HAKIRASILIMALI

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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HAKIRASILIMALI LIMITED

ORGANIZATION INFORMATION

Country of Registration	Tanzania
Date of Registration	22 February 2017
Certificate of Incorporation	133413
Office Location	Plot 53 Msasani Penisula, Chole Road Masaki Dar es Salaam, Tanzania
Bankers	Barclays Bank Tanzania Limited Ohio Branch P.O Box 5137 Dar es Salaam, Tanzania.
Auditors	HLB MEKONSULT Certified Public Accountants 2nd Floor, Acacia Estates 84 Kinondoni P.O. Box 20651. Dar es Salaam, Tanzania.

LIST OF ABBREVIATIONS

HIVOS	Humanistisch Instituut voor Ontwikkelingssamenwerking
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IESBA	International Ethics Standards Board for Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
PF	Policy Forum
TZS	Tanzania Shillings
USAID	US Agency for International Development
USD	United State Dollar

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report on the financial statements of HakiRasilimali Limited for the year ended 31 December 2018.

1. Incorporation

HakiRasilimali Limited has been incorporated in the United Republic of Tanzania under the Companies Act 2002 as a company limited by guarantee since 22 February 2017 and not having a shared capital. Prior to that, HakiMadini was requested by the steering committee and agreed to host HakiRasilimali Limited and this role ended on 31 December 2016. With effect from 01 January 2017, HakiRasilimali Limited has been operating as an independent legal entity.

HakiRasilimali is also affiliated to Publish What You Pay (PWYP), a global membership-based coalition of Civil Society Organizations (CSOs) in over forty countries united in their call for an open and accountable extractive sector, so that oil, gas and mining revenues improve the lives of women, men and youth in resource-rich countries and that extraction is carried out in a responsible manner that benefits countries and their citizens. HakiRasilimali's membership to PWYP is an institutional commitment to global transparency agenda.

2. Principal activities

The main objective of HakiRasilimali Limited is to enhance transparency and accountability in the extractive sector-mining, oil and natural gas in Tanzania.
Being the first year, HakiRasilimali embarked on its journey of implementing its four-year Strategic Plan 2017-2020 that covers the following objectives;

1. To generate and share knowledge among stakeholders or actors as a means of broadening understanding of extractive sector in Tanzania,
2. To advocate for the effective formulation and reforms on policies and laws which govern the Extractive Industries in Tanzania,
3. To organize and mobilize community voices to influence decisions over the extractive investments in Tanzania,
4. To contribute to enhanced extractive revenue management at sub national and national levels,
5. To strengthen HakiRasilimali governance and coordination.

3. Vision and mission statement

Vision
HakiRasilimali envisages that extractive industries - oil, gas and mineral resource extraction contribute to equitable and sustainable national development.

Mission
To support collective learning and jointly influence oil, natural gas and mineral resources policies, laws, regulations and practices.

4. Review of activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2002. The accounting policies have been applied consistently throughout the year and for the year 2018, HakiRasilimali procurements were guided by the finance and administration manual from Policy Forum.

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

5. Funding and expenditure

The year 2018, is the second year of the HakiRasilimali Strategic Plan 2017/2020 which offered an immense opportunity for the platform to begin to set the formal stage for advocacy in the extractive industry in Tanzania. The strategic plan and its budget was approved during 2016 Annual General meeting with funders from Wellsprings (American Jewish World Service, Inc.) Swiss aid, Oxfam, HIVOS and NRGI (Funds directed to Policy Forum-PF).

Funds unused as at the year ended 31 December 2018 have been carried forward for use in approved programs during the subsequent years. Expenditure is managed in accordance with approved budgets, with HakiRasilimali Limited's member organizations and Secretariat being largely responsible for the implementation of program activities.

6. Solvency

The financial statements have been prepared on going concern basis. It presumes that funds will be available to finance future activities and operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of activities. The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors will continue to source funding for the ongoing activities of the company from various donors.

The board of directors has reasonable expectation that HakiRasilimali Limited has adequate resources to continue in operational existence for the foreseeable future.

