

Policy Forum Limited
(Registration number 57653)
Financial statements
for the year ended 31 December 2014

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

General Information

Country of incorporation and domicile	United Republic of Tanzania	
Directors	Israel Ilunde Paul Daniels Nancy Kaizilege Abel Dugange Jimmy Luhende Martina Kabisama Godfrey Boniventura	YPC Care International UNA - Tanzania WaterAid Tanzania ADLG SAHRINGON HakiElimu
Registered office	Plot 14 House No. 752 Sembeti Road Mikocheni B 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	

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Index

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

Index	Page
Directors' Responsibilities and Approval	3
Report of the Independent Auditors	4 - 5
Directors' Report	6 - 9
Statement of Financial Position	10
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Changes in Accumulated Funds	12
Statement of Cash Flows	13
Accounting Policies	14 - 19
Notes to the Financial Statements	20 - 30

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

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 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 2015 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing 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 pages 4 to 5.

The financial statements set out on pages 10 to 30, 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:



Israel Ilunde
Chairperson

Date: 29-04-2015



Semkae Kilonzo
Coordinator

Date: 29-04-2015

Report of the Independent Auditors

To the members of Policy Forum Limited

Report on the Financial Statements

We have audited the financial statements of Policy Forum Limited, which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 30.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Policy Forum Limited as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and requirements of the Companies Act 2002.


Report of the Independent Auditors

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 profit or loss and other comprehensive income 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

30 April 2015

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2014, which disclose the state of affairs of the company.

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.

3. Review of activities

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.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

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.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Directors' Report

5. Funding and expenditure

The year 2014 marks the beginning of new three (3) year strategic plan which ends in December 2016. As part of fundraising strategy during the first quarter of the year 2014, Policy Forum Limited arranged a meeting with its principal donors, partners and parties with interest to fund Policy Forum Limited's strategic plan and the response was very positive.

During the year 2014, the company received funds from American Jewish World Service (AJWS), Natural Resource Governance Institute (NRGI) formerly The Revenue Watch Institute and Swiss Development Corporation. The budget was additionally funded through membership fees and contributions from partners. Funds unused as 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 Limited's member organizations being largely responsible for the implementation of program activities.

The year 2014 has been a transition year not only for Policy Forum Limited but also for its partners. So far the company has managed the funds available in an effective manner to ensure maximum impact in its area of work. The company partnered with members as well for cost sharing engagements from which they derive mutual benefits. This is an encouragement to the company's members to cease the opportunity to work with the network in a strategic manner.

The Board of Directors and the secretariat constructed and finalized the new strategic plan during the annual retreat held in Arusha in December of 2013 and during the board meeting held in January of 2014. The Annual General Meeting of Policy Forum Limited held at British Council during April of 2014 endorsed the strategic plan, three (3) years strategic plan, annual plan and 2014 budget.

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. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Directors' Report

8. Directors

The directors of the company who held office during the year and to the date of this report, unless where otherwise stated, are as follows:

Name	Position	Nationality	Organization
Israel Ilunde	Chairperson	Tanzanian	Youth Partnership Countrywide (YPC)
Paul Daniels	Vice Chairperson	Dutch	Care International
Nancy Kaizilege	Member	Tanzanian	United Nations Association Tanzania (UNA-Tanzania)
Abel Dugange	Member	Tanzanian	WaterAid Tanzania
Jimmy Luhende	Member	Tanzanian	Action for Democracy and Local Governance (ADLG)
Martina Kabisama	Member	Tanzanian	SAHRINGON
Godfrey Boniventura	Tanzanian	Tanzanian	HakiElimu

9. Secretary

The secretary of the company is 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 management 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 2014 and are of the opinion that they met accepted criteria.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Directors' Report

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.

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 2014, the company had 10 employees, out of which 03 were female and 07 were male (2013: 10 employees, out of which 03 were female and 07 were male).


