

SATF

SOCIAL ACTION TRUST FUND



Annual Report 2010



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VISION & MISSION

Our Vision:

A leading Non Governmental Organization efficiently supporting Most Vulnerable Children in Tanzania whilst supporting the growth of private sector

Our Mission:

To mobilize adequate resources to transform Most Vulnerable Children to become healthy, secure, motivated and productive members of the society.

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FROM THE CHAIRMAN MR. BASIL MBANGA



I am pleased to present the Trust's 2010 Annual Report.

The Trust has maintained its significant role of supporting most vulnerable children to access education and empowering caregivers in economic activities to enable them to support MVC under their care.

Amid the shocks of the economic crisis the Trust has been able to maintain the annual grant payout, and thus providing our beneficiaries with the same levels of service.

I take this opportunity to express my sincere appreciation to the Management for their well-

thought investment strategies that saw the Trust make a remarkable turn-around in its annual earnings in the year under review. We shall be continuously on the lookout for new investment opportunities that will maximize the return on our investments with the aim of ensuring sustainability of annual grant commitment as well as building-up the endowment fund.

Finally, I offer very special thanks to ably fellow Trustees, the Management, staff members and implementing partners for their efforts and commitment in ensuring the mission of the Trust is achieved. In addition, I would like to express my gratitude to our generous donors for their continued support.

FROM THE CHIEF EXECUTIVE OFFICER MS. BEATRICE MGAYA

2010 we saw another challenging year; nevertheless slight improvements have been recorded. Our total Income rose to TShs.1, 186biln signifying 25% increase as compared to the last year where TShs.951mil was attained.

The Total expenses for the year stood at TShs.780mil slightly lower by 12% as compared to the previous year. Therefore this resulted to an Operating Surplus of TShs.405mil and, further a Comprehensive Income of TShs.476mil whereas in the previous year an Operating surplus of TShs.64mil and Comprehensive loss of TShs.304mil were recorded respectively.

Though the Income generating avenues remained same as in the previous years, a Comprehensive Income of TShs.476mil which echoes, this a big turn-around as compared to the previous year Comprehensive Loss of TShs.304mil.

The Trust has long term plans of increasing its Equity investments (existing and new) and, venture into real estate.

During the year under review we have supported projects focused on; MVC Education, Community Empowerment, Advocacy, Psychosocial Support Capacity Building (includes component of "Vijana Simama Imara-youth projects) and USAID-Orphaned Children Education. We have covered 12 regions of Tanzania mainland through the network of 18 partners.

Among the notable achievements include the newly introduced Community Empowerment projects in Songea; they make one of the success stories of our effort to caregivers. The objective of the Community Empowerment projects is to enable communities to support MVC in a sustainable way. The project is in form of micro-lending whereby 151 direct beneficiaries of which mostly are Elderly supporting MVC. By the close of the year, 80% of the beneficiaries had repaid their loans and had savings in their accounts.

With these remarkable results the second phase of the project will commence in the first quarter of coming year for the incumbent groups, and 65 new members will be provided with fresh loans.

As always, we are challenged by the amount of funds required versus the escalation of numbers of children in need of support. This calls for intensification of our fundraising efforts that will go together with the earnings from the endowment fund. The achievements and challenges of each program have been described on page 4 to 8 of this report.

These outstanding results wouldn't have been possible without the support of a dedicated Board, my colleagues and implementing partners. Last but not least, I would like to thank our donors for supporting our cause.

SATF ANNUAL PROGRAM IMPLEMENTATION REPORT

SATF MVC programs:

In the year under review, SATF implemented three programs, namely; MVC Education, Community Empowerment and Child Protection, through its 18 Implementing Partners in 12 Regions of Tanzania mainland.

i. Child Protection Program

Massive violation of children's right; absence of child protection systems, and lack of child friendly services in place, influenced SATF to initiate Child protection programs so as to sensitize the community.

SATF implemented this program, through one of its Implementing Partners (IPs) known as Tanzania Impact of Women Foundation (TAWIF) in Handeni, Tanga.

TAWIF implemented advocacy project on the rights of Most Vulnerable Children and established children Council in Chanika and Vibaoni wards in Handeni District, Tanga Region. The general aim of the advocacy project was to promote children rights focusing on early pregnancy, early marriage, abuse, neglect, exploitation and violence.

Achievements

1. Establishment of two children councils with 45 members each, in two wards.
2. District officers, Ward executive officers, (Local Government Authorities) were exposed to child Protection through meetings and inaugurations of Children Council in respective wards.
3. 90 children council members were trained on different topics focusing on child's rights, sexual education and life skills.
4. Increased number of children attending children council from 90 to 120 due to performances (choir, meetings, games, etc) performed by Children council, other children got an interest and joined the council.

Challenges

1. Limited number of Implementing partners willing to implement child protection projects (eg only one partner submitted application).
2. Community awareness on children protection is still low. This is reflected in issues like ;neglect of children by community especially orphans; exploitation – children are taken to work as house helpers with low payments etc.

Way forward

SATF plans to encourage its existing partners and new ones to engage in Child Protection projects.

ii. Education Program

A total grant of TZS 296mil was allocated to these program to support 2,747 MVC in VTC, primary and secondary schools for year 2010.

Planned		2010	
Primary	Secondary	VTC	Total
859	1,772	116	2,747
Actual (first installment)			
Primary	Secondary	VTC	Total
635	1,550	91	2,406

To a large extent the implementation of this program has been successful.

By the end of 2010, the grantees had accounted for the first installments despite the fact that, the funds were disbursed in July 2010. The total number of MVC supported was 2,406 (88%) MVC out of 2,747 targeted in first installment. The remaining MVC will be reached in 2nd installment implementations which will be done in the first quarter of the coming year.

Achievements

1. 91 MVC have been enrolled in 5 VTCs in 5 regions (Mwanza, Kilimanjaro, Lindi, Dodoma and Arusha) and will be provided with tool kits.



Some of SATF beneficiaries attending Tailoring course at Upendo Vocational Centre in Dodoma.



Smiling with hope for a bright future, are MVC in Juhudi primary school, in Njombe Region, after the distribution ceremony of the uniforms and scholastic materials at Grassroots Women and Youth Development Association (GROWOYODA) offices.



