

HIVOS TANZANIA - TWaweza
REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2013

HIVOS TANZANIA-TWaweza

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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HIVOS TANZANIA -TWaweza

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

ORGANIZATION INFORMATION

Board of Directors (Hivos Tanzania)	Name	Title	
	Ben Witjes	Director (Dutch)	
	Maria Manuela Monteiro	Director (Dutch)	Resigned 20 June 2013
	Edwin Huizing	Director (Dutch)	Appointed 1 Sept 2013

Management of Initiative	Rakesh Rajani	Head of Twaweza Initiative
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Principal place of business	Mafinga Street, Plot No.127 Kinondoni P.O.Box 38342 Dar-es-Salaam Tanzania
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Principal bankers	Stanbic Bank (T) Ltd P.O.Box 75647 Dar-es-Salaam Tanzania
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Auditors	Ernst & Young Certified Public Accountants 36 Laibon Road, Oysterbay P.O.Box 2475 Dar-es-Salaam Tanzania
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HIVOS TANZANIA-TWaweza

MANAGEMENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The management of Hivos Tanzania-Twaweza (also referred to as "Twaweza" or the "Initiative") submit their report together with the audited financial statements for the year ended 31st December 2013.

1. PRINCIPAL ACTIVITIES

The principal activity of the Twaweza is the promotion of access to information and expanded space for public action among citizens across East Africa, through information sharing, brokering new partnerships, learning and communication with a specific focus on improving service delivery.

2. BACKGROUND

Hivos Tanzania is not for profit making company by guarantee and not having a share capital registered under the Companies Act, 2002. Hivos Tanzania is the hosting company for the Twaweza, a ten year initiative to promote citizen involvement and public accountability in East Africa.

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

Twaweza's total estimated budget for its first period (2009-2014) is USD 68 million. This funding is primarily derived from the grants from International agencies, including an own contribution from the Hivos Head Office. The Twaweza has funding agreements with Hivos Netherlands, SNV Netherlands, The Hewlett Foundation USA, DFID (Tanzania), Irish Aid Sida Tanzania and AJWS. Funding for Twaweza follows the accounting period which runs January to December. Funding for Uwezo initiative which is also managed by Twaweza is not included in these financial statements.

3. FINANCIAL RESULTS

Twaweza's is derived from grants mainly from different donors. During the year ended 31st December 2013, Twaweza received grants from AJWS, DFID (Tanzania), Hewlett Foundation, Hivos Netherlands and Sida (Sweden).

4. ADMINISTRATION POLICIES AND FINANCIAL REGULATIONS

Twaweza 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

MANAGEMENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013


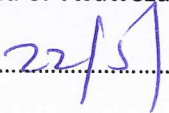
5. FINANCIAL STATEMENTS



These financial statements reflect a restatement of the 2012 position in order to accommodate a slight adjustment in the value of tangible assets as explained further in note 12(a).

6. AUDITORS

Ernst & Young were auditors of Hivos Tanzania for the year ended 31st December 2013 and are eligible for re-appointment.

BY ORDER OF THE MANAGEMENT


.....
Rakesh Rajani
Head of Twaweza

.....2014


.....
Ben Witjes
Director, Hivos Tanzania

.....2014

HIVOS TANZANIA-TWaweza

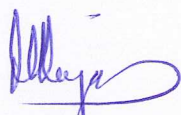
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2013

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

Management is responsible for the preparation of financial statement that give a true and fair view in accordance with International Financial Reporting Standards; and for such internal controls as management determines 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 Initiative and of the results 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 Initiative will not remain a going concern for at least twelve months from the date of this agreement.



.....
Rakesh Rajani
Head of Twaweza

22/5/.....2014



.....
Ben Witjes
Director, Hivos Tanzania

May 22.....2014

REPORT OF THE INDEPENDENT AUDITORS
to the members of
HIVOS TANZANIA

We have audited the accompanying financial statements of the Hivos Tanzania-Twaweza, which comprise the Statement of financial position as at 31 December 2013, and the statement of comprehensive income and expenditure, 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 notes.

Management's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from 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 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 and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 accompanying financial statements presents fairly, in all material respects, the financial affairs of the initiative as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.


