RSM Ashvir
Audit • Tax • Advisory

POLICY FORUM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENTS

Directors	**Organisation**	**Name**	**Position**	**Nationality**
	MACSNET	Nemence Iriya	Chairperson	Tanzanian
	LHRC	Helen Kijo Bisimba	Vice Chairperson	Tanzanian
	Forum Syd	Godfrey Wawa	Member	Tanzanian
	YPC	Israel Ilunde	Member	Tanzanian
	Sahringon-TZ	Martina M. Kabisama	Member	Tanzanian
	Hakilimu	Elizabeth Misokia/Godfrey Godfrey	Member	Tanzanian
	Action Aid	Aida Kiangi	Member	Tanzanian

Secretariat	Semkae Kilonzo	Coordinator

Registered office

Plot 270 Sembeti Road, Mikocheni B
P.O. Box 38486
Dar es Salaam
Tanzania.

Independent auditor

RSM Ashvir
Certified Public Accountants
16th Floor, Golden Jubilee Towers
Ohio Street
P.O. Box 79586
Dar es Salaam
Tanzania.

Principal banker

Barclays Bank Tanzania Limited
P.O. Box 5137
Dar es Salaam
Tanzania.

The directors submit their report together with the audited financial statements for the year ended 31 December 2013, which disclose the state of affairs of the company.

Incorporation

The company is incorporated in Tanzania under the Tanzanian Companies Act, 2002 as a company limited by guarantee, and is domiciled in Tanzania. The address of the registered office is as set out on page 1.

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.

Results for the year

The net surplus for the year 2012 of Shs 1,127,000 has been transferred to accumulated funds.

Background

Policy Forum which commenced operations in July 2003 under the trusteeship of Haki Elimu, is a consortium of more than 100 civil society organizations in Tanzania engaging with key policy processes. The Board of Directors has delegated the day to day running of the Forum's activities to a management team led by the Policy Forum Coordinator. Policy Forum Limited obtained registration as a Company Limited by Guarantee not having Share Capital in October 2006. Prior to that Haki Elimu, 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 1 January 2007, Policy Forum Limited has been operating as an independent legal entity.

Corporate governanace

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.

Employees welfare

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

Medical assistance

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.

Funding and expenditure

Policy Forum Limited (PF) prepares a multi-year strategy and budget. The budget for 2013 was funded by American Jewish (US), Swiss Agency for Development and Cooperation (SDC) and contributions from partners, Action Aid International Tanzania, Forum Syd, Tanzania Natural Resource Forum (TNRF) under Mama Misitu Campaign (MMC), Water Aid Tanzania (WAT) and Policy Forum members. Funds unused at the year-end are carried forward for use in approved programs during the subsequent year.

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

Directorate

The directors who held office during the year and to the date of this report are set out on page 1.

Auditor

The company's auditor, RSM Ashvir, has expressed its willingness to continue in office in accordance with the Tanzania Companies Act 2002.

By order of the Board

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Nemence Iriya
Board Chairperson

24/04/2014

The Tanzanian Companies Act, 2002, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company and which enable them to ensure the financial statements comply with the Companies Act, 2002 . The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
ii) selecting and applying appropriate accounting policies; and
iii) making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002.

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

Approved by the Board of directors on 24/04/2014 2014 and signed on its behalf by:

Nemence Iriya	**Semkae Kilonzo**
Board Chairperson	**Coordinator**

Report on the financial statements

We have audited the accompanying financial statements of Policy Forum Limited, set out on pages 6 to 18 which comprise the statement of financial position as at 31 December 2013 and statement of comprehensive income, changes in accumulated funds and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002, and for such internal controls 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.

Auditor's 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 the auditor's 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, the auditor considers internal controls relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 give a true and fair view of the state of financial affairs of the company as at 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Tanzanian Companies Act, 2002.

Report on other legal 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 purpose.

As required by the Tanzanian Companies Act, 2002 we report to you, based on our audit, that in our opinion:
i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) the report of the directors is consistent with the financial statements;
iii) proper accounting records have been kept by the company, so far as appears from our examination of those books; and
iv) the company's statement of financial position and comprehensive income are in agreement with the accounting records.