Assistant Program Officer, Mr. Stanley Mongi addressing SATF beneficiaries from Mpunguzi Secondary School in Dodoma Municipal under the supervision of TIKVAH HOMES.

2. 635 primary school, 1,550 secondary school MVC have been supported with the first installments.
3. SATF provided one wheelchair to one MVC in Songea, so that he can pursue his studies comfortably.
4. One MVC from Songea who needed major surgery was supported with medical facilities at KCMC referral hospital.

Challenges

1. In 2010 the number of IP decreased by 36 % (2010 -18 IPs versus 2009-28 IPs) this is because, during IP performance review 2010, 10 IPs who performed poorly 2009 were dropped.
2. Poor performances of form four students, in most cases this was caused by poor learning environment, eg (lack of teachers, books, distances from home to school, etc).
3. Poor implementation of some Implementing Partners that necessitated additional field visits thus increasing operational costs.
4. Increase in school fees and other contributions in secondary schools and VTCs hinders the Trust's efforts to reachout more children.
5. Inadequate funds to support MVC in other basic needs such as food and nutrition, health and shelter.
6. Due to the increase of school contributions and other scholastic materials, we reviewed the budget ceiling amount per child per school/college in order to support MVC with basic school supplies. This had an effect of reducing the number of MVC to be supported.

Way forward

1. The Trust will vigorously embark on Resource mobilization so as to increase its financial capacity.
2. SATF expects to reach out more MVC by increasing the numbers of IPs in the regions where we donot have IPs, this will in turn increase the number of MVC benefiting from SATF support.
3. IPs will be advised to enroll MVC in boarding schools to ensure that they have good environment to concentrate in their studies.



Some of MVC at Rulongo Secondary School with their Caregivers after the distribution ceremony of scholastic materials.



Bibi Elizabeth Sanga is one of 216 caregivers who was given a loan in Songea District Council. Through piggery project, she managed to purchase scholastic materials for 5 MVC who live with her.

iii. Community Empowerment Projects

In 2009, 20 caregivers were provided with livestock as part of Income Generating Activity (IGA). During the year under review, 12 Caregivers in Dodoma were provided with livestock, and this makes a total of 32 MVC caregivers implementing these projects. Also we extended our support in Songea region, (from Madaba ward to Wino ward), 65 MVC caregivers were given loans to support their income generating activities.

In previous year, 151 beneficiaries were given a loan of TZS 11mil in Total. About 80% repaid on time and the remaining were not able to repay their loan as per planned schedule due to the nature of their projects.



Bibi Leonarda Mapile is one of the beneficiaries who received loan from SATF through PADL. She cultivated beans as one of the strategy to increase household food security for her family.

Achievements

1. 12 caregivers were provided with livestock in lhumwa Dodoma region to implement their IGA projects.
2. Increased number of caretakers provided with loan in Songea from 151 to 216 in 2009 and 2010 respectively.
3. Increased household income as a result of proceeds generated from the IGA projects. The beneficiaries were able to pay for schools fees for MVC, renovate their houses and provide health support for their families.
4. 80% of beneficiaries managed to repay their loan within the required time.



Ezeleda Mangwela living at lhumwa feeding her goat. The project was sponsored by SATF through TIKVAH Homes - Dodoma.

Challenges

1. About 20% of caregivers were unable to repay their loan on time.
2. Due to large number of beneficiaries, SATF was unable to conduct a comprehensive monitoring which could cover all the individual projects.

Way forward

1. SATF plans to increase support in community projects and by capitalizing experience gained from the pilot projects.
2. Plans are under way to engage a person who will be stationed in PADI offices to oversee the IGA-project in Songea in the forthcoming year.



VSI members displaying their handcraft products during life skill training in Kagera region.

PSS Capacity Building Program:

SATF is implementing a three years (2009-2011) program of rolling out Psychosocial Support (PSS) capacity building project to 13 regions in Tanzania through funding from the Foundation For Civil Society.

Most of the activities in this year were the winding up activities for Year one and it was expected that the second year funds were to be disbursed in the second quarter of 2010. However, the donor had delayed disbursement of the second year funds, and hence this caused most of the implementation to be rescheduled to the next year.

Achievements

In the first year of implementation 8 partner NGOs, 8 District Officials and 180 caregivers were trained in psychosocial support skills (PSS). Furthermore District Officials were sensitized to mainstream PSS in their district plans. Out of the 180 caregivers, each caregiver reached 5 MVC in the provision of PSS support, thus the target is to reach 900 MVC as indirect beneficiaries.

The PSS project included a component of Youth projects known as "Vijana Simama Imara" (VSI), whereby MVC are encouraged to design income

generating projects. In Year 2009/2010, 11 VSI projects had been initiated and fully controlled by Youth.

Special Girl Child VTC Project in Dodoma:

In July 2010, SATF received a donation of TZS Five million from The Ministry of Community Development, Gender and Children as a fundraising contribution to enable SATF to reach more children under SATF Education program.

The donation supported special girl child project which involved vocational training through TIKVAH homes (IP) and Upendo Vocational Training in Dodoma region.

The main objective of this project is to support 15 girls (MVC) because of their vulnerability in the society through vocational training, which will enable them to overcome social and economic challenges affecting girl child. In this training, MVC will acquire several skills such as; Food processing and cookery, embroidery, wax making, they will also be trained in psychosocial support in order to build their self esteem and be able to sustain their lives.

Achievements

The project is at its initial stage, but there is a notable achievement; the donation has been able to support 15 girls (MVC) in Dodoma municipality.



MVC listening attentively to their trainer during vocational training in Dodoma. The Girl Child project is sponsored by the Ministry of Community Development, Gender and Children.

Challenges

1. The program experiences greater demand for support from beneficiaries than organization's financial capacity. It is our expectations that, the Ministry of Community Development, Gender and Children shall consider donating additional funds to enable SATF to reach more vulnerable children.
2. The allocated grant funds are not enough to support the purchase of toolkits. Thus, SATF's objective to enable them to overcome social and economic challenges affecting girl child shall be partially achieved.

Way forward

SATF plans to solicit more funds from other donors who are willing to support vocational training projects.

