

**HIVOS TANZANIA LIMITED  
TWAWEZA INITIATIVE**

**REPORTS AND FINANCIAL STATEMENTS  
31 DECEMBER 2012**

# **HIVOS TANZANIA LIMITED-TWaweza INITIATIVE**

## **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
Organization information	1
Directors' report	2 - 4
Report of the independent auditors	5
Income statement	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 20

## **HIVOS TANZANIA LIMITED-TWaweza INITIATIVE**

### **ORGANISATION INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2012**

#### **PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE**

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

#### **DIRECTORS**

Ben Witjes	Dutch
Maria Manuela Monteiro	Dutch

#### **HEAD OF TWaweza**

Rakesh Rajani

#### **BANKERS**

Stanbic Bank Tanzania Limited  
P.O. Box 75647  
Dar es Salaam  
Tanzania

Commercial Bank of Africa Ltd  
P.O. Box 30437-00100GPO  
Nairobi  
Kenya

#### **AUDITORS**

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

## **HIVOS TANZANIA LIMITED-TWaweza INITIATIVE**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

The management of Hivos Tanzania-Twaweza Initiative (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 2012.

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

The principal activity of the Twaweza Initiative is the promotion of access to information and expanded space for public action among millions of citizens across East Africa, through information sharing, grant making, brokering new partnership, learning and communication.

#### **2. BACKGROUND**

Hivos Tanzania is not for profit making company limited by guarantee and not having a share capital registered under the companies Act 2002. Hivos Tanzania is the hosting company for the Twaweza initiative, 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 Initiative 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 Initiative's total estimated budget for its first five years (2009-2013) is USD 68 million. This funding is primarily derived from the grants from International agencies, including an own contribution from the Hivos Head Office. The Twaweza Initiative has funding agreements in place with Hivos Netherlands, SNV Netherlands, The Hewlett Foundation USA, DFID Tanzania, Irish Aid Sida Tanzania and AJWS. Funding for Twaweza Initiative 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 Initiative funding is derived from grants mainly from different donors. During the year ended 31<sup>st</sup> December 2012, Twaweza Initiative received grants from AJWS, Hewlett Foundation, SNV and Hivos Netherlands.

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

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



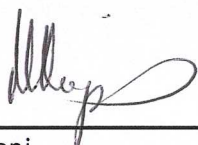
## **HIVOS TANZANIA LIMITED-TWaweza INITIATIVE**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

#### **5. AUDITORS**

Deloitte and Touche had been auditing Hivos Tanzania-Twaweza Initiative since 2009 to 2011. Six Audit firms were invited for 2012 audit assignment, Ernst and Young was selected. Thus, Ernst and Young were auditors of Hivos Tanzania-Twaweza Initiative for the year ended 31<sup>st</sup> December 2012 and are eligible for re-appointment.

#### **BY ORDER OF THE MANAGEMENT**



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Rakesh Rajani  
**Head of Twaweza**

12 June 2013

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Date

## **HIVOS TANZANIA LIMITED-TWaweza INITIATIVE**

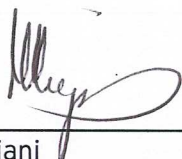
### **STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2012**

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

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 Project 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 Project will not remain a going concern for at least twelve months from the date of this agreement.



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Rakesh Rajani  
Head of Twaweza

12 June 2013

---

Date

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

We have audited the accompanying financial statements of the Twaweza Initiative, which comprise the Statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's responsibility for the financial statements*

The directors are 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 determine is necessary to enable the preparation of financial statements that are free from misstatement, whether due to fraud or error.

