

GATSBY AFRICA

England & Wales · Charity number 1168223

Details

Status	Registered
Legal form	Charitable company
Company number	09360833
Registered	2016-07-14
Register	View on the Charity Commission register

Contact

Address	The Sainsbury Family Charitable Tru 5 Wilton Road London SW1V 1AP
Phone	02074100330
Email	karen.everett@sfct.org.uk
Website	www.gatsby.org.uk/africa

Activities

Objects: 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 (REGISTERED CHARITY NUMBER 251988) FOR THE PUBLIC BENEFIT.B) TO ADVANCE SUCH CHARITABLE PURPOSES (ACCORDING TO THE LAW OF ENGLAND AND WALES) AS THE DIRECTORS SEE FIT FROM TIME TO TIME IN PARTICULAR BUT NOT LIMITED TO THE PREVENTION AND/OR RELIEF OF POVERTY IN AFRICA AND ELSEWHERE.

Activities: We aim to create jobs, raise incomes and reduce poverty for people in East Africa by accelerating inclusive and resilient economic growth.We fund and implement programmes that look to catalyse large-scale and lasting change in priority sectors, such as cotton in Tanzania.We also build and support local organisations dedicated to sector transformation and share what we have learned with others.

Classification

- **How:** Makes Grants To Organisations, Provides Services, Other Charitable Activities
- **What:** The Prevention Or Relief Of Poverty
- **Who:** The General Public/mankind

Geography

- Kenya
- Rwanda
- Tanzania

Finances

Period end	Income	Expenditure	Assets	Employees
2025-04-05	£22,453,000	£20,695,000	£10,506,000	131
2024-04-05	£20,706,000	£16,288,000	£8,864,000	124
2023-04-05	£18,845,000	£17,233,000	£4,786,000	130
2022-04-05	£14,624,000	£18,769,000	£3,998,000	150
2021-04-05	£23,389,000	£15,059,000	£8,120,000	158

Trustees

Name	Role	Appointed
Joseph Christopher Burns	Chair	2014-12-18
JUDITH SUSAN PORTRAIT		2014-12-18
Karen Everett		2023-01-27
Peter Hesketh		2023-01-27

Accounts

Company Number: 09360833

Charity Number: 1168223

GATSBY AFRICA

ANNUAL REPORT

5 APRIL 2025

The Peak
5 Wilton Road
London SW1V 1AP

CONTENTS		PAGE
1	Legal and Administrative Information	2
2	Strategic Report	3-4
3	Report of the Trustees	5-7
4	Independent Auditor's Report	8-10
5	Consolidated Statement of Financial Activities	11
6	Consolidated and Charity Balance Sheet	12
7	Consolidated Cash Flow Statement	13
8	Notes to the Accounts	14-24

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 Mrs K Everett Mr P Hesketh Miss JS Portrait
Registered Office	The Peak 5 Wilton Road London SW1V 1AP
Principal Officers	Mr P Hesketh Chief Executive Mrs K Everett Chief Executive Officer – Sainsbury Family Charitable Trusts Mr J Highstead Executive Director Mrs A Otieno Head of Finance
Company Secretary	Mr J Searancke
Bankers	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	Broadfield – Law UK LLP 1 Bartholomew Close London EC1A 7BL
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

In the fiscal year 2024-25, Gatsby Africa (GA) continued its mission to foster sustainable, inclusive, and resilient economic growth in East Africa. This included efforts to improve the livelihoods of the poor through job creation, income enhancement, and the creation of opportunities to alleviate poverty. GA's diverse range of activities was primarily funded through grants from the Gatsby Charitable Foundation, leading to transformative impacts across several key sectors.

Review of Activities

Transforming Key Economic Sectors: GA's approach to transforming key sectors in East Africa involved ambitious strategies and partnerships to implement these changes. The organisation focused on strategic sector transformation across forestry, livestock, textiles and apparel, tea, aquaculture, and water sectors, achieving significant advancements in each:

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 East Africa citizens. Introducing innovative wood processing technologies and ownership models to transform the forestry sectors, protecting the environment, and benefiting millions of citizens by creating jobs and thereby reducing poverty levels*

In East Africa, Gatsby Africa's (GA) forestry programme focused on improving access to high-quality germplasm, resulting in significant progress for smallholders and private sector investors. One notable intervention addressed the key issue related to exportation of timber products from Uganda. Following our policy engagement with government of Uganda, the government resolved matters related to exports of value-added timber. Approval of exports for sustainably sourced timber is now conducted via an electronic system which is working well. In Uganda and Tanzania we paved the way to industry led trials of new germplasm. Large greenfield operators have established 9 trials of new pine and eucalyptus genetic material, with several new licencing agreements being signed. Government actors are also investing in improved genetic material, with National Forest Association in Uganda establishing improved seed production areas. This intervention area remains of critical importance, with private and public sector actors responding well to the clear incentives to diversify with newly improved genetics. While we continue to create employment and enhance incomes for rural households, we are also contributing to mitigating climate change through sustainable forestry practices.

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.*

GA's Livestock programme supported the development of climate-resilient business models, working with partners to trial new feed and fattening business models which if successful have the opportunity to scale. These interventions have the potential to significantly boost incomes for smallholders in arid and semi-arid regions, transforming their economic prospects and contributing to poverty reduction and food security. This project is also working with the Government of Kenya on the policy environment for the livestock sector.

Textiles and Apparel: *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.*

GA is supporting the Government, EPZA Authority and private developers to build appropriate infrastructure and sheds to attract textiles and apparel investors into Kenya. We are also working with brands and manufacturers to facilitate their entry into Kenya. We continue to support coordination across government ministries and developing a coordinated vision for the sector.

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. 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.*

In Rwanda, our partners have continued to plant additional hectares of tea, resulting in strong factory performances that benefit small-holder farmers. GA continues to monitor and support the projects, which enhance the incomes of over 20,000 tea farmers in both countries.

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*

GA's aquaculture programme has significantly supported industry growth, leading to increased fish production and improved profitability for smallholder farmers. GA's investment in a leading pioneer firm has resulted in significant expansion and follow-on investment. We have also began the development of genetics and breeding initiatives, supported the Kenyan government to develop an effective licensing and zoning plan, and we continue to provide technical assistance to a variety of companies to drive growth in the sector. To date we have supported the industry to grow more than 7-fold. This is already positively impacting 60,000 people in the sector or feed industries, and we expect this to more than double in future years.

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.*

GA's water programme focused on improving the performance of water utilities, leading to an improved water service delivery in the sector. A key intervention involved partnering with water companies and county governments to adopt an improved accountability framework. While the accountability framework is still in development, 18 utilities have committed to sign-up to it, and are actively involved in reviews of commercial viability and financial flows, training on governance and non-revenue water. By improving water governance, GA is helping to create a more sustainable and equitable water sector, which is essential for long-term economic growth. Over the past year we have also completed a study in water resource management that is being shared with stakeholders.

Synthesizing and Sharing Lessons: Throughout the year, GA remained committed to knowledge sharing and influencing sector-wide changes by synthesizing and sharing the lessons learned from its programmes and other sources. Over the past year, our collaborative efforts with the governments of Tanzania and Kenya have significantly progressed. We have developed strong partnerships at the centre of both governments, as well as with the donor community and peer implementing organisations.

REPORT OF THE TRUSTEES

Risk assessment

GA undertakes regular risk reviews to ensure it manages its risks appropriately. Responsibility for these reviews is delegated by the Trustees to GA senior management and is guided by a comprehensive Risk Management Framework comprising a Risk Policy, Risk Appetite Statements, and a Risk Register, together with related risk management processes. Appropriate follow up is taken by Trustees when concerns over issues of risk are being expressed.

The risk register captures risks with significant potential to affect the achievement of GA's strategic objectives and reflects management's assessment of the likelihood of specific risks materialising and their impact on GA. It also reflects the extent of controls and mitigation measures in place or planned to address such risks. The Trustees review the risk register annually and are informed through quarterly reports by senior management of any significant changes to GA's risk profile.

In their review for 2025/26, the Trustees have reconfirmed that the principal risks affecting GA's performance continue to comprise enduring organisational development challenges following GA's restructuring in 2022, as GA strives to meet its ambitious targets. The strategies to address these risks are having a positive impact. Although the global geopolitical and economic outlook has become more challenging in the last year, the Trustees believe that GA's risk profile has not significantly changed and that the current risk management approach remains appropriate for GA's successful operation.

Regular review of organisational performance with regard to their risk appetite statements provides the Trustees with critical, complementary oversight of GA's risk management. This is particularly important in ensuring appropriate control over compliance, fiduciary and safeguarding risks for which GA has very low tolerance. In this, the safety and security of staff employed by GA remains a priority, and assurance of GA's organisational capacity to respond to its duty of care is paramount.

To ensure effective identification and management of risks to GA, senior managers have engaged staff in a range of initiatives to raise awareness of risks, GA's approach to addressing them and respective staff roles. Reinforcement of collective staff responsibility for risk management is a recurrent theme, to respond to the evolution of GA's operating environment. Trustees believe that it is only through such widespread engagement that they can execute their oversight of GA's risks with confidence.

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.

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.

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.

REPORT OF THE TRUSTEES (continued)

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 5.0% – 10.0% per annum, compared with market rates of approximately 17.0% during the reporting period. GA seeks to achieve a moderate rate of return on its programme investment portfolio in any financial year.

At the end of the financial year GA had a portfolio of 3 programme investment loans with a net carrying value of £2.0 million. The loan portfolio is subject to an impairment charge of £29,000. In the previous financial year the net carrying value of the GA loan portfolio was £2.9 million, after the deduction of an impairment provision of £24,000. The small increase in impairment charge is due to reduction of Samakgro Ltd collateral value and increase in potential LGD as a result of Samakgro Ltd restructure. Interest income of £253,000 was received on such loans during the year, a return of 8.6% per annum.

GA supports East African Tea Investments (EATI), a charitable company that develops tea farms in Tanzania and Rwanda. GA has replaced its collaboration agreement to provide future grant funding with an agreement to provide a concessionary loan on a restricted basis of up to £8.9 million to EATI. Payments of £774,000 were made to EATI during the financial year. Repayment of the loan to EATI is not expected to commence before 2034.

Trustees are uncertain as to the amount which will ultimately be repaid in view of the extended time horizon before repayments commence. Accordingly, a prudent position has been taken to fully impair the loan balance until such time as Trustees can confidently assess the amount to be recovered.

Foreign, Commonwealth & Development Office ('FCDO')

GA entered into an agreement with the FCDO in 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. Working alongside a number of partners, GA has been implementing the project over 36 months from September 2022 to September 2025. The amount awarded under the grant for delivery of the project is £1.7 million.

Bill and Melinda Gates Foundation

In April 2024, Gatsby Africa signed a grant agreement with the Gates Foundation to support an exposure visit to Uruguay for the Livestock team and selected stakeholders. A total of £772,000 (US\$ 994,000) was received, covering activities through December 2025.

In October 2024, a second agreement was signed to support the development of innovative business models aimed at building a competitive, inclusive, and resilient pastoral beef sector. The total amount awarded is £3.8 million (US\$ 4.9 million) over three years, ending December 2027.

Ezrah Charitable Trust

In January 2025, Gatsby Africa signed a 12-month grant agreement with the Ezrah Charitable Trust to strengthen financial investment and technical support within the East African agroforestry ecosystem through its Forestry Programme. The total grant value is £388,000 (US\$ 500,000).

Financial performance and reserves

The Group recorded a net surplus of grant income over charitable expenditure of £1.8 million for the year. GA's reserves at year end were £10.5 million; of which restricted Group reserves were £Nil and unrestricted Group reserves were £10.5 million. Company reserves of the Charity at year end were £6.8 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. GA has received a letter of ongoing financial support from Gatsby Charitable Foundation.

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 GA benchmarks pay levels against comparable positions in similar organisations.

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 each of the Trustees of the charity at the date of approval of the Trustees' Annual Report is aware:

- there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware, and
- each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Approved by the Board on 27 January 2026 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') and its subsidiaries ('the group') for the year ended 5 April 2025 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's and charitable company's affairs as at 5 April 2025 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 trustee's 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 group's ability to continue as a going concern for a period of at least twelve months from 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 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 directors' report included within the trustees' report has 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 directors' report 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 and proper accounting records have not been kept; 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 7, 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 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 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.

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. 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.

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

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, including financial reporting legislation and the Charity 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 necessary to the group's ability to operate or to avoid a material penalty. The laws and regulations we considered in this context were General Data Protection Regulation (GDPR) and taxation legislation. 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 override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on 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.



Simon Hughes
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

29 January 2026

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

FOR THE YEAR ENDED 5 APRIL 2025

	Notes	Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2025 £'000	Total Funds 2024 £'000
Income					
Grants receivable	2.	1,522	20,441	21,963	20,245
Other income		-	490	490	461
Total income		1,522	20,931	22,453	20,706
Expenditure					
Charitable activities		-	-	-	(903)
Direct programme expenses	4.	1,522	16,571	18,093	15,199
Support costs	5.	-	2,602	2,602	1,992
Total expenditure		1,522	19,173	20,695	16,288
Net surplus/(expenditure) for the year			1,758	1,758	4,418
Transfers between funds			-	-	-
Other recognised gains and losses					
Movement in foreign exchange		-	(116)	(116)	(340)
Net movement in funds		-	1,642	1,642	4,078
Reconciliation of funds					
Total funds brought forward		-	8,864	8,864	4,786
Total funds carried forward		-	10,506	10,506	8,864

The notes on pages 14 to 24 form part of this Statement of Financial Activities.

