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POLICY FORUM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

CONTENTS

Directors

Organisation	**Name**	**Position**	**Nationality**
ANSAF	Audax Rukonge	Chairperson	Tanzanian
LHRC	Helen Kijo Bisimba	Vice Chairperson	Tanzanian
Action Aid	Aida Kiangi	Member	Tanzanian
MACSNET	Nemence Iriya	Member	Tanzanian
DARAJA	Ben Taylor	Member	British
Forum Syd	Godfrey Wawa	Member	Tanzanian
TNCHF	Kidan Magwila	Member	Tanzanian

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 2012, 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 of Shs 1,127,000 (2011: Shs 11,939,000) 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.

Administration policies and regulations

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.

Funding and expenditure

Policy Forum Limited (PF) prepares a multi-year strategy and budget. The budget for 2012 was funded by CIDA (Canada), American Jewish (US), Swiss Agency for Development and Cooperation (SDC), American Jewish World Service (AJWS), International Budget Partnership (IBP) and contributions from partners, International Budget Partnership (IBP), Revenue Watch Institute (RWI) and PF 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

....

Audax Rukonge
Board Chairperson

Dar es Salaam 3 MAY ... **2013**

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 Policy Forum as at the end of the financial year and of its statement of comprehensive income 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. The directors are also responsible for safeguarding the assets of the company.

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 2012 and of its surplus 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 ....3/ MAY.......... 2013 and signed on its behalf by:

....

Audax Rukonge
Board Chairperson

....

Semkae Kilonzo
Coordinator

Report on the financial statements

We have audited the accompanying financial statements of Policy Forum Limited, set out on pages 5 to 17 which comprise the statement of financial position as at 31 December 2012 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 2012 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

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion, proper accounting records have been kept by the company, so far as appears from our examination of those records; and
iii) the company's statements of financial position and comprehensive income are in agreement with the accounting records.

RSM Ashvir

RSM Ashvir
Certified Public Accountants

Dar es Salaam

6 May 2013

Ratansi

Signed by: Lina Ratansi

Ref No. 015/2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 Shs'000	2011 Shs'000
Revenue			
Revenue grants	4	1,227,587	1,008,413
Other income	5	1,610	13,925
Capital grant released during the year	8	38,055	37,062
		1,267,252	1,059,400
Expenditure			
Programme expenses		(889,332)	(754,088)
Secretariet expenses		(338,255)	(254,324)
Bad debt provision		-	(3,545)
Depreciation	9	(38,055)	(35,504)
Total expenditure		(1,265,642)	(1,047,461)
Surplus for the year		1,610	11,939
Tax	7	(483)	-
Net surplus for the year		1,127	11,939

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012 Shs'000	2011 Shs'000
EQUITY			
Accumulated funds		68,596	67,469
Total equity		68,596	67,469
Non-current liabilities			
Capital grants	8	68,037	69,368
		136,633	136,837
REPRESENTED BY			
Non-current assets			
Furniture and equipment	9	68,037	69,368
Current assets			
Account receivables	10	13,047	15,165
Cash at bank and in hand		481,151	944,353
		494,198	959,518
Current liabilities			
Account payables	11	308,735	331,930
Current tax payable	7	483	-
Deferred grants	12	116,384	560,119
		425,602	892,049
Net current assets		68,596	67,469
		136,633	136,837

The financial statements on pages 5 to 17 were approved for issue by the board of directors on 3/MAY 2013 and were signed on its behalf by:

Audax Rukonge
Board Chairperson

Semkae Kilonzo
Coordinator

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 31 DECEMBER 2012

	Accumulated funds Shs'000
Year ended 31 December 2011	
At 1 January	55,530
Surplus and total comprehensive income for the year	11,939
At 31 December	67,469
Year ended 31 December 2012	
At 1 January	67,469
Surplus and total comprehensive for the year	1,127
At 31 December	68,596

