

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE
REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2010

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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TANZANIA EDUCATION NETWORK (TENMET)
TWAWEZA PROGRAMME – UWEZO INITIATIVE

ORGANISATIONAL INFORMATION

Board of Directors	Mr. Ginason Jandwa Mr. Javes Sauni Ms. Anita Masaki Ms. Felister Kalomo Mr. Leonard Soza Mr. Meinruf Nyoni Ms. Fatma Taufiq Mr. Benedict Wambura Ms. Zipoporah Shekilango
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Management	Ms. Helima Mengele Prof. Suleman Sumra
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Address	Tanzania Education Network (TENMET) Mtitu Street, Plot No. 383 P.O. Box 13547 Dar es Salaam Tanzania
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TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

REPORT OF THE MANAGEMENT
FOR THE YEAR ENDED 30 JUNE 2010

The Management of Tanzania Education Network (hereinafter referred to as "TENMET") has the pleasure to submit their report for the Uwezo Initiative (which is managed on behalf of Hivos Tanzania Limited under their Twaweza Programme) together with the audited financial statements for the financial year ended 30 June 2010, which disclose the state of affairs of the Uwezo Initiative.

Principal activities

Tanzania Education Network (also known as *Mtandao wa Elimu Tanzania*) is a not-for-profit company limited by guarantee and not having a share capital, registered under the Companies Act, 2002 with registration number 53973 of 22 September 2005.

The main activity of TENMET is strengthening network for members at national, zonal and district level for effective participation in education policy processes through advocacy, eliminating exclusion and improving quality basic education based on research and innovation.

Hivos Tanzania Limited (hereinafter referred to as "Hivos Tanzania") is also a not-for-profit company limited by guarantee and not having a share capital, registered under the Companies Act, 2002. The Company's principal activities include providing practical information to everyone and fostering quality independent media and citizen monitoring services.

Background to Uwezo Initiative

Uwezo Initiative is a five-year Programme managed by Hivos Tanzania which aims at promoting better learning in East Africa by conducting research on the levels of literacy and numeracy of children aged 5 – 16 years. The Initiative has been implemented from 2009 and this is the Initiative's first set of financial statements.

The day-to-day activities of the Uwezo Initiative are hosted by implementing partner organisations mentioned below:

Tanzania – Tanzania Education Network (TENMET)
Kenya – Women Educational Researchers of Kenya (WERK)
Uganda – Uganda National NGO Forum (UNNGOF)

The budget for the Uwezo Initiative during its five-year implementation period is United States Dollars (USD) 16.2 million. This funding is primarily derived from grants from international agencies with the main donors being Hivos Netherlands, The Hewlett Foundation, Accountability Tanzania (ACT Fund), Open Society Institute (OSI) and Swedish International Development Agency (SIDA) Tanzania.

During the year, TENMET received a total of USD 728,964 for implementation of activities of the Uwezo Initiative.

AUDITORS

Deloitte & Touche were appointed by the directors of Hivos Tanzania as external auditors of the Uwezo Initiative for the financial year ended 30 June 2010.



Helima Mungele
Coordinator - TENMET

16 December 2010

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Memorandum of Understanding between Hivos Tanzania and TENMET requires TENMET management to financially control and account for the Uwezo Initiative funds received from Hivos. TENMET management is required to prepare the Uwezo Initiative financial statements which give a true and fair view of the state of affairs of the Uwezo Initiative as the end of the financial year and of the operating results for that year. TENMET management is also required to ensure the Initiative maintains proper accounting records which disclose with reasonable accuracy at any time the financial position of the Initiative. They are also responsible for safeguarding the assets of the Uwezo Initiative.

TENMET management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error, selecting and applying accounting policies and making accounting estimates that are reasonable in the circumstances.

TENMET management accepts responsibility for these financial statements, which have been prepared using appropriate accounting policies supported by the reasonable and prudent judgements and estimates and in the manner required by the Memorandum of Understanding between Hivos Tanzania and TENMET. TENMET management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Uwezo Initiative and of its operating results. TENMET management further accepts responsibility for the maintenance of adequate accounting records which may be relied upon in the preparation of financial statements, as well as adequate system of internal financial controls.

Nothing has come to the attention of TENMET management to indicate that the Uwezo Initiative implemented on behalf of Hivos Tanzania will not remain a going concern for at least the next twelve months from the date of this statement.



