

HIVOS TANZANIA - TWaweza INITIATIVE
REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2011

HIVOS TANZANIA - TWaweza INITIATIVE

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

CONTENTS	PAGE
Corporate information	2
Report of the management	3
Statement of management's responsibilities	4
Independent auditor's report	5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in accumulated fund	8
Statement of cash flows	9
Notes to the financial statements	10 - 20

HIVOS TANZANIA - TWaweza INITIATIVE

CORPORATE INFORMATION

Directors of Hivos Tanzania

Ben Witjes	Director	Dutch
Maria Manuela Monteiro	Director	Dutch

Head of Twaweza Initiative Rakesh Rajani

Hosting Organization Hivos Tanzania
Mafinga Street, Plot No. 127
Kinondoni
P.O. Box 38342
Dar es Salaam
Tanzania

Bankers Stanbic Bank Tanzania Limited
P.O. Box 75647
Dar es Salaam
Tanzania

Commercial Bank of Africa Ltd
P.O Box 30437-00100GPO
Nairobi
Kenya

Auditors Deloitte & Touche
Certified Public Accountants (Tanzania)
10th Floor, PPF Tower
Corner of Ohio Street & Garden Avenue
P.O. Box 1559
Dar es Salaam
Tanzania

HIVOS TANZANIA-TWAVEZA INITIATIVE

REPORT OF THE MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The Management of Hivos Tanzania - Twaweza Initiative (also referred to as "Taweza" or the "Initiative" submit their report together with the audited financial statements for the year ended 31 December 2011.

1. PRINCIPAL ACTIVITIES

The principal activity of the Twaweza Initiative is the promotion of access to information and expanded space for public action among millions of citizens across East Africa, through information sharing, grant-making, brokering new partnerships, learning and communication.

2. BACKGROUND

Hivos Tanzania is a not for profit company limited by guarantee and not having a share capital, registered under the Companies Act 2002. Hivos Tanzania is the hosting company for the Twaweza Initiative, a ten year initiative to promote citizen involvement and public accountability in East Africa. The vision of Twaweza Initiative is to have a society in which its citizens are informed and active, and making a difference to improve their lives and hold their governments to account.

The Board of Directors of Hivos Tanzania has delegated the day to day management of the Twaweza Initiative to the Head of Twaweza. Operations are guided by approved policies. The Board of Hivos Tanzania has established Human Resource, Administration and Financial regulations which provide a solid basis for accountability and high standards within the organization.

Twaweza Initiative's total estimated budget for its first five years (2009-2013) is USD 68 million. This funding is primarily derived from grants from international agencies, including an own contribution from the Hivos Head Office. The Twaweza Initiative has funding agreements in place with Hivos Netherlands, SNV Netherlands, The Hewlett Foundation USA, DFID Tanzania, Irish Aid and Sida Tanzania. Funding for Twaweza Initiative follows the accounting period which runs from January to December. Funding for Uwezo initiative which is also managed by Twaweza is not included in these financial statements.

3. EXTRA ORDINARY ISSUES IN 2011

On December 21, 2011 Twaweza offices were flooded causing no injuries but severe property damage. Due to extensive damage, Twaweza operations were significantly affected and it took the organization three months to recover to normal levels.

4. FINANCIAL RESULT

Twaweza Initiative funding is derived from grants mainly from different donors. During the year ended 31 December 2011, Twaweza Initiative received grants from Irish Aid, SNV, Hivos Netherlands, Hewlett Foundation and SIDA (T)

5. ADMINISTRATION POLICIES AND FINANCIAL REGULATIONS

Twaweza Initiative has formal Financial and Administration regulations approved by the Board of Directors of Hivos Tanzania. These provide a solid basis for accountability and high standards within the organization.


HIVOS TANZANIA-TWaweza INITIATIVE

REPORT OF THE MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

6. AUDITORS

Deloitte & Touche were auditors of Hivos Tanzania - Twaweza Initiative for the year ended 31 December 2011 and are eligible for re-appointment.