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 Shs'000	2011 Shs'000
Cash flows from operating activities			
Surplus		1,610	11,939
Adjustments for:			
Depreciation of furniture and equipment	9	38,055	35,504
Loss on disposal of furniture and equipment		-	1,183
Operating profit before working capital changes		39,665	48,626
Decrease in:			
Account receivables		2,119	6,223
(Decrease)/increase in:			
Account payables		(23,195)	120,133
Cash generated from operations		18,589	174,982
Cash flows from investing activities			
Purchase of furniture and equipment	9	(36,724)	(9,058)
Proceeds from disposal of furniture and equipment		-	375
Net cash used in investing activities		(36,724)	(8,683)
Cash flows from financing activities			
Revenue grants received	4	793,276	1,490,422
Grants refunded to donors	4	(9,424)	-
Revenue grants released to income	4	(1,227,587)	(1,008,413)
Capital grants received	8	36,724	9,058
Capital grants released to income	8	(38,056)	(37,062)
Net cash (used in)/ generated from financing activities		(445,067)	454,005
Net (decrease)/increase in cash and cash equivalents		(463,202)	620,304
Cash and cash equivalents at 1 January		944,353	324,049
Cash and cash equivalents at 31 December		481,151	944,353

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

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgments of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 2.

b) New and revised standards

i) Adoption of new and revised standards

The following new and revised standards and interpretations have become effective for the first time and have been adopted by the company where relevant to its operations:
- IFRS 7 (Amendment) - *Disclosures - Transfers of financial assets:* The amendments improve the disclosure requirements in relation to transferred financial assets.

The adoption of the above has had no material effect on the company's accounting policies or disclosures.

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

The following revised standards and interpretations have been published but are not yet effective for the year beginning 1 January 2012. The company has not early adopted any of these amendments or interpretations.

- IFRS 9 - *Financial Instruments* will eventually replace IAS 39 - Financial Instruments, Recognition and Measurement. The new standard will be effective for annual periods beginning on or after 1 January 2015. The chapters published to date cover recognition, derecognition, classification and measurement of financial assets and financial liabilities. Most gains or losses on financial assets measured at fair value will then be recognised in statement of comprehensive income, 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.

- IFRS 7 (Amendment) - *Financial Instruments - Disclosures*: this amends the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities on the entity's statement of financial position. The amendment is effective for accounting periods beginning on or after 1 January 2013.

- The annual improvements project published in May 2012.

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 2013.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

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 transaction date. 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 in the accounts once the facility is approved by the donor and all conditions for receiving them have been fulfilled and the relatated expenditure has been incurred.

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

Income from other sources is recognsied when received.

e) Furniture and equipment

All categories of furniture and equipment are initially recognised 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	20
Furniture & fittings	13
Office equipment	25
Computers, copiers & faxes	33
Other equipment	20

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.

NOTES (CONTINUED)

1. **Summary of significant accounting policies (continued)**

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 during the year for purposes of capital expenditure. It is recognised as income over the useful life of the related asset.

k) Comparatives

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

l) Financial instruments

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 or those which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.

ii) **Financial liabilities,** which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

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. Financial assets are recorded at the fair value of the consideration given plus the transaction cost.

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

NOTES (CONTINUED)

1. **Summary of significant accounting policies (continued)**

l) Financial instruments (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 statement of financial position 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.

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.

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 assets held during the year were classified as follows:

- Demand and term deposits with banking institutions and account receivables were classified as 'loans and receivables'.

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.

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.

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

Account payables are classified as financial liabilities by the directors and are carried at amortised cost.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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/uncertainity 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 organisation'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 balance sheet date is as follows:

	Fully performing	Past due but not impaired	Past due and impaired	Total
31 December 2012	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Other receivables	8,729	-	-	8,729
Cash at bank	480,997	-	-	480,997
Gross financial assets	489,727	-	-	489,727
31 December 2011				
Other receivables	13,046	-	3,545	13,047
Cash at bank	944,352	-	-	944,352
Gross financial assets	961,469	-	3,545	961,470

An impairment provision of Shs. Nil (2011: Shs. 3,545,000) is held against the impaired receivable.

ii) Liquidity risk

Liquidity risk is the risk that the organisation will encounter difficulty in meeting obligations associated with financial liabilities. The organisation'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.

	Less than one month Shs'000	Between 1-3 months Shs'000	Between 3-12 months Shs'000
Year ended 31 December 2012			
Account payables	5,746	275,967	27,021
	5,746	275,967	27,021
Year ended 31 December 2011			
Account payables	80,065	16,815	235,050
	80,065	16,815	235,050

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 not exposed to any of these risks.

