

TWaweza East Africa

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

TWaweza EAST AFRICA

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

TABLE OF CONTENTS

Page no.

Company information	1
Directors' report	2 - 5
Statement of directors' responsibilities	6
Declaration of the head of finance of Twaweza East Africa	7
Independent auditor's report	8-10
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in general reserve	13
Statement of cash flows	14
Notes to the financial statement	15 - 38

TWaweza East Africa

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

COMPANY INFORMATION

Principal place of business

Mafinga Street, Plot No.127
Kinondoni
PO Box 38342
Dar es Salaam
Tanzania

Principal bankers

Stanbic Bank (T) Ltd
PO Box 75647
Dar es Salaam
Tanzania

Auditors

PricewaterhouseCoopers
Certified Public Accountants
369 Toure Drive
Pemba house Oysterbay
PO Box 45
Dar es Salaam
Tanzania

TWaweza EAST AFRICA

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

- 1** The Directors of Twaweza East Africa submit their report together with the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of Twaweza East Africa (the company).

2 INCORPORATION

Twaweza East Africa was incorporated in Tanzania under Companies Act, No.12 of 2002 as a Company limited by Guarantee not having share capital and hence not expected to make any dividend payment. The Company has a dispensation issued by Business Registrations and Licensing Agency not to use the word "Limited" in its reports and other communications.

The company obtained a certificate of compliance to operate in Kenya and Uganda as per the laws of each country. Prior to being an independent legal entity, this initiative to promote citizen involvement and public accountability in East Africa was hosted by Hivos Tanzania Limited up to 31 December, 2014. Thereafter, Twaweza signed an oversight and guidance agreement with Hivos Netherlands which authorises them to monitor Twaweza activities until 30 April, 2019.

3 PRINCIPAL ACTIVITIES

The principal activity of Twaweza East Africa is to enable citizens to exercise agency, promote governments to be more open and responsive, and improve basic learning for children in Tanzania, Kenya and Uganda.

4 RESULTS FOR THE YEAR

The financial results for the year are set out on page 11 of the financial statements.

5 CORPORATE GOVERNANCE

The Board consists of six directors. The Board takes overall responsibility for the company, including the responsibility for identifying key risk areas, considering and monitoring decisions, considering significant financial matters and reviewing the performance of management plans and budgets. The Board of Directors is also responsible for ensuring that comprehensive system of internal control policies and procedures is operative and for a compliance with sound corporate governance principles.

TWaweza East Africa

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 COMPOSITION OF BOARD OF DIRECTORS

The directors of Twaweza East Africa at the date of this report, all of whom have served since 1 January 2018 are:

Name	Position	Qualification	Nationality	Remarks
Dipak Naker	Chairman	Co-founder and Co-director, Raising Voices, Uganda	British	
Rakesh Rajani	Director	Director, Civic Engagement and Government, Ford Foundation, USA	Tanzanian	Resigned on 22 April 2018
Smita Singh	Director	Founding Director of the Global Development Program, William and Hewlett Foundation, USA	American	
Leonard Mususa	Director	Chairman of the Board of Directors of Mwananchi Communications Limited, Tanzania	Tanzanian	
Robert Kabushenga	Director	Chief Executive Officer, New Vision Group, Uganda	Ugandan	
Wanjiru Kamau-Rutenberg	Director	Director, African Women in Agricultural Research and Development (AWARD)	Kenyan	
Nicolette Naylor	Director	Ford Foundation Representative in Southern Africa	South African	

7 FUTURE DEVELOPMENT PLANS

In 2018, we concluded our Strategy 2015-2018. Our review of the evolving context for citizens and civil society in East Africa prompted us to refresh our strategy for the 2019-2022 period. Our sharper three-part mission going forward will be to demonstrate how citizens can come together to collectively address their systemic problems and make government work better for them, enable citizens voice, experiences and interests to be heard and taken seriously in decision-making and to promote open civic space which enables citizens to freely assemble, organize, speak and act.

8 RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control system of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguard of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse condition; and
- Responsible behaviors towards all stakeholders.

8 RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 December 2018 and is of the opinion that they met accepted criteria.

9 SOLVENCY

The Board of Directors confirms that applicable International Financial Reporting Standards (IFRS) have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

10 ADMINISTRATION POLICIES AND FINANCIAL REGULATIONS

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

11 EMPLOYEE WELFARE

Medical Assistance

All members of staff and their dependants are covered with a medical insurance with AAR Medical Insurance Company.

Training

Twaweza organizes regular learning sessions aimed at enhancing staff skills and widening the understanding relevance of Twaweza's work as well as for personal development. In addition the company pays contribution to school fees for employees' children.

Employment opportunities

Twaweza is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair the ability to discharge official duties.

Employees Benefit Plan

The Company pays contributions to publicly-administered pension plans on a mandatory basis which qualifies to be a defined contribution plan.

