

Company Number: 09360833

Charity Number: 1168233

GATSBY AFRICA

ANNUAL REPORT

5 APRIL 2017

The Peak
5 Wilton Road
London SW1V 1AP

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LEGAL AND ADMINISTRATIVE INFORMATION

The company is a private limited company incorporated on 18 December 2014 in the UK (registered no. 09360833) and operates from its registered office (The Peak, 5 Wilton Road, London, SW1V 1AP).

Trustees/ Directors	Mr J C Burns Miss J S Portrait OBE	
Registered Office	The Peak 5 Wilton Road London SW1V 1AP	
Principal Officers	Mr P Hesketh Mrs K Everett Mr J Highstead	Chief Executive Finance Director Executive Director
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 Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH	

STRATEGIC REPORT

Objects

The objects of Gatsby Africa ('GA') as given in the Memorandum 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.

Introduction

GA was set up as a charitable company limited by guarantee primarily to deliver projects in East Africa funded by the Gatsby Charitable Foundation ('Gatsby'). The mission of GA is to accelerate inclusive and resilient economic growth in East Africa by demonstrating how key economic sectors can be transformed, thereby reducing poverty.

GA has three strategic objectives, which the Trustees will follow in deciding what work GA does:

- 1) Funding and implementing programmes that look to catalyse and influence large-scale and lasting change in priority sectors
- 2) Building and supporting local organisations dedicated to sector transformation
- 3) Sharing lessons with others - including donors and governments - who are trying to transform sectors

GA is implementing programmes in the Tanzanian cotton and textiles sectors, forestry sectors in Kenya and Tanzania, and (in partnership with The Wood Foundation) the Tanzanian and Rwandan tea sectors.

It has also invested resources in building two local independent 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 12 sector programmes 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. This would lead to large-scale and lasting change, accelerating economic growth, creating jobs, raising incomes and reducing poverty.

Review of the Past Period

During the period from incorporation up to the 1st October 2016, the primary activity of Gatsby Africa was planning to take over and implement the Gatsby Charitable Foundation's programmes in East Africa. To this end, the Africa team within Gatsby were transferred to GA with effect from 1st October 2016.

Review of Activities Implemented in 2016/17

1) Funding and implementing programmes that look to catalyse and influence large-scale and lasting change in priority sectors

- ***Tanzanian Cotton:*** *Establishing the necessary institutional arrangements and supportive markets to ensure more than 350,000 farmers can access the quality inputs and training they need to improve agronomy, increase yields and raise quality.*

This year, the programme progressed in a number of areas, including by establishing contract farming models with national and local government oversight across nine districts, alongside developing a network of village-based agro-dealers to supply inputs to farmers.

- ***Tanzanian Textiles:*** *Facilitating the development of the required infrastructure, business environment and skills to encourage increased domestic and foreign investment in the sector so as to dramatically increase value addition while creating thousands of jobs.*

This year, the programme helped develop a new collective industry strategy that sets out a 10-year goal for a globally competitive sector employing 200,000 workers. It also helped advance a proposed investment zone dedicated to textiles and garments.

- ***Tanzanian Forestry:*** *Increasing the supply of higher-value wood products and energy from sustainable sources by supporting applied research and service delivery, while promoting smallholders' profitable participation in the sector.*

This year, the programme developed a new strategy and made particular progress on trialling new tree species in Tanzanian conditions, gaining strong commitment from the private sector to support, manage and finance these trials in the future.

- ***Kenyan Forestry:*** *Partnering with stakeholders to help close the wood supply gap by catalysing increases in productivity, innovation and quality, while securing the sustainable supply of commercial services and collaborative research.*

This year, the programme was officially launched and developed its first two private sector partnerships. These seek to develop potential models for commercial smallholder forestry, test new tree species, and build demand for forestry services.

- ***Tanzanian Tea:*** *Partnering with The Wood Foundation to increase productivity, quality and farmer returns by engaging factories and regulators, and facilitating major foreign investment by setting-up a farmer service company to ensure reliable green-leaf supplies.*

This year, the programme focused heavily on establishing a farmer service company to commercially provide tea planting services, patient capital, agronomic advice and production logistics to smallholders linked to a new factory in Njombe being built by Unilever.

- **Rwandan Tea:** *Partnering with The Wood Foundation to trial new ownership structures and methods of service delivery - including via the purchase of two factories on behalf of smallholders - with the aim of increasing productivity, quality and farmer returns.*

This year, the programme continued efforts to improve performance at the two factories (now producing 23% of Rwanda's tea), while also working with two major multinationals to facilitate greenfield developments in Western and Southern Rwanda to benefit smallholders.

2) Building and supporting local organisations dedicated to sector transformation

- **Msingi:** *An independent, long-term 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.*

This year, Msingi was officially registered as a legal entity and built its team plus a high calibre Board of Directors. Msingi launched its first programme, in which it will seek to make East Africa a leading global aquaculture producer, increasing output 20-fold by 2030.

