LAND RIGHTS RESEARCH AND RESOURCES INSTITUTE (LARRRI/HAKIARDHI)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

ORGANIZATION INFORMATION

BOARD OF DIRECTORS

Name	Nationality	Position
: Prof. Bertha Koda	Tanzanian	Chairperson
: Ms. Jacqueline Mgumia	Tanzanian	Member (Resigned in 2019)
: Mr. Zephania Mariki	Tanzanian	Member
: Mr. Adam Ole Mwarabu	Tanzanian	Member
: Mr. Alquine Senga	Tanzanian	Member
: Mr. Abdalah Matata	Tanzanian	Member
: Mr. Cathbert Tomitho	Tanzanian	Secretary

REGISTERED OFFICE

: Plot No. 236, Block 47, Mori Road,
: Kijitonyama Area, Kinondoni Municipal
: P.O. Box 75885
: Dar es Salaam, Tanzania

MANAGEMENT TEAM

: Cathbert Tomitho	Executive Director
: Joseph Chiombola	Senior Programme Officer
: Mary Mrosso	Finance and Administrative Officer

AUDITORS

: Osanna Auditors Tanzania
: 5th Floor, Twiga House
: Samora Avenue
: P.O. Box 9851
: Dar es Salaam, Tanzania

PRINCIPAL BANKERS

: CRDB Bank PLC
: UDSM Branch
: P.O. Box 34022
: Dar es Salaam, Tanzania

: CRDB Bank PLC
: Azikiwe Branch
: P.O. Box 34022
: Dar es Salaam, Tanzania

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2019 which disclose the state of affairs of the Land Rights Research and Resources Institute (LARRRI/HAKIARDHI).

REGISTRATION

Land Rights Research and Resources Institute (LARRRI/HAKIARDHI) is a non-governmental organization formed in September 1994. It was initially registered under the Companies Act, 2002 as a Company limited by guarantee without share capital on 28 September 1994. On 11 July 2019, the organization was re-registered under the terms and conditions of the Non-Governmental Organizations Act, 2002 with Registration No. 00NGO/R2/00012.

PRINCIPAL ACTIVITIES

LARRRI/HAKIARDHI strives to build up a knowledgeable corpus of grassroots-based communities who are able to stir up changes through self-mobilization and organizations and broad-based public awareness programmes. The organization conducts land rights training through district and grassroots level workshops, monthly seminars, national public fora, training of trainers, media programmes and wide dissemination of her publications.

Other activities of the organization include:

- To offer advice, counselling and related assistance on land tenure issues to small land users in rural and peri-urban areas and in this relation to undertake (or assist in undertaking) occasional test cases on pro bono basis before relevant judicial, quasi judicial and administrative bodies.
- To make available on request arbitration services for resolving land disputes consistent with the Institute's objective.
- To research into, construct and suggest amicable means of resolving land disputes among and between small land users and villagers.
- To provide and organize on request short courses on land tenure and land rights.
- To provide on request consultancy services to government and non-governmental organizations provided it is within the spirit of social and educational objectives of the Institute.
- To raise funds for the purposes of the Institute on such terms as compatible with the autonomy of the Institute and within the spirit of its social and educational objectives.

VISION

Land Rights Research and Resources Institute envisages a socially just and equitable land tenure system in which all groups in the society and especially the rural based small producers are guaranteed security of tenure, access and ownership to land and other means of their livelihood.

MISSION

To promote and ensure realization of the rights to land of about eighty percent of the rural based communities who are mainly small landholders and producers.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The directors of the organization at the date of this report, except otherwise indicated are:

Sn	Name	Position	Age	Nationality	Qualifications/Discipline	Year of Appointment/ Resignation
1	Prof. Bertha Koda	Chairperson	69	Tanzanian	PhD Development Studies	Appointed in 2014
2	Ms. Jacqueline Mgumia	Member	41	Tanzanian	PhD Sociology Anthropology	Resigned in 2019
3	Mr. Zephania Mariki	Member	45	Tanzanian	Pastoralist	Appointed in 2018
4	Mr. Adam Ole Mwarabu	Member	44	Tanzanian	Project Management	Appointed in 2019
5	Mr. Alquine Senga	Member	66	Tanzanian	Planning and Administration	Appointed in 2015
6	Mr. Abdalah Matata	Member	55	Tanzanian	Peasant	Appointed in 2016
7	Mr. Cathbert Tomitho	Secretary	38	Tanzanian	MA. Public Policy Analysis	Appointed in 2018

MANAGEMENT

The Management of the organization is under the Executive Director and is organized in the following departments.

- Knowledge Generation and Dissemination Unit
- Public Engagement Unit
- Institutional Management and Programme Support Unit

FINANCIAL PERFOMANCE

The results for the year are set out on the page 14 of these financial statements.

BUDGETS

At LARRRI/HAKIARDHI, the Accounts section of the Institutional Management and Programme support Unit is fully responsible for accuracy and all quality related aspects of the budget. However, the Executive Director is overall in charge of the final document at all levels from the management to the members' general assembly. To ensure quality control, the entire budgeting process shall be made to adhere to scrutiny procedures of the respective authority levels of the institute such as programme units, management, Board, and members through their annual assembly. Consideration shall be made to adhere to specific requirements of the donors provided they do not supersede the general principles of the Institute on budgeting. LARRRI may occasionally carryout activities outside its main strategic plan depending on the need for the time. On such situations, budgets shall be prepared on the basis of such project proposals. It is however, stressed that budgets for individual projects must be scrutinized by the Finance and Administration officer to ensure their accuracy and inclusion of some organizational costs where applicable.

KEY ACHIEVEMENTS

Some of the key achievements registered during the period under review are highlighted below:

- **Establishment of Community Libraries**

  In the year 2019, ten (10) community libraries were established in the following villages; Mbigiri, Lugalo, Kitelewasi and Mazombe within Kilolo district, Ipilimo within Mufindi district, Kisaki and Lundi villages within Morogoro district, Chita and Lukolongo within Kilombero district, Mchukwi within Kibiti district and Kwamazuma within Kilindi district.

REPORT OF THE DIRECTORS (CONTINUED)

KEY ACHIEVEMENTS (CONTINUED)

An average of five people a day visits the libraries to read and borrow publications.

However, there is still a need to add more publications and renovate the library rooms. Other likeminded organizations such as Morogoro Paralegal Center (MPLC) have copied the modal in their project areas.

- **More Discussions on Land Rights Through Social Media**

For many years debate on land rights has not been given attention in social media especially among youth. However, HAKIARDHI has been pushing a number of posts through Facebook, Twitter and Instagram which has gradually stimulated the discussion. For instance, more than 100 people have participated in different discussions such as climate change resilience, women's land rights, investment in the village land and its implications as well as land conflicts between farmers and pastoralists.

- **Amplified Debates on Land Rights through Study and Discussion Groups**

The Land Rights Monitors (LRMs) in the programme areas namely Kilosa, Morogoro, Kilombero, Kilindi, Mkuranga, Kilolo, Mufindi, Rukwa and Katavi have managed to establish and run strong debates through the Study and Discussion Groups established in their respective villages. These debates which touches the interests of the villagers have turned a center for discussing land rights and climate changes issues. This has even convinced the villagers to elect some of the LRMs in the leadership position at the village level during the Local Government Election held on 24th November, 2019. For instance, in Stalike village in Nsimbo district, Katavi region one LRM was elected as a Village Chairperson and the one as a Sub-village Chairperson.

- **Land Rights Monitors Innovation on Public Awareness Raising on Land Rights**

The Land Rights Monitors (LRMs) in Kilombero, Morogoro and Kilolo districts at their own capacity had managed to organize Dialogues on land rights for public awareness in their own districts with little support from the Institute. This is the great achievement simply because the intention of the Institute is to see these LRMs becoming independent and innovative in helping their fellow villagers to realize their rights over land.

No.	District	Date	Theme	Participants
1	Kilombero	26th & 27th June 2019	Land rights to small-holders and climate change	210 (90 Women)
2	Morogoro	16th September 2019	Land rights to small-holders and climate change	220 (131 Women)
3	Kilolo	27th October 2019	Land rights to small-holders and climate change	275 (140 Women)
Total				**705 (361 Women)**

- **Land Right Monitors Awareness Rising on Land Rights Through Village Assembly Meetings**

For the year 2019, the Land Right Monitors have managed to lobby for the opportunity to share the knowledge on land rights and climate change resilience through Village Assembly meetings. For instance, in Morogoro, Kilombero, Kilosa, Nsimbo, Kalambo, Sumbawanga, Kilolo, Kilindi and Mufindi districts the Monitors had managed to engage in 50 Village Assembly meetings with approximate of 3000 people per meeting.

- **Publications and Increased Visibility of Institute's interventions**

Apart from the programme areas where the Institute reach physically the publications produced by the Institute have become preference to number of likeminded organizations implementing projects on land rights and natural resources countrywide which increase the the Institute's works visibility in diverse parts of the country. Different stakeholders have been using our publications for various reasons such as trainings. The best example is 12 Cluster CSOs found in Manyara, Arusha, Singida, Morogoro and Iringa under women land rights project funded by Foundation for Civil Society uses the publications for training community members.