Prabhjot Kaur

Prabhjot Kaur
For and on behalf of
RSM Ashvir
Certified Public Accountants

25th April 2014
Dar es Salaam

Ref: 031/2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 Shs'000	2012 Shs'000
INCOME			
Revenue grants released during the year	4	1,254,605	1,227,587
Other income	5	-	1,610
Capital grants released during the year	8	43,561	38,055
Total income		1,298,166	1,267,252
EXPENDITURE			
Programme expenses		(912,621)	(889,332)
Secretariat expenses		(341,984)	(338,255)
Depreciation	9	(43,561)	(38,055)
Total expenditure		(1,298,166)	(1,265,642)
Surplus for the year		-	1,610
Tax	7	-	(483)
Net surplus for the year		-	1,127

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	2013 Shs'000	2012 Shs'000
EQUITY			
Accumulated funds		68,596	68,596
Total equity		68,596	68,596
Non-current liabilities			
Capital grants	8	43,724	68,037
		112,320	136,633
REPRESENTED BY			
Non-current assets			
Furniture and equipment	9	43,724	68,037
		43,724	68,037
Current assets			
Account receivables	10	13,844	13,047
Cash at bank and in hand		755,663	481,151
		769,507	494,198
Current liabilities			
Account payables	11	368,405	308,735
Current tax payable	7	-	483
Deferred grants	12	332,506	116,384
		700,911	425,602
Net current assets		68,596	68,596
		112,320	136,633

The financial statements on pages 6 to 18 were approved for issue by the Board of directors on ....24/04/...... 2014 and were signed on its behalf by:

Nemence Iriya
Board Chairperson

Semkae Kilonzo
Coordinator

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 31 DECEMBER 2013

	Accumulated funds Shs'000
Year ended 31 December 2012	
At 1 January	67,469
Surplus for the year	1,127
At 31 December	68,596
Year ended 31 December 2013	
At 1 January	68,596
Surplus for the year	-
At 31 December	68,596

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 Shs'000	2012 Shs'000
Cash flows from operating activities			
Surplus		-	1,610
Adjustments for:			
Depreciation of furniture and equipment	9	43,561	38,055
Operating profit before working capital changes		43,561	39,665
(Increase)/decrease in:			
Account receivables		(797)	2,119
Increase/(decrease) in:			
Account payables		59,671	(23,195)
Cash generated from operations		102,435	18,589
Income tax paid		(483)	-
Net cash generated from operating activities		101,952	-
Cash flows from investing activities			
Purchase of furniture and equipment	9	(19,248)	(36,724)
Net cash used in investing activities		(19,248)	(36,724)
Cash flows from financing activities			
Revenue grants received	4	1,470,726	793,276
Grants refunded to donors	4	-	(9,424)
Revenue grants released to income	4	(1,254,605)	(1,227,587)
Capital grants received	8	19,248	36,724
Capital grants released to income	8	(43,561)	(38,055)
Net cash generated from/(used in) financing activities		191,809	(445,067)
Net increase/(decrease) in cash and cash equivalents		274,512	(463,202)
Cash and cash equivalents at 1 January		481,151	944,353
Cash and cash equivalents at 31 December	13	755,663	481,151

NOTES

1. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these general purpose financial statements are set out below:

a) Basis of preparation

The company has been registered under the Companies Act number 12 of 2002 as a company limited by guarantee. Therefore the company has no share capital.

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 the 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.

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). They are presented in Tanzanian Shillings, which is also the functional currency (see note 1(c)). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

b) New and revised standards

i) Adoption of new and revised standards

All new and revised standards and interpretations that have become effective for the first time in the financial year beginning 1 January 2013 have been adopted by the company. However, no standards have had an effect on the company's financial statements.

ii) New and revised standards and interpretations which have been issued but are not effective

The company has not applied the following revised standards and interpretations that have been published but are not yet effective for the year beginning 1 January 2013.

- Amendments to IAS 32 titled Offsetting Financial Assets and Financial Liabilities (issued in December 2011) – The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32, mainly by clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. They are effective for annual periods beginning on or after 1 January 2014, with retrospective application.

- IFRS 9 - *Financial Instruments* will eventually replace IAS 39 - Financial Instruments, Recognition and Measurement. The effective date is not currently determined. The chapters published to date cover recognition, derecognition, classification and measurement of financial assets and financial liabilities, and hedge accounting. Most gains or losses on financial assets measured at fair value will then be recognised in profit or loss, but the company will be able to make an irrevocable election to present changes in fair value of investments in equity instruments in other comprehensive income.

- Amendments to IAS 36 titled Recoverable Amount Disclosures for Non-Financial Assets (issued in May 2013) – The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. They are effective for annual periods beginning on or after 1 January 2014.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

ii) New and revised standards and interpretations which have been issued but are not effective (continued)

- IFRIC 21 Levies (issued in May 2013) – The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. The obligating event for the recognition of a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation. It also provides guidance on recognition of a liability to pay levies: the liability is recognised either progressively if the obligating event occurs over a period of time, or when the minimum threshold is reached if an obligation is triggered on reaching that minimum threshold. The interpretation is effective for annual periods beginning on or after 1 January 2014.

