

HIVOS TANZANIA
UWEZO AT TWAVEZA
REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2014

HIVOS TANZANIA-UWEZO AT TWaweza

REPORTS AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

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HIVOS TANZANIA - UWEZO AT TWaweZA

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

PROJECT INFORMATION

Board of Directors (Hivos Tanzania)

Name	Title
Ben Witjes	Director (Dutch)
Edwin Huizing	Director (Dutch)

Management of Twaweza and Uwezo at Twaweza

Name	Title	Appointment/ termination date
Rakesh Rajani	Head of Twaweza	Up to 31 December, 2014
Kees de Graaf	Acting Executive Director, Twaweza	From 1 January, 2015 to 1 March, 2015
Aidan Eyakuze	Executive Director, Twaweza	From 2 March, 2015
Sara Ruto	Uwezo Regional Manager	Up to 31 December, 2014
John Mugo	Director, Data & Voice (Uwezo)	From 1 January, 2015

Principal place of business Mafinga Street, Plot No.127
Kinondoni
P.O.Box 38342
Dar-es-Salaam
Tanzania

Principal bankers Stanbic Bank (T) Ltd
P.O.Box 75647
Dar-es-Salaam
Tanzania

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

HIVOS TANZANIA - UWEZO AT TWAZEZA

REPORT OF MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The management of Hivos Tanzania/ Twaweza has the pleasure to submit the report for the Uwezo at Twaweza (also referred as to "Uwezo" or "the Initiative"), together with the audited financial statements for twelve (12) month period ended 31 December 2014, which disclose the state of affairs of the initiative.

1. PRINCIPAL ACTIVITIES

The principal activity of the Twaweza Initiative is the promotion of access to information and expanded space for public action among millions of citizens across East Africa, through information sharing, grant-making, brokering new partnerships, and learning and communication, with a specific focus on improving service delivery outcomes.

2. BACKGROUND TO UWEZO AT TWAZEZA

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

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

3. FINANCIAL STATUS

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

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

In 2014, Uwezo East Africa received a total of USD 4,376,247. The actual spending on expenditure for the period amounted to USD 4,344,036.

4. ADMINISTRATON POLICIES AND FINANCIAL REGULATIONS

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

5. AUDITORS

Ernst & Young were auditors of Hivos Tanzania for the year ended 31 December, 2014 and are eligible for re-appointment.

Approved by Management for issue on 26TH MAY 2015 and signed on its behalf by:


Aidan Evakuze
Executive Director, Twaweza


Ben Wijes
Director, Hivos Tanzania

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

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

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

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


.....
Aidan Eyakuze
Executive Director, Twaweza
26 May2015


.....
Ben Witjes
Director, Hivos Tanzania
May 262015

REPORT OF THE INDEPENDENT AUDITORS
to the members of
HIVOS TANZANIA

We have audited the accompanying financial statements of the Uwezo at Twaweza Uwezo, set out on pages 5 to 21, which comprise the Statement of financial position as at 31 December 2014, and the statement of income and expenditure, statement of changes in accumulated surplus and statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls as management determine is necessary to enable the preparation of financial statements that are free from misstatement, whether due to fraud or error.

Auditors' responsibility

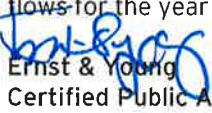

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying financial statements presents fairly, in all material respects, the financial affairs of the initiative as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.


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

Date: 26th May 2015

HIVOS TANZANIA - UWEZO AT TWaweza

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 USD	2013 USD
INCOME			
Revenue grants released	6(a)	4,335,875	4,689,665
Release of capital grants	14	8,161	30,037
Other income	7	-	109,325
Total income		<u>4,344,036</u>	<u>4,829,027</u>
EXPENDITURE			
Direct program costs	8	4,230,577	4,610,518
Administrative and indirect program expenditure	9	<u>113,459</u>	<u>109,184</u>
Total expenses		<u>4,344,036</u>	<u>4,719,702</u>
Surplus of Income over Expenditure		<u>-</u>	<u>109,325</u>

