**TWAWEZA EAST AFRICA**

**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

TWAWEZA EAST AFRICA

ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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# TWAWEZA EAST AFRICA

## ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

## ORGANIZATION INFORMATION

| | |
|---|---|
| Principal place of business | Mafinga Street, Plot No.127<br>Kinondoni<br>P.O Box 38342<br>Dar es Salaam<br>Tanzania |
| Principal bankers | Stanbic Bank (T) Ltd<br>PO Box 75647<br>Dar es Salaam<br>Tanzania |
| Auditors | Deloitte & Touche<br>Certified Public Accountants (Tanzania)<br>3rd Floor, Aris House<br>152 Haile Selassie Road, Oysterbay,<br>P.O Box 1559,<br>Dar es Salaam,<br>Tanzania |
| Lawyers | Victory Attorneys and Consultants<br>1st Floor, IT Plaza Building<br>Ohio Street/Garden Avenue<br>P.O Box 72015<br>Dar es Salaam<br>Tanzania |
| | Mwagambo & Okonjo Advocates<br>20th Floor, View Park Towers<br>P.O Box 35263 - 00100<br>Nairobi<br>Kenya |
| | Kwesigabo Bamwine & Walubiri<br>10 Clement Hill Road<br>P.O Box 21161<br>Kampala<br>Uganda |

# DIRECTORS' REPORT
# FOR THE YEAR ENDED 31 DECEMBER 2019

1. The Directors of Twaweza East Africa submit their report together with the audited financial statements for the year ended 31 December 2019, which disclose the state of affairs of Twaweza East Africa (also referred to as "the Organization").

2. INCORPORATION

Twaweza East Africa is a registered non-governmental organization with registration number 00NGO/R2/000422. Twaweza East Africa was originally incorporated in Tanzania under the Companies Act, No.12 of 2002 as a company limited by guarantee and not having share capital. Following the amendments to the Companies, Act, 2002 which required all Companies limited by guarantee that are not promoting commerce, trade and investment to register under the (NGO) Act, 2002, Twaweza East Africa acquired its status as a Non-governmental organization on 21 August, 2019.

The Organisation obtained a certificate of compliance to operate in Kenya and a certificate of registration in Uganda as per the laws of each of those countries and these remain valid beyond the status change from being a company limited by guarantee to a Non-Governmental Organization. Prior to being an independent legal entity, this Twaweza was an initiative to promote citizen involvement and public accountability in East Africa which was hosted by Hivos Tanzania Limited up to 31 December, 2014. Thereafter, Twaweza signed an oversight and guidance agreement with Hivos Netherlands which authorized them to monitor Twaweza activities until 30 April, 2019.

3. PRINCIPAL ACTIVITIES

The principal activity of Twaweza East Africa is to enable citizens to exercise agency, promote governments to be more open and responsive, and improve basic learning for children in Tanzania, Kenya and Uganda.

4. RESULTS FOR THE YEAR

The financial results for the year are set out on page 10 of the financial statements.

5. CORPORATE GOVERNANCE

The Board consists of five directors headed by Board Chairman. The Board takes overall responsibility for the Organization, including the responsibility for identifying key risk areas, considering and monitoring decisions, considering significant financial matters and reviewing the performance of management plans and budgets. The Board of Directors is also responsible for ensuring that comprehensive system of internal control policies and procedures is operative and for a compliance with sound corporate governance principles.

6. COMPOSITION OF BOARD OF DIRECTORS

The directors of Twaweza East Africa at the date of this report, all of whom have served since 1 January 2019 except otherwise stated are:

| Name | Position | Qualification | Nationality | Remarks |
|---|---|---|---|---|
| Dipak Naker | Chairman | Co-founder and Co-director, Raising Voices, Uganda | British | Resigned on 31 December 2019 |
| Smita Singh | Director | Founding Director of the Global Development Program, William and Hewlett Foundation, USA | American | Resigned on 2 May 2019 |
| Leonard Mususa | Director | Chairman of the Board of Directors of Mwananchi Communications Limited, Tanzania | Tanzanian | Appointed on 23 April 2015 |
| Robert Kabushenga | Director | Chief Executive Officer, New Vision Group, Uganda | Ugandan | Resigned on 2 May 2019 |
| Wanjiru Kamau-Rutenberg | Director | Director, African Women in Agricultural Research and Development (AWARD) | Kenyan | Appointed on 15 September 2016 |
| Nicolette Naylor | Director | Ford Foundation Representative in Southern Africa | South African | Resigned on 31 December, 2019 |
| Rebeca Gyumi | Director | Executive Director and Founder of Msichana Initiative | Tanzanian | Appointed on 24 September 2019 |
| Samwel Wangwe | Chairman | Economist, University lecturer, Policy researcher and Policy analyst, and Economic advisor to the Government of Tanzania | Tanzanian | Appointed on 1 January 2020 |
| Charles Businge | Director | Director of Southern Africa-Sub-Region at Plan International | Ugandan | Appointed on 1 January 2020 |
| Linda Kasonde | Director | Partner at Mulenga Mundashi Kasonde (MMK), Lawyer and a Civil rights activist | Zambian | Appointed on 1 January 2020 |

7. FUTURE DEVELOPMENT PLANS

2019 marked the first year of our new strategy 2019-22. With the education transition largely concluded, we are setting the pace for deeper engagement and impact in each of our three missions aiming to a) demonstrate how citizens can come together to collectively address their systemic problems and make government work better for them, b) enable citizens voice, experiences and interests to be heard and taken seriously in decision-making and c) to promote open civic space which enables citizens to freely assemble, organize, speak and act.

8. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control system of the Organization. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

8. RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

- The effectiveness and efficiency of operations;
- The safeguard of the Organization's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse condition; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Organization system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 December 2019 and is of the opinion that they met accepted criteria.

9. SOLVENCY

The Board of Directors confirms that applicable International Financial Reporting Standards (IFRS) have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Organization has adequate resources to continue in operational existence for the foreseeable future.

10. 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 Organization.

11. EMPLOYEE WELFARE

**Medical Assistance**

All members of staff and their dependents are covered with a medical insurance.

**Training**

Twaweza organizes regular learning sessions aimed at enhancing staff skills and widening the understanding of relevance of Twaweza's work as well as for personal development. In addition the Organization pays contribution to school fees for employees' children and dependents.

**Employment opportunities**

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, tribe, religion and disability which does not impair the ability to discharge official duties.

**Employees Benefit Plan**

The Organization pays contributions to publicly-administered pension plans on a mandatory basis which qualifies to be a defined contribution plan.