*Auditors' responsibility*

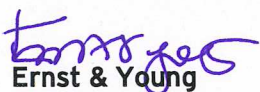
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 2012, 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:** 13<sup>th</sup> August 2013



# HIVOS TANZANIA LIMITED-TWaweza Initiative

## Income Statement for the year ended 31 December 2012

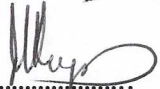
	Notes	2012 USD	2011 USD
<b>Income</b>			
Revenue grants	6	7,637,779	5,097,746
Release of Capital grant	14	71,103	49,673
Other Income	7	106,060	131,613
Total income		<b>7,814,942</b>	<b>5,279,032</b>
<b>Expenses</b>			
Direct Program costs	8	5,745,116	3,679,308
Indirect program and administrative costs	9	1,963,766	1,467,751
Total expenses		<b>7,708,882</b>	<b>5,147,059</b>
<b>SURPLUS</b>		<b>106,060</b>	<b>131,973</b>

# HIVOS TANZANIA LIMITED-TWaweza INITIATIVE

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

ASSETS	NOTES	2012 USD	2011 USD
<b>Non-current assets</b>			
Equipment	11	151,756	123,549
<b>Current assets</b>			
Other Receivables	12	2,201,922	656,961
Cash and Bank balances	13	4,439,415	4,681,147
		<u>6,641,337</u>	<u>5,338,108</u>
<b>TOTAL ASSETS</b>		<u>6,793,093</u>	<u>5,461,657</u>
<b>EQUITY AND LIABILITIES</b>			
Accumulated Fund		370,904	264,844
Capital grant	14	151,756	123,549
		<u>522,660</u>	<u>388,393</u>
<b>Current Liabilities</b>			
Hivos Netherlands deferred grants	15	4,945,709	3,930,337
Other payables	16	1,324,724	1,142,927
		<u>6,270,433</u>	<u>5,073,264</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>6,793,093</u>	<u>5,461,657</u>

The financial statements on pages 6 to 20 were approved for issue on ..... and were signed on behalf of Twaweza Initiative by:

  
.....  
Rakesh Rajani  
Head of Twaweza

Date...12 June 2013

  
.....  
Ben Witjes  
Executive Director

Date...18 June 2013



# HIVOS TANZANIA LIMITED-TWaweza Initiative

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Accumulated Fund USD	Capital Grant USD	Total USD
At 1 January 2011	132,871	124,914	257,785
Surplus of income over expenditure	131,973	-	131,973
Grants received during the year	-	48,308	48,308
Release of capital grant	-	(49,673)	(49,673)
At 31 December 2011	<b>264,844</b>	<b>123,549</b>	<b>388,393</b>
Surplus of income over expenditure	106,060	-	106,060
Grants received during the year	-	99,310	99,310
Release of capital grant	-	(71,103)	(71,103)
At 31 December 2012	<b>370,904</b>	<b>151,756</b>	<b>522,660</b>

# HIVOS TANZANIA LIMITED-TWaweza Initiative

## STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 USD	2011 USD
<b>Cash flow from operating activities</b>		
Surplus of income over expenditure	106,060	131,973
<i>Adjustments for :</i>		
Depreciation charge	71,103	49,313
Loss on write off of equipment	-	360
Capital grants released	(71,103)	(49,673)
Revenue grants release	(7,637,779)	(5,097,746)
	<u>(7,531,719)</u>	<u>(4,965,773)</u>
<i>Changes in working capital</i>		
Increase in other receivables		593,647
	(1,544,961)	
Increase in other payables	181,797	940,766
Increase in other deferred income	-	(16,812)
Cash used in operating activities	<u>(8,894,883)</u>	<u>(3,448,172)</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment	(99,310)	(48,308)
Net cash used in investing activities	<u>(99,310)</u>	<u>(48,308)</u>
<b>Cash flows from financing activities</b>		
Grants received from Hivos Netherlands	8,752,461	5,861,400
Net cash flows from financing activities	<u>8,752,461</u>	<u>5,861,400</u>
Net increase in cash and cash equivalents	(241,732)	2,364,920
Cash and cash equivalents at beginning of the year	<u>4,681,147</u>	<u>2,316,227</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><b>4,439,415</b></u>	<u><b>4,681,147</b></u>

## **HIVOS TANZANIA LIMITED-TWaweza INITIATIVE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

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

The hosting company of the Twaweza initiative, 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 aid on humanistic basis which shall be deemed to mean 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.