HIVOS TANZANIA - UWEZO AT TWaweza

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 USD	2013 USD
ASSETS			
Non-Current Assets			
Intangible assets	10	-	114
Property and equipment	11	17,150	21,597
		<u>17,150</u>	<u>21,711</u>
Current assets			
Hivos Netherlands grants receivable	6(a)	62,930	1,812,930
Other receivables and prepayment	12	14,703	254,199
Cash and bank balances	13	811,200	407,655
		<u>888,833</u>	<u>2,474,784</u>
Total Assets		<u>905,983</u>	<u>2,496,495</u>
ACCUMULATED FUND AND LIABILITIES			
Accumulated surplus		47,836	47,836
Capital grants	14	17,150	21,712
		<u>64,986</u>	<u>69,548</u>
Current Liabilities			
Deferred revenue grants	6(a)	416,561	2,129,789
Other payables and accruals	15	424,436	297,158
		<u>840,997</u>	<u>2,426,947</u>
Total Accumulated Fund and Liabilities		<u>905,983</u>	<u>2,496,495</u>

The financial statements on pages 5 to 21 were approved by the Management on 26TH MAY 2015 and signed on its behalf by:-


.....
Aidan Eyakuze
Executive Director, Twaweza


.....
Ben Witjes
Director, Hivos Tanzania

HIVOS TANZANIA - UWEZO AT TWaweZA

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Accumulated surplus USD
At 1 January 2013	(61,489)
Surplus of Income over Expenditure	109,325
At 31 December 2013	<u>47,836</u>
At 1 January 2014	47,836
Surplus of Income over Expenditure	<u>-</u>
At 31 December 2014	<u>47,836</u>

HIVOS TANZANIA - UWEZO AT TWaweZA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 USD	2013 USD
Cash flows from operating activities			
Surplus of Income over expenditure		-	109,325
<i>Adjustments for:</i>			
Amortization of intangible assets	10	114	356
Depreciation on property and equipment	11	6,456	28,233
Net book value of equipment written off		1,591	1,448
Revenue grants released		(4,335,875)	(4,689,665)
Capital grants released	14	<u>(8,161)</u>	<u>(30,037)</u>
Surplus before working capital changes		(4,335,875)	(4,580,340)
<i>Changes in working capital</i>			
Decrease in other receivables and prepayments		239,495	16,770
(Decrease)/Increase in other payables and accruals		<u>127,278</u>	<u>(100,105)</u>
Cash used in operating activities		<u>(3,969,102)</u>	<u>(4,663,675)</u>
Cash flows from investing activities			
Purchase of property and equipment	11	<u>(3,600)</u>	-
		<u>(3,600)</u>	-
Cash flows from financing activities			
Repayment of loan from Twaweza	16(b)	-	(2,117,263)
Grants received during the year	6(b)	<u>4,376,247</u>	<u>5,275,157</u>
Net cash utilized in financing activities		<u>4,376,247</u>	<u>3,157,893</u>
Net increase in cash and cash equivalents		403,545	(1,505,781)
Cash and cash equivalents at the beginning of the period		<u>407,655</u>	<u>1,913,436</u>
Cash and cash equivalents at end of the period	13	<u>811,200</u>	<u>407,655</u>

HIVOS TANZANIA - UWEZO AT TWAVEZA

FOR THE PERIOD ENDED 31 DECEMBER 2014

1. COMPANY INFORMATION

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

The objective of the hosting company is to aid on humanistic basis which shall be deemed to mean the capacity of the human individual to judge and decide autonomously, the responsibility of the individual, the right to freedom, dignity and self-determination and the striving for a just tolerant society in developing countries.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

The financial statements have been prepared under the historical cost basis. The financial statements are presented in the United States dollars (USD) which is the reporting currency. The functional currencies are Tanzania (TZS), Kenya (KES) and Uganda Shillings (UGX).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Grants Income

Uwezo operates funding arrangement with donors through Hivos Netherlands whereby by donors grants are received through Hivos Netherland. Grants revenue is recognized only when conditions for spending have been fully met.

