

HIVOS TANZANIA - TWaweza  
REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2014

HIVOS TANZANIA-TWaweza

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

TABLE OF CONTENTS	PAGE
Organization information	1
Management's report	2
Statement of management's responsibilities	3
Independent auditors' report	4
Statement of income and expenditure	5
Statement of financial position	6
Statement of changes in accumulated surplus	7
Statement of cash flows	8
Notes to the financial statements	9-20

**HIVOS TANZANIA -TWaweza**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**ORGANIZATION INFORMATION**

**Board of Directors**

(Hivos Tanzania )

<b>Name</b>	<b>Title</b>
Ben Witjes	Director (Dutch)
Edwin Huizing	Director (Dutch)

**Management of Initiative**

<b>Name</b>	<b>Title</b>	<b>Appointment/ termination date</b>
Rakesh Rajani	Head of Twaweza Initiative	Up to 31 December 2014
Kees de Graaf	Acting Executive Director	From 1 January to 1 March, 2015
Aidan Eyakuze	Executive Director	From 2 March, 2015

**Principal place of business**

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

**Principal bankers**

Stanbic Bank (T) Ltd  
P.O.Box 75647  
Dar-es-Salaam  
Tanzania

**Auditors**

Ernst & Young  
Certified Public Accountants  
36 Laibon Road, Oysterbay  
P.O.Box 2475  
Dar-es-Salaam  
Tanzania

## HIVOS TANZANIA-TWAZEZA

### MANAGEMENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 31<sup>st</sup> December 2014.

#### 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 grants from International agencies, including an own contribution from the Hivos Head Office. 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 31<sup>st</sup> December 2014, Twaweza received grants from AJWS, DFID (Tanzania) and Hewlett Foundation.

#### 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.

#### 5. AUDITORS

Ernst & Young were auditors of Hivos Tanzania for the year ended 31<sup>st</sup> December 2014 and are eligible for re-appointment.

Approved by Management for issue on 26<sup>TH</sup> MAY 2015 and signed on its behalf by:

  
.....  
Aidan Eyanuze  
Executive Director, Twaweza

  
.....  
Ben Witjes  
Director, Hivos Tanzania

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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.

  
.....  
Aidan Eyakuze  
Executive Director, Twaweza  
26 may .....2015

  
.....  
Ben Witjes  
Director, Hivos Tanzania  
May 26 .....2015

**REPORT OF THE INDEPENDENT AUDITORS**  
*to the members of*  
**HIVOS TANZANIA**

We have audited the accompanying financial statements of the Hivos Tanzania-Twaweza, set out on pages 8 to 20, which comprise the Statement of financial position as at 31 December 2014, and the statement of income and expenditure, statement of changes in accumulated surplus and statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

*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*

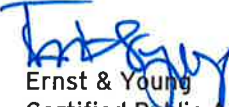

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 2014, 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: 26<sup>th</sup> May 2015

**HIVOS TANZANIA-TWaweza****STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	NOTES	2014 USD	2013 USD
<b>INCOME</b>			
Revenue grants	6	10,004,963	9,136,005
Release of capital grant	14	80,077	83,961
Other income	7(a)	<u>112,325</u>	<u>89,123</u>
<b>Total Income</b>		<b>10,197,365</b>	<b>9,309,089</b>
<b>EXPENDITURE</b>			
Direct program costs	8	7,457,854	6,917,825
Indirect program and administrative costs	9	<u>2,627,186</u>	<u>2,294,868</u>
<b>Total Expenses</b>		<b><u>10,085,040</u></b>	<b><u>9,212,693</u></b>
<b>SURPLUS OF INCOME OVER EXPENDITURE</b>		<b><u>112,325</u></b>	<b><u>96,396</u></b>