Ernst & Young

Certified Public Accountants

Dar es Salaam

Signed by: Joseph Sheffu 

Date: 13th June 2014

HIVOS TANZANIA-TWaweza

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2013**

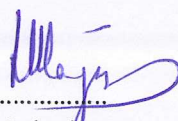
	NOTES	2013	2012 restated	2012
		USD	USD	USD
INCOME				
Revenue grants	6	9,136,005	7,620,439	7,637,779
Release of capital grant	15	83,961	74,093	71,103
Other income	7	<u>89,123</u>	<u>106,060</u>	<u>106,060</u>
Total Income		9,309,089	7,800,592	7,752,442
EXPENDITURE				
Direct program costs	8	6,917,825	5,745,116	5,745,116
Indirect program and administrative costs	9	<u>2,294,868</u>	<u>1,949,416</u>	<u>1,963,766</u>
Total Expenses		<u>9,212,693</u>	<u>7,694,532</u>	<u>7,708,882</u>
SURPLUS OF INCOME OVER EXPENDITURE		<u>96,396</u>	<u>106,060</u>	<u>106,060</u>

HIVOS TANZANIA-TWaweza

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	NOTES	2013 USD	2012 restated USD	2012 USD
ASSETS				
Non-Current Assets				
Equipment	11	180,712	166,106	151,756
Current Assets				
Other Receivables	13	635,311	2,201,922	2,201,922
Cash and bank balances	14	2,895,883	4,439,415	4,439,415
		<u>3,531,194</u>	<u>6,641,337</u>	<u>6,641,337</u>
TOTAL ASSETS		<u>3,711,906</u>	<u>6,807,443</u>	<u>6,793,093</u>
ACCUMULATED FUND AND LIABILITIES				
Accumulated Fund		467,300	370,904	370,904
Deferred capital grant	15	180,712	166,106	151,756
		<u>648,012</u>	<u>537,010</u>	<u>522,660</u>
Current Liabilities				
Hivos Netherlands deferred grants	16	1,161,664	4,945,709	4,945,709
Other payables	17	1,902,230	1,324,724	1,324,724
		<u>3,063,894</u>	<u>6,270,433</u>	<u>6,270,433</u>
TOTAL ACCUMULATED FUND AND LIABILITIES		<u>3,711,906</u>	<u>6,807,443</u>	<u>6,793,093</u>

The financial statements on pages 6 to 21 were approved for issue on and were signed on behalf of Hivos TanzaniaTwaweza by:


.....
Rakesh Rajani
Head of Twaweza
22/5/2014


.....
Ben Witjes
Director, Hivos Tanzania
May 22 2014

HIVOS TANZANIA-TWaweza

STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE YEAR ENDED 31 DECEMBER 2013

	Accumulated Fund USD	Capital Grant USD	Total USD
At 1 January 2012	264,844	123,549	388,393
Surplus of income over expenditure	106,060	-	106,060
Grants received during the year	-	99,310	99,310
Release of capital grant	-	(71,103)	(71,103)
At 31 December 2012	370,904	151,756	522,660
At 1 January 2012 (Restated)	264,844	123,549	388,393
Surplus of income over expenditure	106,060	-	106,060
Grants received during the year	-	116,650	116,650
Release of capital grant	-	(74,093)	(74,093)
At 31 December 2012 (Restated)	370,904	166,106	537,010
At 1 January 2013	370,904	166,106	537,080
Surplus of income over expenditure	96,396	-	96,396
Grants received during the year	-	98,567	98,567
Release of capital grant	-	(83,961)	(83,961)
At 31 December 2013	467,300	180,712	648,012