Capital grants

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

Revenue grants

Deferred revenue grants are initially recognized when cash is received from Hivos Netherlands for the general operations of the Uwezo's programmes and activities during the year. The balance of this account is reduced gradually in line with related revenue expenditure.

The balance due from Hivos Netherlands in respect of funds disbursed by donors but not yet disbursed to Uwezo by year end is then added to arrive at total deferred capital grant.

Operating expenses

Operating expenses are recognized on an accrual basis.

Advances and Prepaid expenses

Advances and prepaid expenses consist of funds provided to vendors and employees to meet future obligations. In addition, advances are made to employees to cover travel expenses. Advances and prepaid expenses are recognized upon payment and derecognized when service has been rendered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision

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

Foreign currency translation

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

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

Equipment

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Cash and short term deposits

Cash and cash equivalent in the balance sheet comprise of cash at banks and on hand and short term deposits.

Pension and other post-employment benefits

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year. Changes resulting from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRSs that were effective for the current reporting period did not have any impact on the accounting policies, financial position or performance of the organization.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- IFRIC Interpretation 21 Levies (IFRIC 21)
- IAS 36 Disclosure requirements for the recoverable amount of impaired assets - Amendments to IAS 36
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39

The adoption of the standards or interpretations is described below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27): These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32: These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.

IFRIC Interpretation 21 Levies (IFRIC 21): IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

IAS 36 Disclosure requirements for the recoverable amount of impaired assets - Amendments to IAS 36: Clarifies the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39: These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the organization's financial statements are described below. This description is of standards and interpretations issued, which the organization reasonably expects to be applicable at a future date. The organization intends to adopt those standards when they become effective. The organization expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the organization's financial position or performance in the period of initial application. In cases where it will have an impact, the organization is still assessing the possible impact.

HIVOS TANZANIA - UWEZO AT TWaweza

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2014

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Standards and interpretations issued or revised but not yet effective for the current financial year:

- IFRS 15: Revenue from Contracts with Customers (Effective 1 January 2016)
- IFRS 14: Regulatory Deferral Accounts (Effective 1 January 2016)
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization (Effective 1 January 2016)
- IAS 16 and IAS 41: Accounting for bearer plants (Effective 1 January 2016)
- IFRS 9: Financial instruments (Effective 1 January 2018)
- IAS 19: Defined Benefit Plans: Employee Contributions (Effective 1 July 2014)
- IFRS 11: Accounting for the acquisition of interests in a Joint Operation (Effective 1 January 2016)
- IAS 27: Equity method in separate financial statements (Effective 1 January 2016)

Improvement project

Below is a summary of the improvements issued in December 2013 but which were not yet effective for the current financial year:

- IFRS 2 - Share-based Payment (Effective 1 July 2014)
- IFRS 3 - Business Combinations (Effective 1 July 2014)
- IFRS 8 - Operating Segments (Effective 1 July 2014)
- IAS 16 - Property, plant and equipment and IAS 38 Intangible Assets (Effective 1 July 2014)
- IAS 24 - Related Parties (Effective 1 July 2014)
- IAS 40 - Investment Property (Effective 1 July 2014)
- IFRS 13 - Short term receivables and payables (Effective 1 July 2014)
- IAS 24 - Key management personnel (Effective 1 July 2014)
- IFRS 3 - Scope of Joint ventures (Effective 1 July 2014)
- IFRS 13 - Scope of Paragraph 52 (Effective 1 July 2014)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The project's activities expose it to a variety of financial risks: credit risk, foreign currency risk and liquidity risk. The project's overall risk management programme seeks to minimize potential adverse effects on the project's financial performance. Risk management is carried out by the management team.

