td>(33,013)</td>
<td>(36,855)</td>
</tr>
<tr>
<td>As at 30 June</td>
<td>-</td>
<td>33,013</td>
</tr>
</tbody>
</table>

19. PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>2018/19</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dishonoured &amp; Stale cheque reversed</td>
<td>1,841</td>
<td>1,243</td>
</tr>
<tr>
<td>Inter project Transaction-WB</td>
<td>15,054</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>16,895</td>
<td>1,298</td>
</tr>
</tbody>
</table>

20. RELATED PARTY TRANSACTIONS AND DISCLOSURES

The entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of key management are regarded as related parties and comprise the Executive Secretary, Financial Management Specialist, Business Linkages Expert, IT Expert, Assistant Financial Management Specialist and Administration Expert.
Key Management Personnel and Board Remuneration

Key management short term benefits which were paid included Board fees, Consultancy fees, allowances and social security contributions as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>30.06.2019</th>
<th>30.06.2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Management Consultancy fees (including Gratuity and social scheme Contribution)</td>
<td>518,847</td>
<td>381,730</td>
</tr>
<tr>
<td>Board fees and allowances</td>
<td>27,557</td>
<td>26,028</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>546,404</strong></td>
<td><strong>407,758</strong></td>
</tr>
</tbody>
</table>

Payments to Board members and Executives are paid in accordance with the Trust Deed, the approved human resources management policy and incentive scheme of the entity.

21. TAXATION

The SAGCOT Catalytic Trust Fund enjoy the privilege of a charity organization, Non For-Profit Organization. The Organization is subject to income tax laws of Tanzania under the Income Tax Act, 2004 except where tax exemptions has been sought and granted by the Commissioner of the Tanzania Revenue Authority (TRA) in accordance with Section 131 of the Income Tax Act, 2004.

22. CONTINGENT LIABILITIES

As at 30th June 2019, there were no contingent liabilities requiring disclosure in these financial statements.

23. COMMITMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2018/19 USD</th>
<th>2017/18 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracted and authorized</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Lease commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(SAGCOT-CTF as lease – Operating Lease)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental expenses: Payable Within one year</td>
<td>43,000</td>
<td>43,000</td>
</tr>
<tr>
<td><strong>Commitment for financing Project</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project financing</td>
<td>90,000</td>
<td>6,955</td>
</tr>
</tbody>
</table>
24. EVENTS AFTER THE REPORTING PERIOD

There are no material events, adjusting or non-adjusting, which have occurred between the reporting date and the date when financial statements were authorized to be issued.

25. COMPARATIVE FIGURES

Where necessary, comparatives figures have been adjusted to conform to changes in presentation in the current year.

26. RECTIFICATION OF ERROR ON THE PREVIOUS YEAR (2017/18) FINANCIAL STATEMENTS

In compliance with IPSAS 23 on accounting treatment of Deferred Income and recognition of Deferred Revenue Grants, the Financial Statements for the previous financial year (2017/2018) have been rectified to correct the error by recognizing the amount as per IPSAS 23. The effects on the correction of error on the Financial Statements are narrated in the following table: