

**TWaweza East Africa**  
**DIRECTORS' REPORTS AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2015**

**TWaweza East Africa**

**DIRECTORS' REPORTS AND FINANCIAL STATEMENTS  
FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

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## TWAVEZA EAST AFRICA

### DIRECTORS' REPORTS AND FINANCIAL STATEMENTS FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015

#### COMPANY INFORMATION

##### Board of Directors

The directors of Twaweza East Africa at the date of this report and who have served since incorporation except where otherwise stated, are:

S/n	Name	Position	Qualifications	Nationality	Date appointed/ resigned
1	Dipak Naker	Chairman	Co-founder and Co-director at Raising Voices, Uganda.	British	
2	Rakesh Rajani	Director	Rakesh Rajani Director, Civic Engagement and Government, Ford Foundation, USA.	Tanzanian	
3	Smita Singh	Director	Former Founding Director of the Global Development Program, William and Flora Hewlett Foundation, USA.	American	Appointed on 23 April, 2015
4	Leonard Mususa	Director	Professional Accountant & Chairman of the board of directors of Mwananchi Communications Limited, Tanzania.	Tanzanian	Appointed on 23 April, 2015
5	Robert Kabushenga	Director	Professional Lawyer and CEO of New Vision Group, Uganda.	Ugandan	Appointed on 23 April, 2015
6	Prof. Samuel Wangwe	Director	Executive Director, REPOA, Tanzania.	Tanzanian	Resigned on 23 April, 2015

##### Management of Twaweza East Africa

Name	Title	Appointment/ termination date
Kees de Graaf	Acting Executive Director	From 1 January to 1 March, 2015
Aidan Eyakuze	Executive Director	From 2 March, 2015

**TWaweza East Africa**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

**COMPANY INFORMATION (Continued)**

**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  
Tanhouse Tower (4th floor) Plot No: 34/1 Ursino  
South New Bagamoyo  
P.O.Box 2475  
Dar-es-Salaam  
Tanzania

## **TWaweza EAST AFRICA**

### **DIRECTORS' REPORT FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

The Directors of Twaweza East Africa (also referred to as "Twaweza East Africa" or "the Company") submit their report together with the audited financial statements for the year ended 31 December, 2015.

#### **1. PRINCIPAL ACTIVITIES**

The principal activity of Twaweza East Africa 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 AND INCORPORATION**

Twaweza East Africa is a not for profit company limited by guarantee having no share capital incorporated under the Tanzanian Companies, Act 2002 on 15 December, 2014 and issued with a registration number 113764. The company obtained a certificate of compliance to operate in Kenya and Uganda as per the laws of each country. Prior to being an independent legal entity, this ten year initiative to promote citizen involvement and public accountability in East Africa was hosted by Hivos Tanzania Limited up to 31 December, 2014. There after Twaweza signed an oversight and guidance agreement with Hivos Netherlands which authorises them to monitor Twaweza activities until the end of 2016.

On 17 December 2014 the Board of Directors of Hivos Tanzania Limited resolved to transfer assets and liabilities of Twaweza and Uwezo Initiatives previously hosted by Hivos Tanzania to Twaweza East Africa effective from 1 January, 2015. These financial statements have, therefore, included the values of assets and liabilities transferred from Hivos Tanzania – Twaweza and Uwezo Initiatives to Twaweza East Africa.

The Board of directors of Twaweza East Africa has delegated the day to day management of Twaweza to the Executive Director of Twaweza. Operations are guided by approved policies. The Board of Twaweza has established Governance and Management, Program, Human Resource, Administration and Financial regulations which provide a solid basis for accountability and high standards within the Company.

Twaweza East Africa's total estimated budget for its second strategy of 2015-2018 is USD 81.7 million. This funding is primarily derived from grants of International agencies. Up to 31 December, 2015, Twaweza East Africa had funding agreements with the Hewlett Foundation USA, the Department for International Development (DFID) Tanzania, and the American Jewish World Service (AJWS) USA. Funding for Twaweza follows the accounting period which runs from January to December.