HIVOS TANZANIA-TWaweza

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 USD	2012 restated USD	2012 USD
Cash flow from operating activities			
Surplus of income over expenditure	96,396	106,060	106,060
<i>Adjustments for :</i>			
Depreciation charge (Note 11)	76,688	74,093	71,103
Capital grants released (Note 15)	(76,688)	(74,093)	(71,103)
Net book value of equipment written off (Note 12b)	(7,273)	-	-
Gain on disposal of asset (Note 7b)	(25,723)	-	-
Revenue grants release (Note 16a)	(9,136,005)	(7,620,439)	(7,637,779)
	<u>(9,072,605)</u>	<u>(7,514,379)</u>	<u>(7,531,719)</u>
<i>Changes in working capital</i>			
Increase/(decrease) in other receivables	1,566,611	(1,544,961)	(1,544,961)
Increase in other payables	577,505	181,797	181,797
Increase in other deferred income	-	-	-
	<u>(6,928,489)</u>	<u>(8,877,543)</u>	<u>(8,894,883)</u>
Cash used in operating activities			
Cash flows from investing activities			
Purchase of equipment	(98,567)	(116,650)	(99,310)
Proceeds from disposal of asset	32,996	-	-
	<u>(65,571)</u>	<u>(116,650)</u>	<u>(99,310)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Grants received from Hivos Netherlands	7,553,750	8,752,461	8,752,461
Funds transferred to support uwezo activities	(2,103,222)	-	-
	<u>5,450,528</u>	<u>8,752,461</u>	<u>8,752,461</u>
Net cash flows from financing activities			
Net increase in cash and cash equivalents	<u>(1,543,532)</u>	<u>(241,732)</u>	<u>(241,732)</u>
Cash and cash equivalents at beginning of the year	4,439,415	4,681,147	4,681,147
Cash and cash equivalents at the end of the year	<u><u>2,895,883</u></u>	<u><u>4,439,415</u></u>	<u><u>4,439,415</u></u>

HIVOS TANZANIA-TWaweza

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. COMPANY INFORMATION

The hosting company of the Twaweza, Hivos Tanzania, is incorporated in Tanzania under the companies Act 2002 as a company limited by guarantee without share capital with certificate No. 63966 on 29th January 2008.

The objective of the hosting company is to enhance the capacity of the human individual to judge and decide autonomously, the responsibility of the individual, the right to freedom, dignity and self determination and the striving for a just tolerant society in developing countries. The hosting company's objective is not-for-profit.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). The financial statements have been prepared under the historical cost basis and are presented in the United States dollars (USD) which is the reporting currency. The functional currencies are Tanzania (TZS), Kenya (KES) and Uganda Shillings (UGX).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Grants Income

Twaweza 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 amortized 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 the general operations of the Twaweza's programmes and activities during the year.

HIVOS TANZANIA-TWaweza

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating expenses

Operating expenses are recognized on an accrual basis.

Advances and Prepaid expenses

Advances and prepaid expenses consist of funds provided to vendors and employees to meet future obligations. In addition, advances are made to employees to cover travel expenses.

Advances and prepaid expenses are recognized upon payment and derecognized when service has been rendered.

Provision

Provisions are made when the organization has a present obligation, as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate for the amount of the obligation can be made for the obligation. Purchase orders raised are provided for as accruals at the reporting date.

Foreign currency translation

The financial statements are presented in the United States dollars (USD) which is the reporting currency. Functional currencies are Tanzanian Shillings (TZS), Kenya Shillings (KES) and Uganda Shillings (UGX).

Transactions in local currencies during the year are converted into USD at rates ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date, which are expressed in local currencies, are translated into USD at rates ruling at the reporting date. The resulting differences from conversion and translation are taken into the statement of comprehensive income in the year in which they arise.

Equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs includes the costs of replacing part of the property, plant and equipment and borrowing costs for a long term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in income statement as incurred.

Depreciation is calculated in the straight line basis over the useful life of the assets as follows:

Motor vehicles and Motorcycles	25%
Computers	33.3%
Furniture and Fittings	12.5%
Other Equipment and tools	25%

HIVOS TANZANIA-TWaweza

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment (Continued)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognized. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment of non-financial assets

The project assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the project makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Cash and short term deposits

Cash and cash equivalent in the balance sheet comprise of cash at banks and on hand and short term deposits.

HIVOS TANZANIA-TWaweza

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension and other post-employment benefits

The project contributes in two statutory pension schemes (Parastatal Pension Fund and National Social Security Fund). For Tanzania and Kenya both the employer and employee contribute 10% each to the fund, while in Uganda 10% is contributed by the employer and 5% by the employee. The employer's contributions are charged to the income statement as they fall due.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2013:

- IAS 1 Presentation of Items of Other Comprehensive Income (OCI) – Amendments to IAS 1
- IAS 1 Clarification of the requirement for comparative information (Amendment)
- IAS 19 Employee Benefits (Revised 2011)

The adoption of the standards or interpretations is described below:

IAS 1 Presentation of Items of Other Comprehensive Income (OCI) – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on Available For Sale (AFS) financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the project's financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position, presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. The amendments did not have impact on the project's financial position or performance.