12. GENDER PARITY

The Organization is committed to ensuring gender parity. As at 31 December, 2019, Twaweza had 48 employees as per the table below;

| | 2019 | % | 2018 | % |
|---|---|---|---|---|
| Female | 25 | 52 | 26 | 55 |
| Male | 23 | 48 | 21 | 45 |
| **Total** | **48** | **100** | **47** | **100** |

13. RELATED PARTY TRANSACTIONS

The details of related party transactions and balances are disclosed in Note 19 of the financial statement.

14. POLITICAL AND CHARITABLE DONATIONS

The Organization did not make any political donations during the year. Moreover, no donations were made to public institutions and charitable organizations during the year (2018: Nil).

15. AUDITORS

Deloitte & Touche were the auditors for the Organization for the year ended 31 December, 2019.

Approved by the board of directors and signed by:

Leonard Mususa
**Director**

30 | 04 | 2020

TWAWEZA EAST AFRICA

## STATEMENT OF DIRECTORS' RESPONSIBILITIES
## FOR THE YEAR ENDED 31 DECEMBER 2019

The Twaweza East Africa constitution requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Organization as at the end of the financial year and of its net income for the year. It also requires the directors to ensure that the Organization keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Organization. They are also responsible for safeguarding the assets of the Organization and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept 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 (IFRS) and the requirements of the organization's constitution. 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 Organization and of its net income in accordance with International Financial Reporting Standards (IFRS). 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 whether due to fraud or error.

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

Signed on behalf of the Board of Directors by:

Leonard Mususa
**Director**

Aidan Eyakuze
**Executive Director**

30 / 04 / 2020

TWAWEZA EAST AFRICA

## DECLARATION OF THE HEAD OF FINANCE OF TWAWEZA EAST AFRICA FOR THE YEAR ENDED 31 DECEMBER 2019

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors /Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's financial position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I, Richard Modest being the Head of Finance of Twaweza East Africa hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December, 2019 have been prepared in compliance with International Financial Reporting Standards and statutory requirements.

I thus confirm that the financial statements of Twaweza East Africa for the year ended 31 December 2019 give a true and fair view of the financial position as on that date and that they have been prepared based on properly maintained financial records.

Richard Modest
Head of Finance
NBAA Membership No: ACPA 2238
30/04/2020

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWAWEZA EAST AFRICA

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Twaweza East Africa, set out on pages 10 to 37, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in general reserve and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Organization financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Organisation in accordance with the National Board of Accountants and Auditors (NBAA) Code of Ethics which is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report. The other information does not include the financial statements and our report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Organisation or to cease operations, or have no realistic alternative but to do so.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner responsible for the audit resulting in this independent auditors' report is E.A Harunani.

**Deloitte & Touche**
Certified Public Accountants (Tanzania)

Signed by: E.A. Harunani
NBAA Registration No. TACPA 1065
**Dar es Salaam**

30 April 2020

TWAWEZA EAST AFRICA

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 USD | 2018 USD |
|---|---|---|---|
| **INCOME** | | | |
| Grants | 6 | 5,342,068 | 5,676,980 |
| Release of capital grant | 16 | 44,655 | 54,096 |
| Other income | 7 | 44,471 | 56,550 |
| | | 5,431,194 | 5,787,626 |
| Operating costs | 8 | (5,389,450) | (5,841,935) |
| **Surplus/(deficit) before income tax** | | 41,744 | (54,309) |
| Income tax expense | 10(a) | - | - |
| **Total comprehensive surplus/(deficit) for the year** | | 41,744 | (54,309) |

TWAWEZA EAST AFRICA

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2019

| | Note | 2019 | 2018 Restated |
|---|---|---|---|
| **ASSETS** | | **USD** | **USD** |
| **Non-current assets** | | | |
| Property and equipment | 12 | 51,373 | 81,536 |
| Right-of-use asset | 13(a) | 158,223 | - |
| | | **209,596** | **81,536** |
| **Current assets** | | | |
| Income tax recoverable | 10(b) | 26,124 | 12,760 |
| Grant funds receivable | 17 | 699,350 | 716,572 |
| Other receivables | 14 | 241,509 | 226,649 |
| Cash and bank balances | 15 | 1,840,532 | 3,235,009 |
| | | **2,807,515** | **4,190,990** |
| **TOTAL ASSETS** | | **3,017,111** | **4,272,526** |
| **RESERVES AND LIABILITIES** | | | |
| **RESERVES** | | | |
| General reserve | | **714,983** | **684,587** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred capital grant | 16 | 51,373 | 81,536 |
| Lease liability | 13(b) | 18,304 | - |
| | | 69,677 | 81,536 |
| **Current liabilities** | | | |
| Trade and other payables | 18 | 1,013,711 | 1,001,924 |
| Deferred income grants | 17 | 1,064,747 | 2,504,479 |
| Lease liability | 13(b) | 153,993 | - |
| **TOTAL LIABILITIES** | | 2,232,451 | 3,506,403 |
| **TOTAL RESERVES AND LIABILITIES** | | **3,017,111** | **4,272,526** |

The financial statements on page 10 to 37 were approved and authorized for issue by the Board of Directors on 30/04/2020 and signed on its behalf by:

Leonard Mususa
**Director**

Aidan Eyakuze
**Executive Director**

TWAWEZA EAST AFRICA

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2019

| | Note | 2019<br>USD | 2018<br>Restated<br>USD |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Surplus/(deficit) before income tax | | 41,744 | (54,309) |
| Adjusted for: | | | |
| Gain from disposal of assets | 7 | (5,045) | (9,745) |
| Depreciation charge – property and equipment | 8 | 44,655 | 53,669 |
| Depreciation charge – right-of-use assets | 8 | 143,035 | - |
| Capital grants released | 16 | (44,655) | (54,096) |
| Interest expense on lease liability | 8 | 27,529 | - |
| Exchange gain on lease liability | 8 | (375) | - |
| Net book value of equipment disposed/ written-off | | - | 427 |
| | | 206,888 | (64,054) |
| Changes in working capital: | | | |
| Decrease in grants funds receivables | | 17,222 | 1,425,121 |
| (Decrease)/increase in deferred revenue grants | 17 | (1,439,732) | 1,398,396 |
| Increase in other receivables | | (14,860) | (31,209) |
| Increase/(decrease) in trade and other payables | 18 | 11,787 | (419,870) |
| | | (1,218,695) | 2,308,384 |
| Tax paid | 10(b) | (13,364) | (12,760) |
| **Cash (used in)/generated from operations** | | **(1,232,059)** | **2,295,624** |
| **Cash flows from investing activities:** | | | |
| Plant and equipment acquired | 12 | (14,492) | (43,081) |
| Receipt of capital grant | 16 | 14,492 | 43,081 |
| Proceeds from sale of assets | | 5,045 | 9,745 |
| **Cash generated from investing activities** | | **5,045** | **9,745** |
| **Cash flows from financing activities:** | | | |
| Office lease paid | | (167,463) | - |
| **Cash used in from investing activities** | | **(167,463)** | - |
| **Net (decrease)/increase in cash and cash equivalents** | | **(1,394,477)** | **2,305,369** |
| **Cash and cash equivalents at the beginning of the year** | | **3,235,009** | **929,640** |
| **Cash and cash equivalents at the end of the year** | 15 | **1,840,532** | **3,235,009** |

1. ORGANIZATION INFORMATION

Twaweza East Africa is a registered Non-Governmental Organization with registration number 00NGO/R2/000422.