#### **3. VISION**

Twaweza East Africa believe in an open society, built on the human impulse to make a difference; where information and ideas flow, citizens engage, and authorities are accountable to the people.

#### **4. MISSION**

Twaweza collect, curate, and transport evidence, ideas and stories to inspire citizen action and stimulate responsiveness from authorities on basic learning and open government.

## **TWAVEZA EAST AFRICA**

### **DIRECTORS' REPORT (Continued) FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

#### **5. FINANCIAL RESULTS**

Twaweza's funding is primarily derived from different donors. During the year ended 31 December 2015, Twaweza received grants from American Jewish World Service (AJWS), DFID (Tanzania) and Hewlett Foundation.

Funding from different donors are usually channelled through Twaweza dedicated accounts maintained by Hivos in the Netherlands with the exceptions of Tanzanian based donors where the funding is received directly to Twaweza accounts based in Dar es Salaam.

In 2015, Twaweza received a total of USD 15,428,122. The actual spending for the year amounted to USD 14,170,958.

#### **6. SOLVENCY**

Twaweza's state of affairs as at 31 December, 2015 is set out on page 10 of these financial statements. Directors consider Twaweza to be solvent within the meaning ascribed by the Tanzanian Companies Act, 2002.

#### **7. ADMINISTRATION POLICIES AND FINANCIAL REGULATIONS**

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

#### **8. RELATED PARTY TRANSACTIONS**

Details of balances and transactions with related parties are set out in note 17 to the financial statements.

#### **9. EMPLOYEE WELFARE**

The relationship between employees and management is cordial. Twaweza organizes regular learning sessions aimed at enhancing staff skills widening the understanding relevance of Twaweza's work as well as for personal development. Twaweza also provides medical insurance to staff and their dependents and a contribution to schooling for children. In ensuring a work-life balance Twaweza has hired a trainer who facilitates physical exercises to employee.

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

#### **10. GENDER PARITY**

As at 31 December, 2015, Twaweza had 61 employees, out of which 35 (or 57%) were female and 26 (or 43%) were male.

**TWaweza EAST AFRICA**

**DIRECTORS' REPORT (Continued)**

**FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

**11. AUDITORS**

Ernst & Young were auditors of Twaweza East Africa for the year ended 31 December, 2015 and are eligible for re-appointment.

Approved by the Board of Directors for issue on .....23/05.....2016 and signed on its behalf by:



Aidan Eyakuze  
Executive Director, Twaweza East  
Africa



Dipak Naker  
Chairman, Twaweza East  
Africa

## TWaweza EAST AFRICA

### STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015

The Companies Act, Cap 212 Act No.12 of 2002 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, Cap 212 Act No.12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its loss in accordance with International Financial Reporting Standards.


The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement. To enable the directors to meet these responsibilities they set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known risks across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently reviewing and reporting on the Company's financial statements. The financial statements have been examined by the external auditors and their report is presented on pages 7 and 8.

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

Approved by the Board of Directors for issue on 23/05 2016 and signed on its behalf by:

  
Ajdan Eyakuze  
Executive Director, Twaweza East Africa

  
Dipak Naker  
Chairman, Twaweza East Africa



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## **INDEPENDENT AUDITORS' REPORT**

*to the members of*

### **TWAVEZA EAST AFRICA**

#### **Report on the financial statements**

We have audited the accompanying financial statements of Twaweza East Africa, set out on pages 9 to 25, which comprise the Statement of financial position as at 31 December 2015, 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.

#### ***Directors's responsibility for the financial statements***

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the requirements of the Companies Act, 2002 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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**INDEPENDENT AUDITORS' REPORT**  
*to the members of*  
**TWAVEZA EAST AFRICA (Continued)**

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, 2002.

