

**HIVOS TANZANIA**

**UWEZO AT TWaweza**

**REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2013**

## **HIVOS TANZANIA-UWEZO AT TWaweza**

### **REPORTS AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013**

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## HIVOS TANZANIA - UWEZO AT TWaweza

### PROJECT INFORMATION

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

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

### **REPORT OF MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2013**

The management of Hivos Tanzania/ Twaweza has the pleasure to submit the report for the Uwezo at Twaweza (also referred as "Uwezo" or "the Initiative"), together with the audited financial statements for twelve (12) month period ended 31 December 2013, which disclose the state of affairs of the initiative.

#### **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 partnerships, and learning and communication, with a specific focus on improving service delivery outcomes.

#### **2. BACKGROUND TO UWEZO AT TWaweza**

Uwezo at Twaweza is managed by Hivos Tanzania which aims at promoting better learning in East Africa by conducting research on the levels of literacy and numeracy of children aged 6/7 – 16 years, and refocusing public and policy debate on education from schooling inputs to learning actions. The Initiative has been implemented from 2009 and this is the fifth set of its financial statements.

These financial statements in the past have aggregated financial statements of the host organisations, Tanzania Education Network (TENMET), Uganda National NGO Forum (UNNGOF) and Women Educational Researchers of Kenya (WERK) as well as the regional office. However, all activities are now consolidated under Twaweza and these statements present consolidated report of work across the region.

#### **3. FINANCIAL STATUS**

The budget for the Uwezo at Twaweza during its 4.5 year implementation period is approximately USD 19 million. This funding is primarily derived through grants from international agencies including Hivos Netherlands, the Hewlett Foundation, the UK Department of International Development (DFID), the Swedish International Development Agency (SIDA), The World Bank, AJWS and ClIFF.

Funds from different donors are usually channelled through Uwezo dedicated accounts maintained by Hivos in the Netherlands and called down to the regional accounts based in Dar es Salaam when needed.

In 2013, Uwezo East Africa received a total of USD 5,275,156. The actual spending on expenditure for the period amounted to USD 4,719,702.



## HIVOS TANZANIA - UWEZO AT TWaweza

### REPORT OF MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2013 CONTINUED

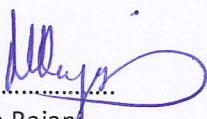
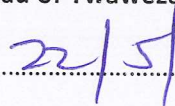
#### 4. ADMINISTRATON POLICIES AND FINANCIAL REGULATIONS

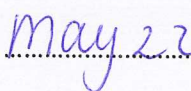
Uwezo at Twaweza has formal Financial and Administration regulations approved by the Board of Directors of Hivos Tanzania. These provide a solid basis for accountability and high standards within the organization.

#### 5. AUDITORS

Deloitte & Touche have been auditors of Uwezo at Twaweza for the period from 2009 to 2012. Five Audit firms were invited for 2013 audit assignment, from which Ernst & Young was selected and were appointed auditors of Uwezo at Twaweza for the year ended 31 December 2013. They are eligible for re-appointment.

#### BY ORDER OF THE MANAGEMENT

  
.....  
Rakesh Rajani  
Head of Twaweza  
.....2014

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

## HIVOS TANZANIA - UWEZO AT TWaweza

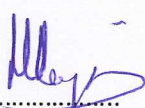
### STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2013

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

Management is responsible for the preparation of financial statement that give a true and fair view in accordance with International Financial Reporting Standards; and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Management accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Initiative and of the results its activities. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the management to indicate the Initiative will not remain a going concern for at least twelve months from the date of this agreement.



.....  
Rakesh Rajani  
Head of Twaweza

22/5/.....2014



.....  
Ben Witjes  
Director, Hivos Tanzania

May 22.....2014



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

We have audited the accompanying financial statements of the Uwezo at Twaweza, which comprise the Statement of financial position as at 31 December 2013, and the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's responsibility for the financial statements*

