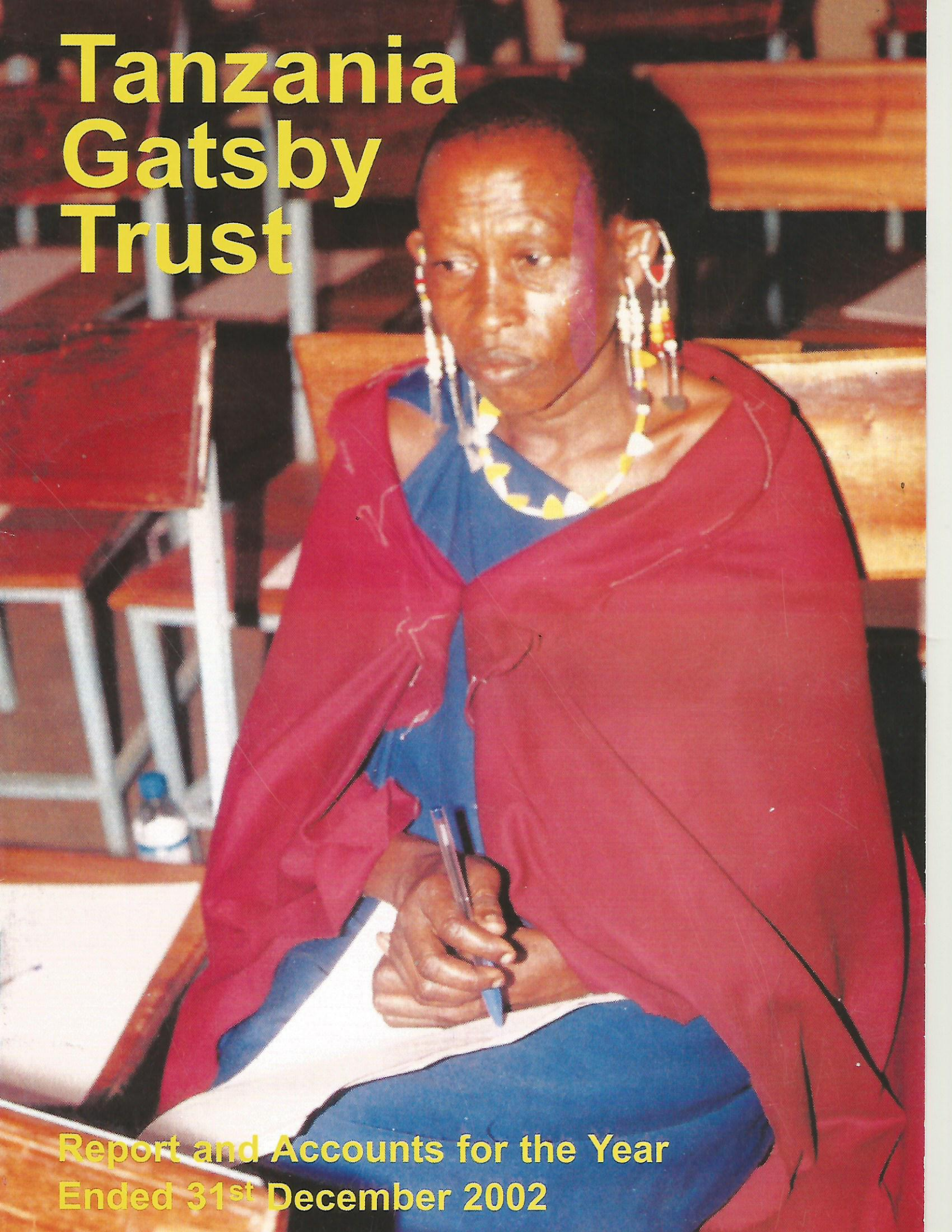


Tanzania Gatsby Trust

A photograph of a woman, likely Maasai, sitting at a wooden desk in what appears to be a classroom or meeting room. She is wearing a vibrant red shuka (wrap) over a blue top. Her traditional adornments include large, ornate beaded earrings and a matching beaded necklace. She is holding a blue pen over an open book or document on the desk. The background shows rows of wooden desks and chairs, suggesting an educational or institutional setting.

Report and Accounts for the Year
Ended 31st December 2002

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The Tanzania Gatsby Trust

The Tanzania Gatsby Trust (TGT or the Trust) was registered in Mainland Tanzania in 1992 as a charitable trust under the Trustees Incorporation Ordinance Cap 375.

The principal object of the Trust is to provide support to artisans and entrepreneurs in the micro, small and medium enterprises. The establishment of the Trust is based on the premise that there is an underlying productive potential in this sector that is yet to be mobilized - as is reflected in high levels of unemployment, under-employment and low income.

Entrepreneurs are struggling to expand their businesses. They face major constraints in the form of limited access to credit, underdeveloped markets and limited access to technical, business and management development training.

The Trust has targeted its support to these areas of training, market development, credit and technology transfer.