**Report on other legal and regulatory requirements**

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

As required by the Companies Act, 2002, we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of accounts have been kept by the Company, so far as appears from our examination of those books;
- iii. The Directors' Report is consistent with the financial statements,
- iv. Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and
- v. The company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Ernst & Young  
Certified Public Accountants  
Dar es Salaam

Signed by: Joseph Sheffu

Date:

23rd Aug 2016

**TWaweza East Africa**

**STATEMENT OF INCOME AND EXPENDITURE  
FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

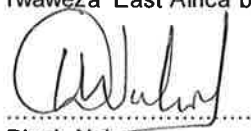
	NOTES	2015 USD
<b>INCOME</b>		
Revenue grants	5	14,079,720
Release of capital grant	14	91,238
Other income	6	15,196
<b>Total Income</b>		14,186,154
<b>EXPENDITURE</b>		
Direct program costs	7	10,408,051
Indirect program and administrative costs	8	3,762,907
<b>Total Expenses</b>		14,170,958
<b>SURPLUS OF INCOME OVER EXPENDITURE</b>		<b>15,196</b>

**TWAVEZA EAST AFRICA****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	NOTES	2015 USD
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property and equipment	11	<u>151,920</u>
<b>Current Assets</b>		
Other receivables	12	197,146
Grant funds receivable	15(a)	508,854
Cash and bank balances	13	<u>3,615,604</u>
		<u>4,321,604</u>
<b>TOTAL ASSETS</b>		<u><b>4,473,524</b></u>
<b>RESERVES AND LIABILITIES</b>		
<b>Reserves</b>		
Accumulated fund		<u>642,658</u>
<b>Non-Current Liabilities</b>		
Deffered capital grant	14	<u>151,920</u>
<b>Current Liabilities</b>		
Accruals and other payables	16	<u>3,678,946</u>
		<u>3,678,946</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><b>4,473,524</b></u>

The financial statements were approved and authorised for issue by the Board of Directors on  
23/05/2016 and were signed on behalf of Twaweza East Africa by:

  
Aidan Eyakuzze  
Executive Director, Twaweza East Africa

  
Dipak Naker  
Board Chairman, Twaweza East Africa

**TWAVEZA EAST AFRICA**

**STATEMENT OF CHANGES IN ACCUMULATED FUND  
FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

	<b>Accumulated Fund USD</b>
<b>Transfer from Hivos Tanzania At 1 January 2015</b>	627,462
Surplus of income over expenditure	15,196
Grants received during the year	-
Release of capital grant	-
<b>At 31 December 2015</b>	<b>642,658</b>

**TWaweza East Africa**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

	<b>NOTES</b>	<b>2015 USD</b>
<b>Cash flow from operating activities</b>		
Surplus of income over expenditure		15,196
<b>Adjustments for:</b>		
Depreciation charge	11	87,814
Capital grants released	14	(87,814)
Net book value of equipment written-off	6(b)	(3,423)
Gain on disposal of asset	6(b)	(196)
		<b>11,577</b>
<b>Changes in working capital:</b>		
Decrease in grants funds receivables		1,348,402
Increase in other receivables	12	143,434
Increase in other payables	16	752,625
<b>Cash used in operating activities</b>		<b>2,256,038</b>
<b>Cash flows from investing activities:</b>		
Purchase of equipment	11	(91,890)
Proceeds from disposal of asset		3,620
<b>Net cash used in investing activities</b>		<b>(88,270)</b>
Cash flows from financing activities		
<b>Net cash flows from financing activities</b>		
<b>Net increase in cash and cash equivalents</b>		<b>2,167,768</b>
Net cash transferred from Hivos at the beginning of the year		1,447,836
<b>Cash and cash equivalents at the end of the year</b>	13	<b>3,615,604</b>

## **TWAVEZA EAST AFRICA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

#### **1. COMPANY INFORMATION**

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

The objective of the company 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.

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

#### **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.

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Revenue Recognition**

##### **Grants Income**

Twaweza operates funding arrangement with donors through Hivos Netherlands whereby donors grants are received through Hivos Netherlands. Grants revenue is recognized only when conditions for spending have been fully met.

##### **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 Netherlands 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 Netherlands 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.

## **TWAWEZA EAST AFRICA**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

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

##### **Provision**

Provisions are made when the Company 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 and functional currency.