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

AS AT 5 APRIL 2025

		2025		2024	
	Notes	Group	Charity	Group	Charity
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible fixed assets	7.	449	449	566	566
Investments in subsidiaries	8.	-	-	-	-
Programme investments	9.	2,030	-	2,916	-
		2,479	449	3,482	566
CURRENT ASSETS					
Debtors	10.	5,673	5,556	4,648	4,531
Cash at bank and in hand		4,247	2,646	2,775	1,010
Total Current Assets		9,920	8,202	7,423	5,541
LIABILITIES					
Creditors - amounts falling due within 1 year	11.	(1,685)	(1,685)	(1,742)	(1,742)
NET CURRENT ASSETS		8,235	6,517	5,681	3,799
Total Assets Less Current Liabilities		10,714	6,966	9,163	4,365
Creditors - amounts falling due after 1 year	12.	(208)	(208)	(299)	(299)
NET ASSETS		10,506	6,758	8,864	4,066
The funds of the charity:					
Unrestricted funds		10,506	6,758	8,864	4,066
Restricted funds		-	-	-	-
		10,506	6,758	8,864	4,066

The net income of the parent charity for the financial year was £6,758,000 (2024: £4,066,000).

The financial statements were approved and authorised for issue by the Trustees / Directors on 27 January 2026 and were signed on their behalf by:



Mr JC Burns
Trustee

The notes on pages 14 to 24 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 5 APRIL 2025

	2025	2024
	£000	£000
Net cash inflows/(outflows) from operating activities	590	(257)
Cash inflows from financing activities	882	257
Net cash (used) from operating and financing activities	<u>1,472</u>	<u>-</u>
Cash at bank and in hand	2025	2024
	£000	£000
Change in cash at bank and in hand during the year	1,472	-
Cash at bank and in hand at beginning of year	<u>2,775</u>	<u>2,775</u>
Cash at bank and in hand at end of year	<u>4,247</u>	<u>2,775</u>
Reconciliation of net income/(expenditure) to net cash inflows/(outflows) from operating activities	2025	2024
	£000	£000
Net surplus for the year	1,759	4,418
Depreciation	238	279
Fixed asset acquisitions	(131)	(107)
Fixed asset disposals	9	15
Increase in impairment charge on programme investments	5	(1,369)
Programme loan write offs and other movements	-	483
(Increase)/decrease in debtors	(1,025)	14,619
(Decrease) in creditors	(148)	(18,296)
Movement in foreign exchange	(117)	(299)
Net cash inflows/(outflows) from operating activities	<u>590</u>	<u>(257)</u>
Net cash flows from financing activities	2025	2024
	£000	£000
Programme investment loan repayments	827	251
Movement in foreign exchange	55	6
Net cash movement from financing activities	<u>882</u>	<u>257</u>

The notes on pages 14 to 24 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), with FRS 102 and with the requirements of the Companies Act 2006.

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. 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 and of its subsidiary, Msingi East Africa Ltd (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. 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 a share of the staff and office costs of the joint administration of the Sainsbury Family Charitable Trusts. Shared costs are allocated in proportion to time spent on Charity matters, 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.

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

	2025	2024
	£'000	£'000
Grants Receivable		
Gatsby Charitable Foundation	20,441	19,635
Bill and Melinda Gates Foundation	1,034	-
Foreign, Commonwealth & Development Office ('FCDO')	391	574
Ezrah Charitable Trust	97	-
Other	-	36
	21,963	20,245

Income received from the Bill and Melinda Gates Foundation, the FCDO and the Ezrah Charitable Trust is treated as restricted income.

3. GRANTS PAYABLE

Group	2025	2024
	£'000	£'000
Grants expenditure	-	(903)

A reversal of grant expenditure of £nil (2024: *grant reversal of £903,000*) was recorded during the financial year towards the Wood Foundation.

Charity	2025	2024
	£'000	£'000
Reconciliation of grants payable:		
Commitments at 6 April 2024	-	5,328
Grants cancelled in the year	-	(5,328)
Increase in grants payable for the year	-	-
Grants paid during the year	-	-
Commitments at 5 April 2025	-	-

On 28 March 2024 GA ceased its membership of East African Tea Investments (EATI), a charitable company in which GA previously held joint membership with The Wood Foundation. The collaboration agreement to provide future grant funding was terminated on the same date and has been replaced by an agreement to provide a concessionary loan to EATI.

NOTES TO THE ACCOUNTS

4. DIRECT PROGRAMME EXPENSES

	2025			2024
	Direct Costs	Staff Costs	Total	Total
	£'000	£'000	£'000	£'000
Aquaculture	2,753	1,208	3,961	1,931
Forestry	1,803	1,424	3,227	4,016
Learning and Knowledge	1,237	1,307	2,544	1,906
Portfolio monitoring	859	1,450	2,309	1,197
Livestock	998	609	1,607	1,325
Textile	634	475	1,109	2,039
Water	582	458	1,040	896
The Gates Foundation	772	262	1,034	-
Tea	774	-	774	925
UKPACT	175	216	391	818
Ezrah Charitable Trust	-	97	97	-
Agricultural inputs and scoping	-	-	-	146
	10,587	7,506	18,093	15,199

Aquaculture programme expenses include impairment charge of £5,000 (2024: *impairment reversal* £1,816,000).
Tea programme expenses include impairment charges of £774,000 (2024: £925,000).

5. SUPPORT COSTS

	2025			2024
	Charitable Activities	Governance	Total	Total
	£'000	£'000	£'000	£'000
Staff costs	1,308	-	1,308	1,078
Direct costs	1,066	-	1,066	657
Share of joint office costs	141	-	141	176
	2,515	-	2,515	1,911
Auditors' remuneration	-	87	87	81
	2,515	87	2,602	1,992

The Charity is one of the Sainsbury Family Charitable Trusts which share a joint administration at the Registered Office. 12.7% of the total joint administration costs have been allocated to GA (2024: 15.8%) and includes a proportionate share of support costs and staff costs. Joint administration and office costs of £140,842 (2024: £176,400) charged to GA.

Auditors' remuneration comprises £45,000 (2024: £42,000) paid to the Charity's group auditors, and £42,000 (2024: £39,000) paid to affiliates of the group auditors based overseas. Irrecoverable VAT of £7,558 (2024: £7,000) is included with the amount paid to the Charity's group auditors.

6. ANALYSIS OF STAFF COSTS

	2025	2024
	£'000	£'000
Wages and salaries	7,618	6,527
Social security costs	212	166
Other pension costs	633	887
	8,463	7,580

NOTES TO THE ACCOUNTS

6. ANALYSIS OF STAFF COSTS (continued)

The average number of staff employed during the year was 131 (2024: 124). Staff costs include contributions to money purchase pension schemes. Within staff costs are redundancy payments of £348,000 (2024: £158,000) of which £Nil (2024: £Nil) were unpaid 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:

	2025	2024
	No.	No.
£60,001 - £70,000	6	8
£70,001 - £80,000	9	5
£80,001 - £90,000	3	5
£90,001 - £100,000	6	8
£100,001 - £110,000	4	1
£110,001 - £120,000	2	-
£120,001 - £130,000	4	3
£130,001 - £140,000	2	4
£140,000 - £150,000	2	-
£150,001 - £160,000	1	3
£160,001 - £170,000	-	1
£170,001 - £180,000	1	1
£200,001 - £210,000	-	1
£210,000 - £220,000	1	-
£240,001 - £250,000	1	1

Staff costs equivalent to 17.97 full time employees (2024: 16.5) were charged to GA under joint administration arrangements of the Sainsbury Family Charitable Trusts.

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. No Trustees received remuneration from GA during the year (2024: £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 £267,000 (2024: £245,000) 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	2025	2024
	£'000	£'000	£'000	£'000
Wages and salaries	143	91	234	212
Social security costs	19	12	31	31
Other pension costs	-	2	2	2
	162	105	267	245

Travel expenses of £856 were paid on behalf of one Trustee during the year (2024: £1,350). Having regard to the roles of its staff, the Charity considers its key management personnel to be its Executive Board which comprises 3 staff members (2024: 3 staff), to which total compensation paid, including employer contributions to group personal pensions during the year was £275,000 (2024: £260,000) excluding the costs of Mr P Hesketh and Mrs K Everett as explained above.

NOTES TO THE ACCOUNTS

7. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At beginning of year	681	467	235	308	1,691
Acquisitions	-	-	75	56	131
Transfers	-	-	-	(69)	(69)
Disposals	-	-	-	(9)	(9)
Movement in foreign exchange	(8)	(10)	(8)	(4)	(30)
At end of year	673	457	302	282	1,714
Accumulated depreciation					
At beginning of year	(281)	(432)	(162)	(250)	(1,125)
Transfers	(6)	-	(12)	89	71
Depreciation charge for the year	(129)	(8)	(40)	(61)	(238)
Disposals	-	-	-	-	-
Movement in foreign exchange	10	8	4	5	27
At end of year	(406)	(432)	(210)	(217)	(1,265)
Net book value at 5 April 2025	267	25	92	65	449
Net book value at 5 April 2024	400	35	73	58	566

Charity

	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At beginning of year	681	467	235	308	1,691
Acquisitions	-	-	75	56	131
Transfers	-	-	-	(69)	(69)
Disposals	-	-	-	(9)	(9)
Movement in foreign exchange	(8)	(10)	(8)	(4)	(30)
At end of year	673	457	302	282	1,714
Accumulated depreciation					
At beginning of year	(281)	(432)	(162)	(250)	(1,125)
Transfers	(6)	-	(12)	89	71
Depreciation charge for the year	(129)	(8)	(40)	(61)	(238)
Disposals	-	-	-	-	-
Movement in foreign exchange	10	8	4	5	27
At end of year	(406)	(432)	(210)	(217)	(1,265)
Net book value at 5 April 2025	267	25	92	65	449
Net book value at 5 April 2024	400	35	73	58	566

NOTES TO THE ACCOUNTS

8. INVESTMENTS IN SUBSIDIARIES

	2025		2024	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Msingi East Africa	-	-	-	-
Kenya Markets Trust (in liquidation)	-	-	-	-
	-	-	-	-

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.

Kenya Markets Trust ceased operations during 2024 upon completion of its remaining project, after which the remaining residual net assets were transferred entirely to Gatsby Africa – Kenya branch.

The financial results of the subsidiaries for the year were:

	2025		2024	
	Msingi	KMT	Msingi	KMT
	£'000	£'000	£'000	£'000
Income	253	-	372	218
(Expenditure)/expenditure reversal	(50)	-	1,816	(59)
Net income for the year	203	-	2,188	159
Total assets	3,748	-	4,799	-
Total liabilities	-	-	-	-
Net assets	3,748	-	4,799	-

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 is no longer operating and is awaiting dissolution. An agreement was signed at the end of March 2024 to transfer the operations and assets of the Forestry Development Trust and Gatsby Africa – Tanzania branch.

East Africa Tea Investments

On 28 March 2024 Gatsby Africa resigned its membership 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.

NOTES TO THE ACCOUNTS

9. PROGRAMME INVESTMENTS

Group	Concessionary loans	Guaranteed loans	Total
<u>Cost</u>	£'000	£'000	£'000
At beginning of year	3,803	62	3,865
Payments made during the year	774	-	774
Repayments made during the year	(821)	-	(821)
Changes in accrued interest	(9)	3	(6)
Movement in foreign exchange	(54)	(1)	(55)
At end of year	3,693	64	3,757
<u>Impairment provision</u>			
At beginning of year	(944)	(5)	(949)
Impairment charge	(1,723)	(4)	(1,727)
Impairment charge reversal	944	5	949
At end of year	(1,723)	(4)	(1,727)
Net book value at 5 April 2025	1,970	60	2,030
Net book value at 5 April 2024	2,859	57	2,916

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

	Total loan	2025	Total loan	2024
<u>Cost</u>	£'000	%	£'000	%
Victory Farms	829	22	1,521	39
Samakgro Limited	1,165	31	1,357	35
The Wood Foundation	1,699	45	925	24

Interest rates charged on the concessionary loans range between 5.0% - 10.0% per annum. Commercial loan interest rates during the reporting period were approximately 17.0%. Debenture security is obtained from Victory Farms and Samakgro Limited.

Loan repayment terms are between 1 – 3 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 a year	829	-	829
Due in more than 1 years	1,141	60	1,201
At 5 April 2025	1,970	60	2,030
At 5 April 2024	2,859	57	2,916

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

NOTES TO THE ACCOUNTS

9. PROGRAMME INVESTMENTS (continued)

Victory Farms

Over the last financial year Victory Farms delivered a robust operational performance. This was accomplished despite increased operational expenditure linked to ongoing expansion efforts. Since early 2024 Victory Farms met all its scheduled payments having repaid a principal total of £1.6million and £131,000 in interest as of January 2025. The company remains on track to fully repay its loan by February 2026.

At year end the net amount estimated as recoverable from Victory Farms is £829,000 (2024: £1,520,000).

Samakgro Limited (Samakgro)

Samakgro began operations in 2023 and has consistently achieved net income profitability month-on-month. The company is currently expanding its operations and production capacity to meet growing and underserved market demand. Its financial position indicates strong capacity to service its loan from Gatsby.

To facilitate this expansion, Samakgro is seeking to complete two key merger transactions that will ultimately result in the dissolution of Samakgro Limited (Kenya), with all assets and operations to be transferred to Maxim Agri Limited (Kenya). In view of this transition, a small impairment provision of £25,000 has been recorded at the end of the financial year

At year end the net amount estimated as recoverable from Samakgro Limited, including interest receivable, is £1,141,000 (2024: £1,338,000).

East African Tea Investments (EATI)

On March 2024 GA entered into an agreement with The Wood Foundation Africa (TWFA) to fund jointly EATI via a concessionary loan. The funding is provided on a restricted basis to enable EATI to implement Tea Projects in Tanzania and Rwanda.

GA shall provide up to £8,930,000 (US\$ 11,500,000) over a 10 year period from 2024 to 2033. Payments of £774,000 (2024: £925,000) were made by GA during the financial year. Future payments under the agreement fall due as follows:

	2025		2024	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Within one year	1,165	1,165	1,981	1,981
Within 2 – 5 years	4,737	4,737	5,246	5,246
More than 5 years	670	670	698	698

As the Tea Projects mature it is anticipated that the loan will be repaid by EATI to the joint funders. Projections provided in the agreement anticipate that the loan repayments will commence from 2034 onwards. The extended time horizon until the first loan repayment is received means that it is difficult to be certain about the recoverability of the loan in future. Accordingly, an impairment provision of £1,699,000 (2024: £925,000) has been made against the loan.