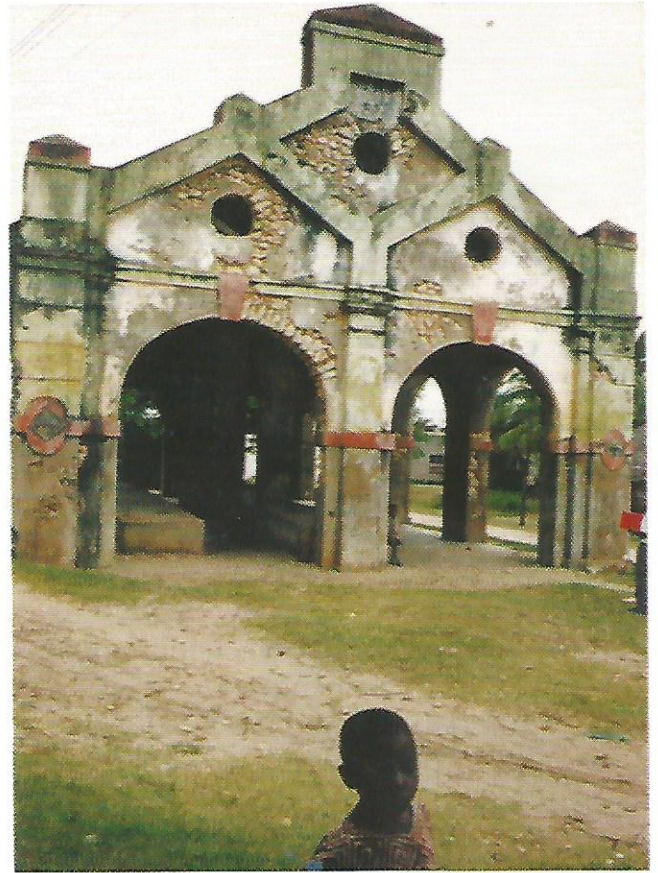


Clients seminar, 12-13 August 2002

TGT restored and converted the old Mikindani slave market in Mtwara into mini workshops for SMEs.

These “before and after” photographs show the extent of the restoration.

The centre became full operational in 2001.



Objectives

The aim of the Trust is to enable low income producers to achieve a real increase on output and net incomes by:-

- providing funds to train artisans and other entrepreneurs;
- supporting credit mechanisms with intermediary organizations that operate revolving funds;
- making small grants or loans to producers organisations and associations to finance equipment and infrastructure;
- financing research in applied technology relevant to small scale producers within and outside Tanzania;
- assisting in the marketing of the products of small scale producers within and outside Tanzania;
- undertaking joint funding with other relevant agencies within Tanzania; and
- acting as a channel for other local and international fund providers.

Target Beneficiaries

The Trust supports artisans and entrepreneurs engaged primarily in the following trades:-

- carpentry and woodwork
- welding and sheet metalwork
- masonry
- tailoring
- handcrafts
- agro processing
- leather
- textiles
- hosiery
- food processing

Other beneficiaries are operators or employees in the informal sector. The Trust also supports selected vocational training centers and technical secondary schools.

TGT supported entrepreneur displaying his woodcraft products.





The First Lady, Mama Anna Mkapa greeting a TGT entrepreneur at the 2002 Trade Fair.

Sources of Funds

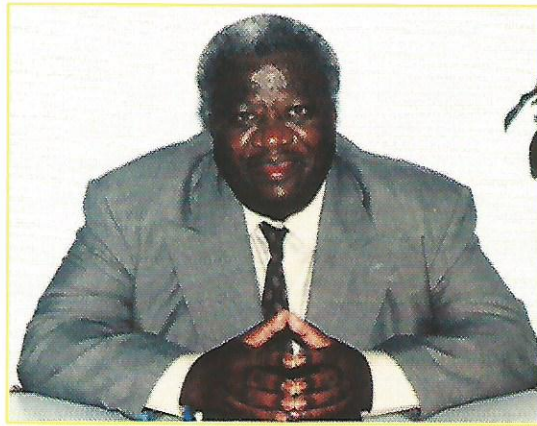
The Trust receives funding from the Gatsby Charitable Foundation, and the Ashden Trust in the United Kingdom.

The Trust also seeks support and co-financing from other sources inside and outside Tanzania - especially from organizations whose objectives are similar to those of the Trust.

The United Nations Industrial Development Organisation (UNIDO) has provided funds specifically to co-finance women food processing projects throughout Tanzania.

The Ford Foundation has provided funds for women's credit schemes, and for planning and establishing an endowment fund for the Trust.

The Board of Trustees



Mr Ibrahim Seushi - Chairman
Director - Public Sector Group
PricewaterhouseCoopers Limited



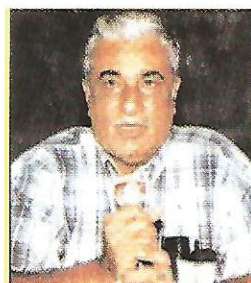
Mr. Hatim Karimjee -
Deputy Chairman
Managing Director
Karimjee Jivanjee
Limited



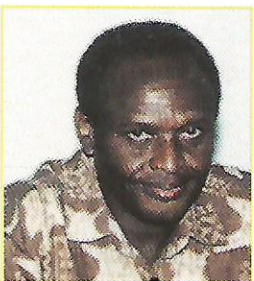
Mrs. Ndema Mbise -
Trustee
Consultant - Financial
Analyst



Hon. Kate Kamba -
Trustee
MP East Africa
Legislative Assembly
Business Woman
Former Deputy Minister



Mr. Sherali Champs -
Trustee
Director, Spice Inn,
Zanzibar



Mr. Epaineto Toroka -
Trustee
Former Director General
Small Industries
Development
Organisation



Mr. L. Cockcroft -
Trustee
Advisor to Gatsby
Charitable Trustee
Foundation (UK)

The Chairman's Statement

Tanzania is faced with an increasing number of people living in poverty both in the rural and urban areas. This is evidenced by the rapid growth of the available labour force and the inability of the economy to generate jobs for the youth, women, retrenched public sector employees, college graduates, the disables etc. Consequently one can witness enforced idleness and a visible despair of increasing numbers of Tanzanians searching for opportunities to be productive citizens able to support themselves and their families. Poverty eradication requires the presence of change agents at the grass-roots level where people-centered development is the key to successful poverty eradication programs. The Tanzania Gatsby Trust is one such agent.