IAS 19 Employee Benefits (Revised 2011)

The 'corridor approach' currently allowed as an alternative basis in IAS 19 for the recognition of actuarial gains and losses on defined benefit plans has been removed. Actuarial gains and losses in respect of defined benefit plans are now recognised in OCI when they occur.

For defined benefit plans, the amounts recorded in profit or loss are limited to current and past service costs, gains and losses on settlements and interest income/ expense. The distinction between short-term and other long term benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits. In many instances this is expected to have a significant impact on the manner in which leave pay and similar liabilities are currently classified. The amendments are effective as of 1 January 2013 and have no impact on project's financial positions.

HIVOS TANZANIA-TWaweza

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The project's activities expose it to a variety of financial risks: credit risk, foreign currency risk and liquidity risk. The project's overall risk management programme seeks to minimize potential adverse effects on the project's financial performance. Risk management is carried out by the management team.

Liquidity risk:

Liquidity risk is termed as a risk arising when the project is unable to meet its obligations from maturing commitments due to insufficient fund. The project monitors its liquidity risks through monthly forecast of future cash flows to meet its obligations and commitments. Also provision is made on purchase orders for commodities and other trade payables.

Foreign currency risk:

Foreign currency risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The project's exposure to the risk of changes in foreign exchange rates relates primarily to the operating activities when revenue or expense is denominated in different currency from the functional currency. The project manages its foreign currency risk by maintaining foreign currency bank accounts.

6. REVENUE GRANTS

	2013	2012	2012
	USD	restated USD	USD
Amount released from deferred grants (Note 15 (a))	<u>9,136,005</u>	<u>7,620,439</u>	<u>7,637,779</u>

7(a) OTHER INCOME

	2013	2013
	USD	USD
Management fee-Uwezo	62,500	62,500
Gain on disposal of assets (Note 7(b))	25,723	-
TMF rent and services	-	40,320
Open Society rent and services	-	3,240
Water Witness rent and services	900	-
	<u>89,123</u>	<u>106,060</u>

HIVOS TANZANIA-TWaweza

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

	2013 USD	2012 USD
7(b) GAIN ON DISPOSAL OF ASSETS		
Net book value of items disposed/ written off	(7,273)	-
Insurance payment 2011 floods	22,509	-
Receipt from sale of motor vehicle	6,122	-
Receipt from sale of generator damaged by floods	4,365	-
	<u>25,723</u>	<u>-</u>

8. DIRECT PROGRAM EXPENSES

Strategic partnerships and initiatives	2,343,190	3,911,980
Experimental interventions	2,242,846	328,055
Strategic engagement	104,177	86,020
Uwazi	213,124	529,517
Communications/Public engagement	627,481	58,784
Learning, monitoring and evaluation	953,772	430,727
Governance/Management	433,235	348,819
Temporary staff costs	-	51,214
	<u>6,917,825</u>	<u>5,745,116</u>

	2013 USD	2012 restated USD	2012 USD
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9. INDIRECT PROGRAM AND ADMINISTRATIVE COSTS

Staff costs (Note 10)	1,861,317	1,581,288	1,581,288
Staff recruitment	14,863	12,363	12,363
Office running costs	103,751	121,785	139,125
Office rent (3 offices)	146,760	140,027	140,027
Communications/ Internet/ Utilities	72,345	40,036	40,036
Travel and Transport	36,032	23,952	23,952
Exchange gain on conversion between accounts	(16,888)	(44,128)	(44,128)
Depreciation and amortization	76,688	74,093	71,103
	<u>2,294,868</u>	<u>1,949,416</u>	<u>1,963,766</u>