14. Related party transactions

All related party transactions and balances are disclosed in note 18 to these financial statements.

15. 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 10 to 30, 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:



Israel Ilunde
Chairperson

Date: 29-04-2015



Semkae Kilonzo
Coordinator

Date: 29-04-2015

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Statement of Financial Position

	Note(s)	2014 TZS '000	2013 TZS '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	25,948	43,724
Current Assets			
Trade and other receivables	5	7,317	13,844
Cash and cash equivalents	6	434,316	755,663
		<u>441,633</u>	<u>769,507</u>
Total Assets		<u>467,581</u>	<u>813,231</u>
Equity and Liabilities			
Equity			
Accumulated funds		68,596	68,596
Liabilities			
Non-Current Liabilities			
Deferred capital grants	8	25,948	43,724
Current Liabilities			
Trade and other payables	9	347,491	368,405
Deferred revenue grants	7	25,546	332,506
		<u>373,037</u>	<u>700,911</u>
Total Liabilities		<u>398,985</u>	<u>744,635</u>
Total Equity and Liabilities		<u>467,581</u>	<u>813,231</u>

The financial statements and the notes on pages 10 to 30, were approved by the board of directors on the date of this statement and were signed on its behalf by:



Israel Ilunde
Chairperson



Semkae Kilonzo
Coordinator

Date: 29-04-2015

Date: 29-04-2015

The accounting policies on pages 14 to 19 and the notes on pages 20 to 30 form an integral part of the financial statements.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2014 TZS '000	2013 TZS '000
Grants and contributions	11	1,160,658	1,298,166
Other income	12	50,946	-
Total expenditure	13	(1,211,604)	(1,298,166)
Surplus for the year	14	-	-
Other comprehensive income		-	-

The accounting policies on pages 14 to 19 and the notes on pages 20 to 30 form an integral part of the financial statements.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Statement of Changes in Accumulated Funds

	Accumulated funds TZS '000	Total equity TZS '000
Balance at 1 January 2013	68,596	68,596
Balance at 1 January 2014	68,596	68,596
Balance at 31 December 2014	68,596	68,596

Note(s)

The accounting policies on pages 14 to 19 and the notes on pages 20 to 30 form an integral part of the financial statements.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Statement of Cash Flows

	Note(s)	2014 TZS '000	2013 TZS '000
Cash flows from operating activities			
Cash used in operations	16	<u>(302,492)</u>	<u>318,073</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	<u>(1,079)</u>	<u>(19,248)</u>
Cash flows from financing activities			
Movement in deferred capital grants		<u>(17,776)</u>	<u>(24,313)</u>
Total cash movement for the year		(321,347)	274,512
Cash at the beginning of the year		<u>755,663</u>	<u>481,151</u>
Total cash at end of the year	6	<u>434,316</u>	<u>755,663</u>

The accounting policies on pages 14 to 19 and the notes on pages 20 to 30 form an integral part of the financial statements.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act 2002. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Tanzanian Shillings (TZS) rounded to the nearest thousand.

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.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

The cost of 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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Asset	Percentage
Furniture and fixtures	12.5%
Motor vehicles	20%
IT equipment	33.3%
Office equipment	25%
Generator	25%

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Accounting Policies

1.2 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.

Trade and other receivables

Trade 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 60 days overdue) are considered indicators that the trade 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 trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

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

Trade and other payables

Trade 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.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Accounting Policies

1.3 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 WHT credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused WHT 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.

1.4 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.

1.5 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.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Accounting Policies

1.5 Impairment of assets (continued)

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.

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.

1.6 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.

1.7 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.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Accounting Policies

1.7 Provisions and contingencies (continued)

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;
 - 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.

1.8 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.

1.9 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.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Accounting Policies

1.10 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.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

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:

IAS 32 Offsetting Financial Assets and Financial liabilities — Amendments to IAS 32

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The company has adopted the amendment for the first time in the 2014 financial statements.