During 2002 TGT marked a decade of its existence in Tanzania, and it is appropriate at this point to reflect on our achievements in the past ten years.

The ten years (1992-2002) of TGT's existence in Tanzania has had a profound impact on poverty alleviation to thousands of Small and Medium sized Enterprises (SMEs) in both rural and urban Tanzania. The support received from Gatsby Charitable Foundation of UK, The Ashden Trust, The Ford Foundation, and quite recently the partnership with UNIDO and other local stakeholders has helped TGT to very effectively reach the SMEs with credit, training, marketing strategies and technology transfer. In all these interventions TGT has made tremendous progress in terms of its operations, outreach and development.

TGT has provided credit volume of TSh 900 million to more than 10,000 SMEs directly and through intermediary organizations and associations. More than TSh 96 million has been utilized to train SMEs. TGT has spent more than TSh 80 million in sponsorship for District, Regional, National and International Trade Fairs as a marketing strategy for SME's products. In return these trade fairs brought a total income of more than TSh 160 million to the SMEs. During the same period, TGT used TSh 60 million for technical support, technology innovation and product diversification. As a result of the Trust's support, many SMEs have been able to create employment and contribute to the economy of the country through direct payment of taxes and the social well being of their families and communities.

In carrying out its operations, the Trust has successfully collaborated with Vocational Training Centres, Technical Secondary Schools and since 2001, with the Prospective College of Engineering of the University of Dar es Salaam.

Through its operations, TGT identified that a high percentage of the labour force is poorly skilled as a result of inferior quality education coupled with a reduced capacity for technical and technology training. TGT faces this challenge by working closely with technical training centres, providing tools and equipment to enable them to improve the quality of training and creating linkages between technology development, training and entrepreneurs.

The Trust also endeavours to assist the self-employment of graduates of these centres/institutions. TGT's support to this end between 1995-98 amounted to more than TSh 35 million. The Trust has also sponsored study tours both within and outside the country and has prepared training and credit operational manuals.

The Trust's plans for poverty alleviation continue to meet the demands in Society today. TGT believes in a holistic approach to poverty alleviation, and in the next three years is committed to put into place new strategies in this regard by adding new products i.e. housing schemes for the poor, whilst at the same time looking internally for sustainability through the establishment of an endowment fund. For this to happen, we still look forward to continuing the relationship with our supporters especially the Gatsby Charitable Foundation of UK, the Ford Foundation, UNIDO and many more collaborators who share with us the vision of a poverty free Tanzania someday.



Ibrahim H. Seushi
CHAIRMAN



*Some of the
women who have
benefited from TGT
credit schemes*

Review of Strategic Plan 2000 - 2002

In 2002, TGT celebrated a decade of its existence. The year 2002 also marked the conclusion of TGT's three year strategic plan that was approved by the Board of Trustees in 1999.

The objectives for the 3-year plan ending in December 2002 were:

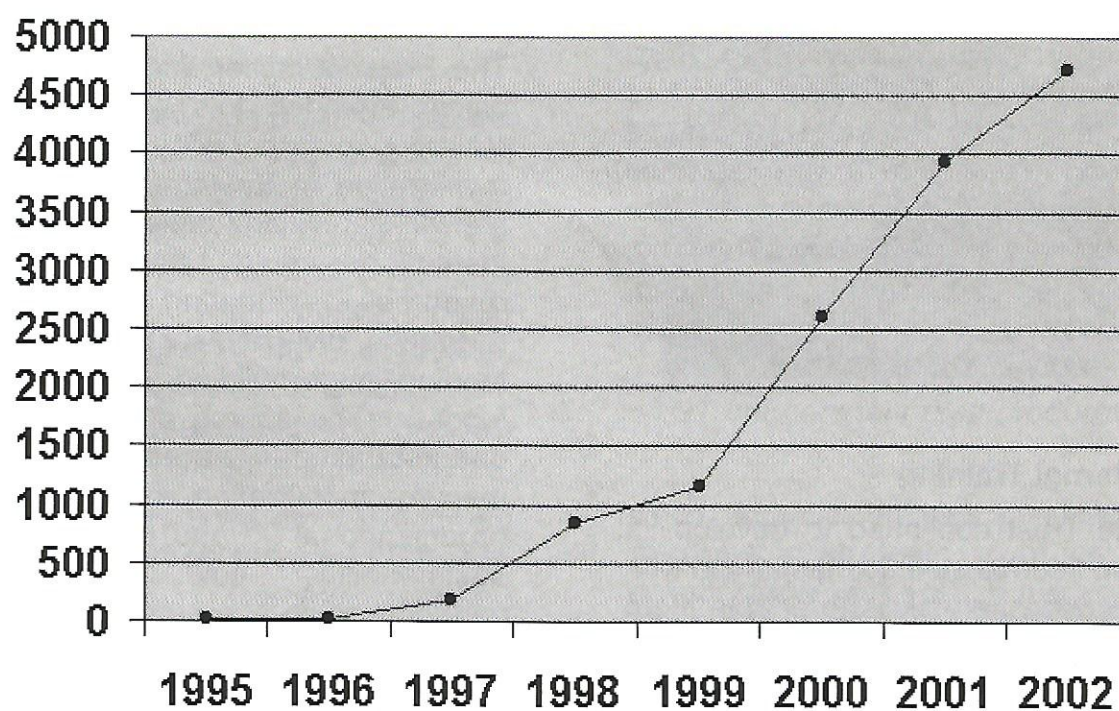
- to continue assisting groups of small scale entrepreneurs to achieve economy of scale through training, marketing financing and technology;
- to build on the success of initial projects with women's savings groups to assist women with very low family incomes to expand production on a profitable basis;
- to work closely with AMKA TRUST in facilitating the expansion of domestic, regional and international markets for Tanzanian SMEs producers;
- to collaborate with other large scale initiatives in financial innovation (such as community banks) which are likely to benefit both the rural and urban poor;
- to exploit the potential of new technologies including renewable energy that are likely to benefit low income producers and their families;
- to assist and in some cases invest in the development of workshops and display centers .