HIVOS TANZANIA-TWAVEZA

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

ASSETS	NOTES	2014 USD	2013 USD
<b>Non-Current Assets</b>			
Equipment	11	<u>134,118</u>	<u>180,712</u>
<b>Current Assets</b>			
Hivos Netherlands grants receivable	15 (b)	6,148,212	7,692,523
Other Receivables	12	325,877	635,311
Cash and bank balances	13	<u>636,636</u>	<u>2,895,883</u>
		<u>7,110,725</u>	<u>11,223,717</u>
<b>TOTAL ASSETS</b>		<b><u>7,244,843</u></b>	<b><u>11,404,429</u></b>
<b>ACCUMULATED FUND AND LIABILITIES</b>			
Accumulated surplus		579,625	467,300
Deferred capital grant	14	<u>134,118</u>	<u>180,712</u>
		<u>713,743</u>	<u>648,012</u>
<b>Current Liabilities</b>			
Deferred revenue grants	15(a)	4,029,215	8,854,187
Other payables	16	<u>2,501,885</u>	<u>1,902,230</u>
		<u>6,531,100</u>	<u>10,756,417</u>
<b>TOTAL ACCUMULATED FUND AND LIABILITIES</b>		<b><u>7,244,843</u></b>	<b><u>11,404,429</u></b>

The financial statements on pages 5 to 20 were approved for issue on 26<sup>TH</sup> MAY and were signed on behalf of Hivos Tanzania Twaweza by:

  
Aidan Eyakuze  
Executive Director, Twaweza

  
Ben Witjes  
Director, Hivos Tanzania



HIVOS TANZANIA-TWaweza

STATEMENT OF CHANGES IN ACCUMULATED FUND  
FOR THE YEAR ENDED 31 DECEMBER 2014

	Accumulated surplus USD
At 1 January 2013	370,904
Surplus of income over expenditure	<u>96,396</u>
At 31 December 2013	<u><u>467,300</u></u>
At 1 January 2014	467,300
Surplus of income over expenditure	<u>112,325</u>
At 31 December 2014	<u><u>579,625</u></u>

HIVOS TANZANIA-TWaweza

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 USD	2013 USD
<b>Cash flow from operating activities</b>		
Surplus of income over expenditure	112,325	96,396
Adjustments for :		
Depreciation charge (Note 11)	74,343	76,688
Capital grants released	(80,077)	(83,961)
Gain on disposal of asset (Note 7b)	(9,356)	(25,723)
Revenue grants release [ Note 15(a)]	<u>(10,004,963)</u>	<u>(9,136,005)</u>
	(9,907,728)	(9,072,605)
<i>Changes in working capital</i>		
Decrease in other receivables	309,434	1,566,611
Increase in other payables	<u>599,655</u>	<u>577,505</u>
<b>Cash used in operating activities</b>	<u>(8,998,639)</u>	<u>(6,928,489)</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment	(33,483)	(98,567)
Proceeds from disposal of asset	<u>15,090</u>	<u>32,996</u>
<b>Net cash used in investing activities</b>	<u>(18,393)</u>	<u>(65,571)</u>
<b>Cash flows from financing activities</b>		
Grants received from Hivos Netherlands	6,757,785	7,553,750
Funds transferred to support Uwezo activities	<u>-</u>	<u>(2,103,222)</u>
<b>Net cash flows from financing activities</b>	<u>6,757,785</u>	<u>5,450,528</u>
<b>Net increase in cash and cash equivalents</b>	<b>(2,259,247)</b>	<b>(1,543,532)</b>
Cash and cash equivalents at beginning of the year	<u>2,895,883</u>	<u>4,439,415</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>636,636</u></u>	<u><u>2,895,883</u></u>

## **HIVOS TANZANIA-TWAVEZA**

### **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **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 29<sup>th</sup> 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 whereby by donors grants are received through Hivos Netherland. Grants revenue is recognized only when conditions for spending have been fully met.

##### **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**

Deferred revenue grants are initially recognized when cash is received from Hivos Netheland for the general operations of the Twaweza's programmes and activities during the year. The balance of this account is reduced gradually in line with related revenue expenditure .

The balance due from Hivos Neteherland in respect of funds disbursed by donors but not yet disbursed to Twaweza by year end is then added to arrive at total deferred capital grant.

##### **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.

## HIVOS TANZANIA-TWaweza

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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%

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.

## HIVOS TANZANIA-TWaweza

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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.

##### 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.

## HIVOS TANZANIA-TWaweza

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

#### 4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year. Changes resulting from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRSs that were effective for the current reporting period did not have any impact on the accounting policies, financial position or performance of the organization.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- IFRIC Interpretation 21 Levies (IFRIC 21)
- IAS 36 Disclosure requirements for the recoverable amount of impaired assets - Amendments to IAS 36
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39

The adoption of the standards or interpretations is described below:

**Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27):** These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10.

**IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32:** These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.

**IFRIC Interpretation 21 Levies (IFRIC 21):** IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

**IAS 36 Disclosure requirements for the recoverable amount of impaired assets - Amendments to IAS 36:** Clarifies the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

**IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39:** These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

#### STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the organization's financial statements are described below. This description is of standards and interpretations issued, which the organization reasonably expects to be applicable at a future date. The organization intends to adopt those standards when they become effective. The organization expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the organization's financial position or performance in the period of initial application. In cases where it will have an impact, the organization is still assessing the possible impact.

## HIVOS TANZANIA-TWaweza

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

#### 4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Standards and interpretations issued or revised but not yet effective for the current financial year:

- IFRS 15: Revenue from Contracts with Customers (Effective 1 January 2016)
- IFRS 14: Regulatory Deferral Accounts (Effective 1 January 2016)
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016)
- IAS 16 and IAS 41: Accounting for bearer plants (Effective 1 January 2016)
- IFRS 9: Financial instruments (Effective 1 January 2018)
- IAS 19: Defined Benefit Plans: Employee Contributions (Effective 1 July 2014)
- IFRS 11: Accounting for the acquisition of interests in a Joint Operation (Effective 1 January 2016)
- IAS 27: Equity method in separate financial statements (Effective 1 January 2016)

#### *Improvement project*

Below is a summary of the improvements issued in December 2013 but which were not yet effective for the current financial year:

- IFRS 2 - Share-based Payment (Effective 1 July 2014)
- IFRS 3 - Business Combinations (Effective 1 July 2014)
- IFRS 8 - Operating Segments (Effective 1 July 2014)
- IAS 16 - Property, plant and equipment and IAS 38 Intangible Assets (Effective 1 July 2014)
- IAS 24 - Related Parties (Effective 1 July 2014)
- IAS 40 - Investment Property (Effective 1 July 2014)
- IFRS 13 - Short term receivables and payables (Effective 1 July 2014)
- IAS 24 - Key management personnel (Effective 1 July 2014)
- IFRS 3 - Scope of Joint ventures ( Effective 1 July 2014)
- IFRS 13 - Scope of Paragraph 52 (Effective 1 July 2014)

#### 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.

HIVOS TANZANIA-TWAVEZA

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

6. REVENUE GRANTS

	2014 USD	2013 USD
Amount released from deferred grants (Note 15 (a))	<u>10,004,963</u>	<u>9,136,005</u>

7(a) OTHER INCOME

Management fee-Uwezo	62,500	62,500
Gain on disposal of assets (Note 7(b))	9,356	25,723
Contribution from SID on use of Sauti data	7,377	-
Contribution from ILP on use of Sauti data	26,450	-
Compensation from Hivos Kenya on office set up	6,549	-
Mkapa Foundation - refund of transport cost to Twaweza staff	93	-
Water Witness rent and services	-	900
	<u>112,325</u>	<u>89,123</u>

2014 USD	2013 USD
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7(b) GAIN ON DISPOSAL OF ASSETS

Net book value of items disposed/ written off	(5,734)	(7,273)
Insurance payment	11,698	22,509
Receipt from Pinnacle security for assets stolen	1,797	-
Receipt from Synovate on cameras borrowed	1,004	-
Receipt from Hivos Kenya on assets retained	591	-
Receipt from sale of motor vehicle	-	6,122
Receipt from sale of generator damaged by floods	-	4,365
	<u>9,356</u>	<u>25,723</u>