TWaweza EAST AFRICA

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

12 GENDER PARITY

The company is committed to ensuring gender parity. As at 31 December, 2018, Twaweza had 47 (2017: 55) employees, out of which 26 (2017: 31) or 55% (2017: 56 %) were female and 21 (2017: 24) or 45% (2017: 44%) were male.

13 RELATED PARTY TRANSACTIONS

The details of related party transactions and balances are disclosed in Note 18 of the financial statement.

14 POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political donations during the year. Moreover, no donations were made to public institutions and charitable organizations during the year (2017: Nil).

15 AUDITORS

PricewaterhouseCoopers were the auditors for the Company for the year ended 31 December, 2018.

Approved by the board of directors and signed by:



Dipak Naker
Chairman, Board of Directors

15/5/2019
Date

TWaweza East Africa

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2018

The Companies Act, No.12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its net income for the year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept 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 (IFRS) and the requirements of the Companies Act, No.12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its net income in accordance with International Financial Reporting Standards (IFRS). The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

Signed on behalf of the Board of Directors by:



Dipak Naker
Chairman, Board of Directors

15/05/2019

Date



Aidan Eyakuze
Executive Director

15/05/2019

Date

TWaweza East Africa

DECLARATION OF THE HEAD OF FINANCE OF TWaweza East Africa FOR THE YEAR ENDED 31 DECEMBER 2018

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors /Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's financial position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I, Richard Modest being the Head of Finance of Twaweza East Africa hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December, 2018 have been prepared in compliance with International Financial Reporting Standards and Companies Act, No 12 of 2002.

I thus confirm that the financial statements of Twaweza East Africa for the year ended 31 December 2018 give a true and fair view of the financial position as on that date and that they have been prepared based on properly maintained financial records.

Signed by: RICHARD MODEST

Position: MANAGER, FINANCE

NBAA Membership No.: ACPA 2238

Date: 15/05/2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWaweza EAST AFRICA

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Twaweza East Africa (the Company) as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No.12 of 2002.

What we have audited

The financial statements of Twaweza East Africa are set out on pages 11 to 36 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in general reserve for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Other Information

The directors are responsible for the other information. The other information comprises the company information, directors' report, statement of directors' responsibilities, declaration of the head of finance of Twaweza East Africa and analysis of detailed budget versus actual expenditure for the year ended 31 December 2018 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TWaweza EAST AFRICA

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No.12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF TWaweza EAST AFRICA**

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No.12 of 2002 and for no other purposes.

As required by the Companies Act, No.12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.



Delvina Libent, ACPA-PP

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

Date 29 May 2019

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2018

	<u>Note</u>	<u>2018</u> USD	<u>2017</u> USD
INCOME			
Grants	5	5,676,980	6,663,028
Release of capital grant	14	54,096	69,242
Other income	6	<u>56,550</u>	<u>54,826</u>
		5,787,626	6,787,096
Operating costs	7	<u>(5,841,935)</u>	<u>(6,732,270)</u>
Net income before income tax		(54,309)	54,826
Income tax expense	9(a)	<u>-</u>	<u>-</u>
Net and comprehensive (deficit)/income for the year transferred to General Reserve		<u>(54,309)</u>	<u>54,826</u>

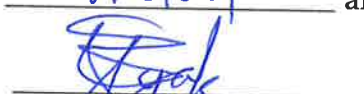
TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

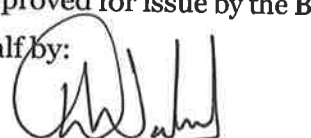
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	<u>Note</u>	<u>2018</u> USD	<u>2017</u> USD
ASSETS			
Non-current assets			
Grants funds receivable	15	1,380,919	4,841,411
Property and equipment	11	<u>81,536</u>	<u>92,551</u>
		<u>1,462,455</u>	<u>4,933,962</u>
Current assets			
Grant funds receivable	15	4,160,561	8,730,148
Other receivables	12	239,409	195,440
Cash and bank balances	13	<u>3,235,009</u>	<u>929,640</u>
		<u>7,634,979</u>	<u>9,855,228</u>
TOTAL ASSETS		<u><u>9,097,434</u></u>	<u><u>14,789,190</u></u>
RESERVES AND LIABILITIES			
RESERVES			
General reserve		<u>684,587</u>	<u>738,896</u>
LIABILITIES			
Non-current liabilities			
Deferred income grants	17	1,380,919	4,841,411
Deferred capital grant	14	<u>81,536</u>	<u>92,551</u>
		<u>1,462,455</u>	<u>4,933,962</u>
Current liabilities			
Trade and other payables	16	1,001,924	1,421,794
Deferred income grants	17	<u>5,948,468</u>	<u>7,694,538</u>
		<u>6,950,392</u>	<u>9,116,332</u>
TOTAL RESERVES AND LIABILITIES		<u><u>9,097,434</u></u>	<u><u>14,789,190</u></u>

The financial statements on page 11 to 36 were approved for issue by the Board of Directors on 15/05/2019 and signed on its behalf by:



Aidan Eyakuze
Executive Director, Twaweza East Africa



Dipak Naker
Board Chairman, Twaweza East Africa

TWaweza East Africa

Financial Statements

For the year ended 31 December 2018

Statement of Changes in General Reserve

	General reserve USD
Year ended 31 December 2018	
At start of the year	738,896
Comprehensive income for the year	<u>(54,309)</u>
At the end of year	<u>684,547</u>
Year ended 31 December 2017	
At start of the year	684,070
Comprehensive income for the year	<u>54,826</u>
At the end of year	<u>738,896</u>

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

STATEMENT OF CASH FLOWS

	<u>Note</u>	<u>2018</u> USD	<u>2017</u> USD
Cash flow from operating activities			
Net (deficit)/income before tax		(54,309)	54,826
Adjusted for:			
Gain from disposal of assets		(9,745)	-
Depreciation charge	11	53,669	69,159
Capital grants released	14	(54,096)	(69,242)
Net book value of equipment disposed/ written-off	11	427	83
		<u>(64,054)</u>	<u>54,826</u>
Changes in working capital:			
Decrease/ (increase) in grants funds receivables	15	8,030,079	(115,935)
Decrease in deferred income	17	(5,206,562)	(280,083)
(Increase)/ decrease in other receivables	12	(43,969)	10,128
Decrease in other payables	16	(419,870)	(146,725)
		<u>2,295,624</u>	<u>(477,789)</u>
Cash absorbed in/ generated from operations			
Cash flows from investing activities			
Fixed assets acquired	11	(43,081)	(28,783)
Receipt of capital grant	14	43,081	28,783
Proceeds from sale of assets	6	9,745	-
		<u>9,745</u>	<u>-</u>
Cash inflow from investing activities			
Net increase/ (decrease) in cash and cash equivalent		<u>2,305,369</u>	<u>(477,789)</u>
At start of the year		929,640	1,407,429
Increase/ (decrease)		<u>2,305,369</u>	<u>(477,789)</u>
At the end of year	13	<u>3,235,009</u>	<u>929,640</u>

TWaweza EAST AFRICA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

1 COMPANY INFORMATION

Twaweza East Africa is incorporated in Tanzania under the Companies Act, No.12 of 2002 as a company limited by guarantee without share capital with certificate No. 113764 of 15 December, 2014.

The address of its registered office is described in page 1 of these financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

Where a change in the presentation format between the prior year and current year financial statements has been made during the period, comparative figures have been restated accordingly.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

b) Changes in accounting policy and disclosures

i) New standards, amendments and interpretations adopted

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2018:

IFRS 9 – Financial instruments

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Changes in accounting policy and disclosures (continued)

i) New standards, amendments and interpretations adopted (continued)

IFRS 9 – Financial instruments (continued)

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments;
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

IFRS 15 - Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under previous standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal.

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Changes in accounting policy and disclosures (continued)

i) New standards, amendments and interpretations adopted (continued)

IFRS 15 - Revenue from contracts with customers (continued)

- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licences, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

Management have made assessment on these new standards and none of them had a material effect on the company's financial statements.

ii) New standards and interpretations that are not yet effective and have not been early adopted

IFRS 16 - Leases

IFRS 16, Leases. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The standard is effective for annual periods beginning on or after 1 January 2019.

The company has yet to assess the impact of the above amendments/new standards. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

TWaweza EAST AFRICA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) General reserves

General reserves represent unrestricted funds arising from accumulated other income that are available for use at the discretion of the directors in furtherance of the objects of the Company.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

e) Income recognition

Income comprises grants income from current grants, release of capital grants and other income from Twaweza East Africa staff participating in various technical meetings and forums.

Funding arrangements

Twaweza East Africa operates two forms of funding arrangement:

- i) Funding arrangements with donors through Hivos Netherlands whereby donors' grants are received through Hivos Netherlands. Grants revenue is recognized only when conditions for spending have been fully met.
- ii) Funding arrangements with bilateral donors whereby funds are directly received in Twaweza East Africa bank accounts maintained in Tanzania. Grants revenue is recognized only when conditions for spending have been fully met.

Donor funds used to acquire property and equipment are allocated to a deferred capital grants account. The deferred capital grants are amortized to statement of comprehensive income on a systematic basis to match the depreciation charge on the assets on a straight line basis.