Liquidity risk:

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

Foreign currency risk:

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

HIVOS TANZANIA - UWEZO AT TWAVEZA

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

6. a) DEFERRED REVENUE GRANTS

	2014 USD	2013 USD
Opening balance	316,859	(268,632)
Funds received during the year [Note 6(b)]	4,376,247	5,275,156
Transferred to deferred capital grant	(3,600)	-
Released to income [Note 14]	<u>(4,335,875)</u>	<u>(4,689,665)</u>
Subtotal	353,631	316,859
Hivos Netherlands deferred grants [Note 6 (b)]	<u>62,930</u>	<u>1,812,930</u>
Closing balance	<u>416,561</u>	<u>2,129,789</u>

6. b) HIVOS NETHERLAND DEFERRED GRANTS

Balance at 1 January	1,812,930	63,408
CIFF	1,126,247	2,221,941
World Bank	-	699,993
Hewlett Foundation	1,500,000	3,603,222
AJWS	-	500,000
Interest earned in holding accounts in Netherlands	-	124
Bank charges	<u>-</u>	<u>(602)</u>
Funds received in the Netherlands	4,439,177	7,088,086
Transferred to Hivos Tanzania	<u>(4,376,247)</u>	<u>(5,275,156)</u>
Balance in the Netherlands at 31 December	<u>62,930</u>	<u>1,812,930</u>

Uwezo operates funding arrangement with donors through Hivos Netherlands whereby donors disburse funds to Hivos Netherland. The balance represent amount due from Hivos Netherlands in respect of funds disbursed by donors but not yet disbursed to Twaweza initiative until certain conditions are met.

7. OTHER INCOME

Interest income	-	-
Waiver of management fee by Hivos/ Twaweza	-	109,319
Sale of office old newspapers	<u>-</u>	<u>6</u>
	<u>-</u>	<u>109,325</u>

HIVOS TANZANIA - UWEZO AT TWaweza

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 USD	2013 USD
8. DIRECT PROGRAM COSTS		
Host organization capacity development	-	16,159
Supportive networks for <i>Uwezo</i> developed	6,882	1,252
Research design framework developed	42,666	21,346
Development of tests	25,868	13,803
Recruiting volunteers	58,441	29,276
National assessment	751,436	522,948
Household based assessment field	1,767,685	2,322,996
Data accurately entered and analysed	65,031	43,710
District and national report produced	41,163	83,903
Instant feedback to study community	23,456	22,569
Communication material in assessable formats	122,223	375,694
Target materials	619	-
Greater public debate	243	1,123
<i>Uwezo</i> progress tracked	41,235	23,401
Annual review and quarterly management	15,869	8,880
Assessment and communication processes	3,969	4,969
Quality plans and budgets	101	134
Greater communication and sharing	-	7,129
Learning to improve competencies	-	4,192
Groups and persons interested in <i>Uwezo</i>	2,300	13,564
Consolidated East Africa report prepared	40,934	6,497
<i>Uwezo</i> website & social media policy	243	1,572
Links with ASER/Sunai-India maintained	115	-
Citizen action	788	-
Classroom factors analysed	32,924	-
Financial and Administrative systems	3,727	2,567
Accountability	2,697	1,226
Education policies and programs focus on learning	7,301	2,277
Teachers Unions/Professional Associations emphasize learning	28,562	10,944
Quality assurance/ management fee	220,344	252,870
Internal documentation and correspondence	-	3
Process audit	11,463	20,644
Data electronically stored	8,188	-
<i>Uwezo</i> engages in the regional agenda	2,052	-
Lessons, stories and experiences identified and documented	22,496	-
Staff costs	868,204	787,366
Attending and presenting conferences	11,352	7,504
	<u>4,230,577</u>	<u>4,610,518</u>

HIVOS TANZANIA - UWEZO AT TWAVEZA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

	2014 USD	2013 USD
9. ADMINISTRATIVE & INDIRECT PROGRAM EXPENSES		
Running cost - office running	17,414	22,334
Running cost - Maintenance	12,078	5,100
Running cost - Bank charges	16,193	3,362
Depreciation expenses	6,456	28,233
Amortization of intangible assets	114	356
Net book value of equipment written off	1,591	1,448
Net foreign exchange gain/loss	46,720	13,177
Regional running cost	12,893	34,616
Bad debts	-	558
	<u>113,459</u>	<u>109,184</u>
10. INTANGIBLE ASSETS (COMPUTER SOFTWARE)		
Cost		
Opening balance	<u>1,827</u>	<u>1,827</u>
Closing balance	<u>1,827</u>	<u>1,827</u>
Amortisation		
Opening balance	1,713	1,357
Amortisation charge	<u>114</u>	<u>356</u>
Closing balance	<u>1,827</u>	<u>1,713</u>
Net book value	<u>-</u>	<u>114</u>

Intangible assets relate to computer software.