REPORT OF THE DIRECTORS (CONTINUED)

KEY ACHIEVEMENTS (CONTINUED)

- **Strengthened Engagement in Various Policy Dialogues**

  The Institute has successfully participated in policy review conducted in the year 2019 such as National Gender and Women Policy, Land Policy and other related discussions on climate change and sustainable development goals. For instance, on 19th and 20th December 2019, the Institute was invited by the Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDGEC) for the review of the Gender and Women Policy and its Strategic Implementation of 2005.

- **Recognition of the Institute Works by the Government**

  During the Parliamentary busget session for 2019/20 on 29th May 2019 the Minister responsible for Land, Housing and Human Settlement Development (MLHHSD) in his speech recognized Institute's support in the Land Sector through capacity building and awareness raising on land matters and preparation of Village Land Use Planning.

  Also, in October 2019, the Institute supported the Ministry to undertake the research in Kilolo District on post registration of Certificates of Customary Rights of Occupancy (CCROs). The findings enabled formulation of regulations to administer post registration of the customary title deeds.

CHALLENGES

Some of the challenges faced during the period under review include the following:

- **Insecurity of Land Rights Monitors in Their Respective Areas**

  In 2019 the Land Rights Monitors were threatened, intimidated and harassed while implementing their land rights activities in their respective areas. For example, between July and August 2019 Mr. Sadiki Kibugo of Mchukwi village was threatened by unknown people because he was at the frontline in defending the rights of the fellow villagers who were about to loose 498 acres of land to the investor.

  Likewise, on 26th August 2019, Mr. Laurent Libafuka of Merera Village, Kilombero district was invaded by a group of pastroralists and severely injured.

- **Absence of Rooms and Publications for Community Libraries**

  Despite that, community libraries have been the best places for villagers to get information on land rights, but there is still lack of enough publications, not only those produced by HAKIARDHI but also related ones from other sources.

  In 2019, the Institute disseminated 33,500 copies of publications to Land Right Monitors (LRMs) and other stakeholders. In order to solve the challenge of publications especially to existing community libraries and those expected to be established, there is a need for the Institute to produce at least 100,000 copies of various topics/themes.

  Another common challenge for community libraries is lack of enough space for at least three people to sit and comfortably read and discuss.

FUTURE DEVELOPMENT PLANS

Below is the summary of the future plans;

- Continue raising awereness to community members through various ways such as in house trainings and public debates to ordinary villagers on governance, land rights and natural resources ownership for sustainable development.
- Facilitation of selection of new Land Rights Monitors in Kilindi and Morogoro and capacitating the same to advocate for land rights of small-scale producers, women, girls and disables.
- To continue enhancing discussion and debate on land and natural resources among the small-scale producers through the school of haki ardhi. So as to strengthen the active participation of small-scale producers in policy process and decision-making process to determine their demands and interests.

REPORT OF THE DIRECTORS (CONTINUED)

FUTURE DEVELOPMENT PLANS (CONTINUED)

- To engage in policy analysis, to design a position paper and conducting advocacy sessions. This includes to gather ideas from the small-scale producers on what should be done by the politicians during the political campaign towards general election, linkage between Land Use Planning processes and economic growth of small-scale producers and advocacy for land sector budget and its transformation approach.

CORPORATE GOVERNANCE

The Board takes overall responsibility for the organization, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The actual number of meetings held during the year was two. The Board delegates the day to day management of the business to Executive Director assisted by the heads of departments: Knowledge Generation and Dissemination Unit, Public Engagement Unit and Institutional Management and Programme Support Unit.

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the organization. It is the task of the organization's 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 organization's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. Whilst no system of internal controls can provide absolute assurance against misstatement or losses, organization's procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2019 and is of the opinion that they met accepted criteria. The key elements of the system of internal control are as follows:

Principal Risks and Uncertainties

The principal risks that may significantly affect LARRRI/HAKIARDHI's strategies, programs and development are mainly in the form of financial risks and compliance related risks. Below, we provide a description of the financial risks and compliance related risks facing the organization and the related management controls in

(a) Financial Risks

(i) Risk of poor financial management leading to financial loss

To mitigate against this, LARRRI/HAKIARDHI has financial policies and procedures in place to ensure good financial management and these include:

- Robust cash and banking procedures.
- Rigorous internal financial reporting processes including; monthly review of budget versus actuals for each contract, quarterly reforecasting, annual and six-monthly budget process and reviews.
- Recruitment of professional qualified Accountants in senior finance positions.