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Property and equipment

Property and equipment are initially recognized at cost. Subsequently, property and equipment are stated at historical cost less depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Assets are depreciated starting in the month they are put into use. Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Rate (%)
Motor vehicles	25.0%
Computers and accessories	33.3%
Furniture and fittings	12.5%
Equipment	25.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive income within other income.

g) Financial assets

(i) Classification

All financial assets of the company are in the category of receivables.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are classified as current assets except for maturities greater than 12 months, otherwise they are classified as non-current. The company's receivables comprise staff debtors and cash and cash equivalents in the statement of financial position.

ii) Recognition and measurement

Receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets (continued)

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(iv) Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the donors or a group of donors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

For receivable category the amount of the loss is measured as a difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income. If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

h) Other receivables

Other receivables consist of funds deposited to vendors and employees in the normal course of the business. Advances and prepaid expenses are recognized upon payment and derecognized when service has been rendered.

i) Grants receivable

Grants receivable comprise contractual commitments from donors and development partners. Grant receivables are initially recognized at contracted value and subsequently measured at amortized cost based on actual amounts receivable from donors less provision for impairment.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

k) Income tax

The current and deferred income tax charge is computed on the basis of reported profit before tax for the year under review and regulations of the United Republic of Tanzania, in which the Company is registered, using substantively enacted tax rates in Tanzania where the Company operates and generates taxable income. Income tax companies currents tax and deferred tax.

Current tax charge is the amount of income tax payable on the taxable profit for the year and any adjustments to the tax payables in respect of prior years. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishing provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset the current tax assets against the current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

l) Deferred capital grants

Donations received to acquire property and equipment are capitalized and credited to deferred capital grant account. Deferred capital grant account is amortized in the statement of comprehensive income over the estimated useful lives of the assets concerned.

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Deferred income grants

Deferred income grant represents an obligation to conduct donor funded activities per contractual commitments made between donors/development partners and the Company.

The deferred income grants amount recorded on the recipient's statement of financial position generally represents the total amount of grants per funding agreements to match with the grant funds receivable, less the amount amortized for services performed to date.

n) Employee benefits

Retirement benefit obligation

The company has a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company's contributions to the defined contribution schemes are charged in statement of comprehensive income in the year in which they relate. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The company has no further payment obligations once the contributions have been paid. The company and all its employees contribute to the NSSF, LAPF, PSPF, PPF and UAP which are defined contribution scheme.

o) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are presented as current liabilities unless payment is not due within twelve months after year end. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

p) Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which these are separately identifiable cash flows (cash-generating units).

TWaweza East Africa

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

3 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks, namely: market risk, credit risk and liquidity risk. The company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The company does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. Foreign currency risk is managed by contracting suppliers in local currency so as to protect company from the volatility associated with foreign currency depreciation. The company also maintain cash balances in US Dollars which has been strong over time and conversion to foreign currencies (i.e. Tanzania Shillings, Kenyan Shillings and Ugandan Shillings) is made on need basis.

(a) Market risk

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from grants receivable/received, purchases, assets and liabilities denominated in currencies other than the functional currency of the Company, primarily with respect to Tanzania shillings, Uganda shillings and Kenya shillings.

Company financial assets are denominated in Tanzania shillings, Kenyan shillings and Ugandan shillings. As a result, the Company is exposed to exchange rate fluctuations that have impact on cash flows. Exposure to foreign currency risk is mitigated by the fact that the Company maintain certain part of its grants in United States Dollar. The effect of the foreign currency risk is not significant and therefore management does not hedge against foreign currency risk. This exposure does not result in significant risk as foreign currency assets and liabilities are normally recovered and settled within a fairly short time.

As at 31 December 2018, if the US Dollar weakened/strengthened by 10% against the Tanzanian shillings with all other variables held constant, change in net income for the year would have been USD 23,447 higher/lower mainly as a result of foreign exchange gains/losses on translation of Tanzania Shillings denominated payables, receivables and cash.

As at 31 December 2018, if the US dollar weakened/strengthened by 10% against the Ugandan shillings with all other variables held constant, change in net income for the year would have been USD 13,692 higher/lower mainly as a result of foreign exchange gains'/losses on translation of Ugandan Shillings denominated payables, receivables and cash.

As at 31 December 2018, if the US dollar weakened/strengthened by 10% against the Kenyan shillings with all other variables held constant, change in net income for the year would have been USD 9,910 higher/lower mainly as a result of foreign exchange gains'/losses on translation of Kenyan Shillings denominated payables, receivables and cash.

TWaweza East Africa**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****NOTES (CONTINUED)****3 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables and committed transactions.

The amount that best represents the company's maximum exposure to credit risk at 31 December 2018 is made up as follows:

	<u>2018</u> USD	<u>2017</u> USD
Cash at bank (note 13)	3,235,009	929,640
Staff debtors (note 12)	<u>4,393</u>	<u>5,493</u>
No collateral is held for any of the above assets.	<u>3,239,402</u>	<u>935,133</u>

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from various donors and/ (or) development partners.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year USD
At 31 December 2018	
- trade payables and accruals (note 16)	<u>676,142</u>
At 31 December 2017	
- trade payables and accruals (note 16)	<u>1,095,905</u>

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of grant receivable

The company reviews its grant receivable balances to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgements using estimates based on historical loss experience for its donors/development partners. It is on this basis that management have determined the risk of recoverability based on days outstanding.