The impact of the amendment is not material.

IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendment brings the disclosures for impaired assets whose recoverable amount is fair value less costs to sell in line with the disclosure requirements of IFRS 13 Fair Value Measurements.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The company expects to adopt the amendment for the first time in the 2014 financial statements.

The impact of the amendment is not material.

IFRIC 21 Levies

The interpretation provides guidance on accounting for levies payable to government. It specifies that the obligating event giving rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. A constructive obligation for levies that will be triggered by operating in future is not raised by virtue of the entity being economically compelled to operate in future or for being a going concern. Furthermore, if the obligating event occurs over a period of time, then the liability is recognised progressively. An asset is recognised if an entity has prepaid a levy before the obligating event. This accounting also applies to interim reporting.

The effective date of the interpretation is for years beginning on or after 1 January 2014.

The company has adopted the interpretation for the first time in the 2014 financial statements.

The impact of the interpretation is not material.

IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The amendment provides guidance on whether an entity is required to discontinue hedging when the derivatives which are designated hedging instruments are novated to a central counterparty.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The company has adopted the amendment for the first time in the amendment 2014.

The impact of the amendment is not material.

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

IFRS 10, IFRS 12 and IAS 27 – Investment Entities

The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

The effective date of the amendments is for years beginning on or after 1 January 2014.

The company expects to adopt the amendments for the first time in the 2014 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 2015 or later periods:

IFRS 9 Financial Instruments

This new standard was issued as part of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the Standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are the main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The categories of classification for financial liabilities remains unchanged from prior years. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 1 January 2015.

The company expects to adopt the standard for the first time in the 2015 financial statements.

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

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

IAS 19 Employee Benefits Revised

- Require recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements.
- Introduce enhanced disclosures about defined benefit plans.
- Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits.
- Clarification of miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The company expects to adopt the amendment for the first time in the 2015 financial statements.

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

3. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulate d depreciati n	Carrying value	Cost / Valuation	Accumulate d depreciati n	Carrying value
Furniture and fixtures	14,479	(9,505)	4,974	14,479	(8,141)	6,338
Motor vehicle	95,015	(93,432)	1,583	95,015	(93,036)	1,979
IT equipment	33,496	(27,905)	5,591	34,289	(21,172)	13,117
Office equipment	27,959	(22,535)	5,424	27,931	(19,942)	7,989
Generator	23,700	(15,324)	8,376	23,700	(9,399)	14,301
Total	194,649	(168,701)	25,948	195,414	(151,690)	43,724

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Adjustment	Impairment	Depreciation	Total
Furniture and fixtures	6,338	-	-	-	(1,364)	4,974
Motor vehicle	1,979	-	18,607	-	(19,003)	1,583
IT equipment	13,117	-	-	-	(7,526)	5,591
Office equipment	7,989	1,079	-	(102)	(3,542)	5,424
Generator	14,301	-	-	-	(5,925)	8,376
Total	43,724	1,079	18,607	(102)	(37,360)	25,948

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

	2014 TZS '000	2013 TZS '000
--	------------------	------------------

4. Financial assets by category

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

2014

	Loans and receivables	Total
Trade and other receivables	7,317	7,317
Cash and cash equivalents	434,316	434,316
	<u>441,633</u>	<u>441,633</u>

2013

	Loans and receivables	Total
Trade and other receivables	13,844	13,844
Cash and cash equivalents	755,663	755,663
	<u>769,507</u>	<u>769,507</u>

5. Trade and other receivables

Prepayments	5,214	10,344
Other receivables	2,103	3,500
	<u>7,317</u>	<u>13,844</u>

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	<u>434,316</u>	<u>755,663</u>
---------------	----------------	----------------

Currencies

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

Tanzanian Shilling	10,129	317,245
US Dollar	424,187	438,418
	<u>434,316</u>	<u>755,663</u>