7. Directorate

The directors of the company at the date of this report are as follows:

Name	Designation	Qualification	Organization	Nationality
Donald Kasongi	Chairperson	Post Graduate Diploma in Environmental and Social Impact Assessments.	Governance Links- Tanzania	Tanzanian
Semkae Kilonzo	Vice Chairperson	Master of Arts in Journalism	Policy Forum	Tanzanian
Stephen Msechu	Board Member	Post Graduate Diploma in Legal Practice	Tanganyika Law Society-TLS	Tanzanian
Amani Mustapha Mhinda	Board Member	Post Graduate Diploma- Petroleum Policy and Resource Management	HakiMadini	Tanzanian
Moses Kulaba	Board Member		GEPC	Tanzanian

The Secretary as at 31 December 2018 was Ms. Racheal Chagonja.

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report which may have a material impact on the financial statements.

8. Corporate governance

The Board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering significant financial matters, and reviewing the performance of management, strategic plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles. The Board meets at least four times a year to review the company short and long-term strategy. During the year in consideration the Board met twice.

The Board delegates the day to day management of the company to the coordinator and supervised by line manager, to facilitate the effective control of all the company operational activities. The company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

9. Risk management and internal control

The board accepts final responsibility for the risk management and internal control systems of the company. It is the task of secretariat 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:

- The effectiveness and efficiency of operations;
- The safeguarding of the company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Operational sustainability under normal as well as adverse conditions; and
- Responsible behavior 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 controls can provide absolute assurance against misstatement or losses, the company's systems are designed to provide the board with reasonable assurance that the procedures in place are operating effectively.

The secretariat and the board assessed the internal control systems throughout the financial year ended 31 December 2018 and are of the opinion that they met accepted criteria.

10. Employees' welfare

The company's employment terms are according to HakiRasilimali's policies and regulations.

Relationship between the board and secretariat

The relation between the board and secretariat continued to be cordial during the year. There were no unresolved complaints received by the board from the employees during the year.

Medical facilities

The company provides medical aid to the staff through private medical insurance scheme.

Training facilities

In order to improve the motivation of employees, the company provides training and holds regular meetings with employees to discuss workplace development.

Disabled persons

It remains the company's policy to accept disabled persons for employment for those vacancies that they are able to fill. The policies and procedures of the company provide for alternative measures to accommodate employees with disabilities.

11. Gender parity

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

During the year ending 31 December 2018, the company had 2 full-time employee (Coordinator and finance and administration manager), 1 part time financial adviser and 2 female volunteers.

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

12. Auditors

HLB MEKONSULT were appointed to audit the HakiRasilimali Limited financial statements for the year ended 31 December 2018 and have expressed their willingness to continue in office and are eligible for re-appointment.

13. ADOPTION OF THE FINANCIAL STATEMENTS

The financial statements of HakiRasilimali Limited, as indicated below, were adopted by board of directors on ...06 May 2019 and are signed on its behalf by:

Chair Person, Donald Kasongi	06/05/2019 **Date**
Coordinator, Racheal Chagonja	06/05/2019 **Date**

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

STATEMENT OF DIRECTOR'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2018

The Companies Act, CAP 212 Act No.12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Company's profit or loss for the year. It also requires the directors to ensure that the Company keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company 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 for small and medium enterprises (IFRS for SMES) and the requirements of the Companies Act, CAP 212 Act No.12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company, and of the Company's loss in accordance with International Financial Reporting Standards for small and medium enterprises (IFRS for SMES).

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

06/05/2019

Chair Person, Donald Kasongi

Date

HAKIRASILIMALI LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

DECLARATION OF THE FINANCE MANAGER OF HAKIRASILIMALI LIMITED.

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 HakiRasilimali and Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with the International Financial Reporting Standards and Company's Act 2002.

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

I, ***GIBONS A. MWABUKUSI*** being the Finance Manager of HakiRasilimali Limited here by acknowledges my responsibility of ensuring that financial statements for the year ended 31 December 2018 have been prepared in compliance with International Financial Reporting Standards and Company's Act 2002.