Uganda Development Bank/Rock Springs

Deposits of £64,000 (2024: £60,000) have been placed with Uganda Development Bank to secure guaranteed loans of £56,000 (2024: £56,000) that have been made by the Uganda Development Bank to one beneficiary, Rock Springs.

The guarantee enables debt financing which is otherwise not available to beneficiaries in the aquaculture sector.

NOTES TO THE ACCOUNTS

9. PROGRAMME INVESTMENTS (continued)

Charity	Concessionary loan	Guaranteed loans
<u>Cost and net book value</u>	£'000	£'000
At beginning of year	925	-
Payments made during the year	774	-
Repayments made during the year	-	-
At end of year	1,699	-
<u>Impairment provision</u>		
At beginning of year	(925)	-
Impairment charge	(774)	-
At end of year	(1,699)	-
Net book value at 5 April 2025	-	-
Net book value at 5 April 2024	-	-

10. DEBTORS

	2025		2024	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants receivable	5,042	5,042	3,971	3,971
Other debtors	369	369	549	432
Prepayments and accrued income	262	145	128	128
	5,673	5,556	4,648	4,531

Grants receivable include £4,896,000 (2024: £3,893,000) due from Gatsby Charitable Foundation.

11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025		2024	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants payable within one year	-	-	-	-
Trade creditors	860	860	853	853
Other creditors	496	496	567	567
Accruals and deferred income	329	329	322	322
	1,685	1,685	1,742	1,742

Other creditors of the company include £431,000 (2024: £539,000) advanced to acquire fixed assets, repayable over the useful lives of those assets, of which £223,000 (2024: £239,000) is repayable within one year and £208,000 (2024: £299,000) is repayable after one year.

NOTES TO THE ACCOUNTS

12. CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

	2025		2024	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Other creditors	208	208	299	299

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 total commitments under non-cancellable operating leases, which fall due as follows:

	2025		Revised 2024	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Within one year	306	306	295	295
Within 2 – 5 years	228	228	545	545

Annual operating lease costs incurred by the Group during the financial year were £291,000 (£295,000).

16. ANALYSIS OF FUNDS

Group

	2025			2024		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets	-	12,399	12,399	-	10,905	10,905
Liabilities	-	(1,893)	(1,893)	-	(2,041)	(2,041)
Net assets	-	10,506	10,506	-	8,864	8,864

Charity

	2025			2024		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets	-	8,651	8,651	-	6,107	6,107
Liabilities	-	(1,893)	(1,893)	-	(2,041)	(2,041)
Net assets	-	6,758	6,758	-	4,066	4,066

Accounts

Company Number: 09360833

Charity Number: 1168223

GATSBY AFRICA

ANNUAL REPORT

5 APRIL 2024

The Peak
5 Wilton Road
London SW1V 1AP

CONTENTS		PAGE
1	Legal and Administrative Information	2
2	Strategic Report	3-4
3	Report of the Trustees	5-7
4	Independent Auditor's Report	8-10
5	Consolidated Statement of Financial Activities	11
6	Consolidated and Charity Balance Sheet	12
7	Consolidated Cash Flow Statement	13
8	Notes to the Accounts	14-24

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 Mrs K Everett Mr P Hesketh Miss JS Portrait	
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
Company Secretary	Mr J Searancke	
Bankers	Royal Bank of Scotland 119-121 Victoria Street London SW1E 6RA	
Solicitors	BDB Pitmans LLP 1 Bartholomew Close London EC1A 7BL	
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

In the fiscal year 2023-24, Gatsby Africa (GA) continued its mission to foster sustainable, inclusive, and resilient economic growth in East Africa. This included efforts to improve the livelihoods of the poor through job creation, income enhancement, and the creation of opportunities to alleviate poverty. GA's diverse range of activities was primarily funded through grants from the Gatsby Charitable Foundation, leading to transformative impacts across several key sectors.

Review of Activities

Transforming Key Economic Sectors: GA's approach to transforming key sectors in East Africa involved ambitious strategies and partnerships to implement these changes. The organisation focused on strategic sector transformation across forestry, livestock, textiles and apparel, tea, aquaculture, and water sectors, achieving significant advancements in each:

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 East Africa citizens. Introducing innovative wood processing technologies and ownership models to transform the forestry sectors, protecting the environment, and benefiting millions of citizens by creating jobs and thereby reducing poverty levels*

In East Africa, Gatsby Africa's (GA) forestry programme focused on improving access to high-quality germplasm, resulting in significant progress for smallholders and private sector investors. One notable intervention involved the establishment of new commercial plantations in Uganda, with improved pine seed contributing to higher yields for smallholders. In Kenya and Tanzania, GA facilitated Public-Private Partnerships (PPP) for forest concessions, providing opportunities for local communities to engage in sustainable forestry practices. These initiatives not only create employment but also enhance incomes for rural households. The sector's environmental benefits include carbon capture, making it a key player in mitigating climate change while fostering prosperity through sustainable forestry practices.

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.*

GA's Livestock programme supported the development of climate-resilient value chains, working with partners to improve fattening practices for cattle, resulting in higher market prices for pastoralists. Additionally, partnerships with key counties in Kenya resulted in the development of trade corridors that improved livestock mobility, enabling pastoralists to reach markets more efficiently. These interventions significantly boost incomes for smallholders in arid and semi-arid regions, transforming their economic prospects and contributing to food security.

STRATEGIC REPORT AND ANNUAL REVIEW OF ACTIVITIES (continued)

Textiles and Apparel: *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.*

During the challenging period of the Covid-19 pandemic, the global textile industry experienced a downturn. However, things are starting to look up. A key GA intervention involved supporting Kenyan manufacturers to achieve international certifications, enabling them to enter global value chains. As a result, a major factory project commenced in Kenya, which is projected to create over 2,000 jobs. This expansion has the potential to contribute significantly to sectoral growth, with early projections indicating the possibility of doubling employment in the industry over the next two years. By fostering sustainable manufacturing practices, GA is also helping position East Africa as a competitive player in global markets, driving industrialization and job creation.

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. 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.*

In Rwanda, our partners have planted over 2,900 hectares of tea, resulting in strong factory performances that benefit small-holder farmers. In Tanzania, production increased by 50% despite sector challenges. GA continues to monitor and support the projects, which enhance the incomes of over 20,000 tea farmers in both countries.

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*

GA's aquaculture programme has significantly supported industry growth, particularly in Kenya, leading to increased fish production and improved profitability for smallholder farmers. A highlight was the establishment of the region's first selective breeding programme, aimed at improving fish genetics for higher yields. The construction of a new feed mill in Kenya has reduced production costs for smallholder fish farmers. These efforts have quadrupled the sector's growth over six years, directly benefitting smallholders by enhancing productivity and helping them secure more reliable income through improved productivity. GA's focus on sustainable practices ensures that environmental concerns are addressed while promoting prosperity through increased food security.

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.*

GA's water programme focused on improving the commercial viability of water utilities, which led to more efficient service delivery in Kenya. A key success involved partnering with national regulatory bodies to streamline the approval of water tariffs, allowing utilities to invest in infrastructure and expand access to clean water. This has improved water provision for hundreds of thousands of households, enhancing health outcomes and supporting economic development in urban and rural areas alike. By improving water governance, GA is helping to create a more sustainable and equitable water sector, which is essential for long-term economic growth.

Synthesizing and Sharing Lessons: Throughout the year, GA remained committed to knowledge sharing and influencing sector-wide changes by synthesizing and sharing the lessons learned from its programmes and other sources. Over the past year, our collaborative efforts with the governments of Tanzania and Kenya have significantly progressed. We have developed strong partnerships at the centre of both governments.

REPORT OF THE TRUSTEES

Risk assessment

GA undertakes regular risk reviews to ensure it manages its risks appropriately. Responsibility for these reviews is delegated by the Trustees to GA senior management and is guided by a comprehensive Risk Management Framework comprising a Risk Policy, Risk Appetite Statements, and a Risk Register, together with related risk management processes. Appropriate follow up is taken by Trustees when concerns over issues of risk are being expressed.

The risk register captures risks with significant potential to affect the achievement of GA's strategic objectives and reflects management's assessment of the likelihood of specific risks materialising and their impact on GA. It also reflects the extent of controls and mitigation measures in place or planned to address such risks. The Trustees review the risk register annually and are informed through quarterly reports by senior management of any significant changes to GA's risk profile.

In their review for 2024/25, the Trustees have confirmed that the principal risks affecting GA's performance comprise residual organisational development challenges pursuant to GA's restructuring in 2022, as GA strives to meet its ambitious targets. Strategies are in place to address these risks. Cognisant of the extent to which global risks shape GA's external operating environment, the Trustees believe it is appropriate to incorporate into the register explicit consideration of the opportunities and threats presented by climate change, the advance of technology and political instability. Measures to respond to these have been developed.

Regular review of organisational performance with regard to their risk appetite statements provides the Trustees with critical, complementary oversight of GA's risk management. This is particularly important in ensuring appropriate control over compliance, fiduciary and safeguarding risks for which GA has very low tolerance. In this, the safety and security of staff employed by GA remains a priority, and assurance of GA's organisational capacity to respond to its duty of care is paramount.

To ensure effective identification and management of risks to GA, senior managers have engaged staff in a range of initiatives to raise awareness of risks, GA's approach to addressing them and respective staff roles. Reinforcement of collective staff responsibility for risk management is a recurrent theme, to respond to the evolution of GA's operating environment. Trustees believe that it is only through such widespread engagement that they can execute their oversight of GA's risks with confidence.

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.

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.

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.

REPORT OF THE TRUSTEES (continued)

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 0.0% – 10.0% per annum. GA seeks to achieve a moderate rate of return on its programme investment portfolio in any financial year.

At the end of the financial year GA had a portfolio of 3 programme investment loans with a net carrying value of £2.9 million. The loan portfolio is subject to a small impairment charge of £24,000. In the previous financial year GA had a portfolio of 9 loans with a net carrying value of £2.3 million, after the deduction of an impairment provision of £2.4 million. Interest income of £369,000 was received on such loans during the year, a return of 6.5% per annum.

The strong operational performance of Victory Farms during the year has seen repayment arrears brought up to date, and scheduled loan and interest repayments made in accordance the agreement with the beneficiary. As a consequence, the impairment charge of £2.4 million recorded against the loan in the last financial year has been reversed.

Trustees have approved the write-off of six non-performing loans to mid-size fish farms in Kenya and Tanzania, totalling £360,000.

GA supports East African Tea Investments (EATI), a charitable company that develops tea farms in Tanzania and Rwanda. GA has replaced its collaboration agreement to provide future grant funding with an agreement to provide a concessionary loan on a restricted basis of up to £8.9 million to EATI. Payments of £925,000 were made to EATI during the financial year. Repayment of the loan to EATI is not expected to commence before 2034.

Trustees are uncertain as to the amount which will ultimately be repaid in view of the extended time horizon before repayments commence. Accordingly a prudent position has been taken to fully impair the loan balance until such time as Trustees can confidently assess the amount to be recovered.

Foreign, Commonwealth & Development Office ('FCDO')

GA entered into an agreement with the FCDO in 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.

Financial performance and reserves

The Group recorded a net surplus of grant income over charitable expenditure of £4.1 million for the year. GA's reserves at year end were £8.9 million; of which restricted Group reserves were £Nil and unrestricted Group reserves were £8.9 million. Company reserves of the Charity at year end were £4.1 million.

Reserves are held by the Group to match amounts invested in programme investments of £2.9 million and working capital balances of £1.0 million. Surplus reserves of £5.0 million will be utilised as GA evaluates future programme investment and/or activity opportunities to further support the Charity's sector transformation objectives. GA has received a letter of ongoing financial support from Gatsby Charitable Foundation.

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 GA benchmarks pay levels against comparable positions in similar organisations.

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 each of the Trustees of the charity at the date of approval of the Trustees' Annual Report is aware:

- there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware, and
- each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Approved by the Board on 21 November 2024 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 2024 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 2024 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
17 December 2024

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

FOR THE YEAR ENDED 5 APRIL 2024

	Notes	Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
Income					
Grants receivable	2.	574	19,671	20,245	18,500
Other income		-	461	461	345
Total income		574	20,132	20,706	18,845
Expenditure					
Charitable activities					
Grant expenditure	3.	-	(903)	(903)	330
Direct programme expenses	4.	818	14,381	15,199	14,898
Support costs	5.	-	1,992	1,992	2,005
Total expenditure		818	15,470	16,288	17,233
Net surplus/(expenditure) for the year		(244)	4,662	4,418	1,612
Transfers between funds		244	(244)	-	-
Other recognised gains and losses					
Movement in foreign exchange		-	(340)	(340)	(824)
Net movement in funds		-	4,078	4,078	788
Reconciliation of funds					
Total funds brought forward		-	4,786	4,786	3,998
Total funds carried forward		-	8,864	8,864	4,786

The notes on pages 14 to 24 form part of this Statement of Financial Activities.