The Trust has had a profound impact on poverty alleviation to thousands of SMEs in rural and urban Tanzania since its inception in 1992. It has been especially successful in meeting its objectives during the 2000 -2002 period as demonstrated opposite.

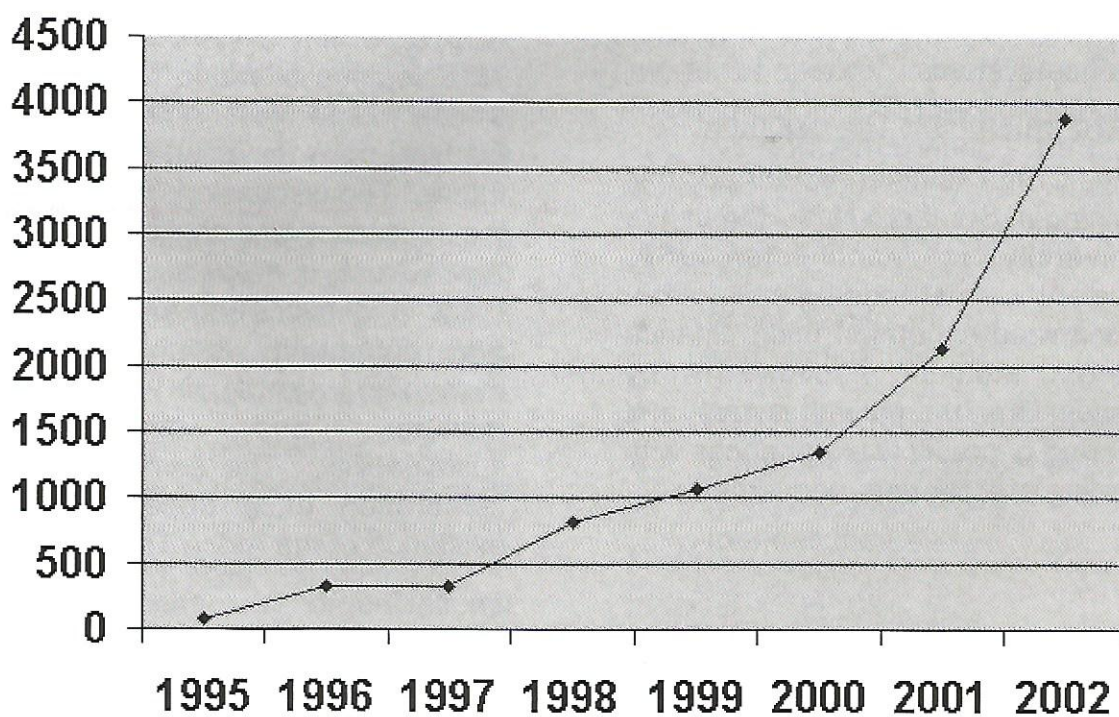


A TGT supported entrepreneur

Growth of number of borrowers



Number of SMEs trained



Operations Report 2002

With financial support from the UK Gatsby Charitable Foundation, The Ashden Trust and The Ford Foundation, TGT was able to achieve most of the targets set in the action plan. The Trust's activities during 2002 were mainly in the areas of internal and client training, provision of credit, marketing, technology, financing and management and governance.

Internal Training

The Trust continued to develop its own internal staff, to equip them with the necessary skills to enable them to effectively carry out the strategy plan and objectives. Staff training during the year comprised:

Community Based Micro finance

The Projects Officer participated in this training in India. The objective was to broaden her acumen in building community based Micro-finance systems.

Micro-enterprises Development

The Credit Officer attended this training at Southern New Hampshire University in Manchester USA. Current methodologies from recognized experts in micro finance were studied, followed by discussions on pivotal issues and sharing of practical experiences with leading practitioners and experts.

9th Eastern Africa Regional Fund Raising Workshop

The Projects officer and the Credit officer attended this workshop in Nairobi covering local resource mobilization in Eastern Africa. The training particularly considered how Institutions could raise required resources, evaluating adequacy, relevance, diversity, sustainability of funding, and building endowment funds. The course also covered understanding strategies for resource mobilization, together with organizational and financial sustainability, how to form partnerships to scale up combined resources, acquire competencies and gain competitive advantage.

4th Gatsby Inter-trust Seminar

Cameroon Gatsby played host to delegates and guests of the Gatsby family at the Fourth Gatsby Inter-Trust Meeting, which took place in Kribi from May 8-12th, 2002. Over 70 delegates attended the seminar, whose theme was: "A decade later: learning from the past, building the future." The discussions centered on the successes and challenges of the Africa Trusts in areas such as micro-credit and micro-enterprise, village and community banking policy, managing growth in expanding markets, and strengthening sustainability. The seminar was a celebration of a decade of the existence of the Africa Trusts.