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

	2014 TZS '000	2013 TZS '000
7. Deferred revenue grants		
Grants brought forward from previous year	332,506	116,385
Income recognized during the year:		
Grant revenues	758,425	1,365,075
Members contributions	53,415	120,999
Membership fees	3,350	3,900
Reimbursed expenses	2,125	-
Other income	50,946	-
Allocation to capital grants	(1,079)	(19,248)
Grants released to income	(1,174,142)	(1,254,605)
	<u>25,546</u>	<u>332,506</u>

Deferred membership fees

Following the board meeting held on 04 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 above is as follows:

Membership fees

2013	3,900
2014	3,350
	<u>7,250</u>

8. Deferred capital grants

Opening balance	43,724	68,037
Capitalized during the year	1,079	19,248
Released to income		
Released to income	(37,360)	(43,561)
Depreciation adjustment	18,607	-
Impairment adjustment	(102)	-
	<u>25,948</u>	<u>43,724</u>

9. Trade and other payables

Accrued expenses	55,301	-
Grants received in advance	254,194	-
Other payables	37,996	368,405
	<u>347,491</u>	<u>368,405</u>

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

	2014 TZS '000	2013 TZS '000
--	------------------	------------------

10. Financial liabilities by category

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

2014

	Financial liabilities at amortised cost	Total
Deferred capital grants	25,948	25,948
Trade and other payable	347,491	347,491
Deferred revenue grants	25,546	25,546
	<u>398,985</u>	<u>398,985</u>

2013

	Financial liabilities at amortised cost	Total
Deferred capital grants	43,724	43,724
Trade and other payables	368,405	368,405
Deferred revenue grants	332,506	332,506
	<u>744,635</u>	<u>744,635</u>

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

			2014 TZS '000	2013 TZS '000
11. Grants and contributions				
Grants revenue			758,425	1,365,075
Members contributions			53,415	120,999
Membership fees			3,350	3,900
Reimbursed expenses			2,125	-
Capital grants adjustment			36,383	24,313
Deferred grants adjustment			306,960	(216,121)
			<u>1,160,658</u>	<u>1,298,166</u>
GRANTS REVENUE				
DONORS OR PARTNERS	2014 US\$	2014 TZS '000	Total	Total
American Jewish World Service, Inc.	150,000	-	239,400	236,700
The Revenue Watch Institute	29,370	-	46,875	-
The Foundation for Civil Society	-	94,000	94,000	-
Swiss Agency for Development and Cooperation	220,000	10,000	370,800	1,128,375
Tanzania Chapter of EITI	-	7,350	7,350	-
	<u>399,370</u>	<u>111,350</u>	<u>758,425</u>	<u>1,365,075</u>
MEMBERS CONTRIBUTIONS				
ActionAid Tanzania			40,000	70,000
Forum Syd			9,415	15,000
KEPA Service Center for Development			4,000	-
Tanzania Natural Resource Forum (Mama Misitu Campaign)			-	35,999
			<u>53,415</u>	<u>120,999</u>
12. Other income				
Profit and loss on exchange differences			41,754	-
Payables adjustment			8,735	-
Other income			457	-
			<u>50,946</u>	<u>-</u>