I thus confirm that the financial statements present a true and fair view position of HakiRasilimali Limited on that date and that they have been prepared based on properly maintained financial records.

Name:	Gibons A. Mwabukusi
Signed:	
Position:	Finance Manager
NBAA Membership No:	ACPA 3703
Date:	06/05/2019

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAKIRASILIMALI LIMITED

Introduction

We have audited the financial statements of HakiRasilimali Limited, which comprise the Statement of Financial Position as at 31 December 2018, the Statement of Financial Activities, Statement of Changes in Net assets and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 12 to 18.

Opinion

In our opinion, the accompanying financial statements present a true and fair view of the financial position of HakiRasilimali Limited as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the statement director's responsibility and the Head of Finance declaration statements but does not include the financial statements and our audit reports thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Director's responsibility for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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 International Standards on Auditing (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 company'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 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 company'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 company 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 those charged with governance 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.

Report on Other Legal and Regulatory Requirements

Based on our audit we report that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and

iii) The organization's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

CPA Elinisaidie K. Msuri - ACPA 814

For and On Behalf of HLB MEKONSULT
Certified Public Accountants
Dar es Salaam

Date: 06/09/2019

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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 TZS	2017 TZS
INCOME			
Grants and contributions	3	359,574,152	127,311,869
Amortization of Capital grant		2,376,914	1,334,009
Other income-Exchange gains		215,750	396,720
Total Income		**362,166,817**	**129,042,598**
EXPENDITURE			
Operating expenses	4	359,789,903	127,708,589
Depreciation	5	2,376,914	1,334,009
Total Expenditure		**362,166,817**	**129,042,598**
Surplus for the year		-	-

The Statement of Financial Activities is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 18.

Report of the Auditors – page 7 to 8

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	NOTE	2018 TZS	2017 TZS
ASSETS			
Non-current Assets			
Property and Equipment	5	8,508,854	8,568,168
Current Assets			
Receivables	6	4,358,067	1,289,572
Cash and Cash Equivalents	7	251,669,926	153,809,887
Total		**256,027,993**	**155,099,459**
Total Assets		**264,536,847**	**163,667,627**
LIABILITIES			
Non-current Liabilities			
Deferred capital grant	8	8,508,854	8,568,168
Current Liabilities			
Payables	9	42,168,443	9,464,377
Deferred Revenue Grants	10	213,859,550	145,635,082
Total		**256,027,993**	**155,099,459**
Total Liabilities		**264,536,847**	**163,667,627**

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 18.

Report of the Auditors – page 7 to 8.

Chair Person, Donald Kasongi — 06/05/2019 **Date**

Coordinator, Racheal Chagonja — 06/05/2019 **Date**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

		2018 TZS	2017 TZS
Cash Flow from Operating Activities			
Net deficit for the year		-	-
Adjustments for non-cash expenses			
Depreciation		2,376,914	1,334,009
Amortization of capital grant		(2,376,914)	(1,334,009)
Operating profit before working capital charges		-	-
Changes in Working Capital			
Increase in receivables		(3,068,495)	(1,289,572)
Increase in payables & provisions		32,704,066	9,464,377
Net changes in working capital items		**29,635,571**	**8,174,805**
Net Cash Flow from Operating activities		**29,635,571**	**8,174,805**
Cash Flows from Investing Activities			-
Acquisition of property and equipment		(2,317,600)	(3,963,777)
Net Cash flow from Investing Activities		**(2,317,600)**	**(3,963,777)**
CASH FLOW FROM FINANCING ACTIVITIES			
Revenue grants received		430,116,220	276,910,728
Revenue grants utilized		(359,574,152)	(127,311,869)
Net Cash flow from Financing Activities		**70,542,068**	**149,598,859**
Net Increase in cash and cash equivalents		**97,860,039**	**153,809,887**
Cash and Bank at 1 January		153,809,887	-
Cash and Bank at the end of the year	**7**	**251,669,926**	**153,809,887**

The Statement of Cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 18.