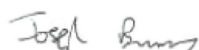
CONSOLIDATED AND CHARITY BALANCE SHEET
(Company Registration No. 09360833)

AS AT 5 APRIL 2024

		2024		2023	
	Notes	Group £'000	Charity £'000	Group £'000	Charity £'000
FIXED ASSETS					
Tangible fixed assets	7.	566	566	794	794
Investments in subsidiaries	8.	-	-	-	-
Programme investments	9.	2,916	-	2,287	49
		3,482	566	3,081	843
CURRENT ASSETS					
Debtors	10.	4,648	4,531	19,267	19,250
Cash at bank and in hand		2,775	1,010	2,775	2,382
Total Current Assets		7,423	5,541	22,042	21,632
LIABILITIES					
Creditors - amounts falling due within 1 year	11.	(1,742)	(1,742)	(20,273)	(20,255)
NET CURRENT ASSETS		5,681	3,799	1,769	1,377
Total Assets Less Current Liabilities		9,163	4,365	4,850	2,220
Creditors - amounts falling due after 1 year	12.	(299)	(299)	(64)	(64)
NET ASSETS		8,864	4,066	4,786	2,156
The funds of the charity:					
Unrestricted funds		8,864	4,066	4,786	2,156
Restricted funds		-	-	-	-
		8,864	4,066	4,786	2,156

The net income of the parent charity for the financial year was £4,066,000 (2023: £2,156,000).

The financial statements were approved and authorised for issue by the Trustees / Directors on 21 November 2024 and were signed on their behalf by:



Mr JC Burns
Trustee

The notes on pages 14 to 24 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 5 APRIL 2024

	2024	2023
	£000	£000
Net cash (outflows)/ inflows from operating activities	(257)	1,252
Cash inflows/(outflows) from financing activities	257	(776)
Net cash (used) from operating and financing activities	-	476
Cash at bank and in hand	2024	2023
	£000	£000
Change in cash at bank and in hand during the year	-	476
Cash at bank and in hand at beginning of year	2,775	2,229
Cash at bank and in hand at end of year	2,775	2,775
Reconciliation of net income/(expenditure) to net cash inflows/(outflows) from operating activities	2024	2023
	£000	£000
Net surplus for the year	4,418	1,612
Depreciation	279	783
Fixed asset acquisitions	(107)	(1,260)
Fixed asset disposals	15	30
(Impairment charge) on programme investments	(1,369)	182
Programme loan write offs and other movements	483	-
Decrease in debtors	14,619	(15,848)
(Decrease) in creditors	(18,296)	16,517
Movement in foreign exchange	(299)	(764)
Net cash (outflows)/inflows from operating activities	(257)	1,252
Net cash flows from financing activities	2024	2023
	£000	£000
Programme investment loan repayments/(advances)	251	(494)
Movement in foreign exchange	6	(282)
Net cash movement from financing activities	257	(776)

The notes on pages 14 to 24 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), with FRS 102 and with the requirements of the Companies Act 2006.

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 2024 and of its subsidiaries, Msingi East Africa Ltd and Kenya Markets Trust (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. 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 a share of the staff and office costs of the joint administration of the Sainsbury Family Charitable Trusts. Shared costs are allocated in proportion to time spent on Charity matters, 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.

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

	2024	2023
	£'000	£'000
Grants Receivable		
Gatsby Charitable Foundation	19,635	18,009
Foreign, Commonwealth & Development Office ('FCDO')	574	415
Other	36	76
	20,245	18,500

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	2024	2023
	£'000	£'000
Grants expenditure	(903)	330

A reversal of grant expenditure of £903,000 (2023: grant expenditure of £330,000) was recorded during the financial year towards the Wood Foundation.

Charity	2024	2023
	£'000	£'000
Reconciliation of grants payable:		
Commitments at 6 April 2023	5,328	6,982
Grants cancelled in the year	(5,328)	(1,028)
Increase in grants payable for the year	-	(1,028)
Grants paid during the year	-	(626)
Commitments at 5 April 2024	-	5,328

Commitments at 5 April 2024 are payable as follows:

	2024	2023
	£'000	£'000
Within one year (note 11)	-	903

Commitments at year end are payable to the following beneficiaries:

	2024	2023
	£'000	£'000
The Wood Foundation	-	903

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 2024 was £Nil (2023: £5,328,000).

On 28 March 2024 GA ceased its membership of East African Tea Investments (EATI), a charitable company in which GA previously held joint membership with The Wood Foundation. The collaboration agreement to provide future grant funding was terminated on the same date, and has been replaced by an agreement to provide a concessionary loan to EATI.

NOTES TO THE ACCOUNTS

4. DIRECT PROGRAMME EXPENSES

	2024			2023
	Direct Costs	Staff Costs	Total	Total
	£'000	£'000	£'000	£'000
Forestry	2,365	1,651	4,016	4,722
Textiles	1,108	931	2,039	1,599
Aquaculture	875	1,056	1,931	2,916
Learning and Knowledge	963	943	1,906	920
Livestock	875	450	1,325	915
Portfolio monitoring	498	699	1,197	960
Tea	925	-	925	-
Water	601	295	896	1,167
UKPACT	275	543	818	564
Agricultural inputs and scoping	47	99	146	857
Other programmes	-	-	-	278
	8,532	6,667	15,199	14,898

Aquaculture programme expenses include impairment reversal of £1,816,000 (2023: impairment charge £170,000).
Tea programme expenses include impairment charges of £925,000 (2023: £Nil).

5. SUPPORT COSTS

	2024			2023
	Charitable Activities	Governance	Total	Total
	£'000	£'000	£'000	£'000
Staff costs	1,078	-	1,078	1,124
Direct costs	657	-	657	603
Share of joint office costs	176	-	176	202
	1,911	-	1,911	1,929
Auditors' remuneration	-	81	81	76
	1,911	81	1,992	2,005

The Charity is one of the Sainsbury Family Charitable Trusts which share a joint administration at the Registered Office. 15.8% of the total joint administration costs have been allocated to GA (2023: 18.0%), and includes a proportionate shares of support costs and staff costs. Joint administration and office costs of £176,400 (2023: £202,000) charged to GA.

Auditors' remuneration comprises £42,000 (2023: £36,000) paid to the Charity's group auditors, and £39,000 (2023: £40,000) paid to affiliates of the group auditors based overseas. Irrecoverable VAT of £7,000 (2023: £6,000) is included with the amount paid to the Charity's group auditors.

6. ANALYSIS OF STAFF COSTS

	2024	2023
	£'000	£'000
Wages and salaries	6,527	8,131
Social security costs	166	250
Other pension costs	887	607
	7,580	8,988

NOTES TO THE ACCOUNTS

6. ANALYSIS OF STAFF COSTS (continued)

The average number of staff employed during the year was 124 (2023: 144). Staff costs include contributions to money purchase pension schemes. Within staff costs are redundancy payments of £158,000 (2023: £327,000) of which £Nil (2023: £Nil) were unpaid 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:

	2024	2023
	No.	No.
£60,001 - £70,000	8	4
£70,001 - £80,000	5	8
£80,001 - £90,000	5	7
£90,001 - £100,000	8	4
£100,001 - £110,000	1	1
£110,001 - £120,000	-	3
£120,001 - £130,000	3	3
£130,001 - £140,000	4	2
£150,001 - £160,000	3	1
£160,001 - £170,000	1	1
£170,001 - £180,000	1	2
£180,001 - £190,000	-	1
£190,001 - £200,000	-	2
£200,001 - £210,000	1	-
£240,001 - £250,000	1	1

Staff costs equivalent to 16.5 full time employees (2023: 16.0) were charged to GA under joint administration arrangements of the Sainsbury Family Charitable Trusts.

No Trustees received remuneration from GA during the year (2023: £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 £245,000 (2023: £209,000) 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	2024	2023
	£'000	£'000	£'000	£'000
Wages and salaries	143	69	212	182
Social security costs	22	9	31	26
Other pension costs	-	2	2	1
	165	80	245	209

Travel expenses of £1,350 were paid on behalf of one Trustee during the year (2023: £4,000). Having regard to the roles of its staff, the Charity considers its key management personnel to be its Executive Board which comprises 3 staff members (2023: 3 staff), to which total compensation paid, including employer contributions to group personal pensions during the year was £260,000 (2023: £248,000) excluding the costs of Mr P Hesketh and Mrs K Everett as explained above.

NOTES TO THE ACCOUNTS

7. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At beginning of year	669	549	281	332	1,831
Transfers/restatements	-	(11)	(4)	(30)	(45)
Acquisitions	31	-	-	75	106
Disposals	-	(40)	(25)	(49)	(114)
Movement in foreign exchange	(19)	(31)	(17)	(20)	(87)
At end of year	681	467	235	308	1,691

Accumulated depreciation

At beginning of year	(147)	(478)	(155)	(257)	(1,037)
Transfers/restatements	-	11	4	30	45
Depreciation charge for the year	(131)	(26)	(42)	(80)	(279)
Disposals	-	37	21	41	99
Movement in foreign exchange	(3)	24	10	16	46
At end of year	(281)	(432)	(162)	(250)	(1,125)

Net book value at 5 April 2024	400	35	73	58	566
Net book value at 5 April 2023	522	71	125	76	794

Charity

	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At beginning of year	669	549	281	332	1,831
Acquisitions	-	(11)	(4)	(30)	(45)
Transfers/restatements	31	-	-	75	106
Disposals	-	(40)	(25)	(49)	(114)
Movement in foreign exchange	(19)	(31)	(17)	(20)	(87)
At end of year	681	467	235	308	1,691

Accumulated depreciation

At beginning of year	(147)	(478)	(155)	(257)	(1,037)
Transfers/restatements	-	11	4	30	45
Depreciation charge for the year	(131)	(26)	(42)	(80)	(279)
Disposals	-	37	21	41	99
Movement in foreign exchange	(3)	24	10	16	46
At end of year	(281)	(432)	(162)	(250)	(1,125)

Net book value at 5 April 2024	400	35	73	58	566
Net book value at 5 April 2023	522	71	125	76	794

NOTES TO THE ACCOUNTS

8. INVESTMENTS IN SUBSIDIARIES

	2024		2023	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Msingi East Africa	-	-	-	-
Kenya Markets Trust	-	-	-	-
	-	-	-	-

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.

Kenya Markets Trust ceased operations during the year upon completion of its remaining project, after which the remaining residual net assets were transferred entirely to Gatsby Africa – Kenya branch.

The financial results of the subsidiaries for the year were:

	2024		2023	
	Msingi	KMT	Msingi	KMT
	£'000	£'000	£'000	£'000
Income	372	218	783	76
(Expenditure)/expenditure reversal	1,816	(59)	(178)	(142)
Net income/(expenditure) for the year	2,188	159	605	(66)
Total assets	4,799	-	2,648	-
Total liabilities	-	-	-	(16)
Net assets/(liabilities)	4,799	-	2,648	(16)

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 is no longer operating. An agreement was signed at the end of March 2024 to transfer the operations and assets of the Forestry Development Trust and Gatsby Africa – Tanzania branch.

East Africa Tea Investments

On 28 March 2024 Gatsby Africa resigned its membership 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.

NOTES TO THE ACCOUNTS

9. PROGRAMME INVESTMENTS

Group	Concessionary loans	Guaranteed loans	Total
Cost	£'000	£'000	£'000
At beginning of year	4,235	402	4,637
Payments made during the year	925)	-	925
Repayments made during the year	(1,002)	(223)	(1,225)
Loans write-off	(359)	(115)	(475)
Changes in accrued interest	68	3	71
Movement in foreign exchange	(64)	(5)	(69)
At end of year	3,803	62	3,865
Impairment provision			
At beginning of year	(2,329)	(21)	(2,350)
Impairment charge	(925)	-	(925)
Impairment charge reversal	2,278	15	2,293
Movement in foreign exchange	32	1	32
At end of year	(944)	(5)	(949)
Net book value at 5 April 2024	2,859	57	2,916
Net book value at 5 April 2023	1,906	381	2,287

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

	Total loan	2024	Total loan	2023
Cost	£'000	%	£'000	%
Victory Farms	1,521	39	2,585	56
Samakgro Limited	1,357	35	1,315	29
The Wood Foundation	925	24	-	-

Interest rates charged on the concessionary loans range between 0.0% - 10.0% per annum. Debenture security is obtained from Victory Farms and Samakgro Limited.

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

	Concessionary loans	Guaranteed loans	Total
Net book value	£'000	£'000	£'000
Due 2 – 5 years	2,859	57	2,916
Due in more than 5 years	-	-	-
At 5 April 2024	2,859	57	2,916
At 5 April 2023	1,906	381	2,287

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

NOTES TO THE ACCOUNTS

9. PROGRAMME INVESTMENTS (continued)

Victory Farms

Over the last financial year Victory Farms delivered a robust operational performance, demonstrated by growing harvest and sales volumes. The company hit record monthly production in January 2024. As a consequence, Victory Farms met all its scheduled interest payments in 2023 and paid all outstanding principal amounts in January 2024, totalling £1,000,000. Quarterly principal and interest repayments have continued as scheduled from April 2024.

Accordingly, the impairment charge of £2,000,000 million recorded last year has been reversed. At year end the net amount estimated as recoverable from Victory Farms is £1,520,000 (2023: £608,000).

Samakgro Limited (Samakgro)

Samakgro started its operations in 2023 and is projecting a net profit in its first full year of activity. The company's current financial health indicates that it is in a good position to service GA's loan.

Recent developments in the feed landscape in East Africa point to increased competition in the medium- to-long term, hence a small impairment provision of £19,000 has been recorded at the end of the financial year. At year end the net amount estimated as recoverable from Samakgro Limited, including interest receivable, is £1,338,000 (2023: £1,308,000).

East African Tea Investments (EATI)

On March 2024 GA entered into an agreement with The Wood Foundation Africa (TWFA) to fund jointly EATI via a concessionary loan. The funding is provided on a restricted basis to enable EATI to implement Tea Projects in Tanzania and Rwanda.

GA shall provide up to £8,850,000 (US\$ 11,500,000) over a 10 year period from 2024 to 2033. Payments of £925,000 (2023: £Nil) were made by GA during the financial year. Future payments under the agreement fall due as follows:

	2024		2023	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Within one year	1,981	1,981	-	-
Within 2 – 5 years	5,246	5,246	-	-
More than 5 years	698	698	-	-

As the Tea Projects mature it is anticipated that the loan will be repaid by EATI to the joint funders. Projections provided in the agreement anticipate that the loan repayments will commence from 2034 onwards. The extended time horizon until the first loan repayment is received means that it is difficult to be certain about the recoverability of the loan in future. Accordingly, an impairment provision of £925,000 (2023: £Nil) has been made against the loan.