USAID-Orphaned (1998 Bomb Victims) Children Education Program:

SATF was selected to administer the US Bomb Victim Fund following the 1998 Bombing at US Embassy in Dar es salaam. The funds were provided by USAID to support 16 children orphaned by the bombing. To date the program remains with 14 children, 1 has dropped and the other has completed his studies respectively. SATF ensures that each child has secured school admission, school fees have been paid in time, follow up academic progress reports for submission to the donor on bi-annual basis.

Achievements

1. Monitoring visits to individual students in schools/colleges were done.
2. Collection of school progressive reports, and submission reports which are done bi-annual to the USAID Mission Tanzania as per grant agreement.

Challenges

1. Delay in submission/collection of academic progress reports from schools and caregivers
2. Some students have exhausted their budget allocations before completion of their studies.
3. Poor performance for some of the students, due to family problems caused by deaths of their parents.
4. Drastic increase of school fees especially the English Medium schools.
5. Repetition of class for some of the beneficiaries due to poor performance; this has an effect on their budget where we had to pay twice for one class.

Way forward

1. Liaise with US Mission to replenish the grant to cater for scholastic and fees for the remaining children.
2. To encourage beneficiaries to work harder to improve their performance at school.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

1. INTRODUCTION

The Trustees present herewith their report and audited financial statements for the year ended 31 December 2010.

2. PERFORMANCE

The year under review, after an immense global financial crisis, the Fund recorded a Net Operating income of TZS 1,186mil which is 25% over last year's level that stood at TZS 951mil.

However, the income earning avenues have not attained stability, the Bank Deposit interest rates have been drastically going down from 11% at the beginning of the year to 9%-8%, resulting into TShs.540mil earning versus TShs.694mil for incumbent and previous year respectively.

Much as dividends have shown an up-surge of TShs.219mil, which is 85% over previous years, have been hit by volatility among the players. Tanga Cement recuperated from zero-dividend in 2009 to TShs. 296mil this year, whilst for Tanzania Breweries, less has been declared this year, i.e. TShs.128m (2009: TShs. 215mil).

The equity market has slightly improved; we see green shots for some of the shares such as TBL, Swissport and Tanga Cement. A valuation surplus of TZS 71mil has been produced whereas in the previous year a valuation loss of TZS369mil was recorded.

Expenses were well managed. During the year, the Fund spent TShs.780mil which is TShs.107mil below previous year (2009: TShs.887mil). This was a deliberate move to tread cautiously after the 2009 dismal results. However, care was taken not to jeopardize the Fund's Program operations.

The Fund is seen thus, to have made a notable turn –around by recording a surplus of TZS 405mil (2009: TZS 64mil) and further Comprehensive Income of TZS.476mil (2009: Comprehensive Loss of TZS 304mil).

Thus, despite the fact that Income projected levels were not attained, the expenses minimization exercise paid off quite well to achieve a promising bottom-line.

Trustees have approved TZS 453mil as Grants for 2011 for MVC support, to be disbursed in year 2011.

3. PRINCIPAL ACTIVITIES OF THE TRUST

The principal activity of the Fund is to make grants to Non Governmental Organizations (NGOs) registered in Tanzania in order to assist Most Vulnerable Children (MVC) to become productive members of society. In order to implement this objective, and also to avoid depletion of the Fund, it was resolved that, the original capital should be used for the development of the Private Sector in Tanzania, through investments and working directly with the private sector or through existing institutions with the sole purpose of using the earnings and interest from these investments to continually support the MVC.

4. COUNTRY OF INCORPORATION

The Fund is incorporated in Tanzania under the Trustees Incorporation Act of 1956 and domiciled in Tanzania.

5. ATTAINMENT IN PHYSICAL TERMS

5.1 Investments

The Fund's Investment portfolio continued to maintain 3 avenues, that is, Equity Investments, Loans and Advances and finally the Short Term Deposits. During the year 3-year TBL Treasury Bonds were acquired.

Equity portfolio has remained almost the same as no new acquisitions nor were disposals made during the year. Returns on this avenue were also dismal with dividend declaration and payment from only 4 companies (Tanga Cement, TBL, NMB and Swissport) out of 7 that the Fund has invested in.

The Fund has Equity Investments in TOL, TBL, Simba Cement, Swissport, NMB, Musoma Dairies and Arusha Blooms (former La Fleur D' Afrique).

The Loans and Advances have slightly decreased to TZS 302mil (2009: TZS 411mil) owing to repayments by almost all debtors except Tanzania Pharmaceutical Limited (TPI), Musoma Dairies, and Trade Goods Limited. No new Loans and Advances have been issued.

At the close of the year the Short Term deposits balance stood at TZS 6,167mil(2009: TZS6,522), the decrease is due to utilization of part of the deposits to acquire TBL Bond. The Bank deposit have continued to rank high in income generating for the Fund by producing 48%of Total Operating Income.

5.2 SATF MVC Programs

Disbursements amounting to TZS 179mil have been made, as first installment in July 2010 to 18 NGOs in 12 regions of Tanzania mainland to support Most Vulnerable Children (MVC) to access Education, Child Protection and Community Empowerment projects.

The Education projects are expected to reach 2,747 MVC (1,772-Secondary; 116-Vocational and 859 – Primary education). During the year, the Community Empowerment projects supported 296 beneficiaries who undertook various economic activities to support the MVC sustainably. Additionally, the Child Protection sensitized 50 MVC in Children Rights.

5.3 Foundation for Civil Society- Psychosocial Support Capacity Building Project

This is a Project geared at improving the well being of MVC, as well as grooming them into social actors. The MVC were also trained and given chance to plan and manage their own Income generating Projects as part of Youths/MVC Empowerment. Furthermore, The Psychosocial Support (PSS) Project indulges also in ensuring that PSS is mainstreamed at District level as well of providing training to MVC caregivers.

During the period under review, 8 partner NGOs and 180 caregivers from 8 Districts were trained in the area of psychosocial support skills and how

to mainstream PSS in their policies and planning. In addition to that, District Officials from 8 Districts/ Municipals were sensitized to mainstream PSS in their planning.

A notable achievement is the multiplier effect of the support given to the caregivers that extended to over 900 MVC who are termed as secondary beneficiaries. The project also has a component of making MVC social actors through "Vijana Simama Imara"(VSI) projects. VSI involved 18 members from 9 NGOs who went for a study tour to Humuliza in Kagera Region to learn how to replicate VSI model in their areas of operation.