Helima Mengele
Coordinator - TENMET

16 December 2010

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF HIVOS TANZANIA LIMITED

We have audited the accompanying financial statements of Uwezo Initiative (managed by TENMET), set out on pages 5 to 18 which comprise the statement of financial position as at 30 June 2010, statement of income and expenditure, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

TENMET Management's responsibility for the financial statements

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

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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements of Uwezo Initiative (managed by TENMET), give a true and fair view of the state of the Initiative's affairs as at 30 June 2010 and results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Certified Public Accountants (T)
Dar es Salaam

Signed by: E.A. Harunani

16 December 2010

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 USD
Income		
Revenue grants released	4	439,707
Capital grant released	5	<u>3,421</u>
Total income		<u>443,128</u>
Programme expenses		
Direct programme expenses	6	345,439
Administrative and indirect programme expenses	7	<u>97,689</u>
Total expenses		<u>443,128</u>
Surplus for the year		-
Other comprehensive income		<u>-</u>
Total comprehensive income		<u><u>-</u></u>

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 USD
ASSETS		
Non current assets		
Property and equipment	10	<u>28,795</u>
Current assets		
Advances to staff		747
Cash and bank balances	11	<u>308,894</u>
		<u>309,641</u>
Total assets		<u><u>338,436</u></u>
LIABILITIES		
Non current liabilities		
Deferred capital grants	5	<u>28,795</u>
Current liabilities		
Deferred revenue grants	4	307,767
Balances payable to suppliers		<u>1,874</u>
		<u>309,641</u>
Total equity and liabilities		<u><u>338,436</u></u>

The financial statements on pages 5 to 18 were approved by TENMET Management on 16 December 2010 and were signed on its behalf by:



Helima Mengele
Co-ordinator - TENMET

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 USD
Cash flows from operating activities		
Surplus for the year		-
Adjustments for:		
Revenue grants released	4	(439,707)
Capital grants released	5	(3,421)
Depreciation charge	10	<u>3,421</u>
		(439,707)
Changes in working capital items:		
Increase in other receivables		(747)
Increase in other payables		<u>1,874</u>
Cash used in operating activities		<u>(438,580)</u>
Cash flows from investing activities		
Purchase of property and equipment		<u>(32,216)</u>
Cash flows from financing activities		
Grants received during the year	4	<u>779,690</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		308,894
Cash and cash equivalents at beginning of the period		<u>-</u>
Cash and cash equivalents at end of the period	11	<u>308,894</u>

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements of the Uwezo Initiative ("the Initiative") are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted, are set out below.

Adoption of new and revised International Financial Reporting Standards

(a) Standards and interpretations effective in current period

- IFRS 7, Financial Instruments: Disclosures – Amendments enhancing disclosures about fair value and liquidity risk (Revised March 2009) – effective for annual periods beginning on or after 1 January 2009;
- IAS 16, Property, Plant and Equipment – Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009);
- IAS 19 – Employee Benefits – Amendments resulting from May 2008 Annual Improvements to IFRSs (effective annual periods beginning on or after 1 January 2009);
- IAS 20, Government Grants and Disclosure of Government Assistance – Amendments resulting from May 2008 Annual Improvements to IFRSs (effective annual periods beginning on or after 1 January 2009);
- IAS 32, Financial Instruments: Presentation – amendments relating to puttable instruments and obligations arising on liquidation (2008) – effective annual periods beginning on or after 1 January 2009;
- IAS 36, Impairment of Assets – Amendments resulting from May 2008 Annual Improvements to IFRSs (effective annual periods beginning on or after 1 January 2009);
- IAS 38, Intangible Assets – Amendments resulting from May 2008 Annual Improvements to IFRSs (effective annual periods beginning on or after 1 January 2009); and
- IAS 39, Financial Instruments: Recognition and Measurement – Amendments resulting from May 2008 Annual Improvements to IFRSs (effective annual periods beginning on or after 1 January 2009);

(b) Standards and Interpretations in issue but not yet effective

At the date of authorization of these financial statements, the following amendments to Standards and new Interpretations were in issue but not yet effective:

- IFRS 9, Financial Instruments – Classification and Measurement (effective for annual periods beginning on or after 1 January 2013);
- IAS 1, Presentation of Financial Statements, (effective for accounting periods beginning on or after 1 January 2010);
- IAS 7, Statement of Cash flows, (effective for accounting periods beginning on or after 1 January 2010);
- IAS 17, Leases, (effective for accounting periods beginning on or after 1 January 2010); and
- IAS 32, Financial Instruments: Presentation: Amendments relating to classification of rights issues(effective for accounting periods beginning on or after 1 February 2010)

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The management anticipates that the adoption of the relevant amendments in the financial statements for the annual period beginning 1 January 2010 will have no effect on the financial statements.