BY ORDER OF THE MANAGEMENT



Rakesh Rajani
Head of Twaweza
10 May 2012

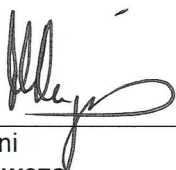
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The management of Twaweza Initiative is responsible for preparing the financial statements that give a true and fair view of the state of affairs of the Project at the end of the financial year and of the operating results of the Project for the year. Management is required to ensure that the Project keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Project; and is also responsible for safeguarding the assets of the Project.

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards; and for such internal controls as management determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Management accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Project and of the results of its activities. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

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



Rakesh Rajani
Head of Twaweza

10 May 2012

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HIVOS TANZANIA

Report on the Financial Statements

We have audited the accompanying financial statements of Twaweza Initiative set out on pages 6 to 20 which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal controls as management determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 about 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 our 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, we considered the internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 state of financial affairs of the Project as at 31 December 2011, and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

Certified Public Accountants (T)
Dar es Salaam

Signed by: E.A. Harunani

10 May 2012

HIVOS TANZANIA-TWaweza Initiative

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2011

Income	Note	2011 USD	2010 USD
Revenue grants	6	5,097,746	3,600,814
Release of capital grant	15	49,673	41,469
Other income	7	<u>131,613</u>	<u>65,658</u>
Total income		<u>5,279,032</u>	<u>3,707,941</u>
Expenses			
Direct program costs	8	3,679,308	2,533,236
Indirect program & administrative costs	9	<u>1,467,751</u>	<u>1,067,578</u>
Total expenses		<u>5,147,059</u>	<u>3,600,814</u>
Surplus of income over expenditure		<u>131,973</u>	<u>107,127</u>


HIVOS TANZANIA - TWaweza INITIATIVE

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	2011 USD	2010 USD
ASSETS			
Non-current assets			
Equipment	12	<u>123,549</u>	<u>124,914</u>
Current assets			
Other receivables	13	656,961	1,250,608
Cash and bank balances	14	<u>4,681,147</u>	<u>2,316,227</u>
		<u>5,338,108</u>	<u>3,566,835</u>
Total assets		<u>5,461,657</u>	<u>3,691,749</u>
ACCUMULATED FUND AND LIABILITIES			
Accumulated fund		<u>264,844</u>	<u>132,871</u>
Long term Liability			
Capital grant	15	<u>123,549</u>	<u>124,914</u>
Current liabilities			
Hivos Netherlands deferred grants	16	3,930,337	3,214,991
Other payables	17	1,142,927	202,161
Deferred income	18	<u>-</u>	<u>16,812</u>
		<u>5,073,264</u>	<u>3,433,964</u>
Total equity and liabilities		<u>5,461,657</u>	<u>3,691,749</u>

The financial statements on pages 6 to 20 were approved by the management and signed on.....10/5/12..... its behalf by:-

Rakesh Rajani
Head of Twaweza



Ben Witjes
Executive Director



HIVOS TANZANIA-TWaweza Initiative

STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE YEAR ENDED 31 DECEMBER 2011

	Accumulated fund USD
At 1 January 2010	25,744
Surplus of income over expenditure	<u>107,127</u>
At 31 December 2010	132,871
Surplus of income over expenditure	<u>131,973</u>
At 31 December 2011	<u>264,844</u>

HIVOS TANZANIA-TWaweza Initiative

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 USD	2010 USD
Cash flows from operating activities		
Surplus of income over expenditure	131,973	107,127
<i>Adjustments for:</i>		
Depreciation charge	49,313	41,469
Loss on write off of equipment	360	-
Capital grants released	(49,673)	(41,469)
Revenue grants released	<u>(5,097,746)</u>	<u>(3,600,814)</u>
	(4,965,773)	(3,493,687)
<i>Changes in working capital</i>		
Increase in other receivables	593,647	(1,098,906)
Increase in other payables	940,766	170,634
Increase in other deferred income	<u>(16,812)</u>	<u>(11,517)</u>
Cash used in operating activities	<u>(3,448,172)</u>	<u>(4,433,476)</u>
Cash flows from investing activities		
Purchase of equipment	<u>(48,308)</u>	<u>(22,791)</u>
Net cash used in investing activities	<u>(48,308)</u>	<u>(22,791)</u>
Cash flows from financing activities		
Grants received from Hivos Netherlands	<u>5,861,400</u>	<u>5,949,940</u>
Net cash flows from financing activities	<u>5,861,400</u>	<u>5,949,940</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,364,920	1,493,673
Cash and cash equivalents at beginning of the period	<u>2,316,227</u>	<u>822,554</u>
Cash and cash equivalents at end of the period	<u><u>4,681,147</u></u>	<u><u>2,316,227</u></u>