To-date, 11 VSI projects have been initiated. These include Goat project (Mtwara); VSI Bank (Coast & Arusha); Farming & Hero Book (Mwanza); Farming & Poultry (Shinyanga); Kitchen garden(Arusha),and Handicraft (Moshi).The VSI projects are solely operated by Youth/MVC and proceeds thereof are controlled by the beneficiaries.

The Foundation disbursed TZS. 93mil for Year 1, whereas SATF contributed TZS 16m to support Youth Income Generating Projects known as Vijana Simama Imara (VSI).

5.4 USAID – Orphaned Children Education Program

SATF received a grant of US\$ 96,870 from USAID Mission in Tanzania in 2001 to support sixteen (16) Tanzania 1998 Bomb victim's children. Thirteen out of sixteen are still in school, with eleven in secondary and two at college levels. During the year, TZS 12mil has been utilized to support tuitions fees and scholastic materials.

5.5 Donation from the Ministry of Community Development, Gender & Children

During the year, TZS 5 mil was received from the Ministry of Community Development, Gender & Children as donation to support SATF MVC programs. The donation has been utilized to support 15 Girls in vocational training in Mpunguzi,Dodoma region. The beneficiaries have been engaged in embroidery, food processing & cookery, wax making and be trained in psychosocial support in order to build their self esteem and be able to make plans for their lives.

6. ADMINISTRATIVE EFFICIENCY

Set-out below are details of matters which are deemed to demonstrate the administrative efficiency of the Trust:

- a) Overtime: The Trust does not pay any overtime.
- b) Labour Turnover: 2 staff left the service of the Fund (Program Manager and Finance Officer), the positions have been filled.

7. EMPLOYEES WELFARE

- a) Management and Employee Relationship
The relationship between the Management and Employees of the Trust during the year was good.
- b) Medical Facilities
The Trust meets the medical expenses for each employee and his/her immediate family members.

8. SOLVENCY

There were no short or long term claims on the assets of the Trust and the solvency of the Fund as at 31 December 2010 is set out on Page 14 of these financial statements.

9. OPERATING RESULTS

These are set out on Page 13 of the financial statements.

10. AUDITORS

MEKONSULT were the Trust auditors for the year 2010. They have expressed their willingness to continue and are eligible for reappointment.

11. TRUSTEES

The Trustees of the Fund in office at the date of this report are:

- | | | | |
|------|-----------------------|---|----------|
| i. | Mr. Basil Mbanga | - | Chairman |
| ii. | Dr. Hassan Mshinda | - | Trustee |
| iii. | Mr. Donald Charwe | - | Trustee |
| iv. | Ms. Katarina Revocati | - | Trustee |
| v. | Mrs. Mariam Mwaffisi | - | Trustee |

BY ORDER OF THE BOARD OF TRUSTEES



SECRETARY

INDEPENDENT AUDITORS' REPORT to the settlor of SOCIAL ACTION TRUST FUND

We have audited the accounting financial statements of Social Action Trust Fund (SATF), which comprise the balance sheet as at 31 December 2010, and the statement of income and expenditure, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in compliance with the Trustees Incorporation Act of 1956. This responsibility includes: designing, implementing and maintaining internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Social Action Trust Fund as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Certified Public Accountants
DAR ES SALAAM

Elinisaidie K Msuri
Partner

Date: 16th March 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 TZS	2009 TZS
Interest income	5	539,620,320	693,898,488
Other operating income			
Dividends	6	475,738,679	256,900,167
Other income	7	13,552,854	193,853,159
Rapid Funding Envelope (RFE) grant	11	-	64,222
Foundation for Civil Society grant	12	13,047,799	84,608,603
USAID Bomb Victim Education grant	18	11,815,200	10,420,450
Gain on fluctuation of foreign currency		73,450,460	20,804,948
Management fee- Foundation for Civil Society		1,411,749	3,714,640
		589,016,741	570,366,189
Total operating income		1,128,637,061	1,264,264,676
(Increase)/Decrease in provisions for impairment	13	57,001,118	(313,214,329)
Net operating income		1,185,638,179	951,050,347
Personnel and related costs	8	483,583,151	501,436,397
Depreciation	4	48,607,087	50,837,680
Administrative and general expenses	10	223,270,018	239,260,976
Rapid Funding Envelope (RFE) grant	11	-	64,222
Foundation for Civil Society (FCS) grant	12	13,047,799	84,608,603
USAID Bomb Victims' Education grant	18	11,815,200	10,420,450
Total operating expenses		780,323,255	886,628,328
Net Income for the year		405,314,925	64,422,019
Other Comprehensive Income			
Gain/(Loss) on valuation of shares		71,118,000	(368,555,110)
Total other comprehensive income		71,118,000	(368,555,110)
Total Comprehensive Income/(Loss)		476,432,925	(304,133,091)
EDUCATION GRANTS			
Cumulative grants		3,892,578,131	3,487,578,131
Cumulative orphans supported		160,164	157,888

The notes on pages 17 to 29 form part of these financial statements.

Independent auditors' report on page 12.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	2010 TZS	2009 TZS
ASSETS			
Cash in hand	9	1,550	169,900
Bank balances	9	255,725,107	130,957,740
Fixed deposits with banks	9	5,911,374,095	6,391,011,242
Loans and advances	13	301,977,046	411,263,184
Financial investments "available-for-sale"	14	6,416,891,380	5,645,773,380
Plant and equipments	4	221,571,326	258,580,529
Other assets	15	147,461,654	113,326,004
TOTAL ASSETS		13,255,002,158	12,951,081,979
LIABILITIES AND EQUITY			
Accrued expenses	16	130,269,138	112,192,628
NGOs' clearing account	17	251,493,628	116,430,472
Deferred income	18	113,701,242	34,353,653
Provisions for employee benefits		37,747,109	37,747,109
		533,211,117	300,723,862
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF TRUST			
Trust investment fund		6,318,675,000	6,318,675,000
RMPS fund		1,325,360,000	1,325,360,000
RMPS accumulated losses		(528,558,664)	(528,558,664)
Available-for-sale reserve		1,632,557,978	1,632,557,978
Retained income		3,973,756,727	3,902,323,803
		12,721,791,041	12,650,358,117
TOTAL RESERVES AND LIABILITIES		13,255,002,158	12,951,081,979

The notes on pages 17 to 29 form part of these financial statements.
Independent auditors' report on page 12.