Basis of accounting

The financial statements are prepared under the historical cost basis.

Revenue recognition

Grants income

Grants are recognised as income to the extent of actual operating expenditure incurred. Grant income is accrued in cases where the expenditure is incurred prior to the receipt of funds. Where grant receipts are in excess of the actual expenditure, the balance is carried forward as deferred revenue grant.

Grants specified for purchase of depreciable property and equipment (including capital work-in-progress) is treated as deferred capital grant on first recognition and are amortised to income over the useful life of the assets and in the proportions in which depreciation on those assets is charged.

All other income is recorded on accrual basis.

Programme expenses

These are expenses in carrying out Initiative's activities and are recorded on an accrual basis.

Foreign currency translation

The presentation currency of the Initiative is United States Dollars (USD).

Transactions in currencies other than USD are translated into USD at rates approximating those prevailing at the transaction dates. At each end of reporting period, monetary assets and liabilities which are expressed in other currencies are translated into USD at rates ruling at that date. The resulting differences from translation are included in profit or loss in the year in which they arise.

Taxation

TENMET Management is of the view that the Initiative is exempt from paying corporation tax by virtue of its activities as well as registration status of the hosting organisation i.e. TENMET.

Property and equipment

Property and equipment are stated at historical cost less depreciation. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Initiative and the cost of the item can be reliably measured.

TANZANIA EDUCATION NETWORK (TENMET)
TWAWEZA PROGRAMME – UWEZO INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment (Continued)

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

The rates of depreciation in use are:	%
Motor vehicles	25
Furniture and fittings	12.5
Computers	33
Office equipment	25

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

Impairment of assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Provisions

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

Financial instruments

A financial asset or liability is recognised when the Initiative becomes party to the contractual provisions of the instrument.

The Initiative classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans and receivables; held- to- maturity investments; and available-for-sale assets. Management determines the appropriate classification of the Initiative's investments at initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Initiative provides money, goods or services directly to a debtor with no intention of trading the receivable

TANZANIA EDUCATION NETWORK (TENMET)
TWAWEZA PROGRAMME – UWEZO INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available for sale.

Available-for-sale financial assets

Financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans and receivables, or (c) financial assets held to maturity.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Initiative has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Initiative's right to receive payment is established.

Fair values of quoted investments in active markets are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are measured at cost less impairment.

Impairment and uncollectability of financial assets

At each reporting period, all financial assets are subject to review for impairment. If it is probable that the Initiative will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment loss has occurred. The amount of the loss is the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate (recoverable amount). The carrying amount of the asset is reduced to its estimated recoverable amount. The amount of the loss incurred is included in income statement for the period. If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised directly in equity is removed from equity and recognised in profit or loss for the period even though the financial asset has not been derecognised.

Financial liabilities

After initial recognition, the Initiative measures all financial liabilities including customer deposits other than liabilities held for trading at amortised cost. Liabilities held for trading (financial liabilities acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin) are subsequently measured at their fair values.

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

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

Retirement benefits obligations

The Initiative makes statutory contributions to the Parastatal Pension Fund (PPF). The Initiative's obligation with respect to contributions is 10% of the employees' gross. The Initiative's contributions with respect to these retirement benefits obligations are charged to profit or loss in the period to which they relate.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Initiative's activities expose it to a variety of financial risks including, credit risk, liquidity risk and foreign currency risk. The Initiative's overall risk management Programme seeks to minimize potential adverse effects on its financial performance. TENMET Management has overall responsibility of the establishment and oversight of the Initiative's risk management framework.

The Initiative's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls, and to monitor risk adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in the Initiative's risk profile. TENMET, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees and stakeholders understand their roles and obligations.

The most important types of risks are:

- Credit risk;
- Liquidity risk; and
- Market risk which is mainly due to foreign exchange risk.