#### **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. The financial statements 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 Initiative operates funding arrangement with donors through Hivos Netherlands. Grants received are initially booked into deferred grants as a liability. The balance of this account is reduced gradually through transfer to capital and revenue grants as explained below:

##### **Capital grants**

Grants used for the acquisition of property and equipment during the period are allocated to a capital grants account. The capital grants are amortized to the income and expenditure statement on a systematic basis to match the depreciation charge on the assets acquired using the grants.

##### **Revenue grants**

Revenue grants represent balance of funds used for the general operations of the Twaweza's programmes and activities during the year.



## **HIVOS TANZANIA-TWaweza Initiative**

### **Notes to the Financial Statements (Continued) for the year ended 31 December 2012**

#### **3. Summary of Significant Accounting Policies (Continued)**

##### **Operating expenses**

Operating expenses are recognized on an accrual basis.

##### **Advances and Prepaid expenses**

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

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

##### **Provision**

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

##### **Foreign currency translation**

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

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

##### **Equipment**

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

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

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

## **HIVOS TANZANIA-TWaweza INITIATIVE**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012**

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

##### **Equipment (Continued)**

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

##### **Impairment of non-financial assets**

The Company 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.



## HIVOS TANZANIA-TWaweza Initiative

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

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

##### Pension and other post-employment benefits

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

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

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

- IAS12 *Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets*
- IFRS 1 *First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters* IFRS 7 *Financial Instruments: Disclosures (Amendments)*
- IFRS 7 *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*

The adoption of the standards or interpretations is described below:

##### **IAS 12 *Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets***

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has been no effect on the Company's financial position, performance or its disclosures.

##### **IFRS 1 *First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters***

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact to the Company.

##### **IFRS 7 *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements***

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about the

entity's continuing involvement in derecognized assets to enable the users to evaluate the nature of, and risks associated with, such involvement.

#### **HIVOS TANZANIA-TWaweza INITIATIVE**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012**

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

The amendment is effective for annual periods beginning on or after 1 July 2011. The Company does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

#### **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 company's overall risk management programme seeks to minimize potential adverse effects on the company's financial performance. Risk management is carried out by the management team.

##### **Liquidity risk:**

Liquidity risk is termed as a risk arising when the company is unable to meet its obligations from maturing commitments due to insufficient fund. The company 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 company'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 company manages its foreign currency risk by maintaining foreign currency bank accounts.

	<b>2012 USD</b>	<b>2011 USD</b>
<b>6. REVENUE GRANTS</b>		
Amount released from deferred grants (Note 15 (a))	<b>7,637,779</b>	<b>5,097,746</b>
<b>7. OTHER INCOME</b>		
Management fee-Uwezo	62,500	62,500
Seminar Honorarium to Twaweza Head	-	300
TMF rent and services	40,320	44,800
Open society rent and services	3,240	7,200
Released of deferred other income	-	16,813
	<b>106,060</b>	<b>13,613</b>



**HIVOS TANZANIA -TWAWEZA INITIATIVE****NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<b>2012 USD</b>	<b>2011 USD</b>
<b>8. DIRECT PROGRAM EXPENSES</b>		
Strategic partnership and initiatives	3,911,980	2,320,671
InfoShop (Uwazi)	529,517	450,892
Communications	58,784	64,592
Learning, Monitoring and evaluation	430,727	488,608
Governance/Management	348,819	318,270
Strategic engagement	86,020	16,257
Temporary staff cost	51,214	20,018
Experimental intervention	328,055	-
	<b><u>5,745,116</u></b>	<b><u>3,679,308</u></b>

**9. INDIRECT PROGRAM AND ADMINISTRATIVE COSTS**

Staff costs (Note 10)	1,509,602	990,742
Staff recruitment	12,363	15,608
Office running costs	139,125	79,277
Health Insurance costs	71,686	37,431
Leave travel costs	-	7,140
Office rent	140,027	144,204
Communication	40,036	25,642
Travel and Transport	23,952	
Exchange loss/(gain) on conversion between accounts	(44,128)	98,465
Repair after flood	-	19,569
Loss on write-off of equipment	-	360
Depreciation and amortization	71,103	49,313
	<b><u>1,963,766</u></b>	<b><u>1,467,751</u></b>