Uganda Development Bank/Rock Springs

Deposits of £60,000 (2023: £332,000) have been placed with Uganda Development Bank to secure guaranteed loans of £56,000 (2023: £213,000) that have been made by the Uganda Development Bank to one beneficiary, Rock Springs.

The guarantee enables debt financing which is otherwise not available to beneficiaries in the aquaculture sector.

NOTES TO THE ACCOUNTS

9. PROGRAMME INVESTMENTS (continued)

Charity	Concessionary loan	Guaranteed loans
<u>Cost and net book value</u>	£'000	£'000
At beginning of year	-	49
Payments made during the year	925	-
Repayments made during the year	-	(49)
At end of year	925	-
<u>Impairment provision</u>		
At beginning of year	-	-
Impairment charge	(925)	-
At end of year	(925)	-
Net book value at 5 April 2024	-	-
Net book value at 5 April 2023	-	49

A deposit of £49,000 placed with the Tanzania Commercial Bank to guarantee loans to beneficiaries in the Tanzanian forestry sector has been repaid during the year.

10. DEBTORS

	2024		2023	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants receivable	3,971	3,971	18,342	18,342
Other debtors	549	432	565	548
Prepayments and accrued income	128	128	360	360
	4,648	4,531	19,267	19,250

11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024		2023	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants payable within one year	-	-	903	903
Trade creditors	853	853	656	656
Other creditors	567	567	1,131	1,113
Accruals and deferred income	322	322	17,583	17,583
	1,742	1,742	20,273	20,255

Other creditors of the company include £539,000 (2023: £794,000) advanced to acquire fixed assets, repayable over the useful lives of those assets, of which £239,000 (2023: £276,000) is repayable within one year and £299,000 (2023: £518,000) is repayable after one year.

NOTES TO THE ACCOUNTS

12. CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

	2024		2023	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Other creditors	299	299	64	64

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:

	2024		2023	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Within one year	-	-	10	10
Within 2 – 5 years	494	494	486	486

Annual operating lease costs incurred by the Group during the financial year were £472,000 (£556,000).

16. ANALYSIS OF FUNDS

Group

	2024			2023		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets	-	10,905	10,905	-	8,123	8,123
Liabilities	-	(2,041)	(2,041)	-	(3,337)	(3,337)
Net assets	-	8,864	8,864	-	4,786	4,786

Charity

	2024			2023		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets	-	6,107	6,107	-	5,475	5,475
Liabilities	-	(2,041)	(2,041)	-	(3,319)	(3,319)
Net assets	-	4,066	4,066	-	2,156	2,156

Accounts

Company Number: 09360833

Charity Number: 1168223

GATSBY AFRICA

ANNUAL REPORT

5 APRIL 2023

The Peak
5 Wilton Road
London SW1V 1AP

CONTENTS		PAGE
1	Legal and Administrative Information	2
2	Strategic Report	3
3	Report of the Trustees	6
4	Independent Auditor's Report	9
5	Consolidated Statement of Financial Activities	12
6	Consolidated and Charity Balance Sheet	13
7	Consolidated Cash Flow Statement	14
8	Notes to the Accounts	15

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

	Notes	Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'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	2,299	5,322
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 Restated
	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. <i>Restated</i>
£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>	<u>£'000</u>
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	-	-	-

Accounts

Company Number: 09360833

Charity Number: 1168223

GATSBY AFRICA

ANNUAL REPORT

5 APRIL 2022

The Peak
5 Wilton Road
London SW1V 1AP

CONTENTS		PAGE
1	Legal and Administrative Information	2
2	Strategic Report	3
3	Report of the Trustees	6
4	Independent Auditor's Report	9
5	Consolidated Statement of Financial Activities	12
6	Consolidated and Charity Balance Sheet	13
7	Consolidated Cash Flow Statement	14
8	Notes to the Accounts	15

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 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	Child & Co 1 Fleet Street London EC4Y 1BD	
Solicitors	Portrait Solicitors (until 31 July 2022), now 21 Whitefriars Street London EC4Y 8JJ	BDB Pitmans LLP (from 1 August 2022) 1 Bartholomew Close London EC1A 7BL
Auditors	SNR Dentons LLP 1 Fleet Place London EC4M 7WS 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

GA was set up as a charitable company limited by guarantee primarily to deliver projects in East Africa funded 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 reducing poverty.

GA looks to achieve this by:

- 1) Transforming key sectors in East Africa by developing ambitious strategies and partnering with others to implement them; and
- 2) Synthesising and sharing lessons from its programmes and elsewhere to enable their application at scale in its own sectors and in others.

In the financial year 2021-22, GA operated programmes in the Tanzanian cotton and textiles sector, the forestry sectors in Kenya and Tanzania, and (in partnership with The Wood Foundation Africa, a Scottish registered charity) the Tanzanian and Rwandan tea sectors. It also partnered with two local institutions - KMT and Msingi - to undertake similar work and influence the broader debate on how to ensure economic growth benefits poor people in East Africa. While these two organisations operated separately for the duration of financial year 2021-22, they were successfully integrated into GA as of 1 April 2022.

While GA, KMT and Msingi ran programmes in 10 different sectors across East Africa last year, it is clear many other sectors also need support. Each programme therefore 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. In this way, GA aims to contribute to a wider movement, and to see a series of sectors in East Africa and beyond transformed by its own efforts and those of others, bringing widespread benefits to East African citizens and poor people across developing countries.

Review of activities

- **Transforming key sectors in East Africa by developing ambitious strategies and partnering with others to implement them; and**
 - ***Tanzanian Forestry: Creating a world-class commercial forestry sector that underpins downstream wood and energy industries and delivers widespread economic, social and environmental benefits to Tanzanian citizens – thereby creating jobs and reducing poverty.***

Last year, the Forestry Development Trust's close engagement with the Tanzanian National Business Council resulted in Presidential and Cabinet backing for commercial forestry, with the sector now enjoying cross-government support. Moreover, the programme continued to support the sector's progress from an economic perspective: there is a growing demand for professional services in plantation management; banks are increasingly helping engineered wood product firms invest in more productive machinery; and ties are strengthening with regional markets (e.g. Zambia) and global markets (e.g. India & China). In addition, the team successfully gained approval for a commercial forestry concession pilot in Madaba – which is anticipated to launch in financial year 2022-23.

STRATEGIC REPORT AND ANNUAL REVIEW OF ACTIVITIES (continued)

- **Kenyan Forestry:** *Introducing innovative technologies and models to transform Kenya's commercial forestry sector, protect the environment, and benefit millions of Kenyan citizens – through creating jobs and reducing poverty.*

Increasingly, the government of Kenya is setting clear strategies and targets for the development of commercial forestry – motivated in part by the Kenya Commercial Forestry Programme's engagements and the country's ambitious climate mitigation commitments. In the private sector, the programme has helped attract investment in value-orientated sawmilling and has laid the foundation for the widespread availability of commercial quality seedling. Moreover, the team has started to engage effectively in Uganda, building relationships with the country's government, private sector, and industry associations - with a view to unlock the regional processing opportunity presented by the country's abundance of quality raw material.

- **Tanzanian Cotton and Textiles:** *Tackling poverty and creating tens of thousands of jobs by ensuring farmers can access the quality inputs they need to raise productivity, while rapidly expanding downstream industries.*

Despite the challenging environment in Tanzanian cotton and GA's long-standing decision to exit the sector by April 1 2022, the Cotton & Textiles Development Programme made strong progress in the circumstances – maintaining relationships with key stakeholders, handing over ongoing work, and sharing lessons from the team's experience in the sector over the years. While the situation in cotton remains mixed, the agro-dealer network has continued to progress, with town-based agro-dealers increasingly employing extension workers to strengthen the inputs supply chain. In addition, the regional government appears committed to the private sector-led cotton production partnership model in Simuyu – although the pilot is yet to achieve significant scale. In textiles, the newly formed Committee for the Development of the Textiles Industry delivered the "Cotton 2 Clothing" strategy review and situational analysis as part of the textiles strategy development process.

- **Tanzanian Tea:** *Facilitating domestic and foreign investment that allows the implementation of a 'high-quality' 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. This enables farmers to invest in the establishment and management of tea plantations, giving confidence to Unilever to build a new factory to purchase the green leaf. The project is currently establishing 200ha of new smallholder tea per year and has planted over 1,800ha to date, building a long-term biological asset for farmers. Tea farmers in this programme receive a 27% bonus payment agreed with Unilever above the mandated government price.

- **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, along with factory partners, Luxmi and Unilever. In the financial year 2021-22, the project reached a major milestone as one factory, Mulindi, made its final loan repayment and was transferred to full farmer ownership. The long-term aim is to demonstrate how smallholder ownership can deliver sustained high returns for farmers in the country. During a six-year transition phase, TWFA & GA will continue to play a role in factory oversight and management. The two service companies are facilitating planting of 550ha per year, with the long-term target to plant a total of 7,400ha. The performance of the two service companies has been very strong: the yields of newly planted bushes are rising quickly, and the tea produced in the factory is showing signs of being of the highest quality in Africa. Recently realised made tea prices - of which farmers receive 50% - are already significantly higher than the Rwandan average (\$3.73 vs, \$2.75).

STRATEGIC REPORT AND ANNUAL REVIEW OF ACTIVITIES (continued)

- ***Msingi:*** *An East African organisation building world-class industries across East Africa that create jobs and thereby reduce poverty, by: investing in and supporting firms strategic to the development of high-potential industries; addressing wider industry bottlenecks; and supporting improvements in the broader innovation landscape.*

As the sole member of Msingi, GA took the decision last year to integrate Msingi's programmes and staff into GA by 1 April 2022 and this goal was successfully realised. GA engaged closely with the organisation's leadership and staff as part of the change process and ensured momentum was maintained in the organisation's two sector programmes.

In regional aquaculture, the team continued to make progress with pioneering firms and small- and medium-sized fish farms – the demonstration of their viability and growth is already leading to a crowding-in effect. The programme's investment in a feed mill also progressed well, with the factory due to open its operations in financial year 2022-23. In parallel, the past year has seen the team engage effectively with governments and industry associations on the issue of biosecurity and environmental sustainability (e.g the government in Kenya has drafted new aquaculture regulations and is putting in place a spatial planning, zoning and carry capacity framework for Lake Victoria). This advocacy work will remain a critical focus for the programme moving forward as the industry continues its rapid growth trajectory. Moreover, the team has started to support the government of Rwanda on the development of the country's aquaculture strategy for the next 10-15 years. Finally, discussions are ongoing with regards to crowding in a new specialist aquaculture private equity fund – AquaSpark – which could invest \$40m in scaling up emerging companies.

In textiles, the team performed strongly in Uganda: with the country's cotton, textiles & apparel (CTA) strategy now complete, the team assisted the government with defining a roadmap for the sector and developing a short-term action plan. In Kenya, the programme built support for the creation of a CTA desk within the relevant ministry. Increasingly recognised as a credible source of industry data, the team continued to support investment promotion initiatives across East Africa, drawing on its network to convene policymakers, buyers and foreign mills and explore inward foreign direct investment opportunities.

- ***Kenya Markets Trust (KMT):*** *A local organisation aiming to: transform key Kenyan sectors to ensure large-scale wealth creation and poverty reduction; and to lead the debate on the extent market systems are functioning in Kenya and benefiting the population.*

As the sole member of KMT – a company limited by guarantee - GA took the decision last year to integrate KMT's programmes and staff into GA by 1 April 2022 and this goal was successfully realised. GA engaged closely with the organisation's leadership and staff as part of the change process and ensured momentum was maintained in the organisation's three sector programmes.

In livestock, the programme worked closely with the Kenya Retail Association and Nation Media to deliver a nation-wide meat expo, which was the first of its kind in Kenya and received backing from the President. Stimulating the conversation regarding the industry's modernisation, the successful event was attended by 5000 guests from across the value chain and will now be held annually. More broadly, the team continued to support the industry's development in a number of ways, piloting an agrovet model and sharing the learning; providing technical assistance to several feedlots; moving forward with a livestock identification and traceability system (LITS) in Laikipia county; upskilling meat processing firms; and engaging governments and industry associations on a number of critical issues (e.g. food safety and a roadmap for the sector's transformation).

In agricultural inputs, the programme made strong progress in several areas over the last year. To tackle the issue of soil acidity in Kenya, the team advocated strongly for widening access to granulated lime – the private sector is now considering investing in local production and the programme is supporting the government with the drafting of liming standards. Moreover, the team played a central role in inspiring the long overdue review of pest control regulations and building the capacity of key industry associations, with a view to strengthening the coordination of public and private stakeholders.

STRATEGIC REPORT AND ANNUAL REVIEW OF ACTIVITIES (continued)

In water, the programme gained strong buy-in from the government and donors around its global water benchmarking study, with the relevant ministry constituting a taskforce to lead in the implementation of its action points. Over the last year, the team has made strong progress against its goal of sector transformation, launching a ministry-approved Governance Training Handbook; enhancing the productivity, governance, and viability of several water utilities via technical assistance; and exploring innovative ways of addressing the issue of non-revenue water.

- **Synthesising and sharing lessons from its programmes and elsewhere to enable their application at scale in its own sectors and in others.**

The research team conducted several projects in support of programme goals and broader partnerships, analysing the regional opportunity in agricultural inputs; publishing a report on trends in Kenya and the impact of COVID-19 on the country's development trajectory; undertaking a joint study with British International Investment – formally CDC - on how development finance institutions and private sector development-focused donors can collaborate; and evaluating GA's contribution to the Tanzanian cotton sector over the years. Reports such as these were shared with major government and donor stakeholders and helped contribute to wider debates about how to transform sectors and build stronger and more inclusive economies.

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 business 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.

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 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.