5 REVENUE GRANTS

	<u>2018</u> USD	<u>2017</u> USD
Amount released from deferred income grants (Note 17)	<u>5,676,980</u>	<u>6,663,028</u>

TWaweza EAST AFRICA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

6 OTHER INCOME

	<u>2018</u> USD	<u>2017</u> USD
Contribution from Hivos on office use	5,400	5,400
Contribution from TMF on Executive Director's participation in their board meetings	353	1,072
Contribution from Massachusetts Institute of Technology	-	14,400
Contribution from European Union on Executive Director participation in Commemoration of African child	330	-
Contribution from International Rescue Committee (IRC) on use of Sauti za Wananchi platform and data	7,500	-
Interest income	9,622	-
Contribution From evidence in Governance & Politics (EGAP) for Twaweza staff participating in their conference	1,000	-
Contribution from Baraza la Habari for Twaweza staff participating in their conference	56	-
Contribution from Youth Partnership Countrywide for Twaweza staff participating in their conference	44	-
Contribution from Overseas Development Institute (ODI) on use of Sauti data	-	7,500
Contribution from Foundation for Civil Society for Executive Director's participation in their meeting	-	223
Contribution from Georgetown University on use of Sauti platform and data	-	24,304
Contribution from Tides Depository on Executive Director's participation in an OGP meeting	-	1,927
Contribution from International Rescue Committee (IRC) on use of Sauti za Wananchi platform and data	15,000	-
Contribution from University at Albany on use of Sauti data	7,500	-
Gain on disposal of assets (Kenya and Uganda vehicles)	9,745	-
	<u>56,550</u>	<u>54,826</u>

TWaweza East Africa

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

7 OPERATING COSTS	<u>2018</u> USD	<u>2017</u> USD
Freedom of information act	162,107	28,621
Open data by Government	516	9,967
Independent monitoring (Inc. Sauti)	433,294	681,251
Intermediaries and demand	148,744	36,756
Responsive governments	297,780	124,519
Learning outcomes (incl. Uwezo)	777,355	1,121,090
Learning outcomes (Direct costs – Refugee settlement in Uganda)	6,642	95,232
Ambitious curriculum	5,715	43,791
Motivated teachers (incl. Kiufunza)	212,111	243,141
School management	34,198	93,625
Learning, monitoring and evaluation	365,198	337,339
Generic outputs from units	-	18,245
Media costs key partnership	38,606	228,503
SDG Monitoring	-	872
Governance and management*	3,359,669	3,669,318
	<u>5,841,935</u>	<u>6,732,270</u>

***Governance and management costs includes the following;**

Management and Strategic support	106,095	140,929
Program staff costs (Note 8a)	2,092,070	2,422,911
Support Staff costs (Note 8b)	607,274	593,734
Staff recruitment	58,015	15,110
Office running costs	104,243	82,222
Office rent (3 offices)	176,315	159,229
Communications/ Internet/ Utilities	143,422	146,026
Travel and Transport	14,289	30,209
Exchange movement on conversion between bank accounts	3,850	9,706
Depreciation of property and equipment	53,669	69,159
Fixed assets written off	427	83
	<u>3,359,669</u>	<u>3,669,318</u>

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

8	EMPLOYEE BENEFIT COSTS	2018 USD	2017 USD
	a) Program employee		
	Salaries	1,533,274	1,810,354
	Skills and Development Levy	40,877	40,749
	Social Security Contributions	156,564	182,986
	Health and group insurance	106,586	143,148
	Other staff benefits	192,618	214,627
	Staff leave	10,482	440
	Workers Compensation Fund	9,050	8,939
	Severance pay	42,619	21,668
		<u>2,092,070</u>	<u>2,422,911</u>
	b) Support employees		
	Salaries	440,838	446,435
	Skills and Development Levy	17,740	16,774
	Social Security Contributions	45,873	45,103
	Health and group insurance	39,923	40,582
	Other staff benefits	33,742	36,311
	Staff leave	5,693	96
	Workers Compensation Fund	3,518	3,686
	Severance pay	19,947	4,747
		<u>607,274</u>	<u>593,734</u>
9	INCOME TAX		
	a) Income tax expense		
	Income tax charge/ (credit)	-	-
	Reconciliation of income tax expense		
	Surplus/ (Deficit) before income tax	(54,309)	-
	Tax calculated at 30%	16,293	-
	Items not deductible for tax purposes	-	-
	Prior year deferred tax	(31,937)	-
	Deferred tax movement not recognized	(48,230)	-
	Income tax expense	<u>-</u>	<u>-</u>

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

9 INCOME TAX (Continued)

	2018	2017
	USD	USD
b) Income tax payable/ (recoverable)		
Opening balance of tax payable/recoverable	-	-
Current tax charge – Note 9(a)	-	-
Tax paid during the year	12,760	-
	<u>12,760</u>	<u>-</u>

10 DEFERRED INCOME TAX

Deferred income tax is calculated using the enacted income tax rate of 30% (2017: 30%). The movement on the deferred income tax account is as follows:

	2018	2017
	US \$'000	US \$'000
At start of year	-	-
Translation difference	-	-
Credit to profit or loss	48,230	-
Deferred tax not recognized	(48,230)	-
	<u>-</u>	<u>-</u>
At end of year	-	-

Deferred income tax assets and liabilities and deferred income tax charge in the statement of comprehensive income (SOCI) are attributable to the following items:

Year ended 31 December 2018	1.01.2018	Translation differences	Credit to SOCI	31.12.2018
	US \$'000	US \$'000	US \$'000	US \$'000
Deferred income tax assets				
Plant and equipment	-	-	(31,873)	(31,873)
Tax losses carried forward	-	-	(16,357)	(16,357)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred income tax asset	-	-	48,230	48,230
Deferred tax not recognized	-	-	(48,230)	(48,230)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred income tax	-	-	-	-

Deferred income tax asset has not been recognised in these financial statements to the extent that the realisation of the related tax benefit through future taxable profits is not probable.

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

11 PROPERTY AND EQUIPMENT

At 1 January 2018

Cost

Accumulated depreciation

Net book value

<u>Leasehold improvement</u>	<u>Motor vehicles</u>	<u>Computer accessories</u>	<u>Furniture & fittings</u>	<u>Equipment</u>	<u>Total</u>
USD	USD	USD	USD	USD	USD
25,868	86,051	204,908	93,442	240,127	650,396
(25,868)	(86,051)	(181,959)	(70,299)	(193,668)	(557,845)
-	-	22,949	23,143	46,459	92,551

Year ended 31 December 2018

At start of the year

Additions

Depreciation charge

Net book value of asset write off

-	-	22,949	23,143	46,459	92,551
-	-	41,206	1,153	722	43,081
-	-	(15,931)	(8,199)	(29,539)	(53,669)
-	-	-	(427)	-	(427)

Closing net book value

At 31 December 2018

Cost

Accumulated depreciation

Cost of motor vehicle disposed

Accumulated depreciation of motor vehicle disposed

-	-	48,224	15,670	17,642	81,536
25,868	86,051	246,114	94,595	240,849	693,477
(25,868)	(86,051)	(197,890)	(78,925)	(223,207)	(611,941)
-	62,205	-	-	-	62,205
-	(62,205)	-	-	-	(62,205)
-	-	48,224	15,670	17,642	81,536

Net book value

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

11

PROPERTY AND EQUIPMENT (CONTINUED)

	<u>Leasehold improvement</u> USD	<u>Motor vehicles</u> USD	<u>Computer and accessories</u> USD	<u>Furniture & fittings</u> USD	<u>Equipment</u> USD	<u>Total</u> USD
At 1 January 2017						
Cost	25,868	86,051	187,977	94,082	250,754	644,732
Accumulated depreciation	(25,868)	(86,051)	(172,313)	(61,837)	(165,653)	(511,722)
Net book value	-	-	15,664	32,245	85,101	133,010
Year ended 31 December 2017						
At start of the year	-	-	15,664	32,245	85,101	133,010
Additions	-	-	25,948	-	2,835	28,783
Depreciation charge	-	-	(18,663)	(9,019)	(41,477)	(69,159)
Asset written off – cost	-	-	(9,017)	(640)	(13,462)	(23,119)
Asset written off – accumulated depreciation	-	-	9,017	557	13,462	23,036
Closing net book value	-	-	22,949	23,143	46,459	92,551
At 31 December 2017						
Cost	25,868	86,051	204,908	93,442	240,127	650,396
Accumulated depreciation	(25,868)	(86,051)	(181,959)	(70,299)	(193,668)	(557,845)
Net book value	-	-	22,949	23,143	46,459	92,551

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

12 OTHER RECEIVABLES

	<u>2018</u> USD	<u>2017</u> USD
Prepayments	213,839	181,126
Tax receivable	12,760	-
Other receivables	8,417	8,821
Staff debtors	<u>4,393</u>	<u>5,493</u>
	<u>239,409</u>	<u>195,440</u>

The carrying amounts of accounts receivable are denominated in the following currencies

	<u>2018</u> USD	<u>2017</u> USD
United States dollars	130,070	163,396
Kenyan shillings	19,609	28,980
Ugandan shillings	36,485	2,172
Tanzanian shillings	<u>40,485</u>	<u>892</u>
	<u>226,649</u>	<u>195,440</u>

13 CASH AND BANK BALANCES

Bank balances	3,234,402	928,854
Petty cash balances	<u>607</u>	<u>786</u>
	<u>3,235,009</u>	<u>929,640</u>

14 DEFERRED CAPITAL GRANTS

At start of year	92,551	133,010
Grants received during the year (note 11)	43,081	28,783
Amortization charge (note 11)	(53,669)	(69,159)
Write off (note 11)	<u>(427)</u>	<u>(83)</u>
At end of year	<u>81,536</u>	<u>92,551</u>