Report of the Auditors – page 7 to 8.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General Information

HakiRasilimali Limited is a private limited company with no share guarantee incorporated and domiciled in the United Republic of Tanzania. Its main operational objective is to enhance transparency and accountability in the extractive sector-mining, oil and natural gas in Tanzania. The address of its registered office is:

HakiRasilimali
P.O. Box 38486,
Dar es Salaam, Tanzania.

2. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the organisation's financial statements.

2.1. Basis of Preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act 2002. The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Tanzanian Shillings (TZS) rounded to the nearest thousand, which is the company's functional currency. The company pursues charitable objectives and its constitution requires that the income and property of the company shall be applied solely towards promotion of all objects of the company as set forth in its Memorandum of Association and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, gift, division, bonus or otherwise by way of profit to the members of the company. Presently, the company largely relies on grants to pursue its activities. These accounting policies are consistent with the previous period.

2.2. Property and equipment

Property and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably. Property and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalized if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognized.

The useful lives of items of property and equipment have been assessed as follows:

Item	Depreciation method	Percentage
Furniture and fixtures	Straight line	12.5%
IT equipment	Straight line	33.3%
Office equipment	Straight line	25%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognized in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognized immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognized.

2.3. Financial instruments

Initial recognition and measurement

Financial instruments are recognized initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Receivables

Receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss within operating expenses. When a receivable is uncollectable, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Receivables are classified as loans and receivables.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Payables
Payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

2.4. Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease

An entity assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

2.5. Employee benefits

Short-term employee benefits
The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognized in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

2.6. Provisions and contingencies

Provisions are recognized when;

- the company has a present obligation as a result of a past event;

- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.
Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.
Provisions are not recognized for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision.
A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognized in business combinations that are recognized separately are subsequently measured at the higher of:

- the amount that would be recognized as a provision; and
- The amount initially recognized less cumulative amortization.

2.7. Grants and contributions

Grants revenue is recognized once the facility is approved by the donor and all conditions for receiving them have been fulfilled. The revenue received is recorded as deferred revenue in the liability section of the statement of financial position. The deferred revenue is released and recognized in the statement of profit or loss and other comprehensive income over the period necessary to match them with the related expenditure.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the organization with no future related costs are recognised in the statement of profit or loss in the period in which they become receivable.

Income from other sources is recognized when received.

Capital grants

Capital grants represent the grant income received for purposes of capital expenditure. These are included in noncurrent liabilities and released and recognized in the statements of financial activities on a straight-line basis over the expected useful lives of the related assets.

2.8. Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss in the period in which they arise. Cash flows arising from transactions in a foreign currency are recorded in Tanzanian Shillings by applying to the foreign currency amount the exchange rate between the Tanzanian Shilling and the foreign currency at the date of the cash flow.

3. Grants and Contributions

	2018 TZS	2017 TZS
Foundation for Civil Society	-	16,808,368
Oxfam Tanzania	54,808,674	18,125,739
Swiss Aid Tanzania	85,161,983	55,746,469
Wellsprings Philanthropic Fund	87,175,058	17,461,565
Grant Revenues(Donors/Partners)	**227,145,715**	**108,142,141**
Miscellaneous income	37,819,622	19,169,728
Gifts and Donations	94,608,815	-
Total	**359,574,152**	**127,311,869**

4. Programme Expenses

	2018 TZS	2017 TZS
Accommodation	6,584,500	11,732,800
Air Tickets	14,192,200	7,476,000
Audit fees	6,513,242	4,157,895
Catering & Conference facilities	27,061,042	3,502,219
Charges, Dues and Subscriptions	1,525,212	404,648
Data, Communications & Courier	3,367,000	1,790,200
Fuel	822,000	584,000
Main Office Transport expense	4,573,400	146,000
Media & Advertisements	36,187,158	3,500,000
Meeting costs, supplies & stationeries	16,874,000	7,899,500
Meeting Transport expenses	22,626,173	6,818,500
Miscellaneous Expense	-	45,000
Office Repairs & Maintenance	1,632,652	65,000
Office Supplies	5,040,902	2,481,045
Office Utilities	2,127,371	563,948
On Transit Allowance	898,600	930,000
Per-Diems	53,771,600	8,750,500
Personnel Expenses -Volunteers, Interns & Others	26,252,635	18,063,738
Personnel Expenses-Staff Payroll Costs & Benefits	81,606,147	45,267,740
Consultancy	28,449,921	-
Publications & Printing	19,684,148	3,529,856
Total	**359,789,903**	**127,708,589**