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

***a) New standards and amendments to published standards effective for the year ended 31 December 2019***

The following new and revised IFRSs have been applied in the current year and had no material impact on the amounts reported in these financial statements except where stated.

| | |
|---|---|
| IFRS 16 Leases | IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. |

**Impact of initial application of IFRS 16 Leases**

In the current year, the Organisation has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Organisation's financial statements is described below.

The date of initial application of IFRS 16 for the Organisation is 1 January 2019.

The Organisation has applied IFRS 16 using the cumulative catch-up approach which:

- Requires the Organisation to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

*Impact of the new definition of a lease*

The Organisation has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Organisation applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Organisation has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Organisation.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

***a) New standards and amendments to published standards effective for the year ended 31 December 2019 (continued)***

**Impact of initial application of IFRS 16 Leases (continued)**

*Impact on Lessee Accounting*

*(i) Former operating leases*

IFRS 16 changes how the Organisation accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Organisation:
- Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Organisation has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

The Organisation has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Organisation has applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The Organisation has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review;
- The Organisation has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application;
- The Organisation has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- The Organisation has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

*(ii) Former finance leases*

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Organisation has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 9% for leases denominated in United States Dollars.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

**a) *New standards and amendments to published standards effective for the year ended 31 December 2019 (continued)***

**Impact of initial application of IFRS 16 Leases (continued)**

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

*Impact on retained earnings as at 1 January 2019*

| **Impact on assets, liabilities and equity as at 1 January 2019** | **USD** |
|---|---|
| Right of use asset: Gross carrying amount | 158,223 |
| Accumulated depreciation of right of use asset | - |
| **Net impact on total assets** | **158,223** |
| Lease liabilities recognised as at 1 January 2019 | 172,297 |
| **Retained earnings impact** | **11,348** |

The Organisation has recognized USD 158,223 of right-of-use assets and USD 172,297 of lease liabilities upon transition to IFRS 16. USD 11,348 is recognised in retained earnings.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances

The above requirement had no any material impact on the disclosures or on the amounts reported in these financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The above amendments had no any material impact on the disclosures or on the amounts reported in these financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

***a) New standards and amendments to published standards effective for the year ended 31 December 2019 (continued)***

| | |
|---|---|
| Annual Improvements to IFRS Standards 2015–2017 Cycle | • IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.<br><br>• IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.<br><br>• IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.<br><br>The above amendments had no any material impact on the disclosures or on the amounts reported in these financial statements. |
| Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) | Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.<br><br>The above amendment had no any material impact on the disclosures or on the amounts reported in these financial statements. |
| Prepayment Features with Negative Compensation (Amendments to IFRS 9) | Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.<br><br>The above amendment had no any material impact on the disclosures or on the amounts reported in these financial statements. |

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

**b) *New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2019***

| | |
|---|---|
| Amendments to References to the Conceptual Framework in IFRS Standards | Effective for accounting periods beginning on or after 1 January 2020 |
| Definition of a Business (Amendments to IFRS 3) | Effective for accounting periods beginning on or after 1 January 2020 |
| Definition of Material (Amendments to IAS 1 and IAS 8 | Effective for accounting periods beginning on or after 1 January 2020 |
| Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) | Effective for accounting periods beginning on or after 1 January 2020 |
| Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) | Effective for accounting periods beginning on or after 1 January 2022 |
| IFRS 17 Insurance Contracts | Effective for accounting periods beginning on or after 1 January 2021 |

**c) *Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2019***

**Amendments to References to the Conceptual Framework in IFRS Standards**

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework.

Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework

The Directors of the Organisation do not anticipate that the application of the amendements in the future will have an impact on the Organisation's financial statements.

**Definition of a Business (Amendments to IFRS 3)**

The amendments in *Definition of a Business (Amendments to IFRS 3)* are changes to Appendix A *Defined terms*, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

**2.** ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARD (CONTINUED)

***c) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2019 (continued)***

**Definition of a Business (Amendments to IFRS 3) (continued)**

The Directors of the Organisation do not anticipate that the application of the amendments in the future will have an impact on the Organisation's financial statements.

**Definition of Material (Amendments to IAS 1 and IAS 8)**

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

The Directors of the Organisation do not anticipate that the application of the amendments in the future will have an impact on the Organisation's financial statements.

**Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)**

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

The Directors of the Organisation do not anticipate that the application of the amendments in the future will have an impact on the Organisation's financial statements.

**Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The Directors of the Organisation do not anticipate that the application of the amendments in the future will have an impact on the Organisation's financial statements.

**IFRS 17 Insurance Contracts**

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

The Directors of the Organisation do not anticipate that the application of the amendments in the future will have an impact on the Organisation's financial statements.

***d) Early adoption of standards***

The Organisation did not early-adopt any new or amended standards in the year ended 31 December 2019.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**a) Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### a) Basis of preparation (continued)

Where a change in the presentation format between the prior year and current year financial statements has been made during the period, comparative figures have been restated accordingly.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise its judgement in the process of applying the Organization's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

### b) General reserves

General reserves represent unrestricted funds arising from accumulated other income that are available for use at the discretion of the directors in furtherance of the objects of the Organization.

### c) Foreign currency translation

*(i) Functional and presentation currency*

Items included in the financial statements of the Organization are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars which is the Organization's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

### d) Income recognition

Income comprises grants income from current grants, release of capital grants and other income from Twaweza East Africa staff participating in various technical meetings and forums.

*Funding arrangements*

Twaweza East Africa operates a funding arrangement where donor funds are directly received in Twaweza East Africa bank accounts maintained in East Africa. Grants revenue is recognized only when conditions for spending have been fully met.

Donor funds used to acquire property and equipment are allocated to a deferred capital grants account. The deferred capital grants are amortized to statement of comprehensive income on a systematic basis to match the depreciation charge on the assets on a straight line basis.

### e) Property and equipment

Property and equipment are initially recognized at cost. Subsequently, property and equipment are stated at historical cost less depreciation.
Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organization and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e) Property and equipment (continued)**

Assets are depreciated starting in the month they are put into use. Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| **Asset class** | **Rate (%)** |
|---|---|
| Motor vehicles | 25.0% |
| Computers and accessories | 33.3% |
| Furniture and fittings | 12.5% |
| Equipment | 25.0% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive income within other income.