REPORT OF THE TRUSTEES (continued)

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 £1.9 million at the end of the financial year, with the net carrying value of the portfolio reducing to £1.6 million at 5 April 2022, compared to a net carrying value of £2.6 million in the previous year. The principal reason for the impairment charge is the present uncertainty around the recoverability of amounts loaned to Victory Farms. Victory Farms, a major beneficiary of the programme investment activity, has entered into a standstill agreement with Gatsby Africa and its other creditors in April 2022 to temporarily suspend certain financial covenant and debt repayment milestones to permit it time to raise additional financing to meet its future operational needs.

A loan of £710,000 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.

Interest income of £228,000 was received on such loans during the year, a return of 5.9% per annum.

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 net expenditure of £4.1 million for the year, principally arising from the impairment charges of £1.9 million recorded against the programme investment portfolio, and £2.2 million of activity costs from Kenya Markets Trust. Gatsby Africa has used its reserves to cover these losses - reserves of the Charity at year end were £4.0 million; of which restricted Group reserves were £0.1 million and unrestricted Group reserves were £3.9 million. Company reserves of the Charity at year end were £Nil.

As outlined in Note 1c), 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. As this funding is provided over several years, and is drawn down as needed, GA as a company does not require significant reserves. The Trustees are satisfied that this policy will continue to enable GA to meet its obligations as they fall due.

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.

REPORT OF THE TRUSTEES (continued)

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. 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.

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 are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company at the end of the period and of the profit or loss of the charitable company for the period. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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. They are also responsible for safeguarding the assets of the charitable company 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 26 September 2022 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 2022 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 2022 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 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 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
26 September 2022

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

FOR THE YEAR ENDED 5 APRIL 2022

	<i>Notes</i>	Restricted Funds	Unrestricted Funds	Total Funds 2022	Total Funds 2021
		£'000	£'000	£'000	£'000
Income					
Grants receivable	2.	219	14,006	14,225	16,411
Donations arising from transfers to sole membership	16.	-	-	-	6,180
Other income		-	399	399	798
Total income		219	14,405	14,624	23,389
Expenditure					
Charitable activities					
Grant expenditure	3.	-	573	573	677
Direct programme expenses	4.	219	15,468	15,687	11,975
Support costs	5.	-	2,509	2,509	2,407
Total expenditure		219	18,550	18,769	15,059
Net (expenditure)/income for the year and net movement in funds		-	(4,145)	(4,145)	8,330
Reconciliation of funds					
Total funds brought forward		144	7,976	8,120	-
Movement in foreign exchange		-	23	23	(210)
Total funds carried forward		144	3,854	3,998	8,120

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 2022

	Notes	2022		2021	
		Group	Charity	Group	Charity
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible fixed assets	7.	405	368	445	375
Investments in subsidiaries	8.	-	-	-	-
Programme investments	9.	1,695	47	2,646	-
		2,100	415	3,091	375
CURRENT ASSETS					
Debtors	10.	3,419	1,915	1,611	5,628
Cash at bank and in hand		2,299	1,529	5,322	1,094
Total Current Assets		5,718	3,444	6,933	6,722
LIABILITIES					
Creditors - amounts falling due within 1 year	11.	(3,731)	(3,770)	(1,779)	(6,972)
NET CURRENT ASSETS/(LIABILITIES)		1,987	(326)	5,154	(250)
Total Assets Less Current Liabilities		4,087	89	8,245	125
Creditors - amounts falling due after 1 year	12.	(89)	(89)	(125)	(125)
NET ASSETS		3,998	-	8,120	-
The funds of the charity:					
Unrestricted funds		3,854	-	7,976	-
Restricted funds		144	-	144	-
		3,998	-	8,120	-

The net income of the parent charity for the financial year was £Nil (2021: £Nil).

The financial statements were approved and authorised for issue by the Trustees / Directors on 26 September 2022 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 2022

	2022	2021
	£000	£000
Net cash (outflows) from operating activities	(2,104)	(403)
Cash (outflows)/inflows from financing activities	(919)	3,575
Net cash (used)/provided from operating and financing activities	(3,023)	3,172
Cash at bank and in hand	2022	2021
	£000	£000
Change in cash at bank and in hand during the year	(3,023)	3,172
Cash at bank and in hand at beginning of year	5,322	2,150
Cash at bank and in hand at end of year	2,299	5,322
Reconciliation of net income/(expenditure) to net cash (used in) operating activities	2022	2021
	£000	£000
Net (loss)/income for the year (as per the Statement of Financial Activities)	(4,145)	8,120
Donations arising from transfer to sole membership	-	(6,180)
Depreciation	168	192
Fixed asset acquisitions	(169)	(161)
Fixed asset disposals	53	(3)
Impairment charge on programme investments	1,870	-
(Increase)/Decrease in debtors	(1,808)	3,273
Increase/(Decrease) in creditors	1,916	(5,745)
Movement in foreign exchange	11	101
Net cash (used) from operating activities	(2,104)	(403)
Net cash flows from financing activities	2022	2021
	£000	£000
Donations arising from transfer to sole membership	-	6,180
Non cash assets acquired from transfer to sole membership	-	(2,509)
Net advanced to acquire fixed assets	-	96
Repayments in period	-	(169)
Programme investment loan	(735)	-
Movement in foreign exchange	(184)	(23)
Net cash (repaid)/generated from financing activities	(919)	3,575

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 (see Note 16).

The consolidated Statement of Financial Activities, Balance Sheet and Cash Flows incorporate the results of the Charity for the year ended 5 April 2022 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

Most of these costs support the charitable activities of Gatsby Africa and are so allocated. They 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.

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

	2022	2021
	£'000	£'000
Grants Receivable		
Gatsby Charitable Foundation	14,006	15,413
Department for International Development	-	855
Other	219	143
	14,225	16,411

3. GRANTS PAYABLE

Group	2022	2021
	£'000	£'000
Grants payable for the year	573	667

A grant of £573,000 payable to the Wood Foundation has been accrued at the end of the financial year. A grant of £667,000 was paid to Msingi in 2021 prior to the transfer of sole membership to Gatsby Africa (see Note 8).

Charity	2022	2021
	£'000	£'000
Reconciliation of grants payable:		
Commitments at 6 April 2021	5,793	4,100
Grants approved in the year	6,231	5,833
Grants cancelled in the year	(1,184)	(706)
Grants payable for the year	5,047	5,127
Grants paid during the year	(3,858)	(3,434)
Commitments at 5 April 2022	6,982	5,793

Commitments at 5 April 2022 are payable as follows:

	2022	2021
	£'000	£'000
Within one year (note 9)	1,724	5,793

Commitments at year end are payable to the following beneficiaries:

	2022	2021
	£'000	£'000
The Wood Foundation	573	-
Msingi	1,151	5,793
	1,724	5,793

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 2022 was £5,658,000 (2021: £400,000).

NOTES TO THE ACCOUNTS

4. DIRECT PROGRAMME EXPENSES

	2022			2021
	Direct Costs	Staff Costs	Total	Total
	£'000	£'000	£'000	£'000
Tanzanian Cotton and Textiles	1,030	1,347	2,377	2,838
Tanzanian Forestry	575	1,104	1,679	1,812
Kenyan Forestry	815	1,463	2,278	2,046
Msingi	4,445	1,459	5,904	3,271
Kenya Markets Trust	1,033	1,279	2,312	1,219
Sharing and Synthesising Lessons	278	859	1,137	789
	8,176	7,511	15,687	11,975

Msingi programme expenses include impairment charges of £1,870,000 (2021: impairment charge reversal £199,000).

5. SUPPORT COSTS

	2022			2021
	Charitable Activities	Governance	Total	Total
	£'000	£'000	£'000	£'000
Staff costs	1,620	-	1,620	1,749
Share of joint office costs	242	-	242	209
Direct costs including travel, consultancy, legal and professional fees	570	-	570	396
	2,432		2,432	2,354
Auditors' remuneration	-	77	77	53
	2,432	77	2,509	2,407

Auditors' remuneration comprises £32,000 (2021: £28,000) paid to the Charity's group auditors, and £45,000 (2021: £25,000) paid to affiliates of the group auditors based overseas. Irrecoverable VAT of £5,000 (2021: £5,000) are included with the amount paid to the Charity's group auditors.

Included within grant-related support costs is a total of £46,000 (2021: £68,000), which relates to legal services provided by Portrait Solicitors, a firm in which Miss JS Portrait OBE was a partner.

6. ANALYSIS OF STAFF COSTS

	2022	2021
	£'000	£'000
Wages and salaries	8,681	6,825
Social security costs	398	182
Other pension costs	355	346
	9,434	7,353

The average number of staff employed during the year was 150 (2021: 158). Staff costs include contributions to money purchase pension schemes.

No Trustees received remuneration during the year (2021: £Nil). Travel expenses of £4,245 were paid on behalf of one Trustee during the year (2021: £2,642). Having regard to the roles of its staff, the Charity considers its key management personnel to comprise 4 staff (2021: 4 staff), to which total compensation paid, including employer contributions to group personal pensions during the year was £500,572 (2021: £499,331).

NOTES TO THE ACCOUNTS

6. ANALYSIS OF STAFF COSTS (continued)

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:

	2022	2021
	No.	No.
£60,001 - £70,000	3	3
£70,001 - £80,000	3	1
£80,001 - £90,000	2	4
£90,001 - £100,000	1	-
£120,001 - £130,000	1	1
£170,001 - £180,000	1	1

The Charity is one of the Sainsbury Family Charitable Trusts which share a joint administration at the Registered Office. 19.0% (2021: 20.6%) of the total support and administration costs have been allocated to GA, including a proportionate share of the costs of employing the total number of staff serving in the office in 2021/22. Staff costs equivalent to 17.7 (2021: 17.7) full time employees were charged to GA.

7. TANGIBLE FIXED ASSETS

Group

	Motor vehicles	Furniture and fittings	Computer equipment	Total
<u>Cost</u>	£'000	£'000	£'000	£'000
At beginning of year	868	652	316	1,836
Acquisitions	68	14	87	169
Disposals	(318)	(109)	(126)	(553)
Movement in foreign exchange	(36)	(9)	15	(30)
At end of year	582	548	292	1,422

Accumulated depreciation

At beginning of year	780	351	260	1,391
Depreciation charge for the year	48	59	61	168
Disposals	(318)	(63)	(119)	(500)
Movement in foreign exchange	(35)	(8)	1	(42)
At end of year	475	339	203	1,017

Net book value at 5 April 2022

107	209	89	405
------------	------------	-----------	------------

Net book value at 5 April 2021

88	301	56	445
----	-----	----	-----

NOTES TO THE ACCOUNTS

7. TANGIBLE FIXED ASSETS (continued)

Charity

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Cost	£'000	£'000	£'000	£'000
At beginning of year	549	347	190	1,086
Acquisitions	68	2	63	133
Disposals	-	(6)	(22)	(28)
Movement in foreign exchange	(36)	19	(4)	(21)
At end of year	581	362	227	1,170
Accumulated depreciation				
At beginning of year	461	109	141	711
Depreciation charge for the year	48	50	47	145
Disposals	-	(1)	(21)	(22)
Movement in foreign exchange	(35)	8	(5)	(32)
At end of year	474	166	162	802
Net book value at 5 April 2022	107	195	65	368
Net book value at 5 April 2021	88	238	49	375

8. INVESTMENTS IN SUBSIDIARIES

	2022		2021	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Msingi East Africa	-	-	-	-
Kenya Markets Trust	-	-	-	-
East Africa Tea Investments	-	-	-	-
	-	-	-	-

Msingi East Africa Ltd

In July 2020, the Department for International Development resigned as a Member of Msingi, with Gatsby Africa assuming sole membership, control of the strategy, activities and operations of Msingi from this date. Net assets at book and fair value of £3,563,000 were donated to Gatsby Africa as at the end of June 2020 for £Nil consideration.

Kenya Markets Trust

In November 2020, the Department for International Development resigned as a Member of Kenya Markets Trust, with Gatsby Africa assuming sole membership, control of the strategy, activities and operations of Kenya Markets Trust from this date. Net assets at book and fair value of £2,617,000 were donated to Gatsby Africa as at the end of October 2020 for £Nil consideration.

East Africa Tea Investments

In February 2021, Gatsby Africa replaced Gatsby Charitable Foundation as 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. No consideration was paid by Gatsby Africa, and therefore the investment is recorded at £Nil consideration.

NOTES TO THE ACCOUNTS

9. PROGRAMME INVESTMENTS

Group	Concessionary loans	Guaranteed loans	Total
<u>Cost</u>	£'000	£'000	£'000
At beginning of year	2,621	295	2,916
Advances made during the year	688	47	735
Movement in foreign exchange	182	30	212
At end of year	3,491	372	3,863
<u>Impairment provision</u>			
At beginning of year	(251)	(19)	(270)
Impairment charge	(1,870)	-	(1,870)
Movement in foreign exchange	(26)	(2)	(28)
At end of year	(2,147)	(21)	(2,168)
Net book value at 5 April 2022	1,344	351	1,695
Net book value at 5 April 2021	2,370	276	2,646

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

	Total loan	2022	Total loan	2021
<u>Cost</u>	£'000	%	£'000	%
Victory Farms	2,448	64	2,297	78
Samakgro Limited	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	-	5	5
Due after more than one year	1,344	346	1,690
At 5 April 2022	1,344	351	1,695
At 5 April 2021	2,370	276	2,646

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

Deposits of £304,000 (2021: £276,000) have been placed with Uganda Development Bank at year end to secure guaranteed loans of £199,000 (2021: £187,000) that have been made by the Uganda Development Bank to the following beneficiaries: Ferdults, 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

In April 2022 Victory Farms entered into a standstill agreement with its creditors (including Msingi East Africa Limited) 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. The company was successful in raising US \$4.0 million of funding in May 2022, and plans to raise a further US\$10.0 million in funding by December 2022.

Victory Farms has met its forecast operating budgets since the agreement was reached with creditors, albeit the company still continues to incur losses. 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 £1,775,000 (2021: £89,000) has been provided against the programme investment. At year end the net amount estimated as recoverable from Victory Farms is £576,000 (2021: £2,211,000).