The management 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*

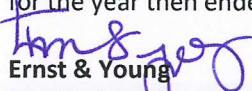

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

  
**Ernst & Young**  
Certified Public Accountants  
Dar es Salaam  
Signed by: Joseph Sheffu 

Date: 13<sup>th</sup> June 2014

# HIVOS TANZANIA - UWEZO AT TWaweza

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

		2013	2012
	Note	12 months USD	6 months USD
<b>INCOME</b>			
Revenue grants released	6(a)	4,689,665	1,844,686
Release of capital grants	7	30,037	18,825
Other income	8	109,325	618
<b>Total income</b>		<b>4,829,027</b>	<b>1,864,129</b>
<b>EXPENDITURE</b>			
Direct program costs	9	4,610,518	1,776,305
Administrative and indirect program expenditure	10	109,184	87,206
<b>Total expenses</b>		<b>4,719,702</b>	<b>1,863,511</b>
<b>Surplus of Income over Expenditure</b>		<b>109,325</b>	<b>618</b>

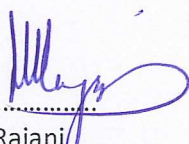
# HIVOS TANZANIA - UWEZO AT TWaweza

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		2013	2012	2012
			restated	
	Note	USD	USD	USD
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Intangible assets	11	114	470	470
Property and equipment	12	21,597	51,278	51,278
		<u>21,711</u>	<u>51,748</u>	<u>51,748</u>
<b>Current assets</b>				
Accrued revenue grants	6(a)	-	268,632	268,632
Other receivables and prepayment	13	254,199	270,969	270,969
Cash and bank balances	14	407,655	1,913,436	1,913,436
		<u>661,854</u>	<u>2,453,037</u>	<u>2,453,037</u>
<b>Total Assets</b>		<u><u>683,565</u></u>	<u><u>2,504,785</u></u>	<u><u>2,504,785</u></u>
<b>ACCUMULATED FUND AND LIABILITIES</b>				
Accumulated surplus (see page 8)		47,836	(61,489)	4,436
Translation reserve		-	-	(65,925)
Capital grants		21,712	51,748	51,748
		<u>69,548</u>	<u>(9,741)</u>	<u>(9,741)</u>
<b>Current Liabilities</b>				
Deferred revenue grants	6(a)	316,859	-	-
Loan from Twaweza	16(b)	-	2,117,263	2,117,263
Other payables and accruals	15	297,158	397,263	397,263
		<u>614,017</u>	<u>2,514,526</u>	<u>2,514,526</u>
<b>Total Accumulated Fund and Liabilities</b>		<u><u>683,565</u></u>	<u><u>2,504,785</u></u>	<u><u>2,504,785</u></u>

The financial statements on pages 5 to 22 were approved by the Management on

22 May 2014 and signed on its behalf by:-

  
Rakesh Rajani  
Head of Twaweza

22/5/ 2014

  
Ben Witjes  
Director, Hivos Tanzania

May 22 2014



# HIVOS TANZANIA - UWEZO AT TWaweza

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

	Accumulated surplus USD	Capital Grant USD	Total USD
At 1 July 2012	3,818	60,671	64,489
Surplus of Income over expenditure	618	-	618
Transfer from deferred revenue grant	-	9,902	9,902
Capital grant released during the year	-	(18,825)	(18,825)
At 31 December 2012	<u>4,436</u>	<u>51,748</u>	<u>56,184</u>
At 1 July 2012 ( Restated)	4,436	51,748	56,184
Surplus of Income over expenditure	-	-	-
Translation reserve	(65,925)	-	(65,925)
At 31 December 2012	<u>(61,489)</u>	<u>51,748</u>	<u>(9,741)</u>
At 1 January 2013	(61,489)	51,748	(9,741)
Surplus of Income over Expenditure	109,325	-	109,325
Capital grant released during the year	-	(28,589)	(28,589)
Equipment written off	-	(1,447)	(1,447)
At 31 December 2013	<u>47,836</u>	<u>21,712</u>	<u>69,548</u>

In these financial statements, the statement of changes in accumulated fund for the year 2012 has been restated to include the translation reserve resulted from translation Uwezo Kenya tangible and intangible assets that were initially been maintained in KES. Translation differences were mistakenly being treated as reserves instead of being expensed.