**f) Financial assets**

*(i) Classification*

All financial assets of the Organization are in the category of receivables.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are classified as current assets except for maturities greater than 12 months, otherwise they are classified as non-current. The Organization's receivables comprise staff debtors and cash and cash equivalents in the statement of financial position.

*(ii) Recognition and measurement*

Receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

(iii) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

*(iv) Impairment*

The Organization assesses at the end of each reporting period whether there is objective evidence that a financial asset or Organization of financial assets is impaired. A financial asset or an Organization of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Organization of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the donors or a group of donors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g) Financial assets**

For receivable category the amount of the loss is measured as a difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income. If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

**h) Other receivables**

Other receivables consist of funds deposited to vendors and employees in the normal course of the business. Advances and prepaid expenses are recognized upon payment and derecognized when service has been rendered.

**i) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**j) Income tax**

The current and deferred income tax charge is computed on the basis of reported profit before tax for the year under review and regulations of the United Republic of Tanzania, in which the Organization is registered, using substantively enacted tax rates in Tanzania where the Organization operates and generates taxable income. Income tax companies currents tax and deferred tax.

Current tax charge is the amount of income tax payable on the taxable profit for the year and any adjustments to the tax payables in respect of prior years. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishing provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset the current tax assets against the current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

**k) Grants receivable**

Grants receivable comprise contractual commitments from donors/development partners where the Organisation has incurred expenditure as per grant agreement and is yet to be reimbursed by the donor/development partner. This is a change in accounting for grants receivable which were previously accounted for upon signing of the agreement with donor/development partner. Details of the restatement as a result of this change, which also affected deferred revenue grant is set out in note 20.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**l) Deferred capital grants**

Donations received to acquire property and equipment are capitalized and credited to deferred capital grant account. Deferred capital grant account is amortized in the statement of comprehensive income over the estimated useful lives of the assets concerned.

**m) Deferred revenue grants**

Deferred revenue grant represents an obligation to conduct donor funded activities per contractual commitments made between donors/development partners and the Organization.

The deferred revenue grants amount recorded on the recipient's statement of financial position generally represents the total amount of grants per funding agreements to match with the grant funds receivable, less the amount amortized for services performed to date.

**n) Employee benefits - Retirement benefit obligation**

The Organization has a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Organization pays fixed contributions into a separate entity. The Organization's contributions to the defined contribution schemes are charged in statement of comprehensive income in the year in which they relate. The Organization has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Organization has no further payment obligations once the contributions have been paid. The Organization and all its employees contribute to the NSSF, LAPF, PSPF, PPF and UAP which are defined contribution scheme.

**o) Accounts payable**

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are presented as current liabilities unless payment is not due within twelve months after year end. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**p) Impairment of non-financial assets**

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which these are separately identifiable cash flows (cash-generating units).

**4. FINANCIAL RISK MANAGEMENT**

The Organization's activities expose it to a variety of financial risks, namely: market risk, credit risk and liquidity risk. The Organization's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Organization does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. Foreign currency risk is managed by contracting suppliers in local currency so as to protect Organization from the volatility associated with foreign currency depreciation. The Organization also maintains cash balances in US Dollars which has been strong over time and conversion to foreign currencies (i.e. Tanzania Shillings, Kenyan Shillings and Ugandan Shillings) is made on need basis.

**4. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Market risk**

Foreign exchange risk

The Organization is exposed to foreign exchange risk arising from grants receivable/received, purchases, assets and liabilities denominated in currencies other than the functional currency of the Organization, primarily with respect to Tanzania shillings, Uganda shillings and Kenya shillings.

Organization financial assets and liabilities are denominated in Tanzania shillings, Kenyan shillings and Ugandan shillings. As a result, the Organization is exposed to exchange rate fluctuations that have impact on cash flows. Exposure to foreign currency risk is mitigated by the fact that the Organization maintains certain part of its grants in United States Dollar. The effect of the foreign currency risk is not significant and therefore management does not hedge against foreign currency risk. This exposure does not result in significant risk as foreign currency assets and liabilities are normally recovered and settled within a fairly short time.

As at 31 December 2019, if the US Dollar weakened/strengthened by 10% against the Tanzanian shillings with all other variables held constant, change in net income for the year would have been USD 10,116 (2018: 23,447) higher/lower mainly as a result of foreign exchange gains/losses on translation of Tanzania Shillings denominated payables, receivables and cash.

As at 31 December 2019, if the US dollar weakened/strengthened by 10% against the Ugandan shillings with all other variables held constant, change in net income for the year would have been USD 944 (2018: 13,692) higher/lower mainly as a result of foreign exchange gains'/losses on translation of Ugandan Shillings denominated payables, receivables and cash.

As at 31 December 2019, if the US dollar weakened/strengthened by 10% against the Kenyan shillings with all other variables held constant, change in net income for the year would have been USD 2,209 (2018: 9,910) higher/lower mainly as a result of foreign exchange gains'/losses on translation of Kenyan Shillings denominated payables, receivables and cash.

**(b) Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables and committed transactions.

The amount that best represents the Organization's maximum exposure to credit risk at 31 December 2019 is made up as follows:

| | 2019<br>USD | 2018<br>USD |
|---|---|---|
| Cash at bank (note 15) | 1,839,848 | 3,234,402 |
| Staff debtors (note 14) | 1,997 | 4,393 |
| No collateral is held for any of the above assets | 1,841,845 | 3,238,795 |

**(c) Liquidity risk**

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from various donors and/ (or) development partners.

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (continued)

The table below analyses the Organization's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

| | **Less than 1 year USD** |
|---|---|
| **At 31 December 2019** | |
| - trade payables and accruals (note 18) | 535,497 |
| At 31 December 2018 | |
| - trade payables and accruals (note 18) | 676,142 |

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The Organization makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Taxation**

The Organization is subjected to numerous taxes and levies by various government and quasi-government regulatory bodies. Generally, the Organization recognises liabilities with regard to anticipated taxes and levies payable with utmost care and diligence. However, significant judgement is required in the interpretation and application of those taxes and levies. In the event that management assesses that the initially recorded liability was erroneous, the differences are charged to the profit and loss account in the period in which the differences are determined.