These financial statements were approved by the Board of Trustees for issue

on 16th March 2011, and were signed on their behalf by:

Name: B Mbunge Title: Chairman Signature: [Signature] Date: 16th March 2011
 Name: Betina Ngonye Title: CEO Signature: [Signature] Date: 16th March 2011

STATEMENT ON CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Trust Investment Fund TZS	RMPS Fund TZS	RMPS Accumulated Losses TZS	Available-for- sale reserve TZS	Retained Income TZS	Total TZS
At 1 January 2009	6,318,675,000	1,325,360,000	(528,558,664)	1,632,557,978	4,289,035,024	13,037,069,338
Surplus for the year	-	-	-	-	64,422,019	64,422,019
Approved grant for 2009	-	-	-	-	(82,578,131)	(82,578,131)
Net loss on available-for-sale financial assets	-	-	-	-	(368,555,110)	(368,555,110)
At 31 December 2009	6,318,675,000	1,325,360,000	(528,558,664)	1,632,557,978	3,902,323,803	12,650,358,117
At 1 January 2010	6,318,675,000	1,325,360,000	(528,558,664)	1,632,557,978	3,902,323,803	12,650,358,117
Surplus for the year	-	-	-	-	405,314,925	405,314,925
Approved grant for 2010	-	-	-	-	(405,000,000)	(405,000,000)
Net gain on available-for-sale financial assets	-	-	-	-	71,118,000	71,118,000
At 31 December 2010	6,318,675,000	1,325,360,000	(528,558,664)	1,632,557,978	3,973,756,727	12,721,791,041

A net gain on available for sale financial assets is made up of increase on share value of TBL by TZS 28,612,160.00, Tanga Cement TZS 159,482,960.00, Swissport TZS 13,140,920.00 and a loss made by TOL TZS 33,419,190.00 & NMB Bank TZS 96,698,850.00.

The Board has approved TZS 453mil as grants to MVC to be disbursed in 2011.

The notes on pages 17 to 29 form part of these financial statements.
Independent auditors' report on page 12.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 TZS	2009 TZS
OPERATING ACTIVITIES			
Net Income for the year		405,314,925	64,422,019
Decrease/(Increase) in provisions for impairment		(57,001,118)	313,214,329
Depreciation		48,607,087	50,837,680
Loss(Gain) on sale of plant and equipment		-	1,498,914
Release of provision		-	(174,652,610)
Release of approved grant to NGO		(405,000,000)	(82,578,131)
(Gain)/Loss on sale of equity investments		-	(10,853,900)
		(8,079,107)	161,888,301
Grant taken to income		(24,862,999)	(95,093,275)
Grant refunded to RFE		-	(3,658,720)
Grant refunded to USAID (Peace Corps)		(252,600)	(26,021,800)
(Decrease)/ Increase in NGO's clearing accounts		135,063,156	(305,471,629)
(Decrease) /Increase in other liabilities		18,076,510	31,493,481
Decrease/ (Increase) in other assets		(34,135,650)	143,684,994
Decrease/ (Increase) in loans and advances		166,287,256	890,313,823
Net cash out flow on operating activities		252,096,567	797,135,175
INVESTING ACTIVITIES			
Purchase of equity investments		(700,000,000)	-
Purchase of plant and equipment		(11,597,884)	(615,000)
Proceeds from disposal of plant and equipment		-	1,851,500
Proceeds from sale of equity investments		-	160,853,900
Net Cash Flow on Investing Activities		(711,597,884)	162,090,400
FINANCING ACTIVITIES			
Partners' refunds		-	1,340,003
Grant received		104,463,188	93,250,088
Net Cash Flow on Financing Activities		104,463,188	94,590,091
Net increase in cash and cash equivalent		(355,038,129)	1,053,815,666
Cash and cash equivalents at 1 January, 2010		6,522,138,881	5,468,323,215
Cash and cash equivalent at 31 December, 2010	9	6,167,100,751	6,522,138,881

The notes on pages 17 to 29 form part of these financial statements.
Independent auditors' report on page 12.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis and are presented in Tanzanian Shillings (TZS).

Statement of compliance

The financial statements of Social Action Trust Fund (SATF) have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted, which have been consistently applied from previous years, are set out below.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. It comprises interest received from loans issued, dividends received from equity investments, management fees, grant income and income from short term fixed deposits.

Interest income is recognised in the income statement for all instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income over the relevant period.

Management fee is recognized on accrual basis.

Income from short term fixed deposits is recognized when realized.

Cash and cash equivalents

Cash and bank balances in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Employee benefits

The organisation operates National Social Security Fund (NSSF) contribution scheme to which both the employee and employer contributes. The organisations' contributions to NSSF are charged to the income and expenditure statement in the period to which they relate.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises of expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis over the useful life of the assets.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of plant and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognized. The asset's residue values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year.

The current useful lives in use are:

	Years
Motor Vehicles	4
Computers and Accessories	3
Furniture and Fittings	8
Office equipment	5
Plant Property and Equipment	50

Foreign currency translations

Transactions in currencies other than Tanzania Shillings are recorded at rates prevailing at the transactions dates. Monetary assets and liabilities that are denominated in foreign currencies are translated into Tanzania Shillings at rates prevailing at the balance sheet date. The resulting differences from conversion and translation are dealt with in the income statement.

Provisions

Provisions are made when the Trust has a present obligation, as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Investments and other financial assets

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity investments as appropriate. When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs. The Fund determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Available-for-sale financial assets

Available-for-sale financial investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and advances. They include equity instruments, investments in mutual funds and money market and other debt instruments. After initial measurement, available-for-sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognised directly in equity in the "Available-for-sale reserve". When the security is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement in 'Other operating income' or 'Other operating expenses'. Where the Fund holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate. Dividends earned whilst holding available-for-sale financial investments are recognised in the income statement as 'Other operating income' when the right of the payment has been established.

The losses arising from impairment of such investments are recognised in the income statement in 'Impairment losses on financial investments' and removed from the available-for-sale reserve.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Fund has the positive intention and ability to hold to maturity. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The Fund assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss. The Fund assesses whether objective evidence of impairment exists individually for financial assets. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Impairment of tangible assets

The Fund assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Fund makes an estimate of the asset's recoverable amount.