# HIVOS TANZANIA - UWEZO AT TWaweza

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 12 months USD	2012 6 months USD
<b>Cash flows from operating activities</b>			
Surplus of Income over expenditure		109,325	618
<i>Adjustments for:</i>			
Amortization of intangible assets	10	356	603
Depreciation on property and equipment	11	28,233	18,222
Net book value of equipment written off		1,448	-
Revenue grants released		(4,689,665)	(1,844,686)
Capital grants released		(30,037)	(18,825)
Surplus before working capital changes		(4,580,340)	(1,844,068)
<i>Changes in working capital</i>			
Decrease in other receivables and prepayments		16,770	771,710
(Decrease)/Increase in other payables and accruals		(100,105)	85,820
Cash used in operating activities		(4,663,674)	(986,538)
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	11	-	(9,902)
		-	(9,902)
<b>Cash flows from financing activities</b>			
Repayment of loan from Twaweza	16(b)	(2,117,263)	-
Grants received during the year	6(b)	5,275,156	800,000
<b>Net cash utilized in financing activities</b>		3,157,893	800,000
Net increase in cash and cash equivalents		(1,505,781)	(196,440)
Cash and cash equivalents at the beginning of the period		1,913,436	2,109,876
<b>Cash and cash equivalents at end of the period</b>	14	407,655	1,913,436

## **HIVOS TANZANIA - UWEZO AT TWaweza**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013**

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

Uwezo at Twaweza ("Uwezo") is a five-year Programme managed by Hivos/ Twaweza, a company limited by guarantee and not having a share capital is registered in Tanzania under the Companies Act, 2002. The addresses of its registered office and principal place of business are disclosed in the company information page of this report. The principal activities of the project are described on page 2 of this report.

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 Uwezo at Twaweza's programmes and activities during the year.



## **HIVOS TANZANIA - UWEZO AT TWaweza**

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

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

##### **Operating expenses**

Operating expenses are recognized on an accrual basis.

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

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

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

##### **Provision**

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

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

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

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

##### **Equipment**

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

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

Motor vehicles and Motorcycles	25%
Computers (including computer software)	33.3%
Furniture and Fittings	12.5%
Other Equipment and tools	25%

**HIVOS TANZANIA - UWEZO AT TWaweza**

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

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

**Equipment (Continued)**

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

**Impairment of non-financial assets**

The 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 - UWEZO AT TWaweza**

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

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

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

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

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

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

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

The adoption of the standards or interpretations is described below:

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

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

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

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

##### **IAS 19 Employee Benefits (Revised 2011)**

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

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

## HIVOS TANZANIA - UWEZO AT TWaweza

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

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

The amendment is effective for annual periods beginning on or after 1 July 2011. The project 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 project's overall risk management programme seeks to minimize potential adverse effects on the project's financial performance. Risk management is carried out by the management team.

##### Liquidity risk:

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

##### Foreign currency risk:

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

#### 6. a) DEFERRED / (ACCRUED) DEFERRED REVENUE GRANTS

	2013 12months USD	2012 6months USD
Opening balance	(268,632)	785,956
Funds received during the year	6(b) 5,275,156	800,000
Revenue grants transferred to deferred capital grant	-	(9,902)
Released to income	(4,689,665)	(1,844,686)
Closing balance	<u>316,859</u>	<u>(268,632)</u>



HIVOS TANZANIA - UWEZO AT TWaweza

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

	2013 USD	2012 6 months USD
<b>6. b) HIVOS NETHERLAND DEFERRED GRANTS</b>		
Balance at 1 January	63,408	1,563,003
CIFF	2,221,941	-
World Bank	699,993	-
Hewlett Foundation	3,603,222	-
AJWS	500,000	593,000
Interest earned in holding accounts in Netherlands	124	405
Bank charges	(602)	-
Funds received in the Netherlands	7,088,086	2,156,408
Transferred to Hivos Tanzania	(5,275,156)	(2,093,000)
Balance in the Netherlands at 31 December	<u>1,812,930</u>	<u>63,408</u>
<b>7. MOVEMENT IN DEFERRED CAPITAL GRANTS</b>		
Opening balance	51,748	60,671
Transfer from deferred revenue grants	-	9,902
Capital grants released during the year	(28,589)	(18,825)
Equipment written off	(1,447)	-
Closing balance	<u>21,712</u>	<u>51,748</u>
<b>8. OTHER INCOME</b>		
Interest income	-	618
Waiver of management fee by Hivos/ Twaweza	109,319	-
Sale of office old newspapers	6	-
	<u>109,325</u>	<u>618</u>

During the year Hivos/ Twaweza waived accumulated management fees totalling USD 109,319 for year 2009 to 2011. Uwezo is now fully integrated within Twaweza.