Transactions in local and other currencies during the year are converted into USD at rates ruling at the transaction dates. Monetary assets and liabilities at the reporting date, which are expressed in local and other 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 income and expenditure in the year in which they arise.

##### **Property and equipment**

Property 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	25.0%
Computers	33.3%
Furniture and Fittings	12.5%
Other Equipment and tools	25.0%

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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

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

**Impairment of non-financial assets**

Twaweza 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 Company 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**

Twaweza contributes in five statutory pension schemes (PPF Pensions Fund, UAP Life Assurance, Local Government Pensions Fund, Public Service Pensions Fund and National Social Security Fund). For Tanzania both the employer and employee contribute 10% each to the fund, while in Kenya and 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.

## TWaweza East Africa

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015

#### 4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

#### Standards and interpretations issued or revised but not yet effective for the financial year ended 31 December 2015:

- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016)
- IFRS 9: Financial instruments (Effective 1 January 2018)

#### Improvement project

Below is a summary of the improvements issued in December 2014 but which were not yet effective for the financial year ended 31 December 2015 and no impact to the Company:

- IFRS 7 Financial Instruments: Disclosures (Effective 1 January 2016))
- IAS 19 Employee Benefits (Effective 1 January 2016)
- IAS 16 – Property, plant and equipment and IAS 38 Intangible Assets (Effective January 2016)
- IAS 1 – Disclosure Initiative (Effective 1 January 2016)

#### 5. REVENUE GRANTS

	2015 USD
Amount released from deferred grants [Note 15 (a)]	<u>14,079,720</u>

#### 6(a) OTHER INCOME

Gain on disposal of assets [Note 6(b)]	196
Contribution from Tanzania Media Fund (TMF) on use of Sauti data	7,500
Contribution from Overseas Development Institute (ODI) on use of Sauti data	7,500
	<u>15,196</u>

#### 6(b) GAIN ON DISPOSAL OF ASSETS

Net book value of items disposed/ written off	(3,424)
Receipt from Ultimate security for assets stolen	1,970
Value of equipment involved in trade-in as per IAS 16	1,650
	<u>196</u>

## TWAVEZA EAST AFRICA

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015

#### 7. DIRECT PROGRAM EXPENSES

	<b>2015 USD</b>
Freedom of information act	10,377
Open data by Government	95,367
Independent monitoring (Inc. Sauti)	844,180
Intermediaries and demand	35,493
Responsive governments	536,639
Learning outcomes (incl. Uwezo)	5,469,771
Ambitious curriculum	14,077
Motivated teachers (incl. Kiufunza)	2,107,952
School management	182,094
Learning, monitoring and evaluation	850,369
Generic outputs from units	20,177
Governance and management	241,555
	<b>10,408,051</b>

#### 8. INDIRECT PROGRAM AND ADMINISTRATIVE COSTS

Staff costs (Note 9)	2,931,081
Staff recruitment	34,353
Office running costs	169,506
Office rent (3 offices)	185,184
Communications/ Internet/ Utilities	129,865
Travel and Transport	33,602
Exchange gain on conversion between accounts	191,502
Depreciation and amortization	87,814
	<b>3,762,907</b>

#### 9. STAFF COSTS

Salaries	2,094,983
Skills and Development Levy	60,856
Social Security Contributions	204,685
Other staff benefits	570,557
	<b>2,931,081</b>

#### 10. INTANGIBLE ASSETS

##### Cost

Transfer from Hivos Tanzania At 1 January 2015	1,827
<b>As at 31 December 2015</b>	<b>1,827</b>

##### Amortisation

Transfer from Hivos Tanzania At 1 January 2015	1,827
<b>As at 31 December 2015</b>	<b>1,827</b>

**Net carrying value as at 31 December 2015**

**-**

Intangible assets relate to computer software.

