Policy Forum Limited

(Registration number 57653)

Financial statements

for the year ended 31 December 2016

General Information

Country of incorporation and domicile	United Republic of Tanzania	
Directors	Bakar Khamis Bakar	KEPA Tanzania
	Hebron Mwakagenda	The Leadership Forum
	Yaekob Metena	ActionAid Tanzania
	Donati Senzia	PELUM Tanzania
	Charles Meshack	TFCG
	Aichi Joseph Kitalyi	TAWLAE
	Nemence Iriya	MACSNET
Registered office	Plot 14 House No. 752 Sembeti Road Mikocheni B Dar es Salaam, Tanzania	
Postal address	P. O. Box 38486 Dar es Salaam Tanzania	
Bankers	Barclays Bank Tanzania Limited Mikocheni Branch P. O. Box 5137 Dar es Salaam Tanzania	
Auditors	Horwath Tanzania Certified Public Accountants in Public Practice Dar es Salaam	
Company registration number	57653	

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The reports and statements set out below comprise the financial statements presented to the members:

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control 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.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2017 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page s 5 to 7.

The financial statements set out on pages 12 to 35, which have been prepared on the going concern basis, were approved by the board of directors on the date of this statement and were signed on its behalf by:

Bakar Khamis Bakar	**Semkae Kilonzo**
Chairperson	**Coordinator**
Date: 13 March 2017	**Date: 13 March 2017**

Declaration of the Head of Finance/Accounting

Declaration of the Head of Finance/Accounting of Policy Forum Limited

The National Board of Accountants and Auditors (NBAA) according to the power confered 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/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/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 applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I Gibons Mwabukusi being the Head of Finance/Accounting of Policy Forum Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by: Gibons Mwabukusi

Position: Head of finance
NBAA Membership No.: GA3666
Date: 13 March 2017

Crowe Horwath™

Horwath Tanzania
Member Crowe Horwath International

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Report of the Independent Auditors

To the members of Policy Forum Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Policy Forum Limited set out on pages 12 to 35, which comprise the Statement of Financial Position as at 31 December 2016, and the Statement of Income and Expenditure, Statement of Changes in Accumulated Funds and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of Policy Forum Limited as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in United Republic of Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in United Republic of Tanzania. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit Committee's Report as required by the Companies Act 2002 of United Republic of Tanzania, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Crowe Horwath.

Report of the Independent Auditors

To the members of Policy Forum Limited

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2002, 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report of the Independent Auditors

To the members of Policy Forum Limited

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act 2002 and for no other purposes.

As required by the Companies Act 2002 we report to you, based on our audit, that:

- 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;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- the company's statement of financial position and the statement of income and expenditure are in agreement with the books of account;
- the directors' report is consistent with the financial statements; and
- information specified by law regarding directors' remuneration and transactions with the company is disclosed.

Christopher Msuya ACPA-PP
For and on behalf of Horwath Tanzania
Certified Public Accountants in Public Practice
Dar es Salaam

14 March 2017

Directors' Report

The directors present their report on the financial statements of Policy Forum Limited for the year ended 31 December 2016.

1. Incorporation

The company is incorporated in the United Republic of Tanzania under the Companies Act 2002 as a private company limited by guarantee and not having a share capital.

2. Background

Policy Forum Limited obtained registration as a company limited by guarantee and not having a share capital on 12 September 2006. Prior to that, HakiElimu was requested by the then steering committee and agreed to act as a trustee of Policy Forum Limited and this role ended on 31 December 2006. With effect from 01 January 2007, Policy Forum Limited has been operating as an independent legal entity.

Principal activities

The main objective of Policy Forum Limited is to seek enhanced, transparent and accountable governance and improved quality of life of the Tanzanian people. This includes effective protection of human rights through the strengthened ability of civil society to constructively influence key policy decisions relating to poverty reduction, equity and democratisation and other key policy issues.

There have been no material changes to the nature of the company's activities from the prior year.

3. 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 compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

4. Vision and mission statement

Vision
A future where policy processes are participatory and involve the broad base of civil society, in an accountable, empowered, informed and informing manner, at all stages in the policy process and at all levels of society.