## 6. INCOME GRANTS

| | 2019 USD | 2018 USD |
|---|---|---|
| Amount released from deferred income grants (Note 17) | 5,342,068 | 5,676,980 |

## 7. OTHER INCOME

| | 2019 USD | 2018 USD |
|---|---|---|
| Contribution from Hivos on office use | 5,400 | 5,400 |
| Contribution from TMF on Executive Director's participation in their board meetings | - | 353 |
| Contribution from European Union on Executive Director participation in Commemoration of African child | - | 330 |
| Contribution from International Rescue Committee (IRC) on use of Sauti za Wananchi platform and data | - | 7,500 |
| Interest income | 25,497 | 9,622 |
| Contribution From evidence in Governance & Politics (EGAP) for Twaweza staff participating in their conference | - | 1,000 |
| Contribution from Baraza la Habari for Twaweza staff participating in their conference | - | 56 |
| Contribution from Youth Partnership Countrywide for Twaweza staff participating in their conference | 62 | 44 |
| Contribution from Foundation for Civil Society for Twaweza Staff participation in their meeting | 22 | - |
| Contribution from Uganda Water and Sanitation NGO Network (UWASNET) on use of Sauti platform and data | 7,645 | - |
| Contribution from Confederation of Tanzania Industries on Executive Director's participation and facilitation in their meeting | 300 | - |
| Contribution from World Bank Tanzania on Executive Director's participation and facilitation in Word Bank Tanzania's retreat | 500 | |
| Contribution from International Rescue Committee (IRC) on use of Sauti za Wananchi platform and data | - | 15,000 |
| Contribution from University at Albany on use of Sauti data | - | 7,500 |
| Gain on disposal of assets | 5,045 | 9,745 |
| | 44,471 | 56,550 |

## 8. OPERATING COSTS

| | 2019 USD | 2018 USD |
|---|---|---|
| Freedom of information act | - | 162,107 |
| Open data by Government | - | 516 |
| Independent monitoring (Inc. Sauti) | - | 433,294 |
| Intermediaries and demand | - | 148,744 |
| Responsive governments | - | 297,780 |
| Learning outcomes (incl. Uwezo) | 357,906 | 777,355 |
| Learning outcomes (Direct costs - Refugee settlement in Uganda) | - | 6,642 |
| Ambitious curriculum | 29,306 | 5,715 |
| Motivated teachers (incl. Kiufunza) | 474,155 | 212,111 |
| School management | 105,680 | 34,198 |
| Learning, monitoring and evaluation | 291,898 | 365,198 |
| Media costs key partnership | - | 38,606 |
| Citizen Agency | 136,573 | - |
| Enabling citizen voices | 437,342 | - |
| Promoting and protecting open civic space | 147,817 | - |
| Governance and management* | 3,408,773 | 3,359,669 |
| | 5,389,450 | 5,841,935 |

***Governance and management costs includes the following:**

| | 2019 USD | 2018 USD |
|---|---|---|
| Management and Strategic support | 166,284 | 106,095 |
| Program staff costs (Note 9a) | 2,158,329 | 2,092,070 |
| Support Staff costs (Note 9b) | 653,905 | 607,274 |
| Staff recruitment | 406 | 58,015 |
| Office running costs | 140,098 | 104,243 |
| Office rent (3 offices) | - | 176,315 |
| Communications/ Internet/ Utilities | 57,108 | 143,422 |
| Travel and Transport | 16,323 | 14,289 |
| Exchange movement on conversion between bank accounts | 1,476 | 3,850 |
| Depreciation – Right-of-use asset | 143,035 | - |
| Depreciation of property and equipment | 44,655 | 53,669 |
| Fixed assets written off | - | 427 |
| Interest expense on lease liability | 27,529 | - |
| Exchange gain on lease liability | (375) | - |
| | 3,408,773 | 3,359,669 |

| | 2019 USD | 2018 USD |
|---|---|---|
| **9. EMPLOYEE BENEFIT COSTS** | | |
| **a) Program employee** | | |
| Salaries | 1,616,295 | 1,533,274 |
| Skills and Development Levy | 41,190 | 40,877 |
| Social Security Contributions | 165,824 | 156,564 |
| Health and group insurance | 94,979 | 106,586 |
| Other staff benefits | 146,280 | 192,618 |
| Staff leave | 44,703 | 10,482 |
| Workers Compensation Fund | 8,600 | 9,050 |
| Severance pay | 40,458 | 42,619 |
| | 2,158,329 | 2,092,070 |

**EMPLOYEE BENEFIT COSTS**

| | 2019 USD | 2018 USD |
|---|---|---|
| **b) Support employees** | | |
| Salaries | 480,500 | 440,838 |
| Skills and Development Levy | 17,918 | 17,740 |
| Social Security Contributions | 46,439 | 45,873 |
| Health and group insurance | 37,173 | 39,923 |
| Other staff benefits | 39,396 | 33,742 |
| Staff leave | 13,480 | 5,693 |
| Workers Compensation Fund | 3,953 | 3,518 |
| Severance pay | 15,046 | 19,947 |
| | 653,905 | 607,274 |

**10. INCOME TAX**

| | 2019 USD | 2018 USD |
|---|---|---|
| **a) Income tax expense** | | |
| Income tax charge/(credit) | - | - |
| Reconciliation of income tax expense to tax based on surplus / (deficit) | | |
| Surplus/(deficit) before income tax | 41,744 | (54,309) |
| Tax calculated at 30% | 12,523 | (16,293) |
| Items not deductible for tax purposes | | - |
| Prior year deferred tax | (48,230) | (31,937) |
| Deferred tax movement not recognized | 35,707 | 48,230 |
| **Income tax expense** | - | - |
| **b) Income tax recoverable** | | |
| Opening balance of tax recoverable | 12,760 | - |
| Current tax charge – Note 10(a) | - | - |
| Tax paid during the year | 13,364 | 12,760 |
| | 26,124 | 12,760 |

## 11. DEFERRED INCOME TAX

Deferred income tax is calculated using the enacted income tax rate of 30% (2018: 30%). The movement on the deferred income tax account is as follows:

| | 2019<br>USD | 2018<br>USD |
|---|---|---|
| At start of year | - | - |
| Deferred tax asset | 35,707 | 48,230 |
| Deferred tax not recognized | (35,707) | (48,230) |
| At end of year | - | - |

Deferred tax assets and liabilities are attributable to the following items:

| **Year ended 31 December 2019**<br>**Deferred tax assets** | **1.01.2019**<br>**USD** | **Translation differences**<br>**USD** | **Movement**<br>**USD** | **31.12.2019**<br>**USD** |
|---|---|---|---|---|
| Plant and equipment | - | - | (33,256) | (33,256) |
| Other timing differences | - | - | (1,043) | (1,043) |
| Tax losses carried forward | - | - | (1,408) | (1,408) |
| Net deferred tax asset | - | - | (35,707) | (35,707) |
| Deferred tax not recognized | - | - | 35,707 | 35,707 |
| Net deferred tax | - | - | - | - |

| **Year ended 31 December 2018**<br>**Deferred tax assets** | **1.01.2018**<br>**USD** | **Translation differences**<br>**USD** | **Movement**<br>**USD** | **31.12.2018**<br>**USD** |
|---|---|---|---|---|
| Plant and equipment | - | - | (31,873) | (31,873) |
| Tax losses carried forward | - | - | (16,357) | (16,357) |
| Net deferred tax asset | - | - | 48,230 | 48,230 |
| Deferred tax not recognized | - | - | (48,230) | (48,230) |
| Net deferred tax | - | - | - | - |

Deferred tax asset has not been recognised in these financial statements to the extent that the realisation of the related tax benefit through future taxable profits is not probable.