HIVOS TANZANIA -TWaweza

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

	2014 USD	2013 USD
<b>8. DIRECT PROGRAM EXPENSES</b>		
Strategic partnerships and initiatives	2,444,339	2,343,190
Positive deviance	6,939	-
Experimental interventions	2,820,880	2,242,846
Strategic engagement	300,448	104,177
Uwazi	326,958	213,124
Communications/Public engagement	722,649	627,481
Learning, monitoring and evaluation	317,790	953,772
Governance/Management	517,851	433,235
	<u>7,457,854</u>	<u>6,917,825</u>
<b>9. INDIRECT PROGRAM AND ADMINISTRATIVE COSTS</b>		
Staff costs (Note 10)	2,036,865	1,861,317
Staff recruitment	3,659	14,863
Office running costs	122,384	103,751
Office rent (3 offices)	173,692	146,760
Communications/ Internet/ Utilities	117,403	72,345
Travel and Transport	49,140	36,032
Exchange gain on conversion between accounts	49,700	(16,888)
Depreciation and amortization	74,343	76,688
	<u>2,627,186</u>	<u>2,294,868</u>
<b>10. STAFF COSTS</b>		
Salaries	1,369,050	1,258,357
Skills and Development Levy	65,712	62,074
Social Security Contributions	127,830	106,452
Other staff benefits	474,273	434,434
	<u>2,036,865</u>	<u>1,861,317</u>

HIVOS TANZANIA -TWaweza

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

11. PROPERTY AND EQUIPMENT

	Leasehold Improvement USD	Motor Vehicle USD	Computer and accessories USD	Furniture & fittings USD	Equipment USD	Total USD
<b>Cost</b>						
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
Eliminated on disposal	-	(16,149)	(12,553)	(3,411)	(36,099)	(68,212)
<b>At 31 December 2013</b>	<b>25,868</b>	<b>-</b>	<b>140,076</b>	<b>61,200</b>	<b>149,345</b>	<b>376,489</b>
At 1 January 2014	25,868	-	140,076	61,200	149,345	376,489
Additions	-	-	12,966	13,713	6,804	33,483
Eliminated on disposal	-	-	(16,502)	(2,910)	(2,413)	(21,825)
<b>At 31 December 2014</b>	<b>25,868</b>	<b>-</b>	<b>136,540</b>	<b>72,003</b>	<b>153,736</b>	<b>388,147</b>
<b>Accumulated depreciation</b>						
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	29,166	76,688
Eliminated on disposal	-	(13,837)	(10,633)	(1,508)	(34,961)	(60,939)
<b>At 31 December 2013</b>	<b>25,868</b>	<b>-</b>	<b>93,927</b>	<b>27,205</b>	<b>48,777</b>	<b>195,777</b>
At 1 January 2014	25,868	-	93,927	27,205	48,777	195,777
Charge for the year	-	-	29,905	7,997	36,441	74,343
Eliminated on disposal	-	-	(12,813)	(1,711)	(1,567)	(16,091)
<b>At 31 December 2014</b>	<b>25,868</b>	<b>-</b>	<b>111,019</b>	<b>33,491</b>	<b>83,651</b>	<b>254,029</b>
<b>Net carrying amount</b>						
At 31 December 2014	-	-	25,521	38,512	70,085	134,118
At 31 December 2013	-	-	46,148	33,995	100,568	180,711

HIVOS TANZANIA-TWaweza

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

	2014 USD	2013 USD
<b>12. OTHER RECEIVABLES</b>		
Uwezo (Management fees)	62,500	-
Prepaid rent	37,500	41,100
Hivos Netherlands	125,000	125,000
Other prepaid expenses	93,737	458,730
Hivos Kenya	7,140	10,480
	<u>325,877</u>	<u>635,310</u>
<b>13. CASH AND BANK BALANCES</b>		
Bank balances	635,745	2,893,628
Petty cash balances	891	2,255
	<u>636,636</u>	<u>2,895,883</u>
<b>14. DEFERRED CAPITAL GRANTS</b>		
As at 1 January	180,712	166,106
Grants received during the year	33,483	98,567
	214,195	264,673
Released to income		
Depreciation charge for the year	(74,343)	(76,688)
Adjustment	(5,734)	(7,273)
Total capital grant released to income during the year	(80,077)	(83,961)
At 31 December	<u>134,118</u>	<u>180,712</u>
<b>15 (a). DEFERRED GRANTS</b>		
As at 1 January	1,161,664	4,945,709
Funds received during the year [Note 15 (b)]	6,757,785	7,553,751
Transferred to Capital grants	(33,483)	(98,567)
Release to statement of income and expenditure	(10,004,963)	(9,136,005)
Funds transferred to support Uwezo activities	-	(2,103,222)
Subtotal	<u>(2,118,997)</u>	<u>1,161,664</u>
Hivos Netherlands deferred grants[Note 15 (b)]	6,148,212	7,692,523
	<u>4,029,215</u>	<u>8,854,187</u>