**10. STAFF COSTS**

Salaries	1,028,467	708,805
Skills and Development Levy	38,767	29,558
NSSF and PPF contributions	77,122	63,612
Other staff benefits	365,246	188,767
	<b><u>1,509,602</u></b>	<b><u>990,742</u></b>

**HIVOS TANZANIA-TWaweza Initiative  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**11. PROPERTY AND EQUIPMENT**

	Leasehold Improvement USD	Motor Vehicle USD	Computer and accessories USD	Equipment USD	Furniture & fittings USD	Other assets	Inverter USD	Total USD
<b>COST</b>								
At 1 January 2012	25,868	16,149	67,796	59,234	52,651	7,786	-	229,485
Additions	-	-	64,290	1,143	5,725	2,940	25,212	99,310
<b>At 31 December</b>	<b>25,868</b>	<b>16,149</b>	<b>132,086</b>	<b>60,378</b>	<b>58,376</b>	<b>10,726</b>	<b>25,212</b>	<b>328,795</b>
<b>DEPRECIATION</b>								
At 1 January 2012	12,400	8,075	42,805	26,014	14,039	2,602	-	105,935
Charge for the year	6,734	4,037	30,387	14,898	6,973	2,294	5,777	71,103
<b>At 31 December 2012</b>	<b>19,134</b>	<b>12,112</b>	<b>73,193</b>	<b>40,913</b>	<b>21,012</b>	<b>4,897</b>	<b>5,778</b>	<b>177,039</b>
<b>NET BOOK VALUE</b>								
<b>At 31 December 2012</b>	<b>6,734</b>	<b>4,037</b>	<b>58,893</b>	<b>19,465</b>	<b>37,364</b>	<b>5,830</b>	<b>19,434</b>	<b>151,756</b>
<b>At 31 December 2011</b>	<b>13,468</b>	<b>8,075</b>	<b>24,991</b>	<b>33,220</b>	<b>38,612</b>	<b>5,184</b>	<b>-</b>	<b>123,459</b>

# HIVOS TANZANIA LIMITED-TWaweza Initiative

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 USD	2011 USD
<b>12. OTHER RECEIVABLES</b>		
Advance to Uwezo	2,103,222	598,095
Uwezo (Management fees)	62,500	-
Prepaid rent	31,500	48,789
Other Prepaid expenses	3,154	2,000
Other debtors	1,546	8,077
	<u>2,201,922</u>	<u>656,961</u>
<b>13. CASH AND BANK BALANCES</b>		
Bank balances	4,440,298	4,680,726
Petty cash balances	(883)	421
	<u>4,439,415</u>	<u>4,681,147</u>
<b>14. CAPITAL GRANTS</b>		
As at 1 January 2012	123,549	124,914
Grants received during the year	99,310	48,308
	<u>222,859</u>	<u>173,222</u>
Released to income		
Depreciation charge for the year	(71,103)	(49,313)
Net book value of equipment written off	-	(360)
Total capital grant released to income during the year	<u>(71,103)</u>	<u>(49,673)</u>
At 31 December	<u>151,756</u>	<u>123,549</u>
<b>15 (a) HIVOS NETHERLANDS DEFERRED GRANTS</b>		
As at 1 January	3,930,337	3,214,991
Funds received during the year (Note 15 (b))	8,752,461	5,861,400
Transferred to Capital grants (Note 14)	(99,310)	(48,308)
Release to statement of income and expenditure	(7,637,779)	(5,097,746)
	<u>4,945,709</u>	<u>3,930,337</u>



# HIVOS TANZANIA LIMITED-TWaweza INITIATIVE

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 USD	2011 USD
<b>15 (b) GRANTS RECEIVED FROM SPECIFIC DONORS</b>		
Balance at 1 January 2012	9,649,860	4,406,400
DFID (T)	-	2,973,460
Hivos Netherlands	1,289,500	1,365,00
SNV	1,950,000	975,000
Irish Aid	-	1,301,900
SIDA (T)	-	4,489,500
Hewlett	1,000,000	-
AJWS	350,000	-
Interest earned in holding accounts in Netherlands	7,069	-
Available funds in the Netherlands	14,246,429	15,511,260
Transferred to Hivos Tanzania-Twaweza	(8,752,461)	(5,861,400)
Balance in the Netherlands at 31 December 2011	<u>5,493,968</u>	<u>9,649,860</u>