Samakgro Limited (Samakgro)

During the year Msingi East Africa Limited advanced £710,000 to Samakgro to enable it to commence 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 is £710,000 (2021: £Nil).

The terms of the loan agreement between Msingi East African Limited and Samakgro provide that a further £524,000 will be advanced upon Samakgro meeting a number of conditions. No accrual has been made for this commitment at year end as the conditions precedent to the next loan instalment have not been met.

Charity

Cost and net book value

At beginning of year

Advances made during the year

Movement in foreign exchange

Cost and net book value at 5 April 2022

Guaranteed loans

£'000

-

47

-

47

Cost and net book value at 5 April 2021

-

Deposits of £47,000 (2021: £Nil) have been placed with Tanzania Commercial Bank at year end to secure guaranteed loans of £20,000 (2021: £Nil) that have been made by the Tanzania Commercial Bank to the following beneficiaries: Narcis Ndunguru and Nicolaus Tonga. The guarantees enable debt financing which is otherwise not available to be provided to beneficiaries in the Tanzanian forestry sector.

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

Net book value

Due within one year

Due after more than one year

At 5 April 2022

At 5 April 2021

Guaranteed loans

£'000

5

42

47

-

NOTES TO THE ACCOUNTS

10. DEBTORS

	2022		2021	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants receivable	543	543	1,068	5,167
Other debtors	2,746	1,287	279	243
Prepayments and accrued income	130	85	264	218
	3,419	1,915	1,611	5,628

The Group balance of other debtors includes a fixed term deposit of £1,400,000 (2021: £Nil),

11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022		2021	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants payable within one year	573	1,769	-	5,793
Trade creditors	230	230	609	145
Other creditors	2,100	1,578	748	671
Accruals and deferred income	828	193	422	363
	3,731	3,770	1,779	6,972

Deferred income represents amounts received as charitable grants for agreed expenditure in future periods.

Other creditors include £405,000 (2021: £318,000) advanced to acquire fixed assets, repayable over the useful lives of those assets, of which £306,000 (2021: £193,000) is repayable within one year and £100,000 (2021: £125,000) is repayable after one year.

12. CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

	2022		2021	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Other creditors	89	89	125	125

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.

NOTES TO THE ACCOUNTS

14. 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:

	2022		2021	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Within one year	175	85	52	-
Within 2 – 5 years	537	537	184	184

Annual operating lease costs incurred by the Group during the financial year were £518,000 (£469,000).

15. 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.

16. INTERNATIONAL SUBSIDIARIES AND BRANCHES

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 these financial statements 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.

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.

NOTES TO THE ACCOUNTS

16. INTERNATIONAL SUBSIDIARIES AND BRANCHES (cont.)

The financial results of the subsidiaries for the year were:

	2022		2021	
	Msingi	KMT	Msingi	KMT
	£'000	£'000	£'000	£'000
Income	4,103	83	3,751	1,764
Expenditure	(5,904)	(2,248)	(2,966)	(1,048)
Net (expenditure)/income for the year	(1,800)	(2,165)	785	716
Total assets	2,893	1,716	3,396	3,628
Total liabilities	(1,646)	(389)	(276)	(323)
Net assets	1,247	1,327	3,121	3,305

On or around the end of the 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 impact of the transfers will be to bring the results of the Charity more in line with those of the Group.

Accounts

Company Number: 09360833

Charity Number: 1168223

GATSBY AFRICA

ANNUAL REPORT

5 APRIL 2021

The Peak
5 Wilton Road
London SW1V 1AP

CONTENTS		PAGE
1	Legal and Administrative Information	2
2	Strategic Report	3
3	Report of the Trustees	6
4	Independent Auditor's Report	9
5	Consolidated Statement of Financial Activities	12
6	Consolidated and Charity Balance Sheet	13
7	Consolidated Cash Flow Statement	14
8	Notes to the Accounts	15

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 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 Mr J Searancke	Chief Executive Chief Operating Officer Executive Director Head of Finance
Bankers	Child & Co 1 Fleet Street London EC4Y 1BD	
Solicitors	Portrait Solicitors 21 Whitefriars Street London EC4Y 8JJ	SNR Dentons LLP 1 Fleet Place London EC4M 7WS
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

GA was set up as a charitable company limited by guarantee primarily to deliver projects in East Africa funded 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 reducing poverty.

GA looks to achieve this by:

- 1) Funding and implementing programmes that bring stakeholders together to catalyse large-scale and lasting change in priority sectors – such as commercial forestry in Tanzania;
- 2) Building and supporting local organisations dedicated to sector transformation; and
- 3) Sharing lessons with others - including donors and governments - who are trying to transform sectors.

GA is continuing to operate programmes in the Tanzanian cotton and textiles sector, forestry sectors in Kenya and Tanzania, and (in partnership with The Wood Foundation Africa, a Scottish registered charity) the Tanzanian and Rwandan tea sectors.

It is also working with two local organisations - Kenya Markets Trust and Msingi - to undertake similar work and influence the broader debate on how to ensure economic growth benefits poor people in East Africa.

GA and its partner organisations are running programmes in 8 different sectors across East Africa. Yet many other sectors also need support. Each programme and organisation thus 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.

In this way, GA aims to contribute to a wider movement, and to see a series of sectors in East Africa and beyond transformed by its own efforts and those of others, bringing widespread benefits to East African citizens and poor people across developing countries.

Review of activities

- **Funding and implementing programmes that look to catalyse and influence large-scale and lasting change in priority sectors**
 - ***Tanzanian Forestry:*** *Creating a world-class commercial forestry sector that underpins downstream wood and energy industries and delivers widespread economic, social and environmental benefits to Tanzanian citizens.*

This year, the Forestry Development Trust (FDT) were able to start sharing results from its long-standing tree species trials: some varieties were found to increase biomass by 50% and the data is set to enrich the planting decisions of stakeholders across the country. In addition, the team worked to attract investment into value addition and helped commercial banks offer tailored financial packages for wood processors. FDT has partnered with the government to pilot forestry concessions, with a view to informing a wider roll-out of the arrangements based on the lessons learned. The programme has also worked with the Tanzania Forestry Service to develop guidelines which will enhance the country's plantation standards.

STRATEGIC REPORT AND ANNUAL REVIEW OF ACTIVITIES (continued)

- ***Kenyan Forestry: Introducing innovative technologies and models to transform Kenya's commercial forestry sector, protect the environment, and benefit millions of Kenyan citizens.***

In partnership with the Kenyan Forestry Service, The Kenya Commercial Forestry Programme (KCFP) has worked on a roadmap for introducing concessions which could play a key role in transforming the sector. As well as supporting with the revision of tree seed regulations – which will enable the import and distribution of improved varieties – the team has partnered with the Kenya Climate Innovation Centre to provide a \$5 million facility for the development of commercial forestry. The programme has also supported the private sector to invest in processing and value addition in ways that will enable the sector to grow and employ more people. Following extensive testing, the programme's innovative "site-species matching tool" was endorsed by the Kenya Forestry Research Institute: the team is now designing a pilot to understand how best to deploy the tool and ensure firms benefit from the latest environmental data when establishing their plantations.

- ***Tanzanian Cotton and Textiles: Tackling poverty and creating tens of thousands of jobs by ensuring farmers can access the quality inputs they need to raise productivity, while rapidly expanding downstream industries.***

In cotton, the impact of GA's work in seed has been significant: last year 100% of the seed was de-linted, resulting in c. 200,000 farmers receiving more than \$20 million in additional income, and the country reaping an additional \$45 million in annual export earnings. In addition, the team made strong progress in supporting the pilot of a new digital distribution platform in Simiyu. Commercial banks are considering lending finance to the 63,000 registered farmers to enable the purchase of productivity-enhancing agricultural inputs. This promising pilot complements the programme's long-standing endeavour of establishing a network of village-based agro-dealers (VBAs) in the country's Lake Zone, capable of supplying inputs to farmers based on commercial relationships with input suppliers. This work is gaining momentum: an additional 30 VBAs joined the network last year, which now consists of 575 small businesses serving some 363,000 customers. In textiles, progress in Tanzania has been slower over the past year given the impact of COVID-19, national elections and the recent change of President. The creation of a high-level Committee for the Development of the Textiles Industry represented a positive step forward.

- ***Tanzanian Tea: Facilitating domestic and foreign investment that allows the implementation of a 'high-quality' 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 finances, provides technical support, and green-leaf logistics to smallholder tea farmers in Njombe. This enables farmers to invest in the establishment and management of high productivity tea plantations, giving confidence to Unilever to build a new factory to purchase the green-leaf. The project is currently establishing 250ha of new smallholder tea per year and has planted over 1,600ha to date, building a long-term biological asset for farmers. Tea farmers in this programme receive a 27% bonus payment agreed with Unilever above the mandated government price.

- ***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, along with factory partners, Luxmi and Unilever. Despite challenging end market conditions, the tea factories will distribute farmer bonuses of £1.0 million in September 2021, with total gross payments to farmers of around £5.6 million in this financial year. One factory, Mulindi, has now repaid in full its original investment cost, and the transition to farmer ownership will commence in early 2022. The service companies are facilitating planting of 550ha per year, with the long-term target to plant a total of 7,400ha. Early growth of tea bushes and quality of green-leaf produced is very encouraging, with initial farmers already earning more from new tea than traditional crops, well before tea has reached full production.

STRATEGIC REPORT AND ANNUAL REVIEW OF ACTIVITIES (continued)

- **Building and supporting local organisations dedicated to sector transformation**

- ***Msingi: An long-term East African organisation building world-class industries across East Africa by: investing in and supporting firms strategic to the development of high-potential industries; addressing wider industry bottlenecks; and supporting improvements in the broader innovation landscape.***

Last year, GA assumed sole membership of Msingi, as the Foreign, Commonwealth & Development Office (FCDO – formally DFID) took the decision to exit its role as co-funder. GA supported the organisation's restructure and the team's efforts to maintain momentum in the organisation's two sector programmes.

In aquaculture, Msingi has helped a large-scale fish farm to scale rapidly and this is demonstrating the commercial viability of the industry in East Africa. Indeed - as hoped - this has led to a feed-mill investment in Kenya by an international operator. In addition, the team has effectively facilitated the emergence and professionalisation of a set of mid-size farms, providing them with crucial support in the wake of COVID-19 to ensure their survival.

In textiles, the programme remains at an early stage but has built strong relationships with the public and private sector in East Africa and internationally, supporting the governments of Uganda and Kenya on their new industry strategies and cultivating significant interest among buyers.

- ***Kenya Markets Trust (KMT): A local organisation aiming to: transform key Kenyan sectors to ensure large-scale wealth creation and poverty reduction; and to lead the debate on the extent market systems are functioning in Kenya and benefiting the population.***

Following the withdrawal of FCDO from KMT in 2020, GA assumed sole membership of the organisation and supported its transition to a company limited by guarantee. Last year, KMT enjoyed impressive progress across its three sector programmes.

In livestock, KMT held three well-attended roundtables regarding the issue of meat safety, resulting in two industry bodies signing an MOU and committing to helping their members strengthen their quality standards.

In agricultural inputs, the team continued to support the industry's distribution of crop- and soil-specific fertilisers and lime products, which is helping to raise yields and combat the issue of soil acidity. In addition, the programme is starting to see the benefits of its work in seed certification: the share of counterfeit seed in the market has fallen from 40% to 10% in recent years.

In water, KMT were at the heart of efforts to convene stakeholders, gather evidence and design an emergency response plan following the outbreak of COVID-19, helping to broker emergency funding from the World Bank. In addition, KMT continued to support urban and semi-urban water service providers to realise operational efficiencies, improve their risk-return profile and attract investment.

- **Sharing lessons with others - including donors and governments - who are trying to transform sectors**

The research team monitored the socioeconomic impact of the pandemic in East Africa and GA's sectors. This information was shared with GA's major stakeholders and helped inform emergency response efforts. In addition, GA compiled two studies, covering the history of its work in the Rwandan tea sector and the prospects for economic transformation in Kenya (part of GA's Horizon East Africa project).

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 business 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 continue to assess risks arising from the Coronavirus pandemic on the activities and operations of GA. The Trustees do not anticipate any risks to the receipt of funding from Gatsby. Consequently the Trustees monitor closely the potential impact of the pandemic on its activities in Africa, observing national government advice in each territory of operation, and putting in place working procedures which have the safety of its staff and partners as top priority.

Programme investments

GA 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 its programme investment portfolio in any financial year. Interest income of £104,000 was received on such loans during the year, a return of 4.3% per annum.

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.

REPORT OF THE TRUSTEES (continued)

Financial performance and reserves

The Group achieved a net surplus of income over expenditure of £8.1 million, principally arising from the donation of net assets of £6.2 million to the Charity following the transfer of membership of Kenya Markets Trust and Msingi East Africa to GA (see Note 17 for more details). The remaining net income of £1.9 million was derived from the 'post transfer' surpluses of these subsidiaries for the financial year. Consequently Group reserves of the Charity at year end were £8.1 million; of which restricted Group reserves were £0.1 million and unrestricted Group reserves were £8.0 million.

Company reserves of the Charity at year end were £Nil. As outlined in Note 1c), the Trustees reasonably expect that the Charity will continue to receive its funding from Gatsby. As this funding is provided over several years, and is drawn down as needed, GA as a company does not require significant reserves. The Trustees are satisfied that this policy will continue to enable GA to meet its obligations as they fall due.

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. 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.

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 are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company at the end of the period and of the profit or loss of the charitable company for the period. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

REPORT OF THE TRUSTEES

Statement of Trustees' Responsibilities (cont.)