HIVOS TANZANIA - TWaweza INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. GENERAL INFORMATION

The Twaweza Initiative is hosted by Hivos Tanzania which is incorporated in Tanzania under the Companies Act 2002 as a company limited by guarantee not having a share capital.

2. STANDARDS AND INTERPRETATIONS AFFECTING THE REPORTED RESULTS OR FINANCIAL POSITION

Adoption of new and revised International Financial Reporting Standards (IFRSs)

a) *New and revised IFRSs effective for the year ended 31 December 2011.*

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. The project continued to disclose such items in the statement of changes in accumulated funds and the amendment had no effect on the Project's financial statements.

IAS 24 Related Party Disclosures (as revised in 2009)

IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Project is not a government-related entity. The application of the revised definition of related party set out in IAS 24 (as revised in 2009) in the current year has not resulted in the identification of related parties that were not identified as related parties under the previous Standard.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss.

The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Project has not entered into any transactions of this nature.

Improvements to IFRSs issued in 2010

The application of Improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in the Project's financial statements

HIVOS TANZANIA - TWaweza PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE PERIOD ENDED 31 DECEMBER 2011 (Continued)

2. STANDARDS AND INTERPRETATIONS AFFECTING THE REPORTED RESULTS OR FINANCIAL POSITION (CONTINUED)

b) New and revised IFRSs in issue but not yet effective for the year ended 31 December 2011

	Effective for annual periods beginning on or after
<i>New and Amendments to standards</i>	
Amendments to IFRS 7 - Disclosure-Transfer of Financial Assets	1 July 2011
IFRS 9, Financial Instruments - Classification and Measurement (2010)	1 January 2015
IAS 12, Income Taxes - limited scope amendment (recovery of underlying assets)	1 January 2012
IAS 1, Presentation of Financial Statements - presentation of items of other comprehensive income	1 July 2012
IAS 19, Employee Benefits (2011)	1 January 2013
IAS 28, Investments in Associates and Joint Ventures (2011)	1 January 2013
IFRS 11, Joint Arrangements	1 January 2013
<i>Amendment to interpretations</i>	
IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction; prepayments of a minimum funding requirement	1 January 2013

c) Impact of new and amended standards and interpretations on the financial statements for the year ended 31 December 2011 and future annual periods

IFRS 9, Financial Instruments

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Bank will apply this amendment prospectively and the directors anticipate no impact to the Bank's financial.

IAS 19 (as revised in 2011)- Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The management anticipate that the amendments to IAS 19 will be adopted in the Project's financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may not have an impact on the financial statements.

d) Early adoption of standards

The Project did not early-adopt any new or amended standards in 2011.

HIVOS TANZANIA - TWaweza PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE PERIOD ENDED 31 DECEMBER 2011 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS).

Basis of preparation

The financial statements are prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Revenue recognition

Grants Income

Twaweza Initiative Project operates funding arrangement with donors through Hivos Netherlands. Grants received are initially booked into deferred grants as a liability. The balance of this account is reduced gradually through transfer to capital and revenue grants as explained below.

Capital grants

Grants used for the acquisition of property and equipment during the period are allocated to a capital grants account. The capital grants are amortised to the income and expenditure statement on a systematic basis to match the depreciation charge on the assets acquired using the grants.

Revenue grants

Revenue grants represent balance of funds used for general operations of the organisation's programmes and activities during the year.

Foreign currency translation

Functional and presentation currency

The financial statements are presented in USD, which is the Project's presentation currency while functional currency local currency.