5. Property and Equipment

	Office Equipment TZS	Furniture & Fixtures TZS	Total TZS
Cost:			
Cost on 1 January 2018	7,902,177	2,000,000	9,902,177
Additions	1,517,600	800,000	2,317,600
Balance as 31 Dec 2018	**9,419,777**	**2,800,000**	**12,219,777**
Accumulated Depreciation			
Balance as 1 January 2018	1,125,790	208,219	1,334,009
Charge for the year	2,101,014	275,000	2,376,914
Balance as 31 December 2018	**3,227,704**	**483,219**	**3,710,923**
Net Book Value as at 31 December 2018	**6,192,073**	**2,316,781**	**8,508,854**
Net Book Value as at 31-Decmber 2017	**6,776,387**	**1,791,781**	**8,568,168**

6. Receivables

	2018 TZS	2017 TZS
Grants Receivable	-	1,056,632
Staff Imprest	4,358,067	232,940
Total	**4,358,067**	**1,289,572**

7. Cash and Cash Equivalents

Barclays Bank-TZS	48,638,078	43,671,627
Barclays Bank Tanzania Ltd-USD	203,020,048	109,902,760
Petty Cash	11,800	235,500
Total	**251,669,926**	**153,809,887**

8. Deferred Capital grants

Opening balances	8,568,168	-
Additions during the year	2,317,600	9,902,177
Amortization of deferred capital grant	(2,376,914)	(1,334,009)
Total	**8,508,854**	**8,568,168**

9. Payables

Accrued expenses	36,241,300	4,691,992
Accounts Payable	6,927,143	4,772,385
Total	**42,168,443**	**9,464,377**

10. Deferred Revenue grant

Opening balance	145,635,082	-
Grant received during the year	430,116,220	276,910,728
Capital expenditure	(2,317,600)	(3,963,777)
Grant released to income	(359,574,152)	(127,311,869)
Total	**213,859,550**	**145,635,082**

11. MOVEMENTS IN RESTRICTED GRANTS

Donor's Name	Balance b/d	Grant Received in current year TZS	Released to Expenses TZS	Transfer to Capital Grants(TZS)	Balance TZS
Foundation for Civil Society	6,247,632	-	-	-	6,247,632
Oxfam(T)	(3,904,516)	46,489,107	(54,808,675)	(2,317,600)	(14,541,684)
Swiss-Aid(T)	(5,746,469)	133,196,829	(85,161,983)	-	42,288,377
Wellsprings Philanthropic Fund	149,038,435	170,061,000	(87,175,058)	-	231,924,376
Natural Resource Governance	-	53,185,768	(67,415,299)	-	(14,229,531)
Osiea	-	-	(37,819,621)	-	(37,819,621)
Miscellaneous Income	-	27,183,516	(27,193,516)	-	(10,000)
Total	**145,635,083**	**430,116,220**	**(359,574,152)**	**(2,317,600)**	**213,859,550**

12. Commitments and Contingencies

Capital commitments

At 31 December 2018, the organization had no contractual approved or unapproved commitments.

Contingencies

The directors are of the opinion that there are no contingent liabilities as at 31 December 2018.

13. Related party transactions

Unless otherwise disclosed, all transactions with related parties are on an arm's length basis at market related prices. The organisation has a related party relationship with its executive management.

Transactions with key management personnel

Key management personnel compensations are included under staff costs. None of the key management personnel had or has any significant influence with any entity with whom the organisation has had significant transactions with.

14. Comparative Figures

Previous year's figures have been regrouped whenever necessary in order to make them comparable with the current year figures.

15. Subsequent Event

At the date of signing the financial statements, the Directors are not aware of any circumstance or other matter arising since the year end, not otherwise dealt with in these financial statements, which significantly affect the financial position of the organisation and results of its activities.