## 12. PROPERTY AND EQUIPMENT

| | Leasehold improvement USD | Motor vehicles USD | Computer accessories USD | Furniture & fittings USD | Equipment USD | Total USD |
|---|---|---|---|---|---|---|
| **At 1 January 2019** | | | | | | |
| Cost | 25,868 | 23,846 | 238,598 | 89,919 | 233,741 | 611,972 |
| Accumulated depreciation | (25,868) | (23,846) | (190,374) | (74,249) | (216,099) | (530,436) |
| **Net book value** | **-** | **-** | **48,224** | **15,670** | **17,642** | **81,536** |
| **Year ended 31 December 2019** | | | | | | |
| At start of the year | - | - | 48,224 | 15,670 | 17,642 | 81,536 |
| Additions | - | - | 7,143 | 723 | 6,626 | 14,492 |
| Depreciation charge | - | - | (23,573) | (6,677) | (14,405) | (44,655) |
| Disposals | - | (23,846) | - | - | (433) | (24,279) |
| Accumulated depreciation on disposals | - | 23,846 | - | - | 433 | 24,279 |
| **Closing net book value** | **-** | **-** | **31,794** | **9,716** | **9,863** | **51,373** |
| **At 31 December 2019** | | | | | | |
| Cost | 25,868 | 23,846 | 245,741 | 90,642 | 239,934 | 602,185 |
| Accumulated depreciation | (25,868) | (23,846) | (213,947) | (80,926) | (230,071) | (550,812) |
| **Net book value** | **-** | **-** | **31,794** | **9,716** | **9,863** | **51,373** |

## 12. PROPERTY AND EQUIPMENT (CONTINUED)

| | Leasehold improvement USD | Motor vehicles USD | Computer accessories USD | Furniture & fittings USD | Equipment USD | Total USD |
|---|---|---|---|---|---|---|
| **At 1 January 2018** | | | | | | |
| Cost | 25,868 | 86,051 | 204,908 | 93,442 | 240,127 | 650,396 |
| Accumulated depreciation | (25,868) | (86,051) | (181,959) | (70,299) | (193,668) | (557,845) |
| **Net book value** | **-** | **-** | **22,949** | **23,143** | **46,459** | **92,551** |
| **Year ended 31 December 2018** | | | | | | |
| At start of the year | - | - | 22,949 | 23,143 | 46,459 | 92,551 |
| Additions | - | - | 41,206 | 1,153 | 722 | 43,081 |
| Depreciation charge | - | - | (15,931) | (8,199) | (29,539) | (53,669) |
| Net book value of asset write off | - | - | - | (427) | - | (427) |
| Cost of asset disposed | - | (62,205) | (7,516) | (4,676) | (7,108) | (81,505) |
| Accumulated depreciation of assets disposed | - | 62,205 | 7,516 | 4,676 | 7,108 | 81,505 |
| **Closing net book value** | **-** | **-** | **48,224** | **15,670** | **17,642** | **81,536** |
| **At 31 December 2018** | | | | | | |
| Cost | 25,868 | 23,846 | 238,598 | 89,919 | 233,741 | 611,972 |
| Accumulated depreciation | (25,868) | (23,846) | (190,374) | (74,249) | (216,099) | (530,436) |
| **Net book value** | **-** | **-** | **48,224** | **15,670** | **17,642** | **81,536** |

## 13. LEASES

(a) Right-of-use assets

| | Total USD |
|---|---|
| **Cost** | |
| At January 2019 | - |
| Additions | 416,011 |
| At 31 December 2019 | 416,011 |
| **Depreciation** | |
| At January 2019 | - |
| Charge for the year | 257,788 |
| At 31 December 2019 | 257,788 |
| **Carrying amount** | |
| At 31 December 2019 | 158,223 |

(b) Lease liabilities

Analysed as:

| | 2019 USD | 2018 USD |
|---|---|---|
| Non-current | 18,304 | - |
| Current | 153,993 | - |
| | 172,297 | - |

Maturity analysis:

| | 2019 USD | 2018 USD |
|---|---|---|
| Year 1 | 153,993 | - |
| Year 2 | 18,304 | - |
| | 172,297 | - |

The Organization does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Organization's Operations function.

| (c) Amounts recognised in profit or loss | 2019 USD | 2018 USD |
|---|---|---|
| Depreciation expense on right-of-use assets (Note 8) | 143,035 | - |
| Interest expense on lease liabilities (Note 8) | 27,529 | - |
| Exchange gain on lease liabilities | (375) | - |
| Income from subleasing right-of-use assets (Note 7) | (5,400) | - |

## 13. LEASES (CONTINUED)

(d) The Organization's leasing activities

The Organization has 3 leased office buildings in Tanzania Kenya and Uganda. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The average lease term is 34 months (2018: 34 months).

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not be used as security for borrowing purposes. The Organization's obligations are secured by the lessors' title to the leased assets for such leases.

The Organization has no options to purchase the leased assets at the end of the lease term. There are no extension or termination options on the leases.

To determine the incremental borrowing rate, the Organization:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

## 14. OTHER RECEIVABLES

| | 2019 USD | 2018 USD |
|---|---|---|
| Prepayments | 205,631 | 213,839 |
| Other receivables | 33,881 | 8,417 |
| Staff debtors | 1,997 | 4,393 |
| | 241,509 | 226,649 |

The carrying amounts of accounts receivable are denominated in the following currencies:

| | 2019 USD | 2018 USD |
|---|---|---|
| United States dollars | 200,100 | 130,070 |
| Kenyan shillings | 12,968 | 19,609 |
| Ugandan shillings | 28,178 | 36,485 |
| Tanzanian shillings | 263 | 40,485 |
| | 241,509 | 226,649 |

## 15. CASH AND BANK BALANCES

| | 2019 USD | 2018 USD |
|---|---|---|
| Bank balances | 1,839,848 | 3,234,402 |
| Petty cash balances | 684 | 607 |
| | 1,840,532 | 3,235,009 |

## 16. DEFERRED CAPITAL GRANTS

| | 2019 USD | 2018 USD |
|---|---|---|
| At start of year | 81,536 | 92,551 |
| Grants received during the year (note 17) | 14,492 | 43,081 |
| Released to income | (44,655) | (53,669) |
| Write off (note 11) | - | (427) |
| **At end of year** | 51,373 | 81,536 |