Transactions and balances

Local currency transactions are translated into the USD using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at end of each reporting date are translated in USD at the rates ruling at that date. Foreign exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

HIVOS TANZANIA - TWaweza PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE PERIOD ENDED 31 DECEMBER 2011 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment

Equipment is stated at historical cost less accumulated depreciation. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in 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 Project and the cost of the item can be reliably measured.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful life as follows:

The rates of depreciation in use are:

Motors vehicles and motors cycles	25%
Computers	33.3%
Furniture and fittings	12.5%
Other equipment and tools	25%

Where the carrying amount of assets is greater than its estimate recoverable amount, it is written down immediately to recoverable amount. Gain and losses on disposal are determined by comparing proceeds with carrying amount and included in the surplus or deficit.

Impairment of assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash-generating units).

Accounting for leases

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

Payments made under operating leases are charged to the income and expenditure statement on a straight-line basis over the period of the lease.

Provisions

Provision are recognised when the Project has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Project expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

HIVOS TANZANIA - TWaweza PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE PERIOD ENDED 31 DECEMBER 2011 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefit obligations

The project makes statutory contributions to the National Social Security Funds (NSSF). The project's obligation with respect to contributions is 10% of the employees' gross emoluments. The project's contributions with respect to these retirement benefits obligations are charged to surplus or deficit in the period to which they relate.

Comparative figures

Where necessary comparative figures have been adjusted to confirm with changes in presentation in the current year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Project's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Equipment

Critical estimates are made by the management in determining the useful lives of equipment as well as their residual values.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Project's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk. The Projects' overall risk management programme seeks to minimise potential adverse effect on the Projects' financial performance.

Risk management is carried out by the Finance and Administration department under policies approved by the Board of Management.

Market risk

(i) Foreign exchange risk

The Project has some exposure to foreign currency as its donor income is largely earned in US Dollars, while operating expenditure is incurred principally in local currency.

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

(ii) Interest rate risk

The Project did not have any interest bearing financial assets and liability as at 31 December 2011.

HIVOS TANZANIA - TWaweza PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE PERIOD ENDED 31 DECEMBER 2011 (Continued)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. The Project does not have any significant concentrations of credit risk.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of confirmed funding from donors.

Management ensures that it plans and contacts donors on a timely basis to ensure smooth flow of funds.

As at year end, the project did not have significant exposure to liquidity risk.

	2011 USD	2010 USD
6. REVENUE GRANTS		
Amount released from deferred grants (Note 16a)	<u>5,097,746</u>	<u>3,600,814</u>
7. OTHER INCOME		
Management fee - Uwezo	62,500	-
Seminar Honorarium to Twaweza Head	300	-
TMF rent and services	44,800	38,134
Open Society rent and services	7,200	-
Release of deferred other income	16,813	-
Hivos - Kenya - Support to start up Kenya offices	-	269
Income from Zinduko	-	27,247
Others	-	8
	<u>131,613</u>	<u>65,658</u>
8. DIRECT PROGRAM EXPENSES		
Strategic partnerships and initiatives	2,320,671	1,243,392
InfoShop (Uwazi)	450,892	519,105
Communications	64,592	71,346
Learning	35,760	43,446
Monitoring and evaluation	452,848	346,947
Management oversight and quality assurance	318,270	309,000
Strategic engagement	16,257	-
Temporary staff cost	20,018	-
	<u>3,679,30</u>	<u>2,533,236</u>

HIVOS TANZANIA - TWaweza PROJECT

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011 (Continued)

	2011 USD	2010 USD
9. INDIRECT PROGRAM & ADMINISTRATIVE COSTS		
Staff costs (Note 10)	990,742	708,773
Staff recruitment	15,608	16,316
Office running costs	79,277	79,791
Health insurance costs	37,431	27,119
Leave travel cost	7,140	8,422
Office rent	144,204	154,241
Communication	25,642	41,869
Travel and transport	-	16,523
Temporary staff costs	-	6,088
Exchange loss/(gain) on conversion between accounts	98,465	(33,033)
Repair after flood	19,569	-
Loss on write-off of equipment	360	-
Depreciation and amortization	49,313	41,469
	<u>1,467,751</u>	<u>1,067,578</u>