Mission
As a network, Policy Forum Limited will encourage NGOs to work together to open up and influence policy processes to improve the lives of all people in Tanzania, especially the socially disadvantaged and impoverished, and to empower them to self organize and join together in a social movement for change.

Directors' Report

5. Funding and expenditure

The year 2016 marked the third and final year of the three year strategic plan which ended in December 2016. The review of the implementation of current strategy was finalised in June 2016 and formulation of the new Strategic Plan started soon after. At the end of October 2016, the company had contacted all the stakeholders and communicated to the potential funders of the new Strategic Plan 2017-2020. In 2017, new funders are expected in support of the new Strategic Plan. During the year 2016, the company received funds from American Jewish World Service, Inc., The Foundation for Open Society Institute, Swiss Agency for Development and Cooperation and Foundation for Civil Society. The budget was additionally funded through membership fees and contributions from members such as KEPA Tanzania, Oxfam, ActionAid Tanzania and partners like Best Dialogue Project from COWI and Mama Misitu Campaign under TNRF. Funds unused as at the year ended 31 December 2016 are carried forward for use in approved programs during the subsequent year or returned back for completed contracts.

Expenditure is managed in accordance with approved budgets, with Policy Forum Limited's member organizations and Secretariat being largely responsible for the implementation of program activities.

The Board of Directors, the secretariat and convener of the two working groups reviewed and formulated the 2016 annual plan during the annual retreat held in Arusha in December 2015 and during the board meeting held in January 2016 the new annual budgets for the year 2016 was approved and endorsed by the Annual General Meeting of Policy Forum Limited in March 2016.

6. Solvency

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis 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 dependant on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing activities of the company.

The board of directors has reasonable expectation that Policy Forum 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	Position	Organisation	Nationality
Bakar Khamis Bakar	Chairperson	KEPA Tanzania	Tanzanian
Hebron Mwakagenda	Vice chairperson	The Leadership Forum	Tanzanian
Yaekob Metena	Director	ActionAid Tanzania	Ethiopian
Donati Senzia	Director	PELUM Tanzania	Tanzanian
Charles Meshack	Director	TFCG	Tanzanian
Aichi Joseph Kitalyi	Director	TAWLAE	Tanzanian
Nemence Iriya	Director	MACSNET	Tanzanian

8. Events after the reporting period

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.

Directors' Report

9. Secretary

The company secretary is Mr Semkae Kilonzo.

10. Corporate governance

Policy Forum Limited has established formal administration policies and financial regulations. These documents provide a solid basis for strengthened accountability and high standards within the company. The board of directors has delegated the day to day running of the company's activities to the secretariat led by the coordinator.

The company is committed to the principles of effective corporate governance. The directors and secretariat also recognize the importance of integrity, transparency and accountability.

11. 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 behaviours 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 system is 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 2016 and are of the opinion that they met accepted criteria.

12. Employees' welfare

The company's employment terms are reviewed annually to ensure that they meet statutory and market conditions.

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.

Directors' Report

13. 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 ended 31 December 2016, the company had 11 employees, out of which 4 were female and 7 were male (2015: 10 employees, out of which 3 were female and 7 were male).

14. Auditors

The auditors, Horwath Tanzania have expressed their willingness to continue in office and will be recommended for re-appointment in accordance with the Companies Act 2002.

The financial statements set out on pages 12 to 35, which have been prepared on the going concern basis, were approved by the board of directors on the date of this report, and were signed on its behalf by:

Bakar Khamis Bakar
Chairperson

Date: 13 March 2017

Semkae Kilonzo
Coordinator

Date: 13 March 2017

Statement of Financial Position as at 31 December 2016

	Note(s)	2016 TZS '000	2015 TZS '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	28,326	21,912
Current Assets			
Receivables	5	17,447	19,328
Cash and cash equivalents	6	660,311	742,248
		677,758	**761,576**
Total Assets		**706,084**	**783,488**
Equity and Liabilities			
Equity			
Accumulated funds		68,596	68,596
Liabilities			
Non-Current Liabilities			
Deferred capital grants	8	28,326	21,912
Current Liabilities			
Payables	9	416,505	480,302
Deferred revenue grants	10	192,657	212,678
		609,162	**692,980**
Total Liabilities		**637,488**	**714,892**
Total Equity and Liabilities		**706,084**	**783,488**

The financial statements and the notes on pages 12 to 35, were approved by the board of directors on the date of this statement and were signed on its behalf by:

Bakar Khamis Bakar
Chairperson

Date: 13 March 2017

Semkae Kilonzo
Coordinator

Date: 13 March 2017

The accounting policies on pages 16 to 22 and the notes on pages 23 to 35 form an integral part of the financial statements.