**TWAVEZA EAST AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

**11.PROPERTY AND EQUIPMENT**

	<b>Leasehold Improvement USD</b>	<b>Motor Vehicle USD</b>	<b>Computer and accessories USD</b>	<b>Furniture &amp; fittings USD</b>	<b>Equipment USD</b>	<b>Total USD</b>
<b>Cost</b>						
<b>Transfer from Hivos Tanzania At 1 January 2015</b>	25,868	86,051	164,805	91,578	166,787	535,089
Additions	-	-	30,172	2,143	59,575	91,890
Adjustment on write- off	-	-	(8,335)	(394)	(24,181)	(32,910)
Adjustment on disposals	-	-	(2,142)	-	(4,668)	(6,810)
<b>As at 31 December 2015</b>	<b>25,868</b>	<b>86,051</b>	<b>184,500</b>	<b>93,327</b>	<b>197,513</b>	<b>587,259</b>
<b>Accumulated depreciation</b>						
<b>Transfer from Hivos Tanzania At 1 January 2015</b>	25,868	83,440	139,282	39,932	95,299	383,821
Charge for the year	-	2,611	24,907	11,519	48,777	87,814
Adjustment on write- offs	-	-	(8,335)	(255)	(22,532)	(31,122)
Adjustment on disposals	-	-	(1,043)	-	(4,132)	(5,174)
<b>As at 31 December 2015</b>	<b>25,868</b>	<b>86,051</b>	<b>154,811</b>	<b>51,196</b>	<b>117,413</b>	<b>435,339</b>
<b>Net carrying amount</b>						
<b>As at 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>29,688</b>	<b>42,131</b>	<b>80,101</b>	<b>151,920</b>

# **TWaweza East Africa**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015**

### **12. OTHER RECEIVABLES**

	<b>2015 USD</b>
Prepaid rent	91,586
Other receivables and prepaid expenses	36,766
Due from related party [note 17(i)]	68,794
<b>Total other receivables at year end</b>	<b>197,146</b>
Less: Other receivables transferred from Hivos at 1 January 2015	340,580
<b>Decrease in other receivables during the year</b>	<b>143,434</b>

### **13. CASH AND BANK BALANCES**

Bank balances	3,615,039
Petty cash balances	565
	<b>3,615,604</b>

### **14. DEFERRED CAPITAL GRANTS**

Transfer from Hivos at 1 January 2015	151,268
Grants received during the year	91,890
	243,158
Released to income	
Depreciation charge for the year	(91,238)
Total capital grant released to income during the year	(91,238)
<b>At 31 December</b>	<b>151,920</b>

### **15 (a). GRANT FUNDS RECEIVABLE**

Transfer from Hivos Tanzania on 1 January	1,765,366
Funds received from Hivos Netherlands [Note 15 (b)]	(11,570,584)
Funds received from DFID (Tanzania)	(3,857,538)
Transferred to Capital grants (Note 14)	91,890
Release to statement of income and expenditure	14,079,720
<b>Grant funds receivable year end</b>	<b>508,854</b>

## TWAVEZA EAST AFRICA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015 (Continued)

#### 15 (b). HIVOS NETHERLANDS DEFERRED GRANTS

	<b>2015</b>
	<b>USD</b>
Balance transferred from Hivos Tanzania at 1 January 2015	6,211,142
Hewlett Foundation	4,500,000
American Jewish World Service (AJWS)	892,628
<b>Subtotal</b>	<b>11,603,770</b>
Transferred to grant funds receivable [Note 15(a)]	(11,570,584)
Balance in the Netherlands at 31 December [Note 17(i)]	<b>33,186</b>

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

#### 16. OTHER PAYABLES

	<b>2015</b>
	<b>USD</b>
Accounts payables (Payment Vouchers awaiting payment at year end)	270,000
Accruals	2,347,096
Statutory deductions payable	99,075
Staff leave provision	97,110
Severance pay provision	72,323
Withholding tax payable	18,342
Due to related party [note 17(ii)]	775,000
<b>Total other payables at year end</b>	<b>3,678,946</b>
Other payables transferred from Hivos at 1 January 2015	2,926,321
<b>Decrease in other payables during the year</b>	<b>752,625</b>

#### 17. 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.

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

## TWaweza EAST AFRICA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015 (Continued)

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

<i>Related party balances</i>	<b>2015</b>
<b>i) Due from related parties</b>	<b>USD</b>