The Directors have assessed the potential impact of the above and expect that they will not have a significant impact on the company's financial statements for 2014.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates), which is Tanzania Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the monthly average rate of Bank of Tanzania. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the statement of comprehensive income in the year in which they arise.

d) Revenue recognition

Grants 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 recognized to the statement of 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.

e) Furniture and equipment

All categories of furniture and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. Repairs and maintenance expenses are charged to the statement of comprehensive income in the year in which they are incurred.

Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate - %
Motor vehicles	25
Computers	33
Office equipment	25
Other equipment	20
Furniture & fittings	13

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

e) Furniture and equipment (continued)

As no parts of items of furniture and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of furniture and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

f) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

g) Retirement benefit obligations

The company and the employees contribute to the Parastatal Pension Fund (PPF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the statement of comprehensive income in the year to which they relate.

h) Provision for liabilities and charges

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

i) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

j) Capital grant

Capital grants represent the grant income received for purposes of capital expenditure. These are included in non current liabilities as capital grants and credited to statement of comprehensive income on a straight line basis over the expected useful lives of the related assets.

k) Financial instruments

Classification

The company classifies its financial instruments into the following categories:

i) **Loans and receivables,** which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the entity intends to sell immediately or in the near term.

ii) **Financial liabilities,** which comprise all financial liabilities.

Recognition and measurement

Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

Subsequently, loans and receivables are carried at amortised cost using the effective interest method.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Recognition and measurement (continued)

Financial assets (continued)

Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The company assesses at each financial position date whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. In the case of loans and receivables, the recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate.

Changes in the carrying values and impairment losses of loans and receivables are recognised in the statement of comprehensive income. Trade and other receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income in the year of recovery.

Financial liabilities:

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method.

Presentation

All financial assets are classified as non-current except those with maturities of less than 12 months from the statement of financial position date, those which the directors have the express intention of holding for less than 12 months from the statement of financial position date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the statement of financial position date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

NOTES (CONTINUED)

2. Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the company, the directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

In the opinion of the directors, they have made no assumptions and there are no sources of estimation/uncertainty that are likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Risk management objectives and policies.

a) Financial risk management

The company's activities expose it to a variety of financial risks including credit, liquidity and market risks. The company's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business 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.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a company-wide basis. The company does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

The maximum exposure of the company to credit risk as at the financial position date is as follows:

31 December 2013	Fully performing Shs'000	Past due but not impaired Shs'000	Past due and impaired Shs'000	Total Shs'000
Other receivables	3,500	-	-	3,500
Cash at bank	755,663	-	-	755,663
Gross financial assets	759,163	-	-	759,163
31 December 2012				
Other receivables	8,729	-	-	8,729
Cash at bank	480,997	-	-	480,997
Gross financial assets	489,726	-	-	489,726

ii) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient funds to meet its liabilities as they fall due, without incurring unacceptable losses or risking damage to the company's reputation.

NOTES (CONTINUED)

3. Risk management objectives and policies.

a) Financial risk management (continued)

ii) Liquidity risk (continued)

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities.

Year ended 31 December 2013	Less than one month Shs'000	Between 1-3 months Shs'000	Between 3-12 months Shs'000
Account payables	23,826	344,062	-
	23,826	344,062	-
Year ended 31 December 2012			
Account payables	5,746	275,968	27,021
	5,746	275,968	27,021

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk. The company is exposed to currency risk only.

Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency. The company has other payables and bank balances which are denominated in USD.

The significant exposure is as follows:

	2013 US$ Shs'000	2012 US$ Shs'000
Other payables	(291,396)	(250,238)
Cash at bank	438,418	467,769
	147,022	217,531

If the United States Dollar were to appreciate against the Tanzania Shilling by 5% (2012: 10%), with all other factors remaining constant, the surplus would be higher by Shs. 5,145,773 (2012: Shs. 15,227,151). If the United States Dollar were to depreciate against the Tanzania Shilling, the effect would have been the opposite.