HIVOS TANZANIA - UWEZO AT TWaweza

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE PERIOD ENDED 31 DECEMBER 2014

11. PROPERTY AND EQUIPMENT

	Motor vehicle USD	Computer and accessories USD	Furniture & fittings USD	Equipment USD	Total USD
As at 1 January 2013	86,051	41,101	19,213	16,832	163,197
Additions	-	-	-	-	-
Adjustment	-	(8,436)	(2,119)	(803)	(11,357)
As at December 2013	<u>86,051</u>	<u>32,665</u>	<u>17,094</u>	<u>16,029</u>	<u>151,840</u>
As at 1 January 2014	86,051	32,665	17,094	16,029	151,840
Additions	-	-	3,600	-	3,600
Adjustment	-	(4,400)	(1,119)	(2,978)	(8,497)
As at December 2014	<u>86,051</u>	<u>28,265</u>	<u>19,575</u>	<u>13,052</u>	<u>146,942</u>
Depreciation					
As at 1 January 2013	64,419	34,451	3,149	9,900	111,919
Charge for the period	17,879	7,013	2,325	3,162	30,378
Adjustment	-	(1,823)	-	(323)	(2,146)
Adjustment	-	(8,227)	(1,008)	(674)	(9,909)
As 31 December 2013	<u>82,298</u>	<u>31,414</u>	<u>4,465</u>	<u>12,065</u>	<u>130,242</u>
As at 1 January 2014	82,298	31,414	4,465	12,065	130,242
Charge for the period	1,142	1,233	2,362	1,719	6,456
Adjustment	-	(4,384)	(386)	(2,136)	(6,906)
As 31 December 2014	<u>83,439</u>	<u>28,264</u>	<u>6,441</u>	<u>11,648</u>	<u>129,792</u>
Net book value					
As at December 2014	<u>2,612</u>	<u>0.99</u>	<u>13,134</u>	<u>1,404</u>	<u>17,150</u>
As at December 2013	<u>3,753</u>	<u>1,250</u>	<u>12,629</u>	<u>3,965</u>	<u>21,597</u>

HIVOS TANZANIA - UWEZO AT TWaweza

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE PERIOD ENDED 31 DECEMBER 2014

2014
USD

2013
USD

12. OTHER RECEIVABLES AND PREPAYMENTS

District coordinator imprests and host organization	-	233,073
Prepayment	<u>14,703</u>	<u>21,126</u>
	<u>14,703</u>	<u>254,199</u>

13. CASH AND BANK BALANCES

Cash at banks	794,493	388,109
Cash on hand	2,579	1,571
Cash in M-Pesa accounts	<u>14,128</u>	<u>17,975</u>
	<u>811,200</u>	<u>407,655</u>

14. DEFERRED CAPITAL GRANTS

At 1 January	21,712	51,749
Assets purchased during the year	<u>3,600</u>	<u>-</u>
	25,312	51,749
Capital grants released during the year	<u>(8,161)</u>	<u>(30,037)</u>
	<u>17,150</u>	<u>21,712</u>

15. OTHER PAYABLES AND ACCRUALS

Audit fee payable	10,920	9,440
Accruals and other payables	250,728	235,937
Management fees (for Hivos and)	16(c) 125,000	-
Staff leave provision	14,014	51,781
Severance provision	17,261	-
Withholding tax payable	<u>6,512</u>	<u>-</u>
	<u>424,435</u>	<u>297,158</u>

HIVOS TANZANIA - UWEZO AT TWAVEZA

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE PERIOD ENDED 31 DECEMBER 2014

16. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

	2014 USD	2013 USD
a) Key management personnel remuneration		
Short term benefits (salaries and allowances)	<u>436,612</u>	<u>369,072</u>