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

15 GRANT FUNDS RECEIVABLE

	Opening balance USD	Contracted grants during the year USD	Cash received during the year USD	Gain/(loss) during the year USD	Current grant receivable USD	Non- current grant receivable USD
Year ended 31 December 2018						
DFID Tanzania	4,050,874	-	(1,969,025)	(167,818)	1,914,031	-
Hewlett Foundation		33,000	(33,000)	-	-	-
Hivos Netherlands	1,500,000	-	(1,500,000)	-	-	-
American Jewish World Service	1,000,000	-	(1,000,000)	-	-	-
SIDA Tanzania	1,955,139	-	(1,811,430)	(143,709)	-	-
DANIDA Tanzania	3,865,571	-	(1,388,647)	(175,392)	920,613	1,380,919
Wellspring Philanthropic Fund	1,199,975	-	(400,000)	-	799,975	-
DFID Uganda /Mott MacDonald						
Uganda Limited	-	326,357	(316,476)	(9,881)	-	-
Ford Foundation	-	-	-	-	-	-
Dejusticia	-	250,000	(125,000)	-	125,000	-
Embassy of Finland	-	399,806	-	1,136	400,942	-
Total	13,571,559	1,009,163	(8,543,578)	(495,664)	4,160,561	1,380,919

TWaweza East Africa

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

15 GRANT FUNDS RECEIVABLE (CONTINUED)

Year ended 31 December 2017	Opening balance USD	Contracted grants during the year USD	Cash received during the year USD	Cash transfers from a donor to an intermediary party USD	Gain/(loss) during the year USD	Current grant receivable USD	Non- current grant receivable USD
DFID Tanzania	2,690,978	3,853,805	(1,965,225)	-	(528,684)	2,025,437	2,025,437
Hewlett Foundation	1,500,000	-	-	(1,500,000)	-	-	-
Hivos Netherlands	750,000	-	(750,000)	1,500,000	-	1,500,000	-
American Jewish World Service	1,000,000	-	-	-	-	1,000,000	-
SIDA Tanzania	3,664,436	-	(1,945,692)	-	236,395	1,955,139	-
DANIDA Tanzania	3,850,211	-	(452,465)	-	467,825	1,449,589	2,415,982
Wellspring Philanthropic Fund	-	2,000,000	(800,025)	-	-	799,983	399,992
DFID Uganda	-	180,838	(182,386)	-	1,548	(o)	-
Ford Foundation	-	200,000	(200,000)	-	-	-	-
Total	13,455,625	6,234,643	(6,295,793)	-	177,084	8,730,148	4,841,411

TWAWEZA EAST AFRICA

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

16	TRADE AND OTHER PAYABLES	<u>2018</u>	<u>2017</u>
		USD	USD
	Trade payables	68,472	113,291
	Accruals	607,670	982,614
	Statutory liabilities	<u>325,782</u>	<u>325,889</u>
		<u>1,001,924</u>	<u>1,421,794</u>
17	DEFERRED INCOME GRANTS		
	Opening balance at 1 January	12,535,949	12,816,033
	DFID Tanzania	-	3,853,805
	American Jewish World Service	-	-
	SIDA Tanzania	-	-
	DANIDA Tanzania	-	-
	Ford Foundation	-	200,000
	DFID Uganda	326,357	180,838
	Wellspring Philanthropic Fund	-	2,000,000
	Hewlett Foundation	33,000	-
	Dejusticia	250,000	-
	Embassy of Finland	399,806	-
	Gain/ (Loss)	<u>(495,664)</u>	<u>177,084</u>
	Sub-total	13,049,448	19,227,760
	Recognized :		
	Capital grant (Note 14)	(43,081)	(28,783)
	Revenue grant (Note 5)	<u>(5,676,980)</u>	<u>(6,663,028)</u>
	Grant funds payable at year end	<u>7,329,387</u>	<u>12,535,949</u>

18 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by participating in its financial or operational policy decisions.

Transactions with related parties are consummated on terms substantially equivalent to those that prevail in an arm's length transaction.

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

Key management remuneration	<u>2018</u>	<u>2017</u>
	USD	USD
Salaries and other short-term benefits	<u>505,547</u>	<u>621,292</u>

Key management personnel are described as those personnel having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity.

TWAVEZA EAST AFRICA

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

19 EVENTS AFTER REPORTING DATE

The management is not aware of any events that have occurred between the date of financial reporting period and when the financial statements are authorized for issue to be disclosed.

20 COMMITMENTS AND CONTINGENCIES

Contingencies:

There are no contingencies at the year-end.

Commitments:

Twaweza East Africa's general contractual approach is to account and pay after delivery of work and scrutiny of reports. In 2018 a number of payments were not made due to partial delivery or inadequate provision of evidence/reporting. Operating costs do not include contractual commitments made but not paid out because the delivery of work and scrutiny of reports was outstanding as at year-end. The total outstanding value of signed direct program contracts not yet paid on 31 December 2018 was **USD 617,088** (2017: USD 738,982).