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

	2014 TZS '000	2013 TZS '000
13. Operating expenditure		
The following items are included within operating expenses:		
Programme expenses	755,041	912,621
Secretariat expenses	419,101	341,984
Depreciation, amortisation and impairments	37,462	43,561
	<u>1,211,604</u>	<u>1,298,166</u>
PROGRAMME EXPENSES		
POLICY ANALYSIS		
Analytical think pieces	760	15,220
Analytical support to civil society policy engagement	630	410
Proactive participation in the budget process	526	6,735
Localisation of Open Budget Index (OBI)	-	5,380
Governance study	82,000	44,628
Programme staff	104,805	80,756
COMMUNICATION AND PUBLIC ENGAGEMENT		
Website and branding	5,669	7,845
Systematic documentation of advocacy experience	3,158	3,048
Popularization of policy documents	61,250	51,772
Monthly breakfast debates	22,784	19,984
Dissemination	4,682	6,497
Strategic use of media	21,863	118,643
Programme staff	128,702	120,562
ENHANCED CAPABILITY OF CSOs		
Non DSM to effectively participate in meetings	14,531	28,949
Documentation of SAM case studies	-	20,801
Two additional partner networks for SAM and training	5,864	19,549
Strengthening and monitoring of SAM partnership	-	13,474
Localized SAM	36,850	52,013
Programme manager and staff	117,831	93,416
STRATEGIC POLICY ENGAGEMENT		
Selective policy engagement	62,881	106,609
Strategic collaboration with others	2,041	2,618
Local and international networking	6,887	8,426
MONITORING AND EVALUATION		
Systemic documentation of SAM initiatives at local level	1,530	-
INSTITUTIONAL GOVERNANCE		
Internal planning, annual strategic meeting and SC retreat	57,789	60,329
Technical assistance	2,040	4,749
Independent financial audit	9,968	10,232
Internal audit	-	9,976
	<u>755,041</u>	<u>912,621</u>

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

	2014 TZS '000	2013 TZS '000
13. Operating expenditure (continued)		
SECRETARIAT EXPENSES		
SALARIES AND BENEFITS	-	-
Coordinator	119,213	101,730
Finance and admin officer	70,503	47,842
Driver	27,572	23,909
Office assistant	35,799	23,453
Organizational development	25,265	8,157
ASSETS		
IT equipment maintenance	90	-
Software upgrades	1,680	3,476
RUNNING COSTS		
Office rent	48,061	44,187
Repairs and maintenance	8,155	12,125
Electricity and utilities	9,668	6,412
Communication	14,305	14,733
Security and cleaning	31,513	27,403
Stationery and supplies	9,747	8,410
Bank and legal charges	2,186	1,824
Transport and maintenance	15,344	18,323
	419,101	341,984
14. Surplus for the year		
Surplus for the year for the year is stated after accounting for the following:		
Impairment on property, plant and equipment	102	-
Gain on exchange differences	(41,754)	-
Depreciation on property, plant and equipment	37,360	43,561
15. Taxation		
No provision has been made for 2014 tax as the company has no taxable income.		
16. Cash used in operations		
Surplus for the year	-	-
Adjustments for:		
Depreciation and amortisation	37,360	43,561
Impairment loss	102	-
Income tax paid	-	(483)
Adjustment to depreciation	(18,607)	-
Changes in working capital:		
Trade and other receivables	6,527	(797)
Trade and other payables	(20,914)	59,671
Deferred revenue grants	(306,960)	216,121
	(302,492)	318,073

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

2014 TZS '000	2013 TZS '000
------------------	------------------

17. Contingencies

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

18. Related parties

Members of key management

Coordinator - Semkae Kilonzo

19. Comparative figures

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

20. 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 2014

Less than 1 year

Trade and other payables	347,491
Deferred revenue grants	25,546
Deferred capital grants	25,948

At 31 December 2013

Less than 1 year

Trade and other payables	368,405
Deferred revenue grants	332,506
Deferred capital grants	43,724

Policy Forum Limited

(Registration number 57653)

Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

	2014 TZS '000	2013 TZS '000
--	------------------	------------------

20. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The company does not grade the credit quality of financial assets that are neither past due nor impaired.

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

Financial instrument	2014	2013
Cash and cash equivalents	434,316	755,663
Trade and other receivables	7,317	13,844

Foreign exchange risk

The company does not hedge foreign exchange fluctuations.

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 management on a regular and frequent basis.

21. 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.

22. Events after the reporting period

The board of directors are not aware of any significant events that have occurred after the reporting date which require disclosures in the financial statements.