## 17. GRANT FUNDS RECEIVABLE/ (DEFERRED INCOME GRANTS)

| | Opening balance USD Restated | Cash received during the year USD | Grant charged USD | Closing balance USD | Grant funds receivable USD | Deferred income grants USD |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2019** | | | | | | |
| DFID Tanzania | (796,640) | - | 995,562 | 198,922 | 198,922 | - |
| Hewlett Foundation | - | (1,050,000) | 993,818 | (56,182) | - | (56,182) |
| American Jewish World Service | - | (500,000) | 473,247 | (26,753) | - | (26,753) |
| SIDA Tanzania | (1,340,271) | - | 913,910 | (426,361) | - | (426,361) |
| DANIDA Tanzania | (367,568) | (884,202) | 853,565 | (398,205) | - | (398,205) |
| Wellspring Philanthropic Fund | 400,000 | (400,000) | 189,299 | 189,299 | 189,299 | - |
| DFID Uganda /Mott MacDonald | 316,572 | (308,154) | 302,711 | 311,129 | 311,129 | - |
| Dejusticia | - | (140,000) | 132,508 | (7,492) | - | (7,492) |
| Embassy of Finland | - | (318,646) | 270,869 | (47,777) | - | (47,777) |
| PAL Network | - | (33,048) | 26,506 | (6,542) | - | (6,542) |
| Embassy of Switzerland to Tanzania and Zambia | - | (300,000) | 204,565 | (95,435) | - | (95,435) |
| **Total** | **(1,787,907)** | **(3,934,050)** | **5,356,560** | **(365,397)** | **699,350** | **(1,064,747)** |
| **Recognised as;** | | | | | | |
| Capital grant (Note 16) | - | - | 14,492 | - | - | - |
| Income grant (Note 6) | - | - | 5,342,068 | - | - | - |
| | - | - | **5,356,560** | - | - | - |

Details of the restatement are set out in note 20.

## 17. GRANT FUNDS RECEIVABLE/ (DEFERRED INCOME GRANTS) (CONTINUED)

| | Opening balance USD Restated | Cash received during the year USD | Grant changed USD | Closing balance USD | Grant fund receivable USD | Deferred income grants USD Restated |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2018** | | | | | | |
| DFID Tanzania | (510,659) | (1,969,025) | 1,683,044 | (796,640) | - | (796,640) |
| Hewlett Foundation | 1,419,823 | (1,533,000) | 113,177 | - | - | - |
| American Jewish World Service | 477,349 | (1,000,000) | 522,651 | - | - | - |
| SIDA Tanzania | (496,296) | (1,811,430) | 967,455 | (1,340,271) | - | (1,340,271) |
| DANIDA Tanzania | 244,520 | (1,388,645) | 776,557 | (367,568) | - | (367,568) |
| Wellspring Philantropic Fund | (16,683) | (400,000) | 816,683 | 400,000 | 400,000 | - |
| DFID Uganda /Mott MacDonald | (33,243) | (316,476) | 666,291 | 316,572 | 316,572 | - |
| Ford Foundation | (49,203) | - | 49,203 | - | - | - |
| Dejusticia | - | (125,000) | 125,000 | - | - | - |
| Embassy of Finland | - | - | - | - | - | - |
| **Total** | **1,035,608** | **(8,543,576)** | **5,720,061** | **(1,787,907)** | **716,572** | **(2,504,479)** |
| **Recognised as;** | | | | | | |
| Capital grant (Note 16) | - | - | 43,081 | - | - | - |
| Income grant (Note 6) | - | - | 5,676,980 | - | - | - |
| | - | - | **5,720,061** | - | - | - |

Details of the restatement are set out in note 20.

## 18. TRADE AND OTHER PAYABLES

| | 2019 USD | 2018 USD |
|---|---|---|
| Trade payables | 4,967 | 68,472 |
| Accruals | 530,530 | 607,670 |
| Statutory liabilities | 478,214 | 325,782 |
| | 1,013,711 | 1,001,924 |

## 19. 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 by participating in its financial or operational policy decisions.

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

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

| **Key management remuneration** | 2019 USD | 2018 USD |
|---|---|---|
| Salaries and other short-term benefits | 829,861 | 505,547 |

Key management personnel are described as those personnel having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity.

## 20. RESTATEMENT

The restatement of items in the prior year financial statements is in respect of accounting for grants which Twaweza East Africa had recognized in full as receivable upon signing the grant agreements prior fulfilling conditions related to disbursements of the grants, which are fully controlled by the respective donors.

The restatement had no impact on the statement of comprehensive income. The impact on statement of financial position is set out below.

| ***Statement of financial position*** | **Previously stated 2018 USD** | **Adjustment USD** | **Restated 2018 USD** |
|---|---|---|---|
| Grants funds receivable | 5,541,480 | (4,824,908) | 716,572 |
| Deferred income grants | 7,329,387 | (4,824,908) | 2,504,479 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 21. EVENTS AFTER REPORTING DATE

COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of coronavirus. Since March 11, 2020 the WHO has characterized the spread of the coronavirus as a pandemic. The global economy has been adversely affected by the outbreak of COVID-19. This pandemic could result in a global economic downturn that will have an adverse impact on sovereign governments, with expectations of suppressed fiscal revenues, increases in health expenditure, and reduced international trade likely to negatively affect government revenues and GDP. Consequently, unemployment and adjustments in fiscal and monetary policies to respond to the crisis will impact economies. While it seems likely at this point that the travel and tourism, entertainment, automotive, oil and gas, and health industries will be most affected due to disruptions in supply and demand, The Orgnisation's field activities may temporarily be impacted by restrictions in travel. However, based on the signed grant agreements, the Organisation has already received 20.9% of the planned drawdowns to be utilised for the year ending 31 December 2020. The Directors consider the spread of the corona virus, the resulting actions by governments globally to contain the spread, and the resulting direct impact on the Organisation to constitute a non-adjusting subsequent event. As the pandemic evolves, there are expectations in restrictions of travel, the Organisation will consider the best way of conducting field visits and effectively continue using players to whom mobile phones have been assigned in assisting on the planed research activities. The Organisation will continue implementing the necessary measures to mitigate the risks associated with this pandemic, it is not able though to quantify the pandemic's future financial impact on the Organisation's operations.

## 22. COMMITMENTS AND CONTINGENCIES

**Contingencies:**

There are no contingencies at the year-end.

