

HAKIRASILIMALI

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

HAKIRASILIMALI

ORGANIZATION INFORMATION

Country of Registration	Tanzania
Date of Registration	17 July 2019
Certificate of Incorporation	00NGO/R2/00074
Office Location	Plot 53, Msasani Peninsula, Chole Road; Masaki; Dar es Salaam, Tanzania.
Banker	<b>Absa Bank Tanzania Limited</b> Ohio Branch P.O Box 5137 Dar es Salaam, Tanzania.
Auditor	<b>HLB MEKONSULT,</b> Certified Public Accountants, 2 <sup>nd</sup> 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
OSIEA	The Open Society Initiative for Eastern Africa
NRGI	Natural Resource Governance Institute
PF	Policy Forum
PWYP	Publish What You Pay
TZS	Tanzania Shillings
USAID	United States Agency for International Development
USD	United State Dollar
WFT	Women Fund Tanzania
WPF	Wellspring Philanthropic Fund

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report on the financial statements of HakiRasilimali for the year ended 31 December 2020.

**1. Registration**

HakiRasilimali has been incorporated in the United Republic of Tanzania under CAP 212 on 22 February 2017 and has duly registered under conditions of Non-Governmental Organisations (NGO's) Act, 2002 on 17 July 2019. Prior to that, HakiMadini was requested by the steering committee and agreed to host HakiRasilimali and this role ended on 31 December 2016.

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 activity of HakiRasilimali is to enhance transparency and accountability in the extractive sector-mining, oil and natural gas in Tanzania.

Being the fourth 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 those 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 compliance.**

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the NGO's Act 2002. The accounting policies have been applied consistently throughout the year and for the year 2020, HakiRasilimali procurements were guided by the finance and administration manual from HakiRasilimali.

**DIRECTORS REPORT (CONTINUED)****5. Funding and expenditure**

The year 2020 is the fourth year of the HakiRasilimali Strategic Plan 2017/2020 which has continued to offer immense opportunities for the platform to engage in the advocacy work for advocacy in the extractive industry in Tanzania. The strategic plan and its budget were approved during 2016 Annual General meeting with funders from Wellsprings (American Jewish World Service, Inc.) Swiss aid, Oxfam, HIVOS and NREGI (Funds directed to Policy Forum-PF).

Funds unused as at the year ended 31 December 2020 have been carried forward for use in approved programs during the subsequent years. Expenditure is managed in accordance with approved budgets, with HakiRasilimali, 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 organisation 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 organisation from various donors.

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

**7. Board of Directors**

The directors of the board who served the office throughout the period till the date of this report are:

NAME	DESIGNATION	ORGANIZATION	NATIONALITY
Donald Kasongi	Chairperson	Governance Links- Tanzania	Tanzanian
Semkae Kilonzo	Board Member	Policy Forum	Tanzanian
Alphonse Gura	Board Member	Tanganyika Law Society-TLS	Tanzanian
Flaviana Charles	Vice Chairperson	BHRT	Tanzanian
Jimmy Luhende	Board Member	ADLG	Tanzanian
Nicomedes Kajungu	Board Member	NUMET	Tanzanian
Dr. Rugemeleza Nshala	Board Member	LEAT	Tanzanian

The Secretary as at 31 December 2020 was Ms. Racheal Chagonja.

DIRECTORS REPORT (CONTINUED)

8. **Subsequent Events**

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.

9. **Corporate governance**

The board takes overall responsibility for the organisation, 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 organisation short and long-term strategy. During the year in consideration the board met Four times.

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

10. **Risk management and internal control**

The board accepts final responsibility for the risk management and internal control systems of the Organisation. 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 organization'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 organisation'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 2020 and are of the opinion that they met accepted criteria.

11. **Employees' welfare**

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

**Relationship between the board and employees**

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

DIRECTORS REPORT (CONTINUED)

**Medical facilities**

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

**Training facilities**

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

**Disabled persons**

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

12. **Gender parity**

The organization 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.


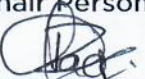
During the year ending 31 December 2020, the organization had 4 full-time employees (Executive Director, Finance and Administration Manager, Research and Policy analysis Manager and Advocacy and Communication Officer), 1 Program intern and 1 Administration Intern.

13. **Auditors**

HLB MEKONSULT were appointed to audit the HakiRasilimali financial statements for the year ended 31 December 2020 and have expressed their willingness to continue in office and are eligible for re-appointment.