## 16. OTHER PAYABLES

Accruals	1,266,561	1,046,062
Other Payables	18,319	70,227
Staff Leave Provision	39,844	26,638
	<u>1,324,724</u>	<u>1,142,927</u>

## 17. RELATED PARTY TRANSACTIONS

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

	2012 USD	2011 USD
<b>Key management personnel remuneration:</b>		
Salaries and employer's contribution to pension	<u>647,726</u>	<u>495,407</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 LIMITED-TWaweza INITIATIVE

### NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

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

##### Related party receivables

	2012 USD	2011 USD
Uwezo Programme (note 12)	<u>2,103,222</u>	<u>598,095</u>

Uwezo is a programme under the Twaweza initiative to assess and promote better learning in East Africa. Twaweza provides oversight and quality assurance for Uwezo. Funds were transferred to Uwezo bank accounts to avoid surplus cash flow in Dar es Salaam accounts; such advanced funds will be returned to Twaweza accounts by no later than 30 June 2013.

#### 18. EVENTS AFTER REPORTING DATE

The project management teams are 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 2012 a number of payments were not made up to budget 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, 2012 was USD 4.7m.

#### 20. EMPLOYEES

As at the end of the year, the project had 30 employees (20 in Tanzania; 5 in Uganda; and 5 in Kenya).

# HIVOS TANZANIA LIMITED-TWaweza INITIATIVE

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

### 21. DETAILED ACTUAL VS BUDGET EXPENDITURE PRESENTATION

Code	Main Account/Activity	Annual Budget USD	Actual expenditure USD	Variance USD	%
	<b>Strategic partnerships</b>				
1110	Media Partners	1,841,000	1,094,107	746,893	59%
1120	Interaction ICT&mobile phones	622,000	13,225	608,775	2%
1130	Fast Moving Consumer Goods Companies	735,000	49,608	685,392	7%
1140	Religious organizations	547,000	149	546,851	0%
1150	Teachers Unions	378,000	11,385	366,615	3%
1160	Monitoring access to services	640,000	164,200	475,800	26%
1170	Education	500,000	412,510	87,490	83%
1180	Water	661,000	162,603	498,397	25%
1190	Health	890,000	474,032	415,968	53%
1191	Ni Sisi communication:	1,795,000	1,530,163	264,837	85%
	<b>Total strategic partnerships</b>	<b>8,609,000</b>	<b>3,911,980</b>	<b>4,697,020</b>	<b>45%</b>
1400	Experimental intervention	385,000	328,055	56,945	85%
1500	Uwazi	1,487,700	529,517	958,183	36%
1600	Strategic engagement	137,000	86,020	50,980	63%
2100	Learning, monitoring and evaluation	1,498,000	430,727	1,067,273	29%
3100	Communication	321,000	58,784	262,216	18%
4231/41	Temporary staff costs	60,000	51,214	8,786	85%
5100	Governance/Management	493,000	348,819	144,181	71%
	<b>Total Twaweza program</b>	<b>12,990,000</b>	<b>5,745,117</b>	<b>7,245,583</b>	<b>44%</b>
4200	Staff and operations	2,382,319	1,936,791	385,528	83%
6500	Assets/ equipment	146,200	99,310	46,890	68%
	<b>Total operations, governance and assets</b>	<b>2,468,519</b>	<b>2,036,100</b>	<b>432,419</b>	<b>82%</b>
4305	<b>Contingency</b>	100,000			
	Gain on exchange		-44,128	144,128	-44%
	<b>Grand total</b>	<b>15,559,219</b>	<b>7,737,089</b>	<b>7,822,130</b>	<b>50%</b>
	Less: Payment for acquisition of assets		99,310		
	Expenses charged to statement of income and expenditure		<b>7,637,779</b>		