4. Revenue grants

	2012 Shs'000	2011 Shs'000
Grants brought forward from previous year	560,119	78,110
Refund to donors	(9,424)	-
Grants received during the period:		
Members contribution (Note 4(a))	32,392	21,315
Donors/partners (Note 4(b))	797,608	1,478,165
Allocation to capital grants (Note 8)	(36,724)	(9,058)
Grants released to income	(1,227,587)	(1,008,413)
Grants deferred to subsequent years	116,384	560,119

a) Members Contribution

	2012 Shs'000	2011 Shs'000
Kepa Service Center for Develop	20,117	21,315
Forum Syd	5,000	-
Sikika Company Ltd	7,275	-
	32,392	21,315

b) Donors / Partners

	2012 Shs'000	2011 Shs'000
American Jewish	244,950	146,229
European Union	-	144,518
Hivos	-	53,499
CIDA	413,877	343,284
Christian Aid	75,932	-
IBP	62,849	-
Revenue watch	-	72,360
Swiss Agency for Development and Cooperation (SDC)	-	563,600
International Budget Project	-	154,676
	797,608	1,478,165

NOTES (CONTINUED)

5. Other income

	2012 Shs'000	2011 Shs'000
(Loss)/gain on disposal of asset	-	(1,183)
Miscellaneous income	1,610	-
Foreign exchange gain	-	9,655
Reimbursement of expenses	-	5,453
	1,610	13,925

6. Surplus before tax expense/income

(a) Items charged

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

Employee benefits expense (Note 6(b))	446,628	367,645
Net foreign exchange gain	-	(9,655)
Depreciation on furniture and equipment	38,055	35,504
Auditors' remuneration		
Current year	9,454	9,525

(b) Employee benefits expense

The following items are included in employee benefits expense:

Retirement benefit costs		
Parastatal Pension Fund	44,676	25,770

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

	2012 Shs'000	2011 Shs'000
Opening balance	69,368	97,372
Received during the year	36,724	9,058
Released to statement of comprehensive income	(38,055)	(37,062)
	68,037	69,368

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 1st January 2011						
Cost	95,015	37,830	31,246	-	8,674	172,765
Accumulated depreciation	(21,774)	(30,421)	(18,307)	-	(4,890)	(75,392)
Net carrying amount	73,241	7,409	12,939	-	3,784	97,373
Year ended 31 December 2011						
Opening carrying amount	73,241	7,409	12,939	-	3,784	97,373
Additions	-	5,630	802	-	2,626	9,058
Disposals	-	(1,404)	(155)	-	-	(1,559)
Depreciation charge	(23,754)	(5,912)	(4,708)	-	(1,129)	(35,504)
Closing carrying amount	49,487	5,723	8,878	-	5,281	69,368
At 31 December 2011						
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

NOTES (CONTINUED)

		2012 Shs'000	2011 Shs'000
10.	**Account receivables**		
	Acount receivables	-	4,071
	Advances	8,729	8,976
	Prepayments	4,318	2,118
		13,047	15,165
11.	**Account payables**		
	Other payables	302,989	319,725
	Accruals	5,746	12,205
		308,735	331,930
12.	**Deferred grants**		
	At 1 January	560,119	78,110
	Refund to donors	(9,424)	-
	Allocation (to)/from revenue grants	(434,311)	482,009
	At 31 December	116,384	560,119