A description of the significant risk factors is given below together with the risk management policies applicable. Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk of financial loss to the Initiative if a counterparty to a financial instrument fails to meet its contractual obligations. Potential concentration of credit risk consists principally of deposit with banks.

TENMET Management ensures that for banks and financial institutions, the Initiative transacts with only reputable banks and financial institutions.

The table in the next page summarises the Initiative's maximum exposure to credit risk as at 30 June 2010.

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza Programme – Uwezo Initiative

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

	Total USD	Fully performing USD	Past due USD	Impaired USD
Bank balances	308,686	308,686	-	-
Other receivables	747	747	-	-
	309,433	309,433	-	-

Liquidity risk

Liquidity risk is the risk that the Initiative will not be able to meet its financial obligations as they fall due. The TENMET Management's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Initiative's reputation.

TENMET Management ensures that it has sufficient cash on demand to meet the Initiative's expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

All liquidity policies and procedures are subject to review and approval by the TENMET Management.

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 30 June 2010:

	Carrying amount (USD)	Contractual cash flows (undiscounted) - USD			
		1-3 mths	3-6 mths	6-12 mths	1-4 yrs
Financial assets					
Bank and cash balances	308,894	308,894	-	-	-
Advances to staff	747	747	-	-	-
	309,641	309,641	-	-	-
Financial liabilities					
Balances payable to suppliers	(1,874)	(1,874)	-	-	-
Difference in contractual cash flows	307,767	307,767	-	-	-

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Foreign currency risk

Currency risk is the possibility that the Initiative may suffer financial loss as a consequence of the depreciation in the measurement currency relative to the foreign currency prior to payment of a commitment in that foreign currency or the measurement currency strengthening prior to receiving payment in that foreign currency.

The Initiative is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Foreign exchange risk arises from future transactions, recognised assets and liabilities.

TENMET Management manages the exposure of the Initiative to adverse fluctuations in foreign exchange rates by ensuring that it keeps at a minimum, assets and liabilities denominated in currencies other than the USD.

Foreign currency sensitivity analysis

At 31 December 2009, if the Tanzanian Shillings (TZS) had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on the results for the year would have been TZS 22,172,877.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Initiative's accounting policies, which are described in note 1, TENMET Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on accounting policies and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are evaluated and are based on accounting policies and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Property and equipment

Critical estimates are made by management in determining the useful lives and residual values to property and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2010 USD
4. REVENUE GRANTS	
Balance at the beginning of the year	-
Transfer of balance of funds from Hewlett Foundation	50,726
Revenue grant received from SIDA during the year	593,782
Revenue grant received from the Department for International Development (DfID) Tanzania during the year	<u>135,182</u>
Total revenue grants available during the year	<u>779,690</u>
Less:	
Revenue grants transferred to deferred capital grants (Note 5)	(32,216)
Revenue grants deferred to next reporting period	<u>(307,767)</u>
	<u>(339,983)</u>
Revenue grants utilised during the year	<u><u>439,707</u></u>

The balance of funds from Hewlett Foundation transferred during the year relates to the funds which were provided by the Foundation for the preparatory phase of the Programme.

	2010 USD
5. MOVEMENT IN DEFERRED CAPITAL GRANTS	
At 1 July 2009	-
Transfer from revenue grants (Note 4)	32,216
Capital grants released during the year (Note 10)	<u>(3,421)</u>
At 30 June 2010	<u><u>28,795</u></u>

6. DIRECT PROGRAMME EXPENSES	
Host organization capacity development	16,869
Supportive networks for Uwezo developed	13,026
Research design framework developed	1,231
Public engagement & communication strategy developed	1,050
National assessment tools	71,371
Household based assessment undertaken	201,650
Data accurately entered and analysed	27,283
Communication material in assessable Format	4,044
Greater public debate	6,186
Uwezo progress tracked	<u>2,729</u>
	<u><u>345,439</u></u>

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2010
USD

7. ADMINISTRATIVE AND INDIRECT PROGRAMME EXPENSES

Staff costs	106,348
Office running costs	8,150
Depreciation	3,421
Net foreign exchange gains (Note 8)	(20,230)
	<u>97,689</u>

8. NET FOREIGN EXCHANGE GAINS

Realised foreign exchange gains	21,231
Unrealised foreign exchange losses	(1,001)
	<u>20,230</u>

9. TOTAL COMPREHENSIVE INCOME

This is stated after charging/(crediting) :