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

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Trade and other payables

Liabilities for the trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the SATF.

Comparatives

Where necessary, comparative figures have been reclassified to conform to the presentation in the current period.

Grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances

The Fund reviews its loan portfolios to assess impairment at least on annual basis. In determining whether an impairment loss should be recorded in the income statement, the Fund makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a

group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

(b) Held-to-maturity investments

The Fund follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity.

The classification requires significant judgement. In making this judgement, the Fund evaluates its intention and ability to hold such investments to maturity.

If the Fund fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available for sale.

The investments would therefore be measured at fair value and not amortised cost.

4. PLANT & EQUIPMENT

	Property, Plant and Equipment TZS	Motor vehicles TZS	Computers & accessories TZS	Office equipment TZS	Office furniture TZS	Total TZS
31 December 2010						
Cost						
At 1 January 2010	160,000,000	120,425,794	45,843,814	65,145,044	24,652,953	416,067,605
Additions	-	-	3,986,400	4,252,600	3,358,884	11,597,884
Write Off	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
At 31 December 2010	160,000,000	120,425,794	49,830,214	69,397,644	28,011,837	427,665,489
Accumulated depreciation						
At 1 January 2010	6,400,000	65,014,514	36,185,425	40,365,669	9,521,467	157,487,075
Charge for the year	3,200,000	21,449,340	9,161,031	11,910,100	2,886,616	48,607,087
Disposal	-	-	-	-	-	-
At 31 December 2010	9,600,000	86,463,854	45,346,456	52,275,769	12,408,083	206,094,162
Net book value						
At 31 December 2010	150,400,000	33,961,939	4,483,758	17,121,875	15,603,754	221,571,326
31 December 2009						
Cost						
At 1 January 2009	160,000,000	120,425,794	65,946,571	75,599,291	31,213,453	453,185,109
Additions	-	-	-	484,000	131,000	615,000
Write Off	-	-	-	-	-	-
Disposal	-	-	(20,102,757)	(10,938,247)	(6,691,500)	(37,732,504)
At 31 December 2009	160,000,000	120,425,794	45,843,814	65,145,044	24,652,953	416,067,605
Accumulated depreciation						
At 1 January 2009	3,200,000	43,565,174	44,996,676	37,257,762	12,011,873	141,031,485
Charge for the year	3,200,000	21,449,340	11,242,143	11,919,145	3,027,052	50,837,680
Disposal	-	-	(20,053,394)	(8,811,238)	(5,517,458)	(34,382,090)
At 31 December 2009	6,400,000	65,014,514	36,185,425	40,365,669	9,521,467	157,487,075
Net book value						
At 31 December 2009	153,600,000	55,411,279	9,658,389	24,779,375	15,131,486	258,580,529

	2010 TZS	2009 TZS
5. INTEREST INCOME		
Interest from loans	-	2,342,339
Bank deposits and others	539,620,320	691,556,149
	539,620,320	693,898,488
6. DIVIDEND		
Tanzania Breweries Limited	128,754,720	214,591,200
Swissport (Tanzania) Limited	30,365,380	23,936,186
Tanga Cement Company Limited	296,376,287	-
National Microfinance Bank Ltd	20,242,293	18,372,782
	475,738,679	256,900,167
7. OTHER INCOME		
Gift/donation received	5,000,000	600,000
** Other income-release of provisions and set offs	-	174,652,610
Miscellaneous income	3,023,734	11,553,900
SATF House Rent	5,529,120	7,046,649
	13,552,854	193,853,159
** Other income represents a decrease on provision of bad debts.		
8. PERSONNEL EXPENSES		
Salaries and allowances	366,946,626	382,404,814
Gratuity	69,529,432	71,132,343
Social security contribution	34,764,714	35,566,172
Medical expenses	4,159,359	5,181,701
Leave expenses	1,347,500	566,988
Staff recruitment	3,883,670	2,887,793
Staff welfare	2,951,850	3,696,587
	483,583,151	501,436,397
9. CASH AND CASH EQUIVALENT		
Cash in hand	1,550	169,900
Cash at bank	255,725,107	130,957,740
Fixed deposits: Exim Bank Tanzania Ltd	2,563,986,620	2,494,035,767
Commercial Bank of Africa Tanzania Ltd	2,847,387,475	3,306,126,537
Kenya Commercial Bank Tanzania Ltd	500,000,000	590,848,938
	6,167,100,752	6,522,138,882

	2010	2009
	TZS	TZS
10. ADMINISTRATIVE AND GENERAL EXPENSES		
Audit fees	8,953,025	7,813,500
Bank charges	4,216,951	3,954,564
Insurance and security	7,950,571	10,799,559
Membership and subscriptions	2,320,461	2,187,340
Office rent, electricity and water	27,536,619	25,724,840
Other administrative expenses	62,695,377	97,202,355
Motor vehicles and generator fuel and service	11,291,653	10,150,527
Postage, telephone and fax	17,384,470	23,581,344
Professional fees	13,678,848	10,290,780
Training, seminars and conferences	25,939,165	27,877,178
Traveling expenses	6,935,357	12,038,400
Trustees' allowances, travel & accommodations	34,367,523	2,543,905
Retreat Expenses	-	5,096,684
	223,270,018	239,260,976
11. RAPID FUNDING ENVELOPE (RFE) GRANT		
Bank charges	-	64,222
	-	64,222
12. FOUNDATION FOR CIVIL SOCIETY GRANT		
Actual refresher training of partner NGOs	-	29,085,665
Rolling out PSS at District level	-	33,074,422
Study tour at HUMULIZA to learn VSI model	-	5,018,000
Monitoring & evaluation	1,070,050	3,691,850
Program management expenses	11,977,749	13,738,665
	13,047,799	84,608,603
13. LOANS AND ADVANCES		
Current loans and advances	722,430,784	888,718,040
	722,430,784	888,718,040
Less: Provision for impairment	(420,453,738)	(477,454,856)
Total loans and advances	301,977,046	411,263,184
Movement in provision for bad debts		
At 1 January	477,454,856	1,083,191,292
Charge during the year	53,473,169	313,214,329
Release of provision	(110,474,287)	(918,950,765)
At 31 December	420,453,738	477,454,856

Loan receivable amount comprises of matured balances in the current accounts of Tanzania Pharmaceuticals TZS 59.5mil; Musoma Dairy Ltd TZS 280mil; Brookeside TZS 256mil and Trade Goods Ltd TZS 126mil.