Statement of Income and Expenditure

	Note(s)	2016 TZS '000	2015 TZS '000
Grants and contributions	11	1,636,604	1,318,756
Other operating income	12	37,637	-
Other operating gains	13	10,029	162,836
Other operating expenses	14	(1,684,270)	(1,481,592)
Surplus for the year		-	-

The accounting policies on pages 16 to 22 and the notes on pages 23 to 35 form an integral part of the financial statements.

Statement of Changes in Accumulated Funds

	Accumulated funds TZS '000	Total accumulated funds TZS '000
Balance at 1 January 2015	**68,596**	**68,596**
Balance at 1 January 2016	**68,596**	**68,596**
Balance at 31 December 2016	**68,596**	**68,596**

Note(s)
The accounting policies on pages 16 to 22 and the notes on pages 23 to 35 form an integral part of the financial statements.

Statement of Cash Flows

	Note(s)	2016 TZS '000	2015 TZS '000
Cash flows from operating activities			
Cash used in operations	16	(73,163)	324,064
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(18,332)	(12,096)
Sale of property, plant and equipment	3	3,144	-
Net cash from investing activities		**(15,188)**	**(12,096)**
Cash flows from financing activities			
Movement in deferred capital grants		6,414	(4,036)
Total cash movement for the year		**(81,937)**	**307,932**
Cash at the beginning of the year		742,248	434,316
Total cash at end of the year	6	**660,311**	**742,248**

Accounting Policies

Corporate information

Policy Forum Limited is a private limited company incorporated and domiciled in United Republic of Tanzania.

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on the date of signature of these financial statements.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 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.

1.2 Property, plant and equipment

Property, plant 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, plant 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, plant 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 capitalised 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 derecognised.

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

Accounting Policies

1.2 Property, plant and equipment (continued)

Item	Depreciation method	Percentage
Furniture and fixtures	Straight line	12.5%
Motor vehicle	Straight line	20%
IT equipment	Straight line	33.3%
Office equipment	Straight line	25%
Generator	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, plant 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 recognised in profit or loss unless it is included in the carrying amount of another asset.

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

An item of property, plant and equipment is derecognised 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, plant 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 derecognised.

1.3 Financial instruments

Initial recognition and measurement

Financial instruments are recognised 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.

Accounting Policies

1.3 Financial instruments (continued)

Receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised 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 reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The allowance recognised 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 recognised 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 amortised 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.

1.4 Tax

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.4 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 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.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit 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 amortisation is recognised 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 recognised 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.

Accounting Policies

1.6 Impairment of assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 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 recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised 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 recognised 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.

1.8 Provisions and contingencies

Provisions are recognised 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 recognised 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 recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised 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;

Accounting Policies

1.8 Provisions and contingencies (continued)

  - 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 recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 17.

1.9 Grants and contributions

Grants revenue are 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.

Members contributions are accounted for in the year in which they are received.

Income from other sources is recognized when received.

1.10 Capital grants

Capital grants represent the grant income received for purposes of capital expenditure. These are included in non current liabilities and released and recognized in the statement of profit or loss and other comprehensive income on a straight line basis over the expected useful lives of the related assets.

Accounting Policies

1.11 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 recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project

The amendment clarifies that non-current assets held for distribution to owners should be treated consistently with non-current assets held for sale. It further specifies that if a non-current asset held for sale is reclassified as a non-current asset held for distribution to owners or vice versa, that the change is considered a continuation of the original plan of disposal.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The company has adopted the amendment for the first time in the 2016 financial statements.

The impact of the amendment is not material.

Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The company has adopted the amendment for the first time in the 2016 financial statements.

The impact of the amendment is not material.

Amendment to IAS 19: Employee Benefits: Annual Improvements project

The amendment clarifies that when a discount rate is determined for currencies where there is no deep market in high quality corporate bonds, then market yields on government bonds in that currency should be used.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The company has adopted the amendment for the first time in the 2016 financial statements.

The impact of the amendment is not material.

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its financial statements. It also provides amended guidance concerning the order of presentation of the notes in the financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the amendment is for years beginning on or after 1 January 2016.

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

The company has adopted the amendment for the first time in the 2016 financial statements.

The impact of the amendment is not material.

Amendment to IAS 27: Equity Method in Separate Financial Statements

The amendment adds the equity method to the methods of accounting for investments in subsidiaries, associates and joint ventures in the separate financial statements of an entity.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The company has adopted the amendment for the first time in the 2016 financial statements.

The impact of the amendment is not material.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The company has adopted the amendment for the first time in the 2016 financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2017 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

2. New Standards and Interpretations (continued)

- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 1 January 2019.

The company expects to adopt the standard for the first time in the 2019 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendment to IFRS 4 provides a temporary exemption, allowing insurers to apply IAS 39 rather than IFRS 9. The exemption only applies in certain circumstances and only for annual periods beginning before 1 January 2021.

The exemption also introduces an "overlay approach" in specific circumstances. This approach requires the insurer to reclassify an amount between other comprehensive income and profit or loss. This results in the profit or loss for designated financial assets being the same as if the insurer had applied IAS 39 rather than IFRS 9.

The effective date of the amendment is for years beginning on or after 1 January 2018.

The company expects to adopt the amendment for the first time in the 2017 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January 2018.

The company expects to adopt the standard for the first time in the 2018 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 1 January 2017.

The company expects to adopt the amendment for the first time in the 2017 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

3. Property, plant and equipment

	2016			2015		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	14,479	(11,756)	2,723	14,479	(10,808)	3,671
Motor vehicle	95,015	(95,015)	-	95,015	(95,015)	-
IT equipment	47,877	(36,039)	11,838	38,848	(30,983)	7,865
Office equipment	30,330	(16,565)	13,765	31,723	(23,798)	7,925
Generator	23,700	(23,700)	-	23,700	(21,249)	2,451
Total	**211,401**	**(183,075)**	**28,326**	**203,765**	**(181,853)**	**21,912**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	3,671	-	(948)	2,723
IT equipment	7,865	9,029	(5,056)	11,838
Office equipment	7,925	9,303	(3,463)	13,765
Generator	2,451	-	(2,451)	-
	21,912	**18,332**	**(11,918)**	**28,326**

	2016 TZS '000	2015 TZS '000

4. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2016

	Loans and receivables	Total
Receivables	17,447	17,447
Cash and cash equivalents	660,311	660,311
	677,758	**677,758**

2015

	Loans and receivables	Total
Receivables	19,328	19,328
Cash and cash equivalents	742,248	742,248
	761,576	**761,576**

5. Receivables

	2016	2015
Funds receivable	8,752	3,523
Prepayments	8,695	7,565
Other receivables	-	8,240
	17,447	**19,328**

Currencies

The carrying amount of receivables are denominated in the following currencies:

	2016	2015
Tanzanian Shilling	10,895	14,309
US Dollar	6,552	5,019

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016	2015
Bank balances	660,311	742,248

Currencies

The carrying amount of cash and cash equivalents are denominated in the following currencies:

	2016	2015
Tanzanian Shilling	9,317	29,943
US Dollar	650,994	712,305
	660,311	**742,248**

Notes to the Financial Statements

	2016 TZS '000	2015 TZS '000

7. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2016

	Financial liabilities at amortised cost	**Total**
Deferred capital grants	28,326	28,326
Payables	414,941	414,941
Deferred revenue grants	192,657	192,657
	635,924	**635,924**

2015

	Financial liabilities at amortised cost	**Total**
Deferred capital grants	21,912	21,912
Payables	480,302	480,302
Deferred revenue grants	212,678	212,678
	714,892	**714,892**