Staff costs (Note 7)	106,348
Amortisation of capital grants	(3,421)
Depreciation	<u>3,421</u>

10. PROPERTY AND EQUIPMENT

	Motor vehicle USD	Computer & accessories USD	Equipment USD	Furniture & fittings USD	Total USD
Cost					
At 1 July 2009	-	-	-	-	-
Additions	<u>23,846</u>	<u>5,855</u>	<u>162</u>	<u>2,353</u>	<u>32,216</u>
At 30 June 2010	<u>23,846</u>	<u>5,855</u>	<u>162</u>	<u>2,353</u>	<u>32,216</u>
Depreciation					
At 1 July 2009	-	-	-	-	-
Charge for the year	<u>1,987</u>	<u>1,236</u>	<u>17</u>	<u>181</u>	<u>3,421</u>
At 30 June 2010	<u>1,987</u>	<u>1,236</u>	<u>17</u>	<u>181</u>	<u>3,421</u>
Net Book Value					
At 30 June 2010	<u>21,859</u>	<u>4,619</u>	<u>145</u>	<u>2,172</u>	<u>28,795</u>

TANZANIA EDUCATION NETWORK (TENMET)
TWaweza PROGRAMME – UWEZO INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2010
USD

11. CASH AND BANK BALANCES

Cash at bank	308,686
Cash on hand	<u>208</u>
	<u>308,894</u>

12. 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 in making financial or operational decisions.

All transactions with related parties are made at an arm's length in the normal course of business and on normal commercial terms and conditions.

Compensation paid to key management personnel is as set out below:

2010
USD

Short term benefits (salaries and allowances)	<u>106,348</u>
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Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Initiative directly or indirectly.

13. CAPITAL COMMITMENTS

As at 30 June 2010, there were no significant contractual commitments for capital expenditure relating to the Uwezo Initiative.

14. OPERATING LEASE COMMITMENTS

At the reporting date, there were no commitments under operating leases relating to the Uwezo Initiative.

15. EVENTS AFTER THE REPORTING DATE

At the date of signing these accounts the directors are not aware of any events subsequent to the financial year end that would result in either adjustment to the reported amounts and/or disclosures being included to the financial statements.

16. CURRENCY

The financial statements are prepared in United States Dollars (USD). However, the currency of the primary economic environment in which the Initiative is being implemented is Tanzanian Shillings (TZS.)

17. CONTINGENT LIABILITIES

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

18. REGISTRATION STATUS

TENMET (which hosts the Uwezo Initiative) is registered in Tanzania under the Companies Act, 2002 with registration No. 53973 of 22 September 2005.

TANZANIA EDUCATION NETWORK (TENMET)
TWAVEZA PROGRAMME – UWEZO INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Analysis of Actual and budgeted expenditure for the year ended 30 June 2010

Description	Budget (USD)	Actual (USD)	Variance (USD)	Budget attainment (%)
Host organisation Capacity Developed	18,460	16,869	1,591	91%
Supportive Networks for UWEZO Developed	21,900	13,026	8,874	59%
Research design framework developed	5,000	1,231	3,769	25%
Public engagement & communication strategy developed	3,000	1,050	1,950	35%
National assessment tools tests process	70,100	71,371	(1,271)	102%
Household based assessment undertaken	197,560	201,650	(4,090)	102%
Data accurately entered & analyzed	30,000	27,283	2,717	91%
District & national reports produced	45,000	-	45,000	-
Instant feedback to study community provided	5,000	-	5,000	-
Communications materials in accessible Formats	109,170	4,044	105,126	4%
Tailor made communication materials for key Actors	6,000	-	6,000	-
Greater public debate & coverage. about learning	7,000	6,186	814	88%
Teachers union /Professional Association emphasized learning	3,000	-	3,000	-
Rigorous monitoring & evaluation framework developed	2,500	-	2,500	-
Staff recruited & motivated to realize UWEZO goals	130,804	106,348	24,456	81%
Office & Assets functioning optimally & well managed	10,900	8,150	2,750	75%
Uwezo progress tracked	2,550	2,729	(179)	107%
Fixed assets	37,500	32,216	5,284	86%
Exchange gain	-	(20,230)	20,230	-
Grand total	705,444	471,922	233,521	67%
Less Fixed Assets		(32,216)		
Add Depreciation		3,421		
Total expenses as per statement of income and expenditure		443,128		