14. **ADOPTION OF THE FINANCIAL STATEMENTS**

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

  
\_\_\_\_\_  
Donald Kasongi  
Chair Person,  
  
\_\_\_\_\_  
Racheal Chagonja  
Executive Director,

11/06/2021  
\_\_\_\_\_  
Date  
  
12/06/2021  
\_\_\_\_\_  
Date

STATEMENT OF DIRECTOR'S RESPONSIBILITIES FOR THE YEAR END 31 DECEMBER 2020

The members of the board of HakiRasilimali are required under the Non-Governmental Act, 2002 of Tanzania to keep proper records and books of accounts, which should lead to the preparation of financial statements of the HakiRasilimali each financial year that present fairly the state of affairs of the organization.

The board is required to prepare financial statements for each financial year that present fairly the state of affairs of HakiRasilimali, its operations and sources and applications of the funds obtained during the period.

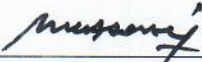
The board further accept responsibility in respect of financial statements on accounting policies, keeping proper books of accounts, maintaining adequate control systems and confirmation of accuracy of financial statements.

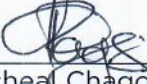
The board of HakiRasilimali confirms that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended on 31 December 2020 in accordance with the International Financial Reporting Standards and compliance with Non-Governmental Act, 2002 of Tanzania.

The board of HakiRasilimali is also responsible for maintaining proper accounting records that may be relied upon, as well as maintains adequate system of internal controls to safeguard the assets of the organization and to prevent and detect fraud and other irregularities.

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

Nothing has come to the attention of the board indicate that the organization will not remain a going concern for at least the next twelve months from the date of these financial statements.

  
\_\_\_\_\_  
Donald Kasongi  
Chair Person,

  
\_\_\_\_\_  
Racheal Chagonja  
Executive Director,

11/06/2021  
\_\_\_\_\_  
Date

12/06/2021  
\_\_\_\_\_  
Date



HAKIRASILIMALI

DECLARATION OF THE HEAD OF FINANCE OF HAKIRASILIMALI

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.

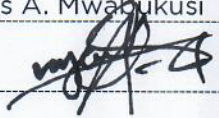
It is the duty of a Professional Accountant to assist HakiRasilimali and Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with the International Financial Reporting Standards and Non-Government Organisations 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 on behalf of Finance Manager of HakiRasilimali here by acknowledges my responsibility of ensuring that financial statements for the year ended 31 December 2020 have been prepared in compliance with International Financial Reporting Standards and Non-Government Organisations Act 2002.

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

Name: Gibons A. Mwabukusi

Signed: 

Position: Financial Advisor

NBAA Membership No: ACPA 3703

Date: 12/06/2021

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAKIRASILIMALI

### Opinion

We have audited the financial statements of HakiRasilimali, which comprise the Statement of Financial Position as at 31 December 2020, the Statement of Income and Expenditure 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 13 to 20.

In our opinion, the Organisation's financial statements present a true and fair view of the financial position of HakiRasilimali as at 31 December 2020, and of its statement of profit or loss and other comprehensive income and cash flows for the year then ended in accordance with International Financial Reporting Standards and the NGO's 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 Organisation'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.

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 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 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; and
- 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 organisation, 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: 12 Feb 2021

[www.mekonsult.co.tz](http://www.mekonsult.co.tz)

2nd Floor, Acacia Estates 84 Kinondoni Road

P.O. Box 20651 Dar es Salaam, Tanzania

TEL: +255 (0) 22 292 3422 FAX: +255 (0) 7360 3023

E-MAIL: [info@mekonsult.co.tz](mailto:info@mekonsult.co.tz)



HAKIRASILIMALI

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER  
2020

	NOTE	2020 TZS	2019 TZS
<b>INCOME</b>			
Grants and contributions	3	733,610,394	687,795,471
Amortization of capital grant	8	8,722,733	4,312,551
Exchange gains		1,136,915	524,638
<b>Total Income</b>		<b>743,470,042</b>	<b>692,632,660</b>
<b>EXPENDITURE</b>			
Programme expenses	4	734,747,309	688,320,109
Depreciation	5	8,722,733	4,312,551
<b>Total Expenditure</b>		<b>743,470,042</b>	<b>692,632,660</b>
<b>Surplus/(deficit) for the year</b>		<b>-</b>	<b>-</b>

Notes on page 12 to 19 form an integral part of these financial statements.

Report of the Auditors - page 7 to 8.