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

b) Loan from Twaweza

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

The movement in the loan amounts is shown below:

	2014 USD	2013 USD
Balance at 1 January	-	2,117,263
Additional amount during the year	-	-
Repaid amount during the year	<u>-</u>	<u>(2,117,263)</u>
Balance at 31 December	<u>-</u>	<u>-</u>

c) Management fees

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

	2014 USD	2013 USD
Opening balance	-	234,319
Fee charged during the period	125,000	125,000
Management fee arrears for 2009-11 waived	-	(109,319)
Amount paid	<u>-</u>	<u>(250,000)</u>
Closing balance	<u>125,000</u>	<u>-</u>

HIVOS TANZANIA - UWEZO AT TWaweZA

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2014

17. COMMITMENTS AND CONTINGENCIES

Contingencies:

There are no contingencies at the year end.

Commitments:

Uwezo at Twaweza's general approach is to pay after delivery of work and scrutiny of reports. In 2014 a number of payments were not made up to budget due to partial delivery or inadequate provision of evidence/reporting. Expenditures do not include contractual commitments made but not paid out. The total outstanding value of signed direct program contracts not yet paid on December 31, 2014 was Nil (2013: USD 337,273).

18. EVENTS AFTER THE REPORTING DATE

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

19. CURRENCY

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

HIVOS TANZANIA - UWEZO AT TWaweza

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

20. Analysis of actual and budgeted expenditure for the year ended 31 December 2014

Planning Code	Outcome and Output	Budget Jan-Dec 2014)	Actual Expenditure	(%)
1.1	Uwezo Capacity	9,000	6,424	
1.2	Supportive Networks for Uwezo	33,600	6,882	
1.3	Research Design Framework	70,689	42,666	
	Sub total	113,289	55,973	49%
2.1	National Assessment Tests, Tools and Processes	858,000	835,745	
2.2	Household Based Assessments	1,405,045	1,767,685	
2.3	Data Accurately Entered and Analysed	61,500	65,031	
2.4	District and National Reports	152,900	41,163	
	Sub total	2,477,445	2,709,624	109%
3.1	Instant Feedback to Study Community	174,086	23,456	
3.2	Communication materials	574,064	122,222	
3.3	Tailor-made Communication Packs for key actors	33,500	618.95	
3.4	Greater Public Debate and coverage about learning	1,500	243	
	Sub total	783,150	146,540	19%
4.1	Greater Parental/Community Involvement	104,080	788	
4.2	Education policies and programs focus on learning	26,880	7,301	
4.4	Teachers Unions/Professional Associations emphasize learning	93,000	61,485	
	Sub total	223,960	69,575	31%
5.1	Rigorous M&E framework	39,300	15,869	
	Sub total	39,300	15,869	40%
	Total Program	3,637,144	2,997,580	82%
6.1	Personnel Cost	1,130,940	868,204	
6.2	Running Cost	118,200	84,981	
6.3	Internal documentation and correspondence efficiently managed	29,400	20,222	
	Total Operations	1,278,540	973,407	76%
	Total Country Programs	4,915,684	3,970,987	
	1.5% Miscellaneous/Contingency	54,076	96	
	Total for Country program and operations	4,969,760	3,971,083	80%
	Regional Oversight and Activities:			
	Strong Organizational Competence	55,900	23,721	
	Standard and Quality Assurance of Uwezo Implemented	190,000	136,695	
	Uwezo Concepts and Lessons Shared in Africa	72,500	63,430	
	Uwezo Electronic Media presence Strengthened	3,000	243	
	Strategic engagement	44,000	15,704	
	Project Assets	1,500	3600	
	Total Regional activities	366,900	243,392	66%
	Management fee	125,000	125,000	
	1.5% Miscellaneous/Contingency			
	Grand Total	5,461,660	4,339,475	79%
	Less: fixed assets		3,600	
	Amount to be release as revenue grant		4,335,875	
	Add: Depreciation(amount to be released as capital grants)		6,570	
	Net book value of equipment written-off		1,591	
	Total Amount released to income statement		4,344,036	