- **Kenya Markets Trust:** *An independent, 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 benefitting the population.*

This year, Kenya Markets Trust has continued to implement an innovative portfolio with programmes in the livestock, inputs, seed, dairy and water sectors, with impressive impact in livestock and water especially. The Trust's work has impacted 375,000 households to date.

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

This year, Gatsby's main efforts towards this objective came via sharing lessons with co-funders (including the UK's Department for International Development) through reviews of programmes, and engaging with governments across the region. This included meetings between Gatsby Charitable Foundation settlor David Sainsbury and the recently-elected President John Magufuli of Tanzania to discuss Gatsby's experience in the country and opportunities for future collaboration. Gatsby also presented a case study of its work in the Tanzanian cotton sector to the 2016 BEAM Conference in Zambia, which examined market systems approaches to accelerating development and relieving poverty.

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. Major areas of risk for GA currently include management of organisational growth, programme funding and impact, and personnel. 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 approved 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 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.

REPORT OF THE TRUSTEES**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 upon the formal transfer of the Gatsby Africa programmes on 1st October 2016.

Financial Performance and Reserves

GA receives most of its funding from Gatsby and has programmes co-funded by the Department for International Development (DfID). As this funding is provided over several years, and is drawn down as needed, GA 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. Reserves were £nil at the year end.

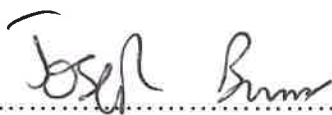
Staff Remuneration

The remuneration of the senior staff (including key management personnel) will be 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 Sainsbury Family Charitable Trust Management Committee benchmarks pay levels against the comparable positions in similar organisations.

Charity and 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. They consider the full information which follows in this annual report, about the company's aims, activities and achievements demonstrates the benefit to its beneficiaries, and through them to the Public, that arise from those activities.

The Trustees Report was approved by the Board of Trustees on 31 January 2018, including approving in their capacity as company directors the Strategic report contained therein, and is signed and authorised on its behalf by:



.....
Trustee

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

FOR THE PERIOD ENDED 5 APRIL 2017

	<i>Notes</i>	Restricted Funds	Total Funds 2017	Total Funds 2016
		£'000	£'000	£'000
Income				
Grants Receivable	2.	9,819	9,819	66
Total income		9,819	9,819	66
Expenditure				
<i>Charitable activities</i>				
Grant expenditure	3.	3,847	3,847	-
Direct Programme Expenses	4.	4,020	4,020	-
Support costs	5.	1,952	1,952	66
Total expenditure		9,819	9,819	66
Net income		-	-	-
Net movement in funds		-	-	-
Reconciliation of funds				
Total funds brought forward		-	-	-
Total funds carried forward		-	-	-

All recognised gains during the year are included in the Statement of Financial Activities.

The accompanying notes form part of this Statement of Financial Activities.

BALANCE SHEET (Company Registration No. 09360833)

5 APRIL 2017

	<i>Notes</i>	2017 £'000	2016 £'000
CURRENT ASSETS			
Debtors	7.	2,391	11
Cash at bank and in hand		1,355	321
Total Current Assets		3,746	332
LIABILITIES			
Creditors - amounts falling due within 1 year	8.	(3,746)	(332)
NET CURRENT ASSETS		-	-
Total Assets Less Current Liabilities		-	-
NET ASSETS		-	-
The funds of the charity:			
Unrestricted funds		-	-
Restricted funds		-	-
		-	-

The financial statements on pages 8 to 16 were approved and authorised for issue by the trustees / directors on 31 January 2018 and were signed on their behalf by:



Trustee

J.C. BURNS

CASH FLOW STATEMENT

FOR THE YEAR ENDED 5 APRIL 2017

RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£'000	£'000
Net cash generated by operating activities	1,034	321
Increase in cash	1,034	321
Reconciliation of net cash provided by operating activities	2017	2016
	£'000	£'000
Increase in debtors	(2,380)	(11)
Increase in creditors	3,414	332
Net cash generated from operating activities	1,034	321

Analysis of the balance of cash as shown in the balance sheet

	2017	2016	Change in
	£'000	£'000	year
			£'000
Cash at bank and in hand	1,355	321	1,034
	1,355	321	1,034

The notes on pages 11 to 15 form part of these accounts.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

a) Company Information

The charity is a private limited company (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.

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 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practice, and the Companies Act 2006.

The Charitable Company constitutes a public benefit entity as defined by FRS102.

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. GA receives grant funding from Gatsby Charitable Foundation and the UK Department for International Development. As this funding is provided over several years, and is drawn down as needed, GA does not require significant reserves.

c) Income

Income represents amounts receivable in support of project costs.