4. Revenue grants	**2013 Shs'000**	**2012 Shs'000**
Grants brought forward from previous year	116,384	560,119
Refund to donors	-	(9,424)
Grants received during the year:		
Members contribution (Note 4(a))	120,999	32,392
Donors/partners (Note 4(b))	1,365,075	797,608
Membership fees	3,900	-
Allocation to capital grants (Note 8)	(19,248)	(36,724)
Grants released to income	(1,254,605)	(1,227,587)
Grants deferred to subsequent years	332,506	116,384

NOTES (CONTINUED)

	2013 Shs'000	2012 Shs'000
4. Revenue grants (continued)		
a) Members Contribution		
Action Aid International Tanzania	70,000	-
Kepa Service Center for Development	-	20,117
Forum Syd	15,000	5,000
Sikika Company Ltd	-	7,275
Tanzania Natural Resource Forum (Mama Misitu Campaign)	35,999	-
	120,999	32,392
b) Donors / Partners		
American Jewish (US)	236,700	244,950
Canadian International Development Agency (CIDA)	-	413,877
Christian Aid	-	75,932
Intergrated Business Planning (IBP)	-	62,849
Swiss Agency for Development and Cooperation (SDC)	1,128,375	-
	1,365,075	797,608

5. Other income

Miscellaneous income	-	1,610

6. Surplus before tax

(a) Items charged

The following items have been charged in arriving at surplus before tax:

Employee benefits expense (Note 6(b))	474,093	446,628
Depreciation on furniture and equipment	43,561	38,055
Auditor's remuneration	10,231	9,454

(b) Employee benefits expense

The following items are included in employee benefits expense:

Retirement benefit costs		
Parastatal Pension Fund	64,076	44,676

7. Taxation

Income tax is calculated at the statutory rate of 30 per cent on the surplus for the year. The income tax on the company's profit before tax is the same as the theoretical amount that would arise using the corporation tax rate.

8. Capital grants	2013 Shs'000	2012 Shs'000
Opening balance	68,037	69,368
Received during the year	19,248	36,724
Released to statement of comprehensive income	(43,561)	(38,055)
	43,724	68,037

NOTES (CONTINUED)

9. Furniture and equipment

	Motor vehicles Shs'000	Computer Shs'000	Office equipment Shs'000	Other equipment Shs'000	Furniture & fittings Shs'000	Total Shs'000
At 1 January 2012						
Cost	95,015	42,056	31,893	-	11,300	180,264
Accumulated depreciation	(45,528)	(36,333)	(23,015)	-	(6,020)	(110,896)
Net carrying amount	49,487	5,723	8,878	-	5,280	69,368
Year ended 31 December 2012						
Opening carrying amount	49,487	5,723	8,878	-	5,280	69,368
Additions	-	10,211	2,813	23,700	-	36,724
Depreciation charge	(23,754)	(5,625)	(4,236)	(3,474)	(966)	(38,055)
Closing carrying amount	25,733	10,309	7,455	20,226	4,314	68,037
As at 31 December 2012						
Cost	95,015	23,806	22,346	23,700	11,300	176,167
Accumulated depreciation	(69,282)	(13,497)	(14,891)	(3,474)	(6,986)	(108,130)
Net carrying amount	25,733	10,309	7,455	20,226	4,314	68,037
Year ended 31 December 2013						
Opening carrying amount	25,733	10,309	7,455	20,226	4,314	68,037
Additions	-	10,483	5,585	-	3,180	19,248
Depreciation charge	(23,754)	(7,675)	(5,051)	(5,925)	(1,156)	(43,561)
Closing carrying amount	1,979	13,117	7,989	14,301	6,338	43,724
As at 31 December 2013						
Cost	95,015	34,289	27,931	23,700	14,480	195,415
Accumulated depreciation	(93,036)	(21,172)	(19,942)	(9,399)	(8,142)	(151,691)
Net carrying amount	1,979	13,117	7,989	14,301	6,338	43,724

NOTES (CONTINUED)

10. Account receivables

	2013 Shs'000	2012 Shs'000
Staff loans and advances	3,500	8,729
Prepayments	10,344	4,318
	13,844	13,047

11. Account payables

	2013 Shs'000	2012 Shs'000
Other payables	368,405	302,989
Accruals	-	5,746
	368,405	308,735

12. Deferred grants

	2013 Shs'000	2012 Shs'000
At 1 January	116,384	560,119
Refund to donors	-	(9,424)
Allocation (to)/from revenue grants	216,121	(434,311)
At 31 December	332,506	116,384

13. Cash and cash equivalents

	2013 Shs'000	2012 Shs'000
Cash in hand	-	154
Cash at bank	755,663	480,997
	755,663	481,151

Policy Forum Limited
Appendix I - Comparison of budget and actual expenditure
For the year ended 31 December 2013