HIVOS TANZANIA –TWaweza

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)**

	2013	2012
	USD	USD
10.STAFF COSTS		
Salaries	1,258,357	1,028,467
Skills and Development Levy	62,074	38,767
Social Security Contributions	106,451	77,122
Other staff benefits	434,434	436,932
	<u>1,861,317</u>	<u>1,581,288</u>

HIVOS TANZANIA-TWaweza
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)**
11. PROPERTY AND EQUIPMENT

	Leasehold Improvement USD	Motor Vehicle USD	Computers USD	Furniture & fittings USD	Equipment USD	Total USD
Cost						
At 1 January 2012	25,868	16,149	67,796	52,651	67,020	229,484
Additions	-	-	64,290	5,725	29,295	99,310
At 31 December 2012	25,868	16,149	132,086	58,376	96,315	328,794
At 1 January 2012 (Restated) (12(a))	25,868	16,149	67,796	52,651	67,020	229,484
Additions	-	-	64,290	5,785	46,575	116,650
At 31 December 2012 (Restated)	25,868	16,149	132,086	58,436	113,595	346,134
At 1 January 2013	25,868	16,149	132,086	58,436	113,595	346,134
Additions	-	-	20,543	6,175	71,849	98,567
Disposed (See 12(b))	-	(16,149)	(12,553)	(3,411)	(36,099)	(68,212)
At 31 December 2013	25,868	-	140,076	61,200	149,345	376,489
Accumulated depreciation						
At 1 January 2012	12,400	8,075	42,805	14,039	28,616	105,935
Charge for the year	6,734	4,037	30,387	6,972	22,973	71,103
At 31 December 2012	19,134	12,112	73,192	21,011	51,589	177,038
At 1 January 2012 (Restated) (12(a))	12,400	8,075	42,805	14,039	28,616	105,935
Charge for the year	6,734	4,037	30,387	6,979	25,956	74,093
At 31 December 2012 (restated)	19,134	12,112	73,192	21,018	54,572	180,028
At 1 January 2013	19,134	12,112	73,192	21,018	54,572	180,028
Charge for the year	6,734	1,726	31,368	7,695	29,165	76,688
Disposed (See 12(b))	-	(13,837)	(10,633)	(1,508)	(34,961)	(60,939)
At 31 December 2013	25,868	-	93,927	27,205	48,777	195,777
Net book value						
At 31 December 2013	-	-	46,149	33,995	100,569	180,712
At 31 December 2012 (restated)	6,734	4,037	58,894	37,418	59,023	166,106
At 31 December 2012	6,734	4,037	58,894	37,364	44,730	151,756

12. (a) In 2012, some assets totaling USD 17,340 were mistakenly coded as expenses. These have been recorded and have resulted to a restatement of 2012 position to accommodate adjustment on cost and depreciation charge.

12. (b) In December 2011, the Dar es Salaam Office was flooded and a number of assets were damaged beyond repair and a few assets were lost during the floods. Twaweza received USD 22,509 from AON Insurance as a compensation. The write-off of the assets damaged/ lost during the floods was done after a thorough physical verification involving staff from Operations, Finance and the Head's office.

HIVOS TANZANIA-TWaweza

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

	2013 USD	2012 USD	
13. OTHER RECEIVABLES			
Advance to Uwezo programme	-	2,103,222	
Uwezo (Management fees)	-	62,500	
Prepaid rent	41,100	31,500	
Hivos Netherlands	125,000	-	
Other prepaid expenses	458,730	3,154	
Staff paid on behalf of Hivos Kenya	10,480	1,546	
	635,311	2,201,922	
14. CASH AND BANK BALANCES			
Bank balances	2,893,628	4,440,298	
Petty cash balances	2,254	(883)	
	2,895,883	4,439,415	
15. DEFERRED CAPITAL GRANTS			
	2013 USD	2012 restated USD	2012 USD
As at 1 January	166,106	123,549	123,549
Grants received during the year	98,567	116,650	99,310
	264,673	240,199	222,859
Released to income			
Depreciation charge for the year	(76,688)	(74,093)	(71,103)
Adjustment (See note 12 (b))	(7,273)	-	-
Total capital grant released to income during the year	(83,961)	(74,093)	(71,103)
At 31 December	180,712	166,106	151,756
16 (a). TWaweza DEFERRED GRANTS			
As at 1 January	4,945,709	3,930,337	3,930,337
Funds received during the year (Note 16 (b))	7,553,750	8,752,461	8,752,461
Transferred to Capital grants (Note 15)	(98,567)	(116,650)	(99,310)
Release to statement of income and expenditure	(9,136,005)	(7,620,439)	(7,637,779)
Hewlett funds transferred to support Uwezo	(2,103,222)	-	-
At 31 December	1,161,664	4,945,709	4,945,709