21 ULTIMATE PARENT COMPANY

The Company is limited by guarantee and hence the Directors of the Company have the ownership and fiduciary responsibility over the Company's affairs, assets and liabilities.

ANALYSIS OF DETAILED BUDGET VERSUS ACTUAL EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2018

Description	Tanzania		Uganda		Kenya		Regional		Combined		% Variance
	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	
Open Government											
Problem O1: Freedom of Information act	150,765	162,143	-	-	-	-	-	-	150,765	162,143	108%
Problem O2: Data collected by gov	-	-	-	-	-	-	-	-	-	-	-
Problem O3: Independent monitoring (incl SzW)	257,789	241,490	142,752	114,611	117,993	76,712	8,220	962	526,754	433,775	82%
Problem O4: Intermediaries & demand	138,930	125,989	25,050	22,755	-	-	-	-	163,980	148,744	91%
Problem O5: Responsive government	277,550	255,754	81,430	42,026	-	-	-	-	358,980	297,780	83%
Staff costs - Open Government	41,608	40,354	31,302	31,834	50,157	50,284	165,913	172,331	288,980	294,803	102%
Total Open Government	866,642	825,730	280,534	211,226	168,150	126,996	174,133	173,293	1,489,459	1,337,245	90%
Education											
Problem E1: Learning outcomes (incl Uwezo)	1,106,196	328,528	466,409	418,596	7,939	3,101	36,230	33,772	1,616,774	783,997	48%
Problem E2: Ambitious curriculum	20,325	-	41,000	4,941	-	-	3,000	1,204	64,325	6,145	10%
Problem E3: Motivated teachers	308,567	208,250	5,000	3,861	-	-	-	-	313,567	212,111	68%
Problem E4: School management	45,680	17,706	5,000	5,519	16,500	10,543	-	-	67,180	33,768	50%
Staff costs - Education	393,496	344,099	323,669	323,033	135,293	154,371	195,165	192,861	1,047,623	1,014,364	97%
Total Education	1,874,264	898,583	841,078	755,950	159,732	168,015	234,395	227,837	3,109,469	2,050,385	66%
Media costs											
Media costs key partnerships in OG and Education	165,000	38,605	-	-	-	-	-	-	165,000	38,605	23%
Staff costs PPE for Open Government and Education	165,772	163,067	93,663	94,503	30,575	28,999	196,336	202,604	486,346	489,173	101%
Total media partnerships and PPE	330,772	201,672	93,663	94,503	30,575	28,999	196,336	202,604	651,346	527,778	81%

TWaweza East Africa

ANALYSIS OF DETAILED BUDGET VERSUS ACTUAL EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2018

Description	Tanzania			Uganda			Kenya			Regional			Combined % Variance
	Annual Budget	Actual Expenditure	Annual Budget	Annual Budget	Actual Expenditure	Annual Budget	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	
LME													
LME Success 1: Monitoring	120,098	85,528	56,400	15,234	19,025	16,950	5,800	6,246	199,248	126,033			63%
LME Success 2: Evaluation	160,200	79,026	73,500	54,033	-	-	35,490	35,490	269,190	168,549			63%
LME Success 3: Learning	53,600	55,678	400	-	147	250	16,000	14,791	70,250	70,616			101%
Staff costs - LME	47,968	31,539	27,272	29,511	-	-	112,002	113,937	187,242	174,987			93%
Total LME	381,866	251,771	157,572	98,778	19,172	17,200	169,292	170,464	725,930	540,185			74%
Operations and finance													
Ops and Finance	278,390	279,934	94,398	86,409	66,263	66,307	71,528	110,610	510,623	543,216			106%
Staff costs - Ops and Fin	143,168	141,980	68,535	73,604	30,985	22,374	354,361	366,032	588,438	612,601			104%
Total Ops and Finance	421,558	421,914	162,933	160,013	97,248	88,681	425,889	476,642	1,099,061	1,155,817			105%
Governance and Management													
G1: Planning and reporting	-	-	-	-	-	-	25,937	19,345	25,937	19,345			75%
G2: Management and strategic support	-	-	-	-	-	-	33,000	14,312	33,000	14,312			43%
G3: Compliance	-	-	-	-	-	-	59,250	41,495	59,250	41,495			70%
G4: Governance	-	-	-	-	-	-	69,300	30,943	69,300	30,943			45%
Staff costs - GovMan	-	-	-	-	-	-	112,130	113,415	112,130	113,415			101%
Total Governance and management	-	-	-	-	-	-	299,617	219,510	299,617	219,510			73%
Grand total	3,875,102	2,599,670	1,535,780	1,320,470	440,430	464,338	1,499,662	1,470,350	7,374,882	5,830,920			79%
Less: Assets purchased during the year										43,081			
Add: Depreciation										5,787,838			
Add: Net book value of assets written off										53,669			
										427			
Total expenditure (per financial statements)										5,841,935			