14. EQUITY INVESTMENTS

	2010 TZS	2009 TZS
Tanzania Oxygen Limited	190,966,800	224,385,990
Tanzania Breweries Limited	2,546,482,240	2,517,870,080
Tanga Cement Company Limited	2,164,411,600	2,004,928,640
Swissport (Tanzania) Limited	197,113,800	183,972,880
National Microfinance Bank Ltd	425,474,940	522,173,790
Musoma Diaries Limited	192,442,000	192,442,000
TBL Bond	700,000,000	-
Arusha Blooms (Formally-La Fleur De Afrique)	745,900,000	745,900,000
	7,162,791,380	6,391,673,380
Less: Provision	(745,900,000)	(745,900,000)
	6,416,891,380	5,645,773,380

During the period the TBL Bond was purchased, earning interest at the rate of 10.75% pa for the period of three years

15. OTHER ASSETS

Sundry debtors	139,991,631	107,066,240
Prepayments	7,470,024	6,259,764
	147,461,654	113,326,004

16. ACCRUED EXPENSES

Accrued expenses	43,712,375	10,833,514
Gratuity payable	76,575,596	84,976,089
Provision for Accrued leave	9,405,105	13,681,957
Other	576,062	2,701,068
	130,269,138	112,192,628

17. NON-GOVERNMENTAL ORGANISATIONS' (NGO) CLEARANCE ACCOUNT

Receivable from NGOs'	123,976,694	252,067,035
Payable to NGOs'	(375,470,322)	(368,497,507)
	(251,493,628)	(116,430,472)

18. DEFERRED INCOME

USAID Bomb Victims Program

This is an education grant (US\$ 96,870) for 16 orphans of the United States Embassy bomb victims received from the United States Agency for International Development (USAID) in October 2002.

At 1 January	25,712,168	62,154,418
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	2010 TZS	2009 TZS
Amount spent during the year	(11,815,200)	(10,420,450)
Funds paid to Peace corps Volunteers - Exchange rate differences	(252,600)	(26,021,800)
At 31 December	13,644,368	25,712,168
Rapid Funding Envelope (RFE) for HIV/AIDS		
At 1 January	-	2,382,939
Refund by Partners and Funds from SATF	-	1,340,003
Amount spent during the year	-	(64,222)
Refund to RFE	-	(3,658,720)
At 31 December	-	-
The Foundation For Civil Society(FCS)		
During the year SATF received TZS 104.4million from Foundation for Civil Society Ltd for rolling out psychosocial support capacity building training to 9 Partner NGOs. TZS 13 million was spent during the year.		
At 1 January	8,641,485	-
Received during the year	104,463,188	93,250,088
Amount spent during the year	(13,047,799)	(84,608,603)
At 31 December	100,056,874	8,641,485
Total grants	113,701,242	34,353,653

19. RELATED PARTY TRANSACTIONS

Trustees remuneration and allowances	34,367,523	2,543,905
Key management salaries and allowances	210,859,878	245,694,591
Post employment benefits	19,531,492	22,860,310
Other long term employment benefits	42,152,176	45,720,620
	306,911,069	316,819,427

These are remuneration to the Trustees, Chief Executive Officer, Finance & Administration and Program Managers. Apart from key management remuneration, there are no other related party transactions.

20. CONTINGENT LIABILITIES AND COMMITMENTS

Legal claims

Civil case No.76 of 1998 at Tanzania high court in Dar es salaam, Tairo Urassa versus SATF. In this matter Tairo Urassa, ex-SATF Chief Executive Officer is claiming TZS 400,000,000/= being general damage for wrongful termination of employment contract. The organisation has been advised by its legal counsel that it is possible, but not probable that the action will succeed and accordingly no provision for any liability has been made in these financial statements.

Capital Commitment

There were no capital commitments at the year end.

21. TAXATION

Social Action Trust Fund is exempted from all taxes and levies on income as provided for under Article (3) of the Trust Deed.

22. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign-exchange risk, interest-rate risk, credit risk, and liquidity risk.

Liquidity risk

Liquidity risk is termed as a risk arising when the Fund is unable to meet its obligations from maturing commitments due to insufficient fund. The Fund has set the finance department which among other functions, it monitors the maturity gap of the Fund's assets against maturing liabilities.

Foreign exchange risk

The Fund operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (US\$). Management monitors the foreign exchange risk of the Fund.

Interest-rate risk

The Fund's income and operating cash flows are substantially independent of changes in market interest rates. The interest rates of loans and advances are fixed at the commission of the loan or at the time of renewal.

Credit risk

The Fund assumes risks in order to realize returns on its investments, however assumed risk may result into potential losses to the Fund. In order to minimize this risk the Fund monitors the credit risk at management level and board level in accordance to procedures, limits, and Fund laid down by the credit policies and the investment policies.

23. LIQUIDITY RISK

	At 31 December 2010					
	Up to 1 month TZS	Up to 3 months TZS	Up to 6 months TZS	Up to 12 months TZS	Up to 5 years TZS	Total TZS
Assets						
Cash in hand	1,550	-	-	-	-	1,550
Bank balances	255,725,107	-	-	-	-	255,725,107
Fixed deposits with banks	72,676,890	1,402,203,257	4,436,493,949	-	-	5,911,374,096
Loans and advances	-	-	-	301,977,046	-	301,977,046
Other assets	450,000	7,470,024	125,122,933	500,000	13,918,697	147,461,654
Equity investments	-	-	-	-	6,416,891,380	6,416,891,380
Plant and equipments	-	-	221,571,326	-	-	221,571,326
Total assets	328,853,547	1,409,673,281	4,783,188,208	302,477,046	6,430,810,077	13,255,002,159
Liabilities						
Provisions for employee benefits	-	-	-	37,747,109	-	37,747,109
NGOs' clearing account	-	-	251,493,628	-	-	251,493,628
Accrued expenses	-	130,269,138	-	-	-	130,269,138
Deferred income	-	28,425,311	-	28,425,311	56,850,621	113,701,242
Total liabilities	-	158,694,449	251,493,628	66,172,420	56,850,621	533,211,117
Net liquidity gap	328,853,547	1,250,978,832	4,531,694,580	236,304,627	6,373,959,456	12,721,791,042
As at 31 December 2009						
Total assets	891,106,975	642,386,301	5,346,133,442	411,763,184	5,659,692,077	12,951,081,979
Total liabilities	-	120,781,041	116,430,472	46,335,522	17,176,827	300,723,862
Net liquidity gap	891,106,975	521,605,260	5,229,702,970	365,427,662	5,642,515,250	12,650,358,117

24. INTEREST RATE RISK

The table below summarises the exposure to interest rate risks.