Client Training

The client's seminar which was attended by all TGT stakeholders was held on 14 August at the Kurasini TEC Center. The objectives of the seminar were :

- to review and make a strategic assessment and analysis of the basic principles underlying the work of TGT, and of the achievements and challenges arising from putting these principles into operation, drawing relevant lessons from the assessment and analysis by involving the stakeholders;
- to carry out a rapid but current review of the state of TGT clients (target market) especially identifying the key factors (i.e. driving and constraining forces) influencing clients performance in relations to the achievement of TGT mission, then based on this understanding of the forces at work in the TGT target market, to develop a vision of good or best TGT practices for client performance, in relation to the achievement of TGT mission; and
- to identify priority objectives and activities for improvement of TGT services and client performance in the years 2003-2005 for Management's action.

The overall consensus of the seminar was that the clients have all benefited from TGT services, but need further support especially in areas of technology, organizational capacity building for the SMEs, associations, and intermediary credit providers (which is a major constraint).



TGT entrepreneur craft products

Each organization was challenged to draw a strategic plan for its collaboration with TGT in the years 2003-2005. The need for clear policies on grants, credit and related services was identified as a priority area for TGT to work on.

Study Tour

Trustee Mr Epaineto Toroka and the General Manager Mrs. Olive Luena were sponsored by The Ford Foundation on a 10 day study tour in UK and Northern Ireland. The main objective of the study tour was to learn the concepts of Foundations building:

- asset development, endowment building;
- grant making; and
- management structure and governance of charity foundations.

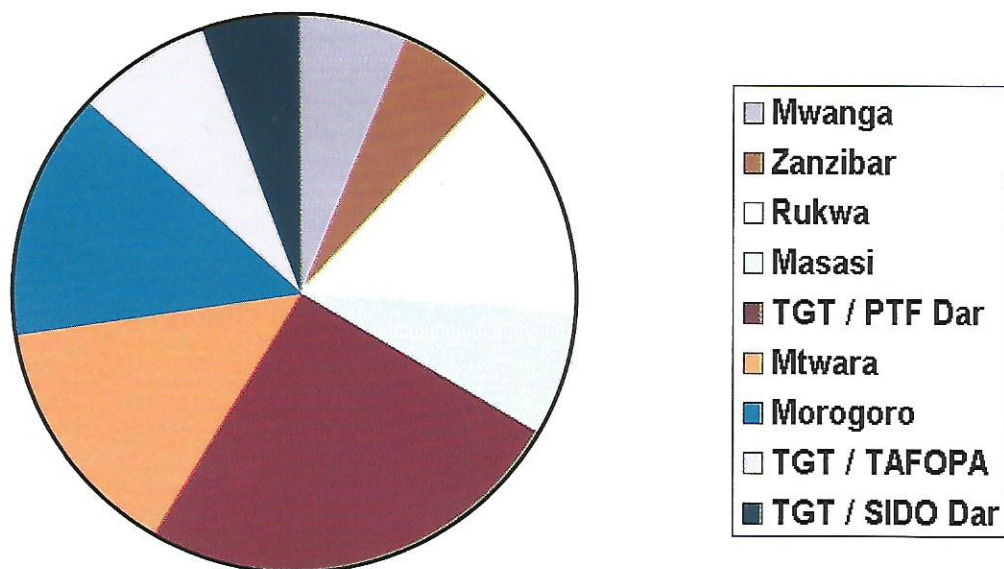
Provision of Credit

The Trust's credit target for 2002 was to reach 4721 clients; the actual output was 4722 clients with a loan portfolio of TSh 415.4 million set out in the following table.

Analysis of credit provision for year 2002

LOCATION	LOAN PORTFOLIO Tshs. ('000)	PLAN FOR OUTREACH	ACTUAL OUTREACH	VARIANCE	REPAYMENT RATE (average)
UPATU Mwanga	21,900	605	583	-3.6%	87%
UPATU Zanzibar	19,980	263	298	+13.3%	92%
UPATU Rukwa	50,000	372	392	+5%	91%
UPATU Masasi	26,550	500	660	+32%	100%
TGT/PTF DSM	90,000	1500	2000	+33%	100%
TGT/SIDO Mtwara	50,000	690	230	-89.8%	100%
TGT/SIDO DSM	20,000	300	275	-8%	100%
TGT/SIDO Morogoro	50,000	100	100	-	-
TGT/TAFOPA	27,000		11	-	100%
OTHERS	59,985	91	173	+86.8%	100%
TOTAL	415,415	4721	4722		96.6%

Loan portfolio analysis by value of lending



TGT/TAFOPA Credit Scheme Report

In November 2001, The Trust entered into an agreement with United Nations Industrial Development Organisation (UNIDO) for the implementation of a credit scheme within the framework of the UNIDO project No. US/URT/99/140: Capacity Building and Entrepreneurship Development Programme with special focus on Women in the Food Processing Industry. The objective is to co-finance a credit scheme for women food processors through TAFOPA (Tanzania Food Processors Association of Entrepreneurs). UNIDO provided US\$ 60,000 and TGT contributed US\$ 30,000. The program will initially run as a pilot program for three years in selected regions. At the end of the period, TGT and UNIDO will review the program and may increase contributions to the scheme as and when more groups of TAFOPA members are formed and strengthened. This credit scheme is in addition to the credit portfolio analysed previously.



Mrs. Aripa Mareale, President of TAFOPA

Marketing

10th Anniversary Grand Trade Fair

The main marketing focus during the year was TGT's 10th anniversary celebrations Grand Trade Fair which was held during October.

The Trade Fair enabled the participants to study feed back on their products and marketing techniques, compete with other SMEs, collect information, and also offered opportunities for prospective buyers to discuss quality, suggest modifications to suit customer requirements, negotiate prices and discuss delivery arrangements.

TGT's financial support to the organisation of the fair and related activities was TSh 10 million. The SMEs made on the spot sales of TSh 15.5 million, and also received substantial future orders.