Income includes 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.

d) Expenditure

Charitable activities expenditure comprises project costs incurred by the Charity in the period, in accordance with the company objects.

e) 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.

e) Financial instruments

The Trust 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, together with other debtors. Financial liabilities held at amortised cost comprise grants payable and accruals.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (continued)

f) 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 Foundation matters and grants paid, as well as costs directly incurred by Gatsby Africa.

g) Cash and cash equivalents

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

h) 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.

2. INCOME

	2017	2016
	£'000	£'000
Grants Receivable		
Gatsby Charitable Foundation	8,604	66
DFID	1,215	-
	9,819	66

3. GRANTS PAYABLE

	2017	2016
	£'000	£'000
Reconciliation of grants payable:		
Commitments at 6 April 2016	-	-
Grants not accrued at 6 April 2016	-	-
Grants approved in the year	5,649	-
Grants cancelled, refunded or amended	(1,802)	-
Grants not accrued at 5 April 2017	-	-
Grants payable for the year	3,847	
Grants paid during the year	(449)	-
Commitments at 5 April 2017	3,398	
Commitments at 5 April 2017 are payable as follows:		
	2017	2016
	£'000	£'000
Within one year (note 8)	3,398	-
	3,398	-

NOTES TO THE ACCOUNTS

3. GRANTS PAYABLE (Continued)

The amount payable in the year consisted of the following:

	2017
	£'000
Kenya Markets Trusts	545
Msingi	4,399
Tanzania Gatsy Trust	131
The Wood Foundation (Imbarutso)	574
Net Grants Cancelled	(1,802)
Total grants payable per Statement of Financial Activities	3,847

4. DIRECT PROGRAMME EXPENSES

	2017			2016
	Direct Costs	Staff Costs	Total	Total
	£'000	£'000	£'000	£'000
Tanzanian Cotton	1,295	2	1,297	-
Tanzanian Textiles	722	1	723	-
Tanzanian Forestry	624	1	625	-
Kenyan Forestry	265	556	821	-
Msingi	432	-	432	-
Kenya Markets Trust	111	-	111	-
Sharing and Synthesising Lessons	11	-	11	-
	3,460	560	4,020	-

5. SUPPORT COSTS

	2017			2016
	Charitable Activities	Governance	Total	Total
	£'000	£'000	£'000	£'000
Staff costs	1,165	3	1,168	-
Share of joint office costs	98	-	98	-
Direct costs including travel	548	-	548	62
Depreciation	-	-	-	-
	1,811	3	1,814	62
Legal and professional fees	94	-	94	-
Consultancy	43	-	43	-
Auditors' remuneration	-	1	1	4
	1,948	4	1,952	66

During the year no Trustee received any remuneration (2016: NIL).

NOTES TO THE ACCOUNTS

6. ANALYSIS OF STAFF COSTS

	2017	2016
	£'000	£'000
Wages and salaries	1,418	-
Social security costs	105	-
Other pension costs	169	-
	1,692	-

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:

	2017	2016
	No.	No.
£60,001 - £70,000	3	-
£70,001 - £80,000	1	-
£80,001 - £90,000	1	-
£90,001 - £100,000	1	-
£130,001 - £140,000	1	-

The Charity's pension contributions to money purchase schemes for its higher paid staff were £41,059 (2016: £0)

As mentioned in Note 1a, the Charity is one of the Sainsbury Family Charitable Trusts which share a joint administration at the Registered Office. 14.4% of the total support and administration costs have been allocated to the GA, including a proportionate share of the costs of employing the total number of staff serving in the office in 2016/17.

The average number of staff employed during the year was 61, all on a part-time basis (2015/16: 0). Staff costs equivalent to 27.9 full time employees were charged to GA (2015/16: 0). Included in staff costs are contributions to money purchase pension schemes.

7. DEBTORS

	2017	2016
	£'000	£'000
Grants receivable	2,365	-
Accrued income	-	11
Prepayments and accrued income	26	-
	2,391	11

8. CREDITORS

	2017	2016
	£'000	£'000
Grants payable within one year	3,398	-
Other creditors	100	-
Accruals and deferred income	248	332
	3,746	332

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

NOTES TO THE ACCOUNTS

9. TAXATION

Since its activities are wholly charitable, the Charity will not be chargeable to corporation tax on its income or any profits. Accordingly, no tax liability arises.

10. RELATED PARTY TRANSACTIONS

Included within grant-related support costs and accruals is a total of £44,064, which relates to legal services to Portrait Solicitors, a firm in which Miss Judith Portrait is a partner. There were no other related party transactions.

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; 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GATSBY AFRICA**

We have audited the financial statements of Gatsby Africa for the period ended 5 April 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes numbered 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 5 April 2017 and of its incoming resources and application of resources, including its income and expenditure, for the period 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

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

- adequate 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
- the trustees were not entitled to take advantage of the small companies' exemption in preparing the trustees report.



Michael Hicks
Senior Statutory Auditor
For and on behalf of Crowe Clark Whitehill LLP
Statutory Auditor
London

Date: 31.1.18