## HIVOS TANZANIA-TWAVEZA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

	2014 USD	2013 USD
<b>15 (b). HIVOS NETHERLANDS DEFERRED GRANTS</b>		
Balance at 1 January	7,692,523	5,493,968
DFID (T)	3,287,974	1,623,337
Hivos Netherlands	-	1,980,000
SIDA (T)	-	3,792,500
Hewlett	1,500,000	2,000,000
AJWS	400,000	350,000
Interest earned in holding accounts in Netherlands	-	6,468
Forex gain	<u>25,500</u>	<u>-</u>
Available funds in the Netherlands	12,905,997	15,246,273
Transferred to Hivos Tanzania-Twaweza	<u>(6,757,785)</u>	<u>(7,553,750)</u>
Balance in the Netherlands at 31 December	<u><u>6,148,212</u></u>	<u><u>7,692,523</u></u>

Twaweza operates funding arrangement with donors through Hivos Netherlands whereby donors disburse funds to Hivos Netherland. The balance represent amount due from Hivos Netherland in respect of funds disbursed by donors but not yet disbursed to Twaweza initiative until certain conditions are met .

### 16. OTHER PAYABLES

Accruals	2,404,897	1,831,002
Other payables	13,447	1,047
Staff leave provision	25,873	70,182
Severance pay provision	41,923	-
Withholding tax payable	<u>15,745</u>	<u>-</u>
	<u><u>2,501,885</u></u>	<u><u>1,902,231</u></u>

### 17. RELATED PARTY TRANSACTIONS

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

	2014 USD	2013 USD
<b>Key management personnel remuneration:</b>		
Salaries and employer's contribution to pension	<u>881,304</u>	<u>778,720</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.

## HIVOS TANZANIA-TWAVEZA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

#### 17. RELATED PARTY TRANSACTIONS (Continued)

##### Related party receivables

	2014 USD	2013 USD
Uwezo Programme (Note 12)	<u>62,500</u>	<u>-</u>

Uwezo is a programme under Twaweza to assess and promote better learning in East Africa. Twaweza provides management and oversight activities at a fee of USD 62,500 per year. As at year end USD 62,500 relating to year 2014 was unpaid.

#### 18. 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.

#### 19. 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 2014 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, 2014 was USD 489,651 (2013: USD 868,818).

HIVOS TANZANIA-TWAVEZA

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2014

20. DETAILED ACTUAL VS BUDGET EXPENDITURE

Code	Main Account/Activity	Annual Budget (USD)	Actual expenditure (USD)	%
1110	Tanzania core programs	1,505,500	524,271	35%
1120	Kenya core programs	861,000	961,285	112%
1130	Uganda core programs	968,000	958,783	99%
	<b>Total programs</b>	<b>3,334,500</b>	<b>2,444,339</b>	<b>73%</b>
1400	Experimental intervention	3,054,516	2,820,880	92%
1500	Uwazi	367,840	326,958	89%
1600	Strategic engagement	367,600	300,448	82%
1700	Positive deviance	113,000	6,939	6%
2100	Learning, monitoring and evaluation	1,708,000	317,791	19%
3100	Communication	789,211	722,649	92%
5100	Governance/Management	653,900	517,850	79%
	<b>Total Twaweza program</b>	<b>7,054,067</b>	<b>5,013,515</b>	<b>71%</b>
4200	Staff and operations	2,695,234	2,550,041	95%
6500	Assets/ equipment	61,417	33,483	55%
	<b>Total operations, governance and assets</b>	<b>2,756,651</b>	<b>2,583,524</b>	<b>94%</b>
4305	Contingency	100,000	2,802	3%
	<b>Grand total</b>	<b>13,245,218</b>	<b>10,044,180</b>	<b>76%</b>
	Less: Payment for acquisition of assets		33,483	
	Amount released as revenue		10,010,697	
	Add: Depreciation		74,343	
	<b>Total expenses</b>		<b>10,085,040</b>	