**Commitments:**

Twaweza East Africa's general contractual approach is to account and pay after delivery of work and scrutiny of reports. In 2019 a number of payments were not made due to partial delivery or inadequate provision of evidence/reporting. Operating costs do not include contractual commitments made but not paid out because the delivery of work and scrutiny of reports was outstanding as at year-end. The total outstanding value of signed direct program contracts not yet paid on 31 December 2019 was USD 405,840 (2018: USD 617,088).

## 23. ULTIMATE PARENT ORGANIZATION

The Organization is registered as a Non-Governmental Organization and hence the Members of the Organization have the ownership and fiduciary responsibility over the Organization's affairs, assets and liabilities.

ANALYSIS OF DETAILED BUDGET VERSUS ACTUAL EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2019

| | Tanzania | | Uganda | | Kenya | | Regional | | Combined | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description** | **Annual Budget** | **Actual Expenditure** | **Annual Budget** | **Actual Expenditure** | **Annual Budget** | **Actual Expenditure** | **Annual Budget** | **Actual Expenditure** | **Annual Budget (USD)** | **Actual Expenditure (USD)** | **% Var.** |
| **Civic Space & Citizen Agency** | | | | | | | | | | | |
| Mission O1: Citizen agency | 137,800 | 105,314 | 129,200 | 31,259 | - | - | - | - | 267,000 | 136,573 | |
| Mission O2: Citizen voices | 183,173 | 120,022 | 186,110 | 134,250 | 204,848 | 183,070 | 8,250 | - | 582,381 | 437,342 | |
| Mission O3: Civic space | 146,824 | 147,817 | - | - | - | - | - | - | 146,824 | 147,817 | |
| Staff costs - Civic Space & Citizen Agency | 136,663 | 132,496 | 71,718 | 75,084 | 47,784 | 27,424 | 578,809 | 556,597 | 834,974 | 791,601 | |
| **Total Civic Space & Citizen Agency** | **604,460** | **505,649** | **387,028** | **240,593** | **252,632** | **210,494** | **587,059** | **556,597** | **1,831,179** | **1,513,333** | **83%** |
| **Education** | | | | | | | | | | | |
| Mission E1: Learning outcomes (incl Uwezo) | 332,563 | 189,299 | 259,477 | 157,300 | 52,400 | 9,012 | - | 2,295 | 644,440 | 357,906 | |
| Mission E2: Ambitious curriculum | 25,703 | 16,917 | 8,000 | 6,808 | - | - | 11,250 | 5,580 | 44,953 | 29,305 | |
| Mission E3: KiuFunza III | 550,536 | 474,155 | - | - | - | - | - | - | 550,536 | 474,155 | |
| Mission E4: Positive deviance & RISE | 23,200 | 19,196 | 100,000 | 86,483 | - | - | - | - | 123,200 | 105,679 | |
| Staff costs - Education | 381,960 | 354,356 | 166,009 | 184,800 | 114,765 | 121,998 | 287,579 | 308,034 | 950,313 | 969,188 | |
| **Total Education** | **1,313,962** | **1,053,923** | **533,486** | **435,391** | **167,165** | **131,010** | **298,829** | **315,909** | **2,313,442** | **1,936,233** | **84%** |
| | | | | | | | | | | | |
| **Learning and Strategy** | | | | | | | | | | | |
| L&S Mission 1: Monitoring | 64,400 | 61,597 | 26,400 | 16,569 | 29,800 | 20,172 | 5,800 | 2,897 | 126,400 | 101,235 | |
| L&S Mission 2:Evaluation | 243,200 | 122,981 | 54,000 | 607 | - | - | - | - | 297,200 | 123,588 | |
| L&S Success 3:Learning | 48,200 | 56,055 | 4,200 | - | 1,200 | 104 | 10,400 | 10,917 | 64,000 | 67,076 | |
| Staff costs - L&E | - | - | 63,383 | 59,901 | - | - | 243,324 | 159,403 | 306,707 | 219,304 | |
| **Total LME** | **355,800** | **240,633** | **147,983** | **77,077** | **31,000** | **20,276** | **259,524** | **173,217** | **794,307** | **511,203** | **64%** |
| | | | | | | | | | | | |
| **Operations and finance** | | | | | | | | | | | |
| Ops and Finance | 222,407 | 217,277 | 98,975 | 87,327 | 78,621 | 48,484 | 68,379 | 44,278 | 468,382 | 397,366 | |
| Staff costs - Ops and Fin | 157,508 | 131,126 | 89,968 | 91,810 | 47,930 | 49,364 | 393,277 | 381,605 | 688,683 | 653,905 | |
| **Total Ops and Finance** | **379,915** | **348,403** | **188,943** | **179,137** | **126,551** | **97,848** | **461,656** | **425,883** | **1,157,065** | **1,051,271** | **91%** |
| | | | | | | | | | | | |

ANALYSIS OF DETAILED BUDGET VERSUS ACTUAL EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2019

| | Tanzania | | Uganda | | Kenya | | Regional | | Combined | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description** | **Annual Budget** | **Actual Expenditure** | **Annual Budget** | **Actual Expenditure** | **Annual Budget** | **Actual Expenditure** | **Annual Budget** | **Actual Expenditure** | **Annual Budget (USD)** | **Actual Expenditure (USD)** | **% Var.** |
| **Governance and Management** | | | | | | | | | | | |
| G1: Planning and reporting | - | - | - | - | - | - | 30,000 | 7,930 | 30,000 | 7,930 | |
| G2 Management and strategic support | - | - | - | - | - | - | 92,000 | 113,936 | 92,000 | 113,936 | |
| G3: Compliance | - | - | - | - | - | - | 32,500 | 43,761 | 32,500 | 43,761 | |
| G4: Governance | - | - | - | - | - | - | 12,500 | 658 | 12,500 | 658 | |
| Staff costs - GovMan | - | - | - | - | - | - | 200,720 | 178,236 | 200,720 | 178,236 | |
| **Total Governance and management** | **-** | **-** | **-** | **-** | **-** | **-** | **367,720** | **344,521** | **367,720** | **344,521** | **94%** |
| | | | | | | | | | | | |
| **Grand total** | **2,654,137** | **2,148,608** | **1,257,440** | **932,198** | **577,348** | **459,628** | **1,974,788** | **1,816,127** | **6,463,713** | **5,356,561** | **83%** |
| Less: Assets purchased during the year | | | | | | | | | | 14,492 | |
| Office rent payment during the year | | | | | | | | | | 167,463 | |
| Foreign exchange gain on lease liability | | | | | | | | | | 375 | |
| | | | | | | | | | | **5,174,231** | |
| Add: Depreciation on property and equipment | | | | | | | | | | 44,655 | |
| Depreciation of right of use of asset | | | | | | | | | | 143,035 | |
| Interest expense on lease liability | | | | | | | | | | 27,529 | |
| **Total expenditure (per financial statements)** | | | | | | | | | | **5,389,450** | |