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

	2013 12 months USD	2012 6 months USD
<b>9. DIRECT PROGRAM COSTS</b>		
Host organization capacity development	16,159	5,400
Supportive networks for <i>Uwezo</i> developed	1,252	-
Research design framework developed	21,346	13,600
Public engagement & communication strategy developed	-	6,918
Development of tests	13,803	-
Recruiting volunteers	29,276	-
National assessment	522,948	518,766
Household based assessment field	2,322,996	587,440
Data accurately entered and analysed	43,710	37,837
District and national report produced	83,903	19,360
Instant feedback to study community	22,569	1,713
Communication material in assessable formats	375,694	59,205
Greater public debate	1,123	-
Uwezo progress tracked	23,401	4,044
Annual review and quarterly management	8,880	13,481
Assessment and communication processes	4,969	-
Quality plans and budgets	134	3,965
Greater communication and sharing	7,129	9,829
Learning to improve competencies	4,192	-
Groups and persons interested in Uwezo	13,564	-
Consolidated East Africa report prepared	6,497	46,787
Uwezo website & social media policy	1,572	-
Links with ASER/Sunai-India maintained	-	5,696
Financial and Administrative systems	2,567	192
Accountability	1,226	2,773
Education policies and programs focus on learning	2,277	775
Teachers Unions/Professional Associations emphasize learning	10,944	4,283
Uwezo to Twaweza transition finalized	-	30,815
Quality assurance/ management fee	252,870	63,416
Internal documentation and correspondence	3	5,584
Process audit	20,644	-
Staff costs	787,366	334,366
Attending and presenting conferences	7,504	60
	<b>4,610,518</b>	<b>1,776,305</b>

**HIVOS TANZANIA - UWEZO AT TWaweza**

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

	2013	2012
	USD	6 months USD
<b>10. ADMINISTRATIVE &amp; INDIRECT PROGRAM EXPENSES</b>		
Running cost – office running	22,334	25,068
Running cost – Maintenance	5,100	-
Running cost – Bank charges	3,362	-
Depreciation expenses	28,233	18,825
Amortization of intangible assets	356	-
Net book value of equipment written off	1,448	-
Net foreign exchange gain/loss	13,177	-
Regional running cost	34,616	43,313
Bad debts	558	-
	<b>109,184</b>	<b>87,206</b>

**11. INTANGIBLE ASSETS (COMPUTER SOFTWARE)**

**Cost**

Opening balance	1,827	1,827
Closing balance	<b>1,827</b>	<b>1,827</b>

**Amortisation**

Opening balance	1,357	754
Amortisation charge	356	603
Closing balance	<b>1,713</b>	<b>1,357</b>

<b>Net book value</b>	<b>114</b>	<b>470</b>
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Intangible assets relate to computer software.



# HIVOS TANZANIA - UWEZO AT TWaweza

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

### 12. PROPERTY AND EQUIPMENT

	Motor vehicle USD	Computer and accessories USD	Furniture & fittings USD	Equipment USD	Total USD
<b>Cost</b>					
As at 1 July 2012	86,051	41,101	11,826	14,317	153,295
Additions	-	-	7,387	2,515	9,902
<b>As at December 2012</b>	<b>86,051</b>	<b>41,101</b>	<b>19,213</b>	<b>16,832</b>	<b>163,197</b>
As at 1 January 2013	86,051	41,101	19,213	16,832	163,197
Additions	-	-	-	-	-
Adjustment (12a)	-	(8,436)	(2,119)	(803)	(11,357)
<b>As at December 2013</b>	<b>86,051</b>	<b>32,665</b>	<b>17,094</b>	<b>16,029</b>	<b>151,840</b>
<b>Depreciation</b>					
As at 1 July 2012	53,663	29,363	2,179	8,492	93,697
Charge for the period	10,756	5,088	970	1,408	18,222
<b>As 31 December 2012</b>	<b>64,419</b>	<b>34,451</b>	<b>3,149</b>	<b>9,900</b>	<b>111,919</b>
As at 1 January 2013	64,419	34,451	3,149	9,900	111,919
Charge for the period	17,879	7,013	2,325	3,162	30,378
Adjustment (Note 12b)	-	(1,823)	-	(323)	(2,146)
Adjustment (Note 12a)	-	(8,227)	(1,008)	(674)	(9,909)
<b>As 31 December 2013</b>	<b>82,298</b>	<b>31,414</b>	<b>4,465</b>	<b>12,065</b>	<b>130,242</b>
<b>Net Book Value</b>					
<b>As at December 2013</b>	<b>3,753</b>	<b>1,250</b>	<b>12,629</b>	<b>3,965</b>	<b>21,597</b>
<b>As at December 2012</b>	<b>21,632</b>	<b>6,452</b>	<b>16,064</b>	<b>6,932</b>	<b>51,278</b>