A total of 104 exhibitors (members of both TGT and AMKA) displayed goods at the fair. The majority of exhibitors were existing TGT and AMKA clients or potential clients for the two organizations. Twenty eight booths were constructed and exhibitors with engineering products were allocated additional open space for demonstrations. AMKA facilitated a pre-fair training workshop on 15th October.

The trade fair created awareness of trends in fashions, prices and tastes from the buyer's point of view. It also created healthy competition between the exhibitors on products, quality, price, and presentation.

Overall the trade fair:

- helped producers to test their products in a market place. The reaction of visitors provided them with valuable market research;
- presented an opportunity for the food processing groups to taste test their products;
- enabled the participants to expand their market outlets; and
- provided a forum for interaction between the exhibitors to discuss sources of raw materials, and intermediaries for their finished products.

Other Trade Fairs supported by TGT

- Masasi Trade Fair - in honor of Bishop Trevor Huddleston
TGT co-financed the 1st Masasi Trade Fair. The fair attracted 56 SMEs from the Southern Regions. The organizers of the fair were SIDO Mtwara Region.
- TAFOPA Exhibitions
During the year the Trust supported TAFOPA exhibitions in Arusha and Dodoma regions. Processed food products are becoming very popular in the market especially pickles, banana wine, honey and dried vegetables.

Technology

In 2001, TGT and the University of Dar es Salaam - prospective College of Engineering and Technology signed a Memorandum of Understanding to collaborate in a programme to assist SMEs to access technology generated by the Coordinating Office for Engineering and Technology (pCET) through its Technology Development and Transfer Centre (TDTC), and by the University Entrepreneurship Centre (both of which are University entities).

The intended collaboration covers four academic years (2001/02, 2002/03, 2003/04 and 2004/05). The first year i.e. 2001/02 was regarded as the pilot year, and most of the activities took place during the 2002 calendar year.

Activities to be implemented during the pilot year included the following:

- conducting student projects;
- sensitisation workshop on technology development and transfer for pCET staff and TGT Trustees;
- SMEs survey in the Eastern zone; and
- SME stakeholders' workshop.

Actual progress during the year included ten student projects implemented with financial support from TGT being finalised. SMEs collaborated with the students to develop the technologies. The results of the projects were

displayed at the exhibition to mark the tenth anniversary of TGT in October 2002 in Dar es Salaam.

The Projects involved:

- drying fruits using solar energy;
- use of sea weeds as an alternative method of fortifying table salt;
- preservation of passion fruits and extraction of passion pulp;
- process development for the extraction of clear banana juice;
- quality of soya milk as influenced by blanching conditions and the various types of Tanzania soyabeans;
- influence of processing conditions on the quality of soy milk powder part I and II;
- production of avocado oil from avocado fruit pulp;
- production of avocado oil from avocado nuts;
- clarification of fruit juices using pectrace enzymes; and
- preservation of fruits by osmotic dehydration.



Oil expeller



The First Lady Mama Mkapa greeting a TGT supported entrepreneur at the 2002 Trade Fair

Technology Business Incubation Programme: Concept and implementation

The pCET/TGT program identified technology incubation as an area to be addressed. The concept of technology business incubators is relatively new in Tanzania, and it was decided to engage an EU expert in incubators to give advice on the way forward, and at the same time to prepare a concept paper for a national incubator program that will form an annex to the national SME policy being prepared by the Ministry of Industries and Trade. This will enable activities that are to be undertaken in future to fit within the national framework, and hence readily attract support from different sources in the future.

A detailed consultative document defining a medium to long-term vision of the scope and content of a national business incubation programme was drawn up, and a workshop with stakeholders was held to validate and comment on the document. A manual for the establishment and management of sustainable SME incubator facilities was also produced.

Financing received in 2002

During the year the Trust received funding for its operations from The Gatsby Charitable Trust. An endowment planning grant was received from The Ford Foundation.

Most of the Trust's activities are in the areas of project support, development, and consultancy that are by their nature, not sustainable. Consequently further inputs of funds are always necessary. However, during 2002 the Trust generated income of TSh 46.4 million, most of which was interest collected on its loan portfolio. This internally generated income was sufficient to cover 46% of the Trust's administration expenses for the year, thereby enabling further funds to be made available to projects.

Management & Governance

The Board of Trustees met four times during the year, and also formed technical sub committees for credit, finance, audit, and university collaboration.

Day to day management of the Trust is undertaken by a task-orientated, capable, committed team under the leadership of Mrs Olive Luena, the General Manager, who has a strong management and NGO background.

The Trust's accountants are PricewaterhouseCoopers.

Tanna Somaiya is the auditor. The Trust has had clean audit reports since inception.

*Mrs. Olive Luena,
TGT General Manager.*



Case Study: President's Choice

By Suzie Laizer

I got training on food processing, vegetables and fruits from SIDO/UNIDO WED program from September to December 1998. In January 1999 I obtained a business licence and registered my business as "President's Choice and Beverage Co.".

I started food processing in one room with only two assistants. We began processing mango pickle, peanut butter, tomato sauce and fruit juices. I sent the products to the National Chemist for check-up and they were certified.

I had to struggle to find a market because my products were not known to many customers. In 2000, due to TGT and SIDO sponsored trade fairs, my products gained popularity and I started to get orders from Arusha and Dar es Salaam. This enabled me to move to bigger premises which I registered with the Health Office.

In 2001 I got a loan from TGT/TAFOPA credit scheme. The loan helped me a lot and I even managed to buy raw materials and packaging from Nairobi. I added some more products such as vinegar, orange marmalade and garlic paste. In 2002 I successfully repaid my TSh 5 million loan.