REPORT OF THE DIRECTORS (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

(ii) Fraud and corruption

To manage the risk:

- LARRRI/HAKIARDHI follows policy and guidance on facilitation payments, which adhere to Prevention and Combating of Corruption Act of 2007. All staff carries out anti-bribery training, and there is a standardized approach for the reporting of any bribes paid. Where corruption is discovered, investigations are carried out and appropriate action is taken. These actions may include disciplinary measures with culpable staff and referral to legal authorities in the relevant countries.
- Robust procurement procedures are followed.

(iii) Theft of assets

To manage the risk
- An asset register is maintained.
- Assets are marked and tagged with a unique identification code and verified on a regular basis.
- Access to high value assets is restricted to authorized personnel only.

(b) Compliance Related Risks

(i) Non-compliance with funder regulations

To manage the risk
- LARRRI/HAKIARDHI provides training to staff on specific donor regulations.
- LARRRI/HAKIARDHI maintains good relationships with funders, as well as keeping abreast of any developments in specific funding regulations.

(ii) Non-compliance with local and international regulations

To manage the risk
- An annual audit is conducted, which includes advising on compliance with applicable country regulations.
- This is in compliance with Tanzania financial regulations for Non-Governmental Organizations.

SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that Land Rights Research and Resources Institute has adequate resources to continue in operational existence for the foreseeable future.

POLITICAL AND CHARITABLE DONATIONS

The organization did not make any political donations or other donations during the year.

ENVIRONMENTAL CONTROL PROGRAM

The organization monitors the impact of its operations on the environment, which is mainly through including environment control activities in its action plan/schedules annually. Through its own occasional activities, the organization includes activities in connection with conservation of environmental resources through trainings to create general awareness.

EMPLOYEE WELFARE

Competence

Staff skills are maintained both by a formal recruitment process and a performance appraisal system, which identifies training needs. Also, necessary training both in house and externally, helps to consolidate existing staff skills and competences.

REPORT OF THE DIRECTORS (CONTINUED)

EMPLOYEE WELFARE (CONTINUED)

Medical Assistance

All LARRRI/HAKIARDHI employees have access to medical insurance paid by the organization provided funds from donors are available.

Management and Employees' Relationship

There was good relation between employees and management during the period ended 31 December 2019. There were no unresolved complaints received by Management from the employees during the period.

The organization 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.

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

Health and Safety

The organization has a strong health and safety program which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees by providing adequate and proper protective equipment, training and supervision as necessary.

Employees Benefit Plan

The organization pays contributions to a publicly administered pension plan on mandatory basis which qualifies to be a defined contribution plan. The organization contributes 10% of the employee's salary to National Social Security Fund (NSSF).

Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the organization continues and appropriate training is arranged. It is the policy of the organization that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

GENDER PARITY

The organization had 9 employees, out of which 5 were males and 4 were females (2018: 8 males and 4 females).

RELATED PARTIES

All related party transactions and balances; including board of directors and key management emoluments are disclosed in Note 11 to these financial statements.

AUDITORS

The organization's auditors, Osanna Auditors Tanzania have expressed their willingness to continue in office and are eligible for re-appointment.

BY ORDER OF THE BOARD

Mr. Alquine Senga
Chairperson

Cathbert Tomitho
Executive Director

Date: 14.05.2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required in terms of the Non-Governmental Organizations Act, 2002 of United Republic of Tanzania 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 organization as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Public Sector Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organizations Act, 2002. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organizations Act, 2002, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The directors acknowledge that they are responsible for establishing appropriate policies and procedures to prevent non-compliance with laws and regulations (NOCLAR), including whistleblowing procedures as a necessary part of good internal governance.

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 organization's next 12-month cash flow forecast and, in the light of this review and the current financial position, they are satisfied that the organization 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 organization's financial statements. The financial statements have been examined by the organization's external auditors and their report is presented on pages 11 to 13.

The financial statements set out on pages 14 to 31, which have been prepared on the going concern basis, were approved by the board of directors on 14.05.2020 and were signed on its behalf by:

Mr. Alquine Senga
Chairperson

Cathbert Tomitho
Executive Director

DECLARATION OF THE HEAD OF FINANCE OF LAND RIGHTS RESEARCH AND RESOURCES INSTITUTE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by Professional Accountant responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Public Sector Accounting Standards (IPSAS) and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I, Malama Maduhu, being the Outsourced Financial Consultant of Land Rights Research and Resources Institute hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2019 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organizations Act, 2002.

I thus confirm that the financial statements give a true and fair view position of Land Rights Research and Resources Institute as on that date and that they have been prepared based on properly maintained financial records.