8. Deferred capital grants

	2016	2015
Deferred capital grants brought forward	21,912	25,948
Capitalised during the year	18,332	12,096
Released to income	(11,918)	(16,132)
	28,326	**21,912**

9. Payables

	2016	2015
Accrued expenses	90,555	74,276
Grants received in advance	325,950	323,160
Other payables	-	82,866
	416,505	**480,302**

The carrying amounts of payables are denominated in the following currencies:

	2016	2015
Tanzanian Shilling	71,877	146,459
US Dollar	343,064	333,843

Notes to the Financial Statements

10. Deferred revenue grants

	2016 TZS '000	2015 TZS '000
Deferred revenue grants brought forward	212,678	25,546
Refund to donors	(25,107)	-
Income recognised during the year:		
Grant revenues	1,565,360	1,478,901
Members contributions	60,425	8,000
Campaign income	20,011	12,000
Other income	37,637	-
Other operating gains	10,030	162,836
Allocation to capital grants	(18,332)	(12,096)
Grants released to income	(1,670,791)	(1,465,459)
Membership fee deferment	2,310	2,950
	194,221	**212,678**

Deferred membership fees
Following the board meeting held on 4 December 2012, it was resolved that total annual membership fees collected should be set apart as a provision for the acquisition of office premises.

Total provision for the acquisition of office premises forming part of the deferred revenue grant is as follows:

Membership fees	
2013	3,900
2014	3,350
2015	2,950
2016	2,310
	12,510

Notes to the Financial Statements

	2016 TZS '000	2015 TZS '000

11. Grants and contributions

	2016 TZS '000	2015 TZS '000
Grants revenue (breakdown below)	1,565,360	1,478,901
Members contributions (breakdown below)	60,425	8,000
Campaign income (breakdown below)	20,011	12,000
Capital grants adjustment	(6,415)	4,037
Deferred revenue grants adjustment	(2,777)	(184,182)
	1,636,604	**1,318,756**

Grants revenue (donors/ partners)	**2016 US$**	**2016 TZS '000**	**2015 US$**	**2015 TZS '000**
American Jewish World Service, Inc.	150,000	323,100	150,000	254,194
Foundation for Open Society Institute (FOSI)	49,945	108,780	97,920	191,627
Swiss Agency for Development and Cooperation	500,000	1,133,480	520,000	1,003,660
The Foundation for Civil Society	-	-	-	18,720
Tanzania Chapter of EITI	-	-	-	10,700
	699,945	**1,565,360**	**767,920**	**1,478,901**

Members contributions	2016 TZS '000	2015 TZS '000
KEPA Service Centre for Development	60,425	-
ANSAF	-	8,000
	60,425	**8,000**

Campaign income	2016 TZS '000	2015 TZS '000
TNRF	20,011	12,000

12. Other operating income

	2016 TZS '000	2015 TZS '000
Reimbursed expenses	7,837	-
Other income	29,800	-
	37,637	**-**

13. Other operating gains

	2016 TZS '000	2015 TZS '000
Gain on disposal		
Property, plant and equipment	3,144	-
Foreign exchange gains (losses)		
Net foreign exchange gains	6,885	162,836
Total other operating gains	**10,029**	**162,836**