Soon afterwards I received a large order from Shoprite supermarkets in

Dar es Salaam and Arusha, but my working capital was not enough. So, I decided to go to TGT again. They welcomed me with a friendly hand and helped me to get a loan of TSh 10 million. I really thank TGT for enabling me to do business with Shoprite and without TGT I would have failed.



Mrs. Suzie Laizer with a selection of her products

TGT - the next three years

Looking forward, the Trust has a three year strategic plan covering 2003 - 2005 with the following proposed activities:

- consolidate current lending schemes and enhance the capacity of community UPATU/KIBATI;
- assist SMEs to access appropriate technologies;
- implement a credit scheme with special focus on women in agro processing;
- initiate housing micro finance to selected groups;
- develop TGT cluster clubs for specific technological development for product innovations linked to provision of low cost housing;
- undertake training and capacity building of SME associations;
- enhance marketing strategies for specific products and link entrepreneurs to markets, in association with AMKA;
- support the formation of three community banks; and
- focus on endowment building and asset development for TGT sustainability and increased output.

A TGT supported entrepreneur displaying craft products



Financial Statements

For the Year Ended 31 December 2002

Contents	Pages
Auditor's report	23
Income and Expenditure Statement	24
Balance Sheet	25
Cash Flow Statement	26
Notes to the Financial Statements	27

AUDITORS' REPORT TO THE TRUSTEES OF TANZANIA GATSBY REGISTERED TRUSTEES

We have audited the financial statements on pages 24 to 30 in accordance with Tanzania Auditing Standards.

Respective responsibilities of Trustees and Auditors

The Trustees are responsible for the preparation of the financial statements and adopting the accounting policies. It is our responsibility to form an independent opinion, based on our audit on those statements and to report our opinion to you.

Basis of opinion

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Trust's financial affairs as at 31 December 2002 and of its surplus of income over expenditure of Shs 129,701,000 and cash flow for the year then ended, in accordance with Tanzania Financial Accounting Standards.


Certified Public Accountants

Dar Es Salaam

Date: 28 AUG 2003

TANZANIA GATSBY REGISTERED TRUSTEES

INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 Shs'000	2001 Shs'000
INCOME	3	<u>420,520</u>	<u>417,082</u>
EXPENDITURE			
Projects	4	38,986	24,762
Projects support costs	5	73,745	30,813
Projects development costs	6	10,647	5,602
Administration expenses	7	124,002	101,800
Others	8	43,439	24,481
		<u>290,819</u>	<u>187,458</u>
SURPLUS OF INCOME OVER EXPENDITURE	9	<u>129,701</u>	<u>229,624</u>

The accounting policies and notes on pages 27 to 30 form part of these financial statements.


TANZANIA GATSBY REGISTERED TRUSTEES

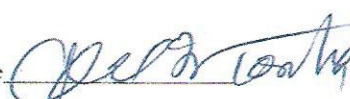
BALANCE SHEET

AS AT 31 DECEMBER 2002

	Notes	2002 Shs'000	2001 Shs'000
CAPITAL EMPLOYED			
RETAINED SURPLUS	9	<u>743,793</u>	<u>614,092</u>
REPRESENTED BY			
FIXED ASSETS	10	31,876	15,823
INVESTMENT	11	20,000	20,000
ENDOWMENT FUND	12	156,426	112,219
		<u>208,302</u>	<u>148,042</u>
CURRENT ASSETS			
Debtors	13	310,137	191,123
Withholding tax deducted	14	1,497	959
Cash and bank balances		253,564	294,386
		<u>565,198</u>	<u>486,468</u>
CURRENT LIABILITIES			
Creditors	15	<u>29,707</u>	<u>20,418</u>
NET CURRENT ASSETS		<u>535,491</u>	<u>466,050</u>
		<u>743,793</u>	<u>614,092</u>

The accounting policies and notes on pages 27 to 30 form part of these financial statements.

Trustee 
Date: 26.08.2003

Trustee 
Date: 26.08.2003

TANZANIA GATSBY REGISTERED TRUSTEES

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	2002 Shs'000	2001 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Surplus of income over expenditure	129,701	229,624
Adjustment for depreciation	7,497	6,308
Profit on disposal of fixed assets	-	(149)
Operating profit before working capital changes	<u>137,198</u>	<u>235,783</u>
Working capital changes:		
Increase in debtors	(119,552)	(32,138)
Increase in creditors	9,289	6,557
Cash generated from operations	<u>26,935</u>	<u>210,202</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Endowment fund	(44,207)	(51,014)
Purchase of fixed assets	(23,550)	(2,925)
Proceeds on sale of fixed assets	-	200
Withholding tax deducted at source	-	(7)
Net cash used in investing activities	<u>(67,757)</u>	<u>(53,746)</u>
NET CASH FLOW FOR THE YEAR	(40,822)	156,456
CASH AND CASH EQUIVALENT AS AT 1 JANUARY.	<u>294,386</u>	<u>137,930</u>
CASH AND CASH EQUIVALENT AS AT 31 DECEMBER.	<u><u>253,564</u></u>	<u><u>294,386</u></u>

TANZANIA GATSBY REGISTERED TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 PRINCIPAL OBJECTIVE OF THE TRUST

The principal objective of Tanzania Gatsby Registered Trustees is to provide support to small-scale artisans and agricultural producers in Tanzania.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) **Accounting convention**

These financial statements have been prepared under the historical cost convention.

(b) **Income**

Monies received from overseas donors, interest on bank deposits and loans are recognized on receipt basis.