Account description	Budget 2013 Tshs	Actual 2013 Tshs	Actual/ Budget %
1.0 Policy analysis			
1.1 Analytical think pieces/briefs/issue guides	15,600,000	15,220,040	98%
1.2 Analytical support to civil society policy engagement	1,000,000	410,600	41%
1.3 Proactive participation in the budget process	6,600,000	6,734,737	102%
1.4 Localisation of Open Budget Index (OBI)	8,620,000	5,380,315	62%
1.5 Governance study	50,000,000	44,628,000	89%
1.6 Programme staff	99,788,606	80,755,726	81%
Total 1.0 Policy analysis	**181,608,606**	**153,129,418**	**84%**
2.0 Communication and public engagement			
2.1 PF website and branding	11,415,000	7,844,868	69%
2.2 Systematic documentation of advocacy experience	3,060,000	3,047,966	100%
2.4 Popularization of policy documents	75,600,000	51,772,060	68%
2.5 Monthly breakfast debates	20,780,000	19,984,547	96%
2.6 Dessimination	8,400,000	6,497,124	77%
2.7 Strategic use of media	120,600,000	118,642,620	98%
2.8 Programme staff	139,417,334	120,561,768	86%
Total 2.0 Communication and public engagement	**379,272,334**	**328,350,953**	**87%**
3.0 Enhanced capability of CSOs			
3.1 Non dsm to effectively participate in 3 quarterly meetings in 2010	30,600,000	28,949,473	95%
3.2 Inst. of SAM with GOT and its embedment in PF member activities	29,840,000	20,801,000	70%
3.3 Two additional partner networks for SAM and training	20,560,000	19,549,000	95%
3.4 Strengthening and monitoring of the 2011 SAM partnership implementation	32,560,000	13,474,173	41%
3.5 Localized SAM training & TOT & fundamental SAM course & capacity development	49,620,000	52,012,741	105%
3.6 Manager & P. Assistant	98,600,917	93,416,737	95%
Total 3.0 Enhanced capability of CSOs	**261,780,917**	**228,203,124**	**87%**
4.0 Strategic policy engagement			
4.1 Selective policy engagement	101,800,000	106,609,448	105%
4.2 Strategic collaboration with others	2,500,000	2,617,779	105%
4.3 Local and international networking	8,000,000	8,425,807	105%
Total 4.0 Strategic policy engagement	**112,300,000**	**117,653,034**	**105%**
5.0 Institutional governance, planning, monitoring and evaluation			
5.1 Internal planning, annual strategic meeting and sc retreat	59,500,000	60,328,940	101%
5.2 Technical assistance	11,550,000	4,749,000	41%
5.3 Independent financial audit	10,725,000	10,232,000	95%
5.4 Internal audit	11,550,000	9,975,800	86%
Total 5.0 Institutional governance, planning, monitoring and evaluation	**93,325,000**	**85,285,740**	**91%**
1.0 Salaries and benefits			
1.1 Coordinator	101,000,113	101,729,724	101%
1.3 Finance & admin officer	50,836,503	47,842,221	94%
1.4 Driver	24,121,441	23,909,115	99%
1.5 Office assistant	25,388,226	23,452,724	92%
1.7 Organizational development	10,000,000	8,157,340	82%
Total 1.0 Salaries and benefits	**211,346,283**	**205,091,124**	**97%**

Policy Forum Limited
Appendix I - Comparison of budget and actual expenditure (continued)
For the year ended 31 December 2013

Account description	Budget 2013 Tshs	Actual 2013 Tshs	Actual/ Budget %
2.0 Assets			
2.2.1 1 Computer/spare parts and external drive(backup)	17,820,000	13,668,627	77%
2.2.2 Computer softwares/upgrades	6,930,000	3,475,600	50%
2.2.4 Office shifting costs	5,500,000	5,579,000	101%
Total 2.0 Assets	**30,250,000**	**22,723,227**	**75%**
3.0 Running cost			
3.1 Office rent	44,550,000	44,186,850	99%
3.2 Office repairs,equipment	15,000,000	12,125,427	81%
3.3 Electricity, water and utility	6,318,000	6,412,350	101%
3.4 Communication (telephone, fax, email)	14,875,000	14,733,129	99%
3.5 Security/cleaning services	23,900,000	27,403,639	115%
3.6 Stationery and supplies	7,860,000	8,410,485	107%
3.7 Bank/legal fees and charges	2,500,000	1,823,241	73%
3.8 Transport(including maintenance)	17,500,000	18,322,067	105%
Total 3.0 Running cost	**132,503,000**	**133,417,188**	**101%**
Unanticipated/ contingency	**50,145,402**	**-**	**0%**
Total budget	**1,452,531,542**	**1,273,853,808**	**96%**

The above expenditure is classified on the statement of comprehensive income as follows:

Programme expenses	912,621,268
Secretariat expenses	341,984,312
Additions to property, plant and equipment (Note 9)	19,248,227
Total	**1,273,853,808**

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