Notes to the Financial Statements

	2016 TZS '000	2015 TZS '000
14. Operating expenditure		
The following items are included within operating expenses:		
Programme expenses (breakdown below)	1,173,036	1,012,956
Secretariat expenses (breakdown below)	499,316	448,656
Depreciation, amortisation and impairments	11,918	16,132
Contingency reserve	-	3,848
	1,684,270	**1,481,592**
Programme expenses		
Policy analysis		
Analytical think pieces	5,245	2,700
Analytical support to civil society policy engagement	1,048	607
Proactive participation in the budget process	11,321	-
PMOLARG Circular effectiveness	-	5,409
Governance study	87,000	87,500
Programme staff	134,554	118,032
Communication and public engagement		
Website and branding	6,741	11,462
Systematic documentation of advocacy experience	3,158	3,289
Popularization of policy documents	112,404	80,428
Monthly breakfast debates	24,616	24,522
Dissemination	8,470	8,149
Strategic use of media	117,602	116,588
Programme staff	115,301	141,372
Enhanced capability of CSOs		
Non DSM to effectively participate in meetings	20,100	15,660
Two additional partner networks for SAM and training	5,355	10,873
Strengthening and monitoring of SAM partnership	15,831	6,137
Localized SAM	70,498	15,312
Support & linking of PF members	4,356	-
Programme manager and staff	143,445	127,799
Strategic policy engagement		
Selective policy engagement	89,217	118,595
Strategic collaboration with others	4,250	3,010
Local and international networking	9,794	8,210
Monitoring and evaluation		
Polling/evaluation	25,818	-
Systemic documentation of SAM initiatives at local level	20,423	25,078
M&E officer	16,553	-
Institutional governance		
Internal planning, annual strategic meeting and SC retreat	72,226	58,514
Technical assistance	28,840	11,383
Independent financial audit	17,191	10,743
Internal audit and services	1,679	1,584
	1,173,036	**1,012,956**

Notes to the Financial Statements

	2016 TZS '000	2015 TZS '000

14. Operating expenditure (continued)

Secretariat expenses

	2016 TZS '000	2015 TZS '000
Salaries and benefits		
Coordinator	143,733	131,629
Finance and admin officer	86,651	77,469
Driver	31,867	29,790
Office assistant	42,940	38,476
Organizational development	14,847	15,073
Assets		
IT equipment maintenance	673	1,103
Running costs		
Office rent	71,838	52,410
Repairs and maintenance	11,200	11,592
Electricity and utilities	10,943	12,722
Communication	12,187	10,623
Security and cleaning	38,343	36,647
Stationery and supplies	13,965	8,107
Bank and legal charges	2,954	2,066
Transport and maintenance	17,175	20,949
	499,316	**448,656**

15. Taxation

No provision has been made for 2016 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is TZS 123,897,000.

16. Cash used in operations

	2016 TZS '000	2015 TZS '000
Surplus for the year	-	-
Adjustments for:		
Depreciation and amortisation	11,918	16,132
Gains on disposals, scrappings and settlements of assets and liabilities	(3,144)	-
Gains on foreign exchange	(6,885)	(162,836)
Changes in working capital:		
Receivables	1,881	(12,011)
Payables	(56,912)	295,647
Deferred revenue grants	(20,021)	187,132
	(73,163)	**324,064**

17. Contingencies

The directors are of the opinion that there are no contingent liabilities as at the year end.

18. Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Notes to the Financial Statements

	2016 TZS '000	2015 TZS '000

19. Risk management

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management policies are set out by the board and implemented by management, and focus on the unpredictability of changes in the operational environment and seek to minimise the potential adverse effects of such risks on the company's performance by setting acceptable levels of risk. The company does not hedge against any risks.

Liquidity risk

Liquidity risk is the risk that the company will not have sufficient funds to meet liabilities. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2016	**Less than 1 year**	**Between 1 and 5 years**
Deferred capital grants	-	28,326
Payables	414,941	-
Deferred revenue grants	192,657	-

At 31 December 2015	**Less than 1 year**	**Between 1 and 5 years**
Deferred capital grants	-	21,912
Payables	480,302	-
Deferred revenue grants	212,678	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and other receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	**2016**	**2015**
Receivables	17,447	19,328
Cash and cash equivalents	660,311	742,248

Foreign exchange risk

Foreign currency risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The company transacts partly in United States Dollar and its assets and liabilities are denominated in Tanzanian Shillings. The foreign exchange exposure are reviewed and controlled by secretariat on a regular and frequent basis.

The company does not hedge foreign exchange fluctuations.

Notes to the Financial Statements

20. Going concern

The company's secretariat has made an assessment of the company's ability to continue as a going concern and the board of directors has reasonable expectation that the donors and strategy implementing partners shall continue supporting Policy Forum Limited's activities and strategies and each strategy shall be allocated adequate resources to implement the intended activities and continue in operational existence for the foreseeable future.

Furthermore, the board of directors is not aware of any material uncertainties that may cast significant doubt on the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

21. Events after the reporting period

There are no subsequent events which may have a material impact on the financial statements.