**12. (a)** The adjustment relates to property and equipment items that were broken beyond repair and in few cases misplaced during transition of Uwezo country offices into Twaweza. Uwezo activities had been managed by different organizations in each of the three East African countries between June 2009 and June 2012 prior to full integration within Twaweza.

**12. (b)** The adjustment relates to certain property and equipment items that were mistakenly depreciated beyond their useful lives in 2012.

# HIVOS TANZANIA - UWEZO AT TWaweza

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

	2013 12 months USD	2012 6 months USD
<b>13. OTHER RECEIVABLES AND PREPAYMENTS</b>		
District coordinator imprests and host organization	233,072	111,303
Advance to partners	-	82,178
Prepayment	21,126	13,039
Provision for doubtful debt	-	(1,389)
Funds disbursed to WERK for regional activities	-	65,838
	<u>254,199</u>	<u>270,969</u>

## 14. CASH AND BANK BALANCES

Cash at banks	388,109	1,918,266
Cash on hand	1,572	641
Cash in M-Pesa accounts	17,975	(5,471)
	<u>407,655</u>	<u>1,913,436</u>

## 15. OTHER PAYABLES AND ACCRUALS

Other payables	9,440	63,699
Accruals	235,937	94,398
Management fees (for Hivos and Twaweza)	-	234,319
Staff leave provision	51,781	4,847
	<u>297,158</u>	<u>397,263</u>

## 16. RELATED PARTY TRANSACTIONS

### Transactions with related parties

Remuneration paid to key management personnel who are on contractual terms was as set out below:

	2013 12 months	2012 6 months
<b>a) Key management personnel remuneration</b>		
Short term benefits (salaries and allowances)	<u>369,072</u>	<u>173,580</u>

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

## HIVOS TANZANIA - UWEZO AT TWaweza

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

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

##### b) Loan from Twaweza

Uwezo received the non-interest bearing loan Twaweza to finance various activities of the project. The loan was provided by Twaweza initially as a cash management procedure (so as not to call down additional funds from Headquarters in Netherlands when Twaweza accounts in East Africa had adequate balances) and subsequently to enable Uwezo at Twaweza to continue activities while disbursement was held up due to delay in preparing 2012 financial statements. The loan was reimbursed in 2013 via the Hewlett Foundation agreeing to have its support to the mother Twaweza initiative be used for Uwezo costs.

The movement in the loan amounts is shown below:

	2013 USD	2012 USD
Balance at 1 July 2012 and 1 January 2013	2,117,263	2,117,263
Additional amount during the year	-	-
Repaid amount during the year	(2,117,263)	-
Balance at 31 December	-	2,117,263

##### c) Management fees

As per agreed strategy budget, Uwezo at Twaweza loan contributes a total of USD 125,000 per annum as management fees to Hivos Netherlands and Twaweza, at a rate of USD 62,500 each. The movement of the balance during the previous and current period is as shown below:

	2013 USD	2012 USD
Opening balance	234,319	171,819
Fee charged during the period	125,000	62,500
Management fee arrears for 2009-11 waived	(109,319)	-
Amount paid	(250,000)	-
Closing balance	-	234,319



## **HIVOS TANZANIA - UWEZO AT TWaweza**

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

#### **17. COMMITMENTS AND CONTINGENCIES**

##### **Contingencies:**

There are no contingencies at the year end.