HIVOS TANZANIA-TWaweza

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

	2013 USD	2012 USD
16 (b). HIVOS NETHERLANDS DEFERRED GRANTS		
Balance at 1 January	5,493,968	9,649,860
DFID (T)	1,623,337	-
Hivos Netherlands	1,980,000	1,289,500
SNV	-	1,950,000
SIDA (T)	3,792,500	-
Hewlett Foundation	2,000,000	1,000,000
AJWS	350,000	350,000
Interest earned in holding accounts in Netherlands	6,468	7,069
Funds with Hivos Netherlands	15,246,273	14,246,429
Transferred to Hivos Tanzania-Twaweza (Note 16 (a))	(7,553,750)	(8,752,461)
Balance with Hivos Netherlands at 31 December	<u>7,692,523</u>	<u>5,493,968</u>

17. OTHER PAYABLES

Accruals	1,831,002	1,266,561
Other Payables	1,047	18,319
Staff Leave Provision	70,181	39,844
	<u>1,902,230</u>	<u>1,324,724</u>

18. RELATED PARTY TRANSACTIONS

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

	2013 USD	2012 USD
Key management personnel remuneration:		
Salaries and employer's contribution to pension	<u>778,720</u>	<u>647,726</u>

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

Related party receivables

	2013 USD	2012 USD
Uwezo Programme (note 13)	<u>-</u>	<u>2,103,222</u>

Uwezo is a programme under the Twaweza to assess and promote better learning in East Africa. Twaweza provides oversight and quality assurance for Uwezo. In 2012, Twaweza advanced USD 2,103,222 to Uwezo. In 2013 this 'debt' was cleared by the Hewlett Foundation agreeing to cover it out of its overall support to Twaweza and Uwezo.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

19. EVENTS AFTER REPORTING DATE

The Management is not aware of any events that have occurred date between the 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's general approach is to pay after delivery of work and scrutiny of reports. In 2013 a number of payments were not made due to partial delivery or inadequate provision of evidence/reporting. Expenditures do not include contractual commitments made but not paid out. The total outstanding value of signed direct program contracts not yet paid on December 31, 2013 was USD 868,818.

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NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2013

21. DETAILED ACTUAL VS BUDGET EXPENDITURE

Code	Main Account/Activity	Annual Budget (USD)	Actual expenditure (USD)	%
1110	Media Partners	4,102,750	1,486,928	36%
1120	Interaction ICT & Mobile phones	560,000	17,946	3%
1130	Fast Moving Consumer Goods Companies	970,000	276,253	28%
1140	Religious organizations	510,000	64	0%
1150	Teachers Unions	250,000	6,814	3%
1160	Monitoring access to services	190,000	76,313	40%
1170	Education	150,000	138,567	92%
1180	Water	153,000	167,444	109%
1190	Health	159,000	172,862	109%
	Total strategic partnerships	7,044,750	2,343,190	33%
1400	Experimental intervention	2,653,900	2,242,846	85%
1500	Uwazi	206,087	213,123	103%
1600	Strategic engagement	419,500	104,177	25%
2100	Learning, monitoring and evaluation	1,419,600	953,772	67%
3100	Communication	1,452,100	627,481	43%
5100	Governance/Management	526,500	433,235	82%
	Total Twaweza program	13,722,437	6,917,825	50%
4200	Staff and operations	2,770,400	2,218,180	80%
6500	Assets/ equipment	92,500	98,567	107%
	Total operations, governance and assets	2,862,900	2,316,747	81%
4305	Contingency	100,000		
	Grand total	16,685,337	9,234,573	55%
	Less: Payment for acquisition of assets		98,567	
	Amount released as revenue grants		9,136,005	
	Add: Depreciation		76,688	
	Total expenses		9,212,693	