Hivos Foundation (Kenya)	6,294
Hivos Netherlands – accrued grants [Note 15(b)]	33,186
Hivos Netherlands – current accounts	29,314
	<u>68,794</u>

<b>ii) Due to related parties</b>	<b>2015</b>
	<b>USD</b>

Hivos Netherlands	<u>775,000</u>
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#### **iii) Management fees**

Hivos Netherlands	<u>75,000</u>
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Twaweza East Africa has signed an oversight and guidance agreement with Hivos Netherlands which will see its activities being monitored by Hivos Netherlands for two years from 1 January 2015 to 31 December 2016.

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

<b>iv) Key management remuneration</b>	<b>2015</b>
	<b>USD</b>

Salaries and other short-term benefits	<u>638,825</u>
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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.

#### 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.

## **TWAVEZA EAST AFRICA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015 (Continued)**

#### **20. COMMITMENTS AND CONTINGENCIES (Continued)**

##### **Commitments:**

Twaweza East Africa's general approach is to pay-after delivery of work and scrutiny of reports. In 2015 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, 2015 was USD 1,336,725.

#### **21. FINANCIAL RISK MANAGEMENT**

The company activities expose it to a variety of financial risks, including credit risk, liquidity risks, market risks and operational risks. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

##### **Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

##### **i) Interest rate risk**

Interest rate is the risk that the future cash flows of financial instruments will fluctuate because of changes in the market interest rates. The company has no borrowings and is thus not exposed to interest rates risks.

##### **ii) Foreign currency risk**

The company is exposed to foreign currency risk due to bank balances denominated in Tanzanian Shillings and Ugandan Shillings.

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. Twaweza East Africa'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. Twaweza East Africa manages its foreign currency risk by maintaining foreign currency bank accounts.

##### **iii) Credit risk**

Credit risk arises from cash and cash equivalents held with banks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The company places funds with recognised financial institutions with strong credit ratings.

## TWAVEZA EAST AFRICA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015 (Continued)

#### 21. FINANCIAL RISK MANAGEMENT (Continued)

At the reporting date there were no significant concentrations of credit risk. The amount that best represents the maximum exposure of the company to credit risk as at 31 December 2015 is made up as follows:

	USD
Bank balance	3,615,604
Grant funds receivable	508,854
Other receivables	197,146
	<u>4,321,604</u>

#### Liquidity risk

The company'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 company's reputation.

	< 1 year USD	> 1 and 2 years USD	> 2 and 5 years USD	> 5 years USD	Total USD
<b><u>At 31 December 2015</u></b>					
Accounts payables	270,000	-	-	-	270,000
Accruals	2,347,096	-	-	-	2,347,096
Due to related party	775,000	-	-	-	775,000
	<u>3,392,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,392,096</u>

#### Capital management

The primary objective of the company's capital management is to ensure that the company maintains healthy capital level in order to support its operations.

The capital of the company consists of accumulated reserves only.

**TWaweza East Africa**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD SINCE INCORPORATION TO 31 DECEMBER 2015 (Continued)**