Policy Forum Limited
Appendix I
For the year ended 31 December 2012

COMPARISON OF BUDGET AND ACTUAL EXPENDITURE **Account description**	**Budget** **2012** **Tshs**	**Actual** **2012** **Tshs**	**Actual/** **Budget** **%**
1.0 Policy Analysis			
1.1 Analytical think pieces/briefs/issue guides	18,400,000	15,417,900	84%
1.2 Analytical support to civil society policy engagement	1,000,000	514,100	51%
1.3 Proactive participation in the budget process	6,000,000	3,736,839	62%
1.4 Localisation of Open Budget Index (OBI)	7,650,000	4,693,000	61%
1.5 Governance study	42,230,000	29,330,000	69%
1.6 Programme Staff	83,886,382	86,688,850	103%
Total 1.0 Policy Analysis	**159,166,382**	**140,380,689**	**88%**
2.0 Communication & Public Engagement			
2.1 PF Website and Branding	8,578,000	7,125,000	83%
2.2 Systematic documentation of advocacy experience	13,700,000	10,674,935	78%
2.3 Evaluation of specific Policy Forum publications	2,800,000	2,800,000	100%
2.4 Popularization of policy documents	79,700,000	67,932,960	85%
2.5 Monthly Breakfast Debates	18,470,000	19,312,500	105%
2.6 Dessimination	8,400,000	8,491,372	101%
2.7 Strategic use of media	111,600,000	112,280,412	101%
2.8 Programme staff	89,682,220	93,837,510	105%
Total 2.0 Communication & Public Eng	**332,930,220**	**322,454,689**	**97%**
3.0 Enhanced Capability of CSOs			
3.1 Non Dsm to effectively participate in 3 quarterly meetings in 2010	26,400,000	25,687,150	97%
3.2 Inst. of SAM with GOT and I'ts embedment in PF Member activities	3,600,000	2,689,000	75%
3.3 Two additional partner networks for SAM and training	21,132,000	7,462,500	35%
3.4 Strengthening and monitoring of the 2011 SAM partnership implementati(	15,494,000	11,886,040	77%
3.5 Localized SAM training & TOT & Fundemental SAM Course & Capacity	84,555,200	83,185,620	98%
3.6 Manager & P. Assistant	82,158,980	84,328,181	103%
Total 3.0 Enhanced Capability of CSOs	**233,340,180**	**215,238,491**	**92%**
4.0 Strategic Policy Engagement			
4.1 Selective Policy Engagement	106,720,500	122,261,252	115%
4.2 Strategic Collaboration with others	2,500,000	822,100	33%
4.3 Local and international networking	8,000,000	3,472,091	43%
Total 4.0 Strategic Policy Engagement	**117,220,500**	**126,555,443**	**108%**
5.0 Institutional Governance,Planning, Monitoring and Evaluation			
5.1 Internal Planning, Annual strategic meeting and SC retreat	55,620,000	56,250,966	101%
5.2 Technical Assistance	4,860,000	4,756,700	98%
5.4 Independent financial audit	9,824,000	9,454,278	96%
5.5 Internal audit	10,587,200	9,734,000	92%
Total 5.0 Institutional Governance,Pl	**80,891,200**	**80,195,944**	**99%**
1.0 Salaries and Benefits			
1.1 Coordinator	76,258,506	86,927,934	114%
1.3 Finance & Admin Officer	39,389,464	40,615,543	103%
1.4 Driver	20,931,999	21,442,747	102%
1.5 Office Assistant	21,723,538	22,687,061	104%
1.6 Organizational development	10,000,000	10,099,935	101%
Total 1.0 Salaries and Benefits	**168,303,507**	**181,773,219**	**108%**

COMPARISON OF BUDGET AND ACTUAL EXPENDITURE (Continued)	Budget 2012 Tshs	Actual 2012 Tshs	Actual/ Budget %
Account description			
2.2 Computer and telephone Equipment for expanded office			
2.2.1 1 computer/spare parts and external drive(backup)	13,746,000	10,831,410	79%
2.2.2 Computer softwares/upgrades	2,565,054	2,263,280	88%
2.2.3 IT support	4,000,000	3,392,400	85%
2.2.4 Office shifting costs	18,000,000	17,716,113	98%
2.2.5 Other assets purchase		26,217,400	
Total 2.0 Assets	**38,311,054**	**60,420,603**	**158%**
3.0 Running Cost			
3.1 Office rent	46,272,000	41,135,875	89%
3.2 Office repairs,equipment in	10,000,000	9,625,100	96%
3.3 Electricity,water & utiliti	5,000,000	5,000,000	100%
3.4 Communication(tel,fax,email	14,000,000	13,426,490	96%
3.5 Security/cleaning services	21,700,000	20,234,436	93%
3.6 Stationery & Supplies	8,000,000	8,181,782	102%
3.7 Bank/Legal fees and charges	3,500,000	3,239,561	93%
3.8 Transport(including mainten	15,000,000	15,729,055	105%
Total 3.0 Running Cost	**123,472,000**	**116,572,300**	**94%**
Unanticipated/ Contigency	**50,145,402**	**4,508,143**	**9%**
Total budget	**1,303,780,445**	**1,248,099,521**	**96%**

The above expenditure is recognised as;

Programme expense	884,825,256
Secretariat	326,551,265
Capital expenditure (Note 9)	36,723,000
Total actual as above	**1,248,099,521**