##### **Commitments:**

Uwezo at Twaweza's general approach is to pay after delivery of work and scrutiny of reports. In 2013 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, 2013 was USD 337,273.

#### **18. EVENTS AFTER THE REPORTING DATE**

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

#### **19. CURRENCY**

The financial statements are prepared in United States Dollars (USD). However, the currency of the primary economic environment in which the Initiative operates is the Kenya Shilling (KES), Ugandan Shilling (UGX) and Tanzanian shilling (TZS) for its operations in Kenya, Uganda and Tanzania respectively.

# HIVOS TANZANIA - UWEZO AT TWaweza

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

### 20. Analysis of actual and budgeted expenditure for the year ended 31 December 2013

Planning Code	Outcome and Output	Budget Jan-Dec 2013)	Actual Expenditure	(%)
1.1	Host Organization/Uwezo Capacity	24,840	9,765	
1.2	Supportive Networks for Uwezo	39,600	1,252	
1.3	Research Design Framework	61,680	21,346	
1.4	Public engagement and communications strategy	12,000		
	<b>Sub total</b>	<b>138,120</b>	<b>32,363</b>	<b>23%</b>
2.1	National Assessment Tests, Tools and Processes	1,238,551	566,026	
2.2	Household Based Assessments	2,237,694	2,322,996	
2.3	Data Accurately Entered and Analysed	104,020	43,710	
2.4	District and National Reports	227,680	83,903	
	<b>Sub total</b>	<b>3,807,945</b>	<b>3,016,635</b>	<b>79%</b>
3.1	Instant Feedback to Study Community	142,293	22,569	
3.2	Communication materials	1,247,340	375,694	
3.3	Tailor-made Communication Packs for key actors	11,625		
3.4	Greater Public Debate and coverage about learning	13,600	1,123	
	<b>Sub total</b>	<b>1,414,858</b>	<b>399,387</b>	<b>28%</b>
4.1	Greater Parental/Community Involvement	43,000		
4.2	Education policies and programs focus on learning	45,000	2,277	
4.4	Teachers Unions/Professional Associations emphasize learning	134,000	10,944	
	<b>Sub total</b>	<b>222,000</b>	<b>13,221</b>	<b>6%</b>
5.1	Rigorous M&E framework	53,520	7,644	
	<b>Sub total</b>	<b>53,520</b>	<b>7,644</b>	<b>14%</b>
	<b>Total Program</b>	<b>5,666,443</b>	<b>3,469,250</b>	<b>61%</b>
6.1	Personnel Cost	800,200	553,954	
6.2	Running Cost	112,806	82,032	
6.3	Project Assets	59,300	-	
6.4	Internal documentation and correspondence efficiently managed	5,400	3	
	<b>Total Operations</b>	<b>977,706</b>	<b>635,989</b>	<b>65%</b>
	<b>Total Country Programs</b>	<b>6,614,149</b>	<b>4,105,239</b>	
	1.5% Miscellaneous/Contingency	66,141	-	
	<b>Total for Country program and operations</b>	<b>6,680,290</b>	<b>4,105,239</b>	<b>61%</b>
	Regional Oversight and Activities:			
	Strong Organizational Competence	96,200	31,194	
	Standard and Quality Assurance of Uwezo Implemented	237,400	144,451	
	Uwezo Electronic Media presence Strengthened	96,000	6,541	
	Uwezo Concepts and Lessons Shared in Africa	239,000	46,714	
	Running costs	28,800	13,184	
	Personnel Costs	266,000	217,342	
	Project Assets	5,500	-	
	<b>Total Regional activities</b>	<b>968,900</b>	<b>459,426</b>	<b>47%</b>
	Management fee		125,000	
	<b>1.5% Miscellaneous/Contingency</b>	<b>9,689</b>		
	<b>Grand Total</b>	<b>7,658,879</b>	<b>4,689,665</b>	<b>61%</b>
	<b>Less: fixed assets</b>		-	
	Amount to be release as revenue grant		4,689,665	
	<b>Add: Depreciation (amount to be released as capital grants)</b>		<b>28,589</b>	
	Net book value of equipment written-off		1,448	
	<b>Total Amount released to income statement</b>		<b>4,719,702</b>	

Due to tight cash flow in 2013, only essential activities were undertaken.