**21. DETAILED ACTUAL VS BUDGET EXPENDITURE**

		Tanzania		Uganda		Kenya		Regional		Combined		
Description		Annual budget	Actual expenditure	Annual budget	Actual expenditure	Annual budget	Actual expenditure	Annual budget	Actual expenditure	Annual budget	Actual expenditure	%Spent
<b>Open Government</b>												
O1	Freedom of Information Act	7,800	1,899	10,000	8,478	-	-	-	-	17,800	10,377	
O2	Open data by Govt	75,880	19,220	39,900	48,856	-	-	44,820	27,291	160,600	95,367	
O3	Independent Monitoring (incl. Sauti)	574,424	552,168	-	-	417,830	276,283	50,900	15,730	1,043,154	844,180	
O4	Intermediaries and demand	44,500	30,996	24,000	4,497	-	-	16,000	-	84,500	35,493	
O5	Responsive government	627,440	411,121	183,000	96,841	28,500	-	29,000	28,677	867,940	536,638	
<b>Total Open Government</b>		<b>1,330,044</b>	<b>1,015,404</b>	<b>256,900</b>	<b>158,671</b>	<b>446,330</b>	<b>276,283</b>	<b>140,720</b>	<b>71,698</b>	<b>2,173,994</b>	<b>1,522,055</b>	<b>70%</b>
<b>Education</b>												
E1	Learning outcomes (incl Uwezo)	2,433,802	2,037,482	1,848,146	1,395,129	1,927,172	1,726,525	456,556	310,634	6,665,676	5,469,770	
E2	Ambitious curriculum	11,750	5,167	12,300	596	7,150	-	-	8,314	31,200	14,077	
E3	Motivated teachers (incl KF)	2,288,794	2,004,784	28,800	34	8,100	-	106,600	103,135	2,432,294	2,107,952	
E4	School management	49,550	28,343	92,320	47,149	105,100	81,893	8,000	24,709	254,970	182,093	
<b>Total Education</b>		<b>4,783,896</b>	<b>4,075,776</b>	<b>1,981,566</b>	<b>1,442,908</b>	<b>2,047,522</b>	<b>1,808,417</b>	<b>571,156</b>	<b>446,792</b>	<b>9,384,140</b>	<b>7,773,892</b>	<b>83%</b>
<b>LME</b>												
LME1	Monitoring	133,080	189,772	90,500	29,149	68,000	48,894	12,000	17,955	303,580	285,770	
LME2	Evaluation	365,000	361,674	15,000	-	19,500	4,984	193,400	130,203	592,900	496,861	
LME3	Learning	15,600	9,305	1,600	1,863	1,600	1,269	60,000	55,301	78,800	67,739	
<b>Total LME</b>		<b>513,680</b>	<b>560,750</b>	<b>107,100</b>	<b>31,012</b>	<b>89,100</b>	<b>55,148</b>	<b>265,400</b>	<b>203,460</b>	<b>975,280</b>	<b>850,370</b>	<b>87%</b>
<b>Generic outputs from units</b>		<b>73,500</b>	<b>13,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>24,453</b>	<b>6,124</b>	<b>97,953</b>	<b>20,178</b>	<b>21%</b>
<b>Staff salaries and benefits</b>												
	Programs	441,001	376,887	412,187	382,958	280,947	257,972	1,481,405	1,352,916	2,615,540	2,370,734	
	Support	110,637	112,569	77,549	60,323	42,360	77,133	282,331	310,323	512,877	560,348	
<b>Total Salaries and benefits</b>		<b>551,638</b>	<b>489,456</b>	<b>489,736</b>	<b>443,281</b>	<b>323,307</b>	<b>335,105</b>	<b>1,763,736</b>	<b>1,663,239</b>	<b>3,128,417</b>	<b>2,931,081</b>	<b>94%</b>

		Tanzania		Uganda		Kenya		Regional		Combined		
Description		Annual budget	Actual expenditure	Annual budget	Actual expenditure	Annual budget	Actual expenditure	Annual budget	Actual expenditure	Annual budget	Actual expenditure	%Spent
Operations and finance		396,308	311,117	137,020	112,998	180,030	150,830	131,429	258,421	844,787	833,366	99%
Governance and Management												
G1	Improved planning and reporting					-	-	15,000	19,738	15,000	19,738	
G2	Management and strategic support					-	-	219,895	166,426	219,895	166,426	
G3	Compliance					-	-	48,200	36,991	48,200	36,991	
G4	Governance					-	-	31,100	18,401	31,100	18,401	
Total Governance and management		-	-	-	-	-	-	314,195	241,556	314,195	241,556	77%
Contingency												
		-	-	-	-	-	-	90,000	2,536	90,000	2,536	3%
Grand total		7,649,066	6,466,378	2,972,322	2,188,870	3,086,289	2,625,962	3,301,089	2,893,824	17,008,766	14,175,034	83%
Less: Assets purchased during the year											91,890	
											14,083,144	
Add: Depreciation											87,814	
Total expenditure (per financial statements)											14,170,958	