	At 31 December 2010		1 - 3 months		3 - 6 months		6 - 12 months		Over 1 year		Total	
	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total	1 year	6 - 12 months	Over 1 year	Total	1 year	Total
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Assets												
Cash in hand	1,550	-	-	-	-	1,550	-	-	-	-	-	1,550
Bank balances	255,725,107	-	-	-	-	255,725,107	-	-	-	-	-	255,725,107
Fixed deposits with banks	72,676,890	1,402,203,257	4,436,493,949	-	-	5,911,374,096	-	-	-	-	-	5,911,374,096
Loans and advances	-	-	-	301,977,046	-	301,977,046	-	-	-	-	-	301,977,046
Other assets	450,000	7,470,024	125,122,933	500,000	13,918,697	147,461,654	-	-	-	-	-	147,461,654
Equity investments	-	-	-	-	6,416,891,380	6,416,891,380	-	-	-	-	-	6,416,891,380
Plant and equipments	-	-	-	-	221,571,326	221,571,326	-	-	-	-	-	221,571,326
Total assets	328,853,547	1,409,673,281	4,561,616,882	302,477,046	6,652,381,403	13,255,002,159	6,652,381,403	6,652,381,403	6,652,381,403	13,255,002,159	6,652,381,403	13,255,002,159
Liabilities												
Provisions for employee benefits	-	-	-	37,747,109	-	37,747,109	-	-	-	-	-	37,747,109
NGOs' clearing account	-	-	251,493,628	-	-	251,493,628	-	-	-	-	-	251,493,628
Accrued expenses	-	-	-	130,269,138	-	130,269,138	-	-	-	-	-	130,269,138
Deferred income	-	28,425,311	-	28,425,311	56,850,621	113,701,242	-	-	-	-	-	113,701,242
Total liabilities	-	28,425,311	251,493,628	196,441,558	56,850,621	533,211,117	196,441,558	196,441,558	56,850,621	533,211,117	196,441,558	533,211,117
Interest sensitivity gap	328,853,547	1,381,247,970	4,310,123,254	106,035,489	6,595,530,782	12,721,791,042	6,595,530,782	6,595,530,782	12,721,791,042	12,721,791,042	6,595,530,782	12,721,791,042
At 31 December 2009												
Total assets	891,106,975	642,386,301	5,087,552,913	411,763,184	5,918,272,606	12,951,081,979	411,763,184	411,763,184	5,918,272,606	12,951,081,979	411,763,184	12,951,081,979
Total liabilities	-	8,588,413	116,430,472	158,528,150	17,176,827,000	300,723,862	158,528,150	158,528,150	17,176,827,000	300,723,862	158,528,150	300,723,862
Interest sensitivity gap	891,106,975	633,797,888	4,971,122,441	253,235,034	5,901,095,779	12,650,358,117	253,235,034	253,235,034	5,901,095,779	12,650,358,117	253,235,034	12,650,358,117

25. CURRENCY RISK

The various currencies to which SATF is exposed at 31 December 2010 are as shown below:

	<u>TZS</u>	<u>US\$</u>	<u>Total</u>
Assets			
Plant and equipments	221,571,326	-	221,571,326
Financial investments "available-for-sale"	6,416,891,380	-	6,416,891,380
Loans and advances	301,977,046	-	301,977,046
Other assets	147,461,654	-	147,461,654
Cash and bank balances	252,973,752	2,752,906	255,726,657
Fixed deposits with banks	5,195,184,217	716,189,878	5,911,374,095
	12,536,059,375	718,942,784	13,255,002,158
Reserves and liabilities			
Reserves			
Trust investment fund	6,318,675,000	-	6,318,675,000
RMPS fund	1,325,360,000	-	1,325,360,000
RMPS accumulated losses	(528,558,664)	-	(528,558,664)
Available-for-sale reserve	1,632,557,978	-	1,632,557,978
Retained income	3,973,756,727	-	3,973,756,727
	12,721,791,041	-	12,721,791,041
Liabilities			
Provisions for employee benefits	37,747,109	-	37,747,109
NGOs' clearing account	251,493,628	-	251,493,628
Accrued expenses	130,269,138	-	130,269,138
Grants (Deferred Income)	113,701,242	-	113,701,242
	533,211,117	-	533,211,117
Total reserves and liabilities	13,255,002,158	-	13,255,002,158

ORGANISATION INFORMATION

PRINCIPAL PLACE OF BUSINESS:

Plot No.38
Mikocheni "B", Garden Avenue Street
P. O. Box 10123
Dar es Salaam
Tanzania

REGISTERED OFFICE:

Plot No. 38
Mikocheni "B", Garden Avenue Street
P. O. Box 10123
Dar es Salaam
Tanzania

BANKERS:

Exim Bank Tanzania Ltd
Main Branch
P. O. Box 9510
Dar es Salaam

Citibank Tanzania Ltd
Dar es salaam Branch
P. O. Box 71625
Dar es Salaam

Commercial Bank of Africa Tanzania Ltd
Head Office Branch
P.O. Box 9640
Dar es Salaam

Kenya Commercial Bank Tanzania Ltd
Head Office Branch
P.O. Box 804
Dar es Salaam

LAWYERS:

Mulebya and Co. Advocates
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Dar es Salaam

M K Rwebangira & Co. Advocates
P.O. Box 31120
Dar es Salaam

Legal Link Attorneys
P.O.Box 7642
Dar Es Salaam

AUDITORS:

MEKONSULT
Certified Public Accountants
P. O. Box 14950
Dar es Salaam



SATF

SOCIAL ACTION TRUST FUND

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*Securing the future for
vulnerable children*