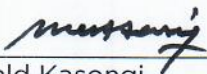
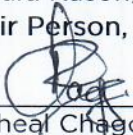
HAKIRASILIMALI

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	NOTE	2020 TZS	2019 TZS
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property and Equipment	5	18,154,278	16,946,911
<b>Current Assets</b>			
Receivables	6	11,617,474	12,320,456
Cash and cash equivalents	7	130,461,223	215,490,428
		<u>142,078,697</u>	<u>227,810,884</u>
<b>Total Assets</b>		<u><u>160,232,975</u></u>	<u><u>244,757,795</u></u>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Deferred capital grant	8	18,154,278	16,946,911
<b>Current Liabilities</b>			
Payables	9	17,193,343	20,994,466
Deferred revenue grants	10	124,885,354	206,816,418
		<u>142,078,697</u>	<u>227,810,884</u>
<b>Total Liabilities</b>		<u><u>160,232,975</u></u>	<u><u>244,757,795</u></u>

Notes on page 12 to 19 form an integral part of these financial statements.

Report of the Auditors - page 7 to 8.

  
 \_\_\_\_\_  
 Donald Kasongi  
 Chair Person,  
  
 \_\_\_\_\_  
 Racheal Chagonja  
 Executive Director,

\_\_\_\_\_  
 11/06/2021  
 Date  
 \_\_\_\_\_  
 12/06/2021  
 Date

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 TZS	2019 TZS
<b>Cash Flow from Operating Activities</b>			
Net surplus/(deficit) for the year		-	-
<b>Adjustments for non-cash expenses</b>			
Depreciation	5	(8,722,733)	4,321,551
Amortization of capital grant	8	8,722,733	(4,321,551)
<b>Operating profit before working capital charges</b>		-	-
<b>Changes in Working Capital</b>			
(Increase)/ Decrease in receivables	6	702,983	(7,962,390)
Increase/ (Decrease) in payables & provisions	9	(3,801,122)	(21,173,977)
<b>Net Cash Flow used in Operating activities</b>		<u>(3,098,140)</u>	<u>(29,136,367)</u>
<b>Cash Flows from Investing Activities</b>			
Acquisition of property and equipment	5	(9,930,100)	(12,750,608)
<b>Net Cash flow used in Investing Activities</b>		<u>(9,930,100)</u>	<u>(12,750,608)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Revenue grants received	11	661,609,429	693,502,947
Revenue grants utilized	11	(733,610,394)	(687,795,470)
<b>Net Cash flow used in Financing Activities</b>		<u>(72,000,965)</u>	<u>5,707,477</u>
<b>Net Increase in cash and cash equivalents</b>		<u>(85,029,205)</u>	<u>(36,179,498)</u>
Cash and cash equivalent at 1 January	7	215,490,428	251,669,926
<b>Cash and cash equivalent at 31 December</b>		<u>130,461,223</u>	<u>215,490,428</u>

Notes on page 12 to 19 form an integral part of these financial statements.

Report of the Auditors - page 7 to 8.

**1. General Information**

HakiRasilimali is a non-governmental organisation officially registered on 17 July 2019 with a registration number 00NGO/R2/00074. Its main operational objective is to enhance transparency and accountability in the extractive sector-mining, oil and natural gas in Tanzania.

**2. Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the 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 the NGO's 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 organization's functional currency. The organization pursues charitable objectives and its constitution requires that the income and property of the organization shall be applied solely towards promotion of all objects of the organization 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 organization. Presently, the organization 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 organization 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 recognized as an asset 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. Property and equipment are initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalization 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 organization and the cost can be measured reliably. Day to day servicing costs is 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 organization. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(CONTINUED)

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 Organisation becomes a party to the contractual provisions of the instruments.

The Organisation 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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(CONTINUED)

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 organization 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 organization 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(CONTINUED)

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 organization'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 organization 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(CONTINUED)

**2.7. Grants and contributions**

Grant's 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 recognized 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(CONTINUED)**3. Grants and Contributions**

	2020 TZS	2019 TZS
Oxfam Tanzania	75,704,541	66,160,855
Swiss Aid Tanzania	130,969,068	147,313,695
Wellsprings Philanthropic Fund	205,278,134	319,284,258
Women Funds Tanzania	34,169,400	52,335,000
NRGI	34,635,000	40,166,653
HVOS	17,166,824	38,035,011
OSIEA	45,174,015	-
PWYP	190,513,412	-
	<u>733,610,394</u>	<u>663,295,471</u>
Miscellaneous income	-	-
Gifts and donations	-	24,500,000
	<u>733,610,394</u>	<u>687,795,471</u>