10. STAFF COST

	2011 USD	2010 USD
Salaries	708,805	538,945
Skills and Development Levy	29,558	23,045
NSSF and PPF contributions	63,612	38,004
Other staff benefits	188,767	108,779
	<u>990,742</u>	<u>708,773</u>

11. TAXATION

In the opinion of the Management the Project is not liable to pay income tax since it is a not for profit organisation that does not generate any profit. Consequently no provision for income taxes has been made in these financial statements. The Management of the Project are in the process of clarifying the above with TRA.

HIVOS TANZANIA - TWaweza Initiative

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (Continued)

12. PROPERTY AND EQUIPMENT

	Leasehold Improvement	Motor Vehicle	Computer & accessories	Equipment	Furniture & fittings	Other assets	Total
	USD	USD	USD	USD	USD	USD	USD
COST							
At January 2010	22,000	16,149	42,357	44,378	30,865	3,422	159,171
Addition	-	-	15,562	4,372	1,837	1,020	22,791
At 31 December 2010	22,000	16,149	57,919	48,750	32,702	4,442	181,962
At 1 January 2011	22,000	16,149	57,919	48,750	32,702	4,442	181,962
Additions	3,868	-	9,877	11,270	19,949	3,344	48,308
Write off	-	-	-	(785)	-	-	(785)
At 31 December 2011	25,868	16,149	67,796	59,235	52,651	7,786	229,485
DEPRECIATION							
At January 2010	2,800	-	5,570	1,780	5,361	68	15,579
Addition	4,800	-	16,381	11,194	4,001	1,056	41,469
At 31 December 2010	7,600	4,037	21,951	12,974	9,362	1,124	57,048
At 1 January 2011	7,600	4,037	21,951	12,974	9,362	1,124	57,048
Charge for the year	4,800	4,037	20,854	13,466	4,677	1,479	49,313
Write off	-	-	-	(425)	-	-	(425)
At 31 December	12,400	8,074	42,805	26,015	14,039	2,603	105,936
NET BOOK VALUE							
At 31 December 2011	13,468	8,075	24,991	33,220	38,612	5,183	123,549
At 31 December 2010	14,400	12,112	35,968	35,776	23,340	3,318	124,914

HIVOS TANZANIA - TWaweza INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (Continued)

	2011 USD	2010 USD
13. OTHER RECEIVABLES		
Advance to Uwezo	598,095	1,196,842
Prepaid rent	48,789	35,951
Other prepaid expenses	2,000	17,383
Other debtors	8,077	432
	<u>656,961</u>	<u>1,250,608</u>
14. CASH AND BANK BALANCES		
Bank balances	4,680,726	2,315,503
Petty cash balances	421	724
	<u>4,681,147</u>	<u>2,316,227</u>
15. CAPITAL GRANTS		
As at 1 January	124,914	143,592
Grants received during the year	48,308	22,791
	<u>173,222</u>	<u>166,383</u>
Released to income		
Depreciation charge for the year	(49,313)	(41,469)
Netbook value of equipment written off	(360)	-
	<u>(49,673)</u>	<u>(41,469)</u>
Total capital grant released to income during the year	<u>(49,673)</u>	<u>(41,469)</u>
At 31 December	<u>123,549</u>	<u>124,914</u>
16(a) HIVOS NETHERLANDS DEFERRED GRANTS		
As at 1 January	3,214,991	888,656
Funds received during the year (Note 16(b))	5,861,400	5,949,940
Transferred to Capital grants (Note 15)	(48,308)	(22,791)
Released to statement of income and expenditure	(5,097,746)	(3,600,814)
	<u>3,930,337</u>	<u>3,214,991</u>
16(b) GRANTS RECEIVED FROM SPECIFIC DONORS:		
Balance at 1 January 2011	4,406,400	1,306,170
DFID (T)	2,973,460	890,520
Hewlett Foundation	-	2,800,000
Hivos Netherlands	1,365,000	953,250
SNV	975,000	2,100,000
Irish Aid	1,301,900	-
SIDA(T)	4,489,500	2,306,400
Available funds in the Netherlands	<u>15,511,260</u>	<u>10,356,340</u>
Transferred to Hivos Tanzania-Twaweza	<u>(5,861,400)</u>	<u>(5,949,940)</u>
Balance in the Netherlands at 31 December 2011	<u>9,649,860</u>	<u>4,406,400</u>