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. They are also responsible for safeguarding the assets of the charitable company 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 4 November 2021 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 2021 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 2021 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 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 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

10 December 2021

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

FOR THE YEAR ENDED 5 APRIL 2021

	<i>Notes</i>	Restricted Funds	Unrestricted Funds	Total Funds 2021	Total Funds 2020
		£'000	£'000	£'000	£'000
Income					
Grants receivable	2.	144	16,267	16,411	15,896
Donations arising from transfers to sole membership	17.	-	6,180	6,180	-
Other income		-	798	798	239
Total income		144	23,245	23,389	16,135
Expenditure					
<i>Charitable activities</i>					
Grant expenditure	3.	-	677	677	1,600
Direct programme expenses	4.	-	11,975	11,975	12,300
Support costs	5.	-	2,407	2,407	2,004
Total expenditure		-	15,059	15,059	15,904
Net income for the year and net movement in funds		144	8,186	8,330	231
Reconciliation of funds					
Total funds brought forward		-	-	-	231
Movement in foreign exchange		-	(210)	(210)	(231)
Total funds carried forward		144	7,976	8,120	-

The notes on pages 15 to 23 form part of this Statement of Financial Activities.

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

AS AT 5 APRIL 2021

		2021		2020	
	Notes	Group £'000	Charity £'000	Group £'000	Charity £'000
FIXED ASSETS					
Tangible fixed assets	7.	445	375	-	442
Programme investments	8.	2,646	-	-	-
		3,091	375	-	442
CURRENT ASSETS					
Debtors	9.	1,611	5,628	-	4,609
Cash at bank and in hand		5,322	1,094	-	2,150
Total Current Assets		6,933	6,722	-	6,759
LIABILITIES					
Creditors - amounts falling due within 1 year	10.	(1,779)	(6,972)	-	(6,980)
NET CURRENT ASSETS/(LIABILITIES)		5,154	(250)	-	(221)
Total Assets Less Current Liabilities		8,245	125	-	221
Creditors - amounts falling due after 1 year	11.	(125)	(125)	-	(221)
NET ASSETS		8,120	-	-	-
The funds of the charity:					
Unrestricted funds		7,976	-	-	-
Restricted funds		144	-	-	-
		8,120	-	-	-

The financial statements were approved and authorised for issue by the Trustees / Directors on 4 November 2021 and were signed on their behalf by:



Mr JC Burns
Trustee

The notes on pages 15 to 23 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 5 APRIL 2021

	2021	2020
	£000	£000
Cash (outflows)/inflows from operating activities	(403)	765
Net cash inflows/(outflows) from financing activities	3,575	(79)
Net cash received from operating and financing activities	<u>3,172</u>	<u>686</u>
Cash at bank and in hand	2021	2020
	£000	£000
Change in cash at bank and in hand during the year	3,172	686
Cash at bank and in hand at beginning of year	2,150	1,464
Cash at bank and in hand at end of year	<u>5,322</u>	<u>2,150</u>
Reconciliation of net income/(expenditure) to net cash (used in) operating activities	2021	2020
	£000	£000
Net income for the year (as per the Statement of Financial Activities)	8,120	231
Donations arising from transfer to sole membership	(6,180)	-
Depreciation	192	238
Fixed asset acquisitions	(161)	(290)
Fixed asset disposals	(3)	26
Decrease in debtors	3,273	206
(Decrease)/Increase in creditors	(5,745)	480
Movement in foreign exchange	101	(126)
Net cash received from operating activities	<u>(403)</u>	<u>765</u>
Net cash flows from financing activities	2021	2020
	£000	£000
Donations arising from transfer to sole membership	6,180	-
Non cash assets acquired from transfer to sole membership	(2,509)	-
Net advanced to acquire fixed assets	96	290
Repayments in period	(169)	(264)
Movement in foreign exchange	(23)	(105)
Net cash (repaid) from financing activities	<u>3,575</u>	<u>(79)</u>

The notes on pages 15 to 23 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 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 (see Note 15).

The consolidated Statement of Financial Activities, Balance Sheet and Cash Flows incorporate the results of the Charity for the year ended 5 April 2021 and of its subsidiaries, Msingi East Africa Ltd and Kenya Markets Trust, from the date that the Charity became their sole Member (see Note 17).

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. Trustees have a reasonable expectation that the Coronavirus pandemic will not affect future grant funding from Gatsby Charitable Foundation, nor curtail the activities of Gatsby Africa for the foreseeable future.

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.

g) Support costs

Most of these costs support the charitable activities of Gatsby Africa and are so allocated. They 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.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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, no 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

	2021	2020
	£'000	£'000
Grants Receivable		
Gatsby Charitable Foundation	15,413	15,896
Department for International Development	855	-
Other	143	-
	16,411	15,896

3. GRANTS PAYABLE

Group	2021	2020
	£'000	£'000
Grants payable for the year	667	1,600

A grant of £667,000 was paid to Msingi prior to the transfer of sole membership to Gatsby Africa (see Note 17).

Charity	2021	2020
	£'000	£'000
Reconciliation of grants payable:		
Commitments at 6 April 2020	4,100	5,100
Grants approved in the year	5,833	3,500
Grants cancelled in the year	(706)	(1,900)
Grants payable for the year	5,127	1,600
Grants paid during the year	(3,434)	(2,600)
Commitments at 5 April 2021	5,793	4,100

Commitments at 5 April 2021 are payable as follows:

	2021	2020
	£'000	£'000
Within one year (note 9)	5,793	4,100

Commitments at year end are payable to the following beneficiaries:

	2021	2020
	£'000	£'000
Kenya Markets Trust	-	600
Msingi	5,793	3,500
	5,793	4,100

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 2021 was £400,000 (2020: £1,760,000).

NOTES TO THE ACCOUNTS

4. DIRECT PROGRAMME EXPENSES

	2021			2020
	Direct Costs	Staff Costs	Total	Total
	£'000	£'000	£'000	£'000
Tanzanian Cotton and Textiles	1,686	1,152	2,838	3,150
Tanzanian Forestry	900	912	1,812	2,270
Kenyan Forestry	914	1,132	2,046	2,819
Msingi	2,140	1,131	3,271	255
Kenya Markets Trust	591	628	1,219	386
Sharing and Synthesising Lessons	140	649	789	1,452
	6,371	5,604	11,975	12,300

5. SUPPORT COSTS

	2021			2020
	Charitable Activities	Governance	Total	Total
	£'000	£'000	£'000	£'000
Staff costs	1,749	-	1,749	1,305
Share of joint office costs	209	-	209	250
Direct costs including travel, consultancy, legal and professional fees	396	-	396	426
	2,354	-	2,354	1,981
Auditors' remuneration	-	53	53	23
	2,354	53	2,407	2,004

Auditors' remuneration comprises £28,000 (2020: £23,000) paid to the Charity's group auditors, and £25,000 (2020: £Nil) paid to affiliates of the group auditors based overseas. Irrecoverable VAT of £5,000 (2020: £4,000) are included with the amount paid to the Charity's group auditors.

Included within grant-related support costs is a total of £67,896 (2020: £108,162), which relates to legal services provided by Portrait Solicitors, a firm in which Miss JS Portrait OBE is a partner.

6. ANALYSIS OF STAFF COSTS

	2021	2020
	£'000	£'000
Wages and salaries	6,825	6,758
Social security costs	182	191
Other pension costs	346	273
	7,353	7,222

The average number of staff employed during the year was 158 (2020: 142). Staff costs include contributions to money purchase pension schemes.

No Trustees received remuneration during the year (2020: £Nil). Travel expenses of £2,642 were paid on behalf of one Trustee during the year (2020: £Nil). Having regard to the roles of its staff, the Charity considers its key management personnel to comprise 4 staff (2020: 4 staff), to which total compensation paid, including employer contributions to group personal pensions during the year was £499,331 (2020: £335,124).

NOTES TO THE ACCOUNTS

6. ANALYSIS OF STAFF COSTS (continued)

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:

	2021	2020
	No.	No.
£60,001 - £70,000	3	1
£70,001 - £80,000	1	2
£80,001 - £90,000	4	2
£120,001 - £130,000	1	-
£160,001 - £170,000	-	1
£170,001 - £180,000	1	-

The Charity is one of the Sainsbury Family Charitable Trusts which share a joint administration at the Registered Office. 20.6% (2020: 18.8%) of the total support and administration costs have been allocated to GA, including a proportionate share of the costs of employing the total number of staff serving in the office in 2020/21. Staff costs equivalent to 17.7 (2020: 20.6) full time employees were charged to GA.

7. TANGIBLE FIXED ASSETS

Group

	Motor vehicles	Furniture and fittings	Computer equipment	Total
<u>Cost</u>	£'000	£'000	£'000	£'000
At beginning of year	658	310	180	1,148
Acquisitions	402	405	161	968
Disposals	(84)	-	-	(84)
Movement in foreign exchange	(108)	(63)	(25)	(196)
At end of year	868	652	316	1,836

Accumulated depreciation

At beginning of year	512	70	124	706
Acquisitions	341	253	126	720
Depreciation charge for the year	98	57	37	192
Disposals	(87)	-	-	(87)
Movement in foreign exchange	(84)	(29)	(27)	(140)
At end of year	780	351	260	1,391

Net book value at 5 April 2021

88	301	56	445
-----------	------------	-----------	------------

Net book value at 5 April 2020

146	240	56	442
-----	-----	----	-----

NOTES TO THE ACCOUNTS

7. TANGIBLE FIXED ASSETS (continued)

Charity

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Cost	£'000	£'000	£'000	£'000
At beginning of year	658	310	180	1,148
Acquisitions	60	80	23	163
Disposals	(84)	-	-	(84)
Movement in foreign exchange	(85)	(43)	(13)	(141)
At end of year	549	347	190	1,086
Accumulated depreciation				
At beginning of year	512	70	124	706
Depreciation charge for the year	97	49	33	179
Disposals	(87)	-	-	(87)
Movement in foreign exchange	(61)	(10)	(16)	(87)
At end of year	461	109	141	711
Net book value at 5 April 2021	88	238	49	375
Net book value at 5 April 2020	146	240	56	442

8. PROGRAMME INVESTMENTS

	Concessionary loans	Guaranteed loans	Total
Cost	£'000	£'000	£'000
At beginning of year	-	-	-
Acquisitions	2,865	295	3,160
Movement in foreign exchange	(244)	-	(244)
At end of year	2,621	295	2,916
Impairment provision			
At beginning of year	-	-	-
Acquisitions	(450)	(19)	(469)
Impairment charge reversal for the year	199	-	199
At end of year	(251)	(19)	(270)
Net book value at 5 April 2021	2,370	276	2,646
Net book value at 5 April 2020	-	-	-

Concessionary loans to a beneficiary, Victory Farms, at year end amounted to £2,187,000, and is repayable in February 2026. No other beneficiary totalled more than 5% of the balance.

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.

NOTES TO THE ACCOUNTS

8. PROGRAMME INVESTMENTS (continued)

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>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Due within one year	-	-	-
Due after more than one year	2,370	276	2,646
At 5 April 2021	2,370	276	2,646
At 5 April 2020	-	-	-

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

Deposits of £276,000 have been placed with Uganda Development Bank at year end to secure guaranteed loans of £187,000 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 aquaculture sector.

9. DEBTORS

	2021		2020	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants receivable	1,068	5,167	-	4,293
Other debtors	279	243	-	193
Prepayments and accrued income	264	218	-	123
	1,611	5,628	-	4,609

10. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021		2020	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Grants payable within one year	-	5,793	-	4,100
Trade creditors	609	145	-	165
Other creditors	748	671	-	2,215
Accruals and deferred income	422	363	-	500
	1,779	6,972	-	6,980

Deferred income represents amounts received as charitable grants for agreed expenditure in future periods.

Other creditors include £318,000 (2020: £442,000) advanced to acquire fixed assets, repayable over the useful lives of those assets, of which £193,000 (2020: £221,000) is repayable within one year and £125,000 (2020: £221,000) is repayable after one year.

NOTES TO THE ACCOUNTS

11. CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

	2021		2020	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Other creditors	125	125	-	221

12. 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.

13. 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 commitments under non-cancellable operating leases, which fall due as follows:

	2021		2020	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Within one year	52	-	-	-
Within 2 – 5 years	440	440	-	709

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. INTERNATIONAL SUBSIDIARIES AND BRANCHES

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 these financial statements 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.

The activities of branches 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.

NOTES TO THE ACCOUNTS

16. EAST AFRICA TEA INVESTMENTS

In February 2020, Gatsby Africa replaced Gatsby Charitable Foundation as 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. No consideration was paid by Gatsby Africa, and therefore no cost has been recorded in the financial statements.

17. TRANSFERS TO SOLE MEMBERSHIP

Msingi East Africa Ltd

In July 2020, the Department for International Development resigned as a Member of Msingi, with Gatsby Africa assuming sole membership, control of the strategy, activities and operations of Msingi from this date. Net assets at book and fair value donated to Gatsby Africa as at the end of June 2020 for £Nil consideration were as follow:

	£'000
Fixed assets	28
Programme investments	2,691
Debtors	167
Cash	801
Creditors	(124)
Net assets	3,563

Grant income included in the Statement of Financial Activities for the period July 2020 to April 2021 was £998,000. Msingi contributed net expenditure of £2,416,000 over the same period

Kenya Markets Trust

In November 2020, the Department for International Development resigned as a Member of Kenya Markets Trust, with Gatsby Africa assuming sole membership, control of the strategy, activities and operations of Msingi from this date. Net assets at book and fair value donated to Gatsby Africa as at the end of October 2020 for £Nil consideration were as follow:

	£'000
Fixed assets	59
Debtors	107
Cash	2,870
Creditors	(419)
Net assets	2,617

Grant income included in the Statement of Financial Activities for the period December 2020 to April 2021 was £Nil. Kenya Markets Trust contributed net expenditure of £1,040,000 over the same period.

Donations arising from transfers to sole membership

The value of donated net assets arising from the transfer of sole membership to the Charity by the Department for International Development is as follows:

	£'000
Msingi East Africa Ltd	3,563
Kenya Markets Trust	2,617
Donations arising from transfers to sole membership	6,180