**4. Programme Expenses**

Accommodation	74,387,018	29,247,950
Air Tickets	40,349,290	55,800,950
Audit fees	4,956,000	6,726,000
Board meeting expenses	12,352,000	-
Catering & conference facilities	41,150,376	72,750,701
Charges, dues and subscriptions	8,023,170	3,078,495
Consultancy	128,547,965	70,413,951
Data, communications & courier	8,079,000	2,733,900
Fuel	-	40,000
Main office transport expense	10,215,700	4,663,000
Media & advertisements	8,714,202	9,548,157
Meeting costs, supplies & stationeries	6,632,480	23,472,373
Meeting transport expenses	29,126,412	45,419,540
Module development costs	9,680,000	-
Miscellaneous expense	-	1,956,300
Office repairs & maintenance	1,282,900	692,000
Office supplies	18,230,553	33,298,448
Office utilities	15,319,550	9,250,217
Staff Lunch	166,000	-
On transit allowance	2,280,000	2,086,000
Other expenses	4,810,080	-
Per-diems	72,060,000	125,980,000
Personnel expenses -Volunteers, interns & others	16,657,895	24,452,634
Personnel expenses-Staff payroll costs & benefits	193,439,318	116,420,233
Publications & Printing	28,287,400	50,289,260
	<u>734,747,309</u>	<u>688,320,109</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(CONTINUED)

5. Property and Equipment

	Office Equipment TZS	Furniture & Fixtures TZS	Total TZS
Cost:			
Cost on 1 January 2020	22,170,385	2,800,000	24,970,385
Additions	3,862,100	6,068,000	9,930,100
Balance as 31 Dec 2020	<u>26,032,485</u>	<u>8,868,000</u>	<u>34,900,485</u>
Accumulated Depreciation			
Balance as 1 January 2020	7,190,255	833,219	8,023,474
Charge for the year	7,655,899	1,066,834	8,722,733
Balance as 31 December 2020	<u>14,846,154</u>	<u>1,900,053</u>	<u>16,746,207</u>
Net book value 31 December 2020	<u>11,186,331</u>	<u>6,967,947</u>	<u>18,154,278</u>
Net book value 31 December 2019	<u>14,980,130</u>	<u>1,966,781</u>	<u>16,946,911</u>

6. Receivables

	2020 TZS	2019 TZS
Staff Imprest	5,677,377	10,704,876
Advance salary	5,400,000	
Accrued payroll expenses	540,097	935,550
Withholding tax	-	680,030
	<u>11,617,474</u>	<u>12,320,456</u>

7. Cash and Cash Equivalents

Barclays Bank-TZS	12,392,292	54,512,062
Barclays Bank Tanzania Ltd-USD	118,033,131	160,966,766
Petty Cash	35,800	11,600
	<u>130,461,223</u>	<u>215,490,428</u>

8. Deferred Capital grants

Opening balances	16,946,911	8,508,854
Additions during the year	9,930,100	12,750,608
Amortization of deferred capital grant	(8,722,733)	(4,312,551)
	<u>18,154,278</u>	<u>16,946,911</u>

9. Payables

Accrued expenses	7,973,565	7,025,456
Accounts Payable	9,219,778	13,969,010
Transfer account	-	-
	<u>17,193,343</u>	<u>20,994,466</u>

10. Deferred Revenue grant

Opening balance	206,816,418	213,859,550
Grant received during the year	661,609,430	693,502,947
Capital expenditure	(9,930,100)	(12,750,608)
Grant released to income	(733,610,394)	(687,795,470)
	<u>124,885,354</u>	<u>206,816,418</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020  
(CONTINUED)**11. MOVEMENTS IN RESTRICTED GRANTS**

Donor's Name	Opening balance	Grant Received in current year	Released to Expenses	Transfer to Capital Grants	Balance
	TZS	TZS	TZS	TZS	TZS
Foundation for Civil Society	6,247,632	-	-	-	6,247,632
Oxfam(T)	(3,904,517)	65,986,480	(75,704,541)	-	(13,622,578)
Swiss-Aid(T)	1,000,000	129,969,068	(130,969,068)	-	-
Wellsprings Philanthropic Fund	156,611,895	236,219,597	(205,278,133)	(6,484,500)	181,068,859
Natural Resource Governance	-	34,635,000	(34,635,000)	-	-
Osiea	(1,729,267)	22,162,300	(45,174,015)	-	(24,740,982)
Policy Forum	-	-	-	-	-
HIVOS	(1,388,176)	18,555,000	(17,166,824)	-	-
TLS	-	-	-	-	-
Women Funds Tanzania	-	-	(34,169,400)	-	(34,169,400)
PWYP	49,978,851	154,081,984	(190,513,412)	(3,445,600)	10,101,823
<b>Total</b>	<b>206,816,418</b>	<b>661,609,429</b>	<b>(733,610,394)</b>	<b>(9,930,100)</b>	<b>124,885,354</b>

**12. Commitments and Contingencies****Capital commitments**

At 31 December 2020, 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 2020.

**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. Remuneration of key management personnel for the year 2020 is TZS69,777,400 While in 2019 as TZS.41,314,800.

**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 year and results of its activities.