(c) **Fixed assets and depreciation**

Fixed assets are stated at cost less depreciation. Depreciation is calculated on the straight-line basis at annual rates estimated to write off the assets over their expected useful lives. The annual rates used are:

	%
Motor vehicles	25.0
Furniture and fittings	12.5

(d) **Translation of foreign currencies**

Transactions during the year which are denominated in foreign currencies are converted into Tanzanian Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Tanzanian Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income and expenditure statement in the year in which they arise.

	2002 Shs'000	2001 Shs'000
3 INCOME		
Grants from Ford Foundation	66,989	87,978
Grants from Gatsby Charitable Foundation	216,510	173,346
GCF Contribution on endowment	17,850	31,625
Donation for newsletter	6,779	1,080
UNIDO Funds	-	54,955
Funds from Ashden Trust Fund	-	8,820
University Project	26,070	-
Interest on loans	42,870	41,296
Interest on bank	3,742	5,843
Other income	39,710	12,139
	420,520	417,082
4 PROJECTS		
Grants to clients – marketing	11,382	17,544
Grants for training	15,559	4,661
Mikindani	300	-
Seminars	11,745	2,557
	38,986	24,762

TANZANIA GATSBY REGISTERED TRUSTEES

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

	2002 Shs'000	2001 Shs'000
5. PROJECTS SUPPORT COSTS		
Dar Es Salaam	3,383	1,924
Mwanga and Same	11,326	10,847
Mtwara	4,440	2,445
Zanzibar	5,316	4,860
University of Dar Es Salaam	32,572	-
Rukwa	8,477	6,519
Mikindani	4,113	3,122
Others	4,118	1,096
	<u>73,745</u>	<u>30,813</u>
6. PROJECTS DEVELOPMENT COSTS		
Pemba	-	1,475
Zanzibar	620	961
RAAWO	230	-
Mwanga (Upatu)	513	-
Mtwara (Upatu)	78	-
Masasi	705	1,683
TAFOPA	6,501	1,178
Community Bank -Mwanga	2,000	305
	<u>10,647</u>	<u>5,602</u>
7. ADMINISTRATION EXPENSES		
Consultancy fees	18,127	18,124
Management fees	34,929	26,269
Medical expenses	1,104	776
Fuel allowance	3,166	2,958
Telephone and postage	10,555	8,954
Travelling and accommodation	7,911	6,336
Trustees' expenses	8,615	6,842
Office rent	12,000	10,596
Audit fee	3,360	3,360
Bank charges	3,246	1,033
Printing and stationery	5,054	3,567
Insurance	1,698	1,474
Repairs and maintenance	5,937	3,869
Office expenses	2,959	1,835
Subscriptions and donations	2,921	2,952
Advertisement	388	963
Entertainment	569	636
Electricity and water	1,050	833
Others	413	423
	<u>124,002</u>	<u>101,800</u>

TANZANIA GATSBY REGISTERED TRUSTEES

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

		2002 Shs'000	2001 Shs'000
8 OTHERS			
10 years of TGT celebration		23,330	-
Gabbage collection charges		198	-
Internet charges		242	-
Newsletter expenses		6,649	2,418
Clearance charges		1,265	434
Bonus		4,258	4,980
Ashden tour expenses		-	10,341
Depreciation		7,497	6,308
		<u>43,439</u>	<u>24,481</u>
9 RETAINED SURPLUS			
As at 1 January		614,092	384,468
Surplus of income over expenditure		129,701	229,624
As at 31 December		<u>743,793</u>	<u>614,092</u>
10 FIXED ASSETS			
	Motor vehicles Shs'000	Furniture, fittings and equipment Shs'000	Total Shs'000
Cost			
As at 1 January 200	26,943	21,743	48,686
Additions	<u>19,804</u>	<u>3,746</u>	<u>23,550</u>
As at 31 December 2002	<u>46,747</u>	<u>25,489</u>	<u>72,236</u>
Depreciation			
As at 1 January 2002	22,876	9,987	32,863
Charge for the year	<u>4,578</u>	<u>2,919</u>	<u>7,497</u>
As at 31 December 2002	<u>27,454</u>	<u>12,906</u>	<u>40,360</u>
Net book amount			
As at 31 December 2002	<u>19,293</u>	<u>12,583</u>	<u>31,876</u>
As at 31 December 2001	<u>4,067</u>	<u>11,756</u>	<u>15,823</u>
		2002 Shs'000	2001 Shs'000
11 INVESTMENT			
This represents 4,000 Redeemable Preference Shares of Shs 5,000 in Mwanga Rural Community Bank Limited		<u>20,000</u>	<u>20,000</u>

TANZANIA GATSBY REGISTERED TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

		2002 Shs'000		2001 Shs'000
12 ENDOWMENT FUND				
This is a long- term investment with Bank of New York Limited				
	<u>Pound Sterling</u>		<u>Pound Sterling</u>	
As at 01 January	84,362.87	112,219	46,011.97	61,205
Additions during the year	15,269.84	44,207	38,350.90	51,014
As at 31 December	<u>99,632.71</u>	<u>156,426</u>	<u>84,362.87</u>	<u>112,219</u>
13 DEBTORS				
Loan debtors and prepayments		298,320		184,674
Others		11,817		6,449
		<u>310,137</u>		<u>191,123</u>
14 TAXATION				
This represents amount of withholding tax on interest income deducted by Bank				
		<u>1,497</u>		<u>959</u>
15 CREDITORS				
Accrued expenses and provisions		25,576		16,482
Other creditors		4,131		3,936
		<u>29,707</u>		<u>20,418</u>
16 REGISTRATION				
The Trust was registered in Tanzania on 30 April 1992 under the Trustees Incorporation Ordinance, (Cap 375).				
17 CURRENCY				
These financial statements are presented in Tanzanian Shillings (Shs).				



Brick making machines

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