HIVOS TANZANIA - TWaweza INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (Continued)

	2011 USD	2010 USD
17. OTHER PAYABLES		
Accruals	1,046,062	162,957
Other payables	70,227	19,507
Staff leave provision	26,638	19,697
	<u>1,142,927</u>	<u>202,161</u>

18. DEFERRED INCOME		
Rental income - Tanzania Media Fund Project	-	11,916
Shared facility - Tanzania Media Fund Project	-	4,896
	<u>-</u>	<u>16,812</u>

19. RELATED PARTY TRANSACTIONS

Remuneration paid to key management personnel who were on contractual terms is as set out below:

Key management personnel remuneration	2011 USD	2010 USD
Salaries and employer's contribution to pension	<u>495,407</u>	<u>315,147</u>

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Initiative directly or indirectly.

Related party receivables	2011 USD	2010 USD
Uwezo Programme (note 13)	<u>598,095</u>	<u>1,196,842</u>

Uwezo Programme is a programme under the Twaweza Initiative to assess and promote better learning in East Africa. Twaweza Initiative provides oversight and quality assurance for Uwezo Programme. These funds were advanced to Uwezo Programme because Uwezo Programme funds were at the Hivos HQ account not yet available in East Africa.

During the year 2011 amount of USD 600,000 was refunded from Uwezo Programme.

20. CONTINGENT LIABILITIES

The management is of the opinion that there are no contingent liabilities at the year end.

21. INCORPORATION

The hosting company of the Twaweza Initiative, Hivos Tanzania, is incorporated in Tanzania under the Companies Act 2002 as a company limited by guarantee and not having share capital.

HIVOS TANZANIA - TWaweza INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (Continued)

22. DETAILED PROGRAMME ACTUAL VS BUDGET EXPENDITURE PRESENTATION

Description	Budget US\$	Actual Expenditure US\$	%
Strategic partnerships	7,509,750	2,320,671	31%
Uwazi analysis	1,161,950	450,892	39%
Learning & Communication	254,150	100,351	39%
Monitoring & Evaluation	800,000	452,848	57%
Management oversight and quality assurance	325,000	318,270	98%
Strategic engagements	30,000	16,257	54%
Temporary staff costs	27,000	20,019	74%
Total Program Costs	10,107,850	3,679,308	36%
Staff			
Salaries	962,500	708,805	74%
Benefits incl. Pension/Health	273,000	342,114	125%
Sub total	1,235,500	1,050,919	85%
Operational costs			
Office rent and office running costs	279,000	244,244	88%
Local transport	10,000	4,881	49%
Loss on exchange	-	98,465	
Depreciation and amortization	-	49,313	
Loss on asset written off	-	360	
Assets/ equipment	50,000	48,308	97%
Sub total	339,000	445,571	131%
Total Staff/Operational Costs	1,574,500	1,496,490	95%
Contingency	100,000	19,569	20%
TOTAL COSTS	11,782,350	5,195,367	44%
Less payment for acquisition of assets	-	(48,308)	
	11,782,350	5,147,059	

Note

1. Twaweza's general approach is to pay after delivery of work and scrutiny of reports. In 2011 a large number of payments were not made up to budget due to partial delivery or inadequate provision of evidence/reporting.
2. Expenditures do not include contractual commitments made but not paid out. The total outstanding value of signed direct program contracts not yet paid on 31 December, 2011 was USD 5.4 million.
3. Running costs have been higher than planned due global financial crisis which result to depreciation of Tanzania shilling in towards USD which resulted to higher exchange losses.
4. Rent expenditures do not reflect payments received from Tanzania Media Fund and Open Society as per note 7.