Signed by: ____________________

Position: Outsourced Financial Consultant

NBAA Membership No: GA 6237

Date: 14 May 2020

Osanna
Auditors | Accountants | Tax Advisors

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LAND RIGHTS RESEARCH AND RESOURCES INSTITUTE

Report on the financial statements

Opinion

We have audited the financial statements of Land Rights Research and Resources Institute, which comprise the statement of financial position as at 31 December 2019, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Public Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organization Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organization Act, 2002, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Key Audit Matters

We have determined that there are no other key audit matters to communicate in our audit report.

7th Floor, Twiga House, Samora Avenue
P.O. Box 9851,Dar es Salaam, Tanzania | Mobile: +255 787 519 516
+255 744 519 516 | Email: info@osanna.co.tz
Website: www.osanna.co.tz

Osanna
Auditors | Accountants | Tax Advisors

REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)
TO THE MEMBERS OF LAND RIGHTS RESEARCH AND RESOURCES INSTITUTE

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in Appendix 1 of this auditor's report. This description, which is located at page 13, forms part of our independent auditor's report.

Report on Other Legal and Regulatory Requirements

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

As required by the Tanzania Non-Governmental Organization 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 books of account have been kept by the Organization, so far as appears from our examination of those books; and

(iii) the Organization's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Osanna Auditors Tz

Osanna Auditors Tanzania
Certified Public Accountants

CPA Fulgensio Mgaya (ACPA 3142)
Dar es Salaam

Date: 15-MAY-2020

7th Floor, Twiga House, Samora Avenue
P.O. Box 9851,Dar es Salaam, Tanzania
Mobile: +255 787 519 516
+255 744 519 516
Email: info@osanna.co.tz
Website: www.osanna.co.tz

REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)
TO THE MEMBERS OF LAND RIGHTS RESEARCH AND RESOURCES INSTITUTE

Appendix 1

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

7th Floor, Twiga House, Samora Avenue
P.O. Box 9851,Dar es Salaam, Tanzania | Mobile: +255 787 519 516
+255 744 519 516 | Email: info@osanna.co.tz
Website: www.osanna.co.tz

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2019 TZS	2018 TZS
Income			
Grant Income	1	935,573,686	928,071,954
Other Income	2	15,486,392	53,354,657
		951,060,078	**981,426,611**
Expenditure			
Knowledge Generations and Dissemination	3	(155,097,762)	(198,362,105)
Public Engagement	4	(501,219,302)	(513,044,695)
Institutional Management and Programme Support Cost	5	(242,857,956)	(250,607,184)
Depreciation of Property and Equipment	6	(69,052,377)	(9,417,832)
		(968,227,397)	**(971,431,816)**
(Deficit)/surplus for the year		**(17,167,319)**	**9,994,795**

The significant accounting policies on pages 19 to 23 and the notes on pages 24 to 31 form an integral part of these financial statements.

Report of the independent auditors - pages 11 to 13.

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2019 TZS	2018 TZS
Non-current assets			
Property and equipment	6	684,895,871	752,783,248
Current assets			
Cash and cash equivalents	7	80,305,951	115,456,583
		80,305,951	115,456,583
Total Assets		**765,201,822**	**868,239,831**
Equity and Liabilities			
Equity			
Capital grant	8	608,889,556	676,776,933
Revaluation reserve		76,006,315	76,006,315
Accumulated (deficit)/fund		(7,172,523)	9,994,796
		677,723,348	762,778,044
Current liabilities			
Other payables	9	37,620,603	12,582,172
Deferred grant income	10	49,857,871	92,879,614
		87,478,474	105,461,787
Total Equity and Liabilities		**765,201,822**	**868,239,831**

The financial statements on pages 14 to 31 were approved for issue by the Board of Directors on 14-05-2020 and were signed on its behalf by:

Mr. Alquine Senga
Chairperson

Cathbert Tomitho
Executive Director

The significant accounting policies on pages 19 to 23 and the notes on pages 24 to 31 form an integral part of these financial statements.

Report of the independent auditors - pages 11 to 13.

STATEMENT OF CHANGES IN NET ASSETS

Year ended 31 December 2019	Capital grant TZS	Revaluation reserve TZS	Accumulated (deficit)/fund TZS	Total TZS
At start of year	676,776,933	76,006,315	9,994,796	762,778,044
Deficit for the year	-	-	(17,167,319)	(17,167,319)
Capital grants fund received during the year	1,590,000	-	-	1,590,000
Disposals	(425,000)	-	-	(425,000)
Capital grants fund released to grant income	(69,052,377)	-	-	(69,052,377)
At end of year	**608,889,556**	**76,006,315**	**(7,172,523)**	**677,723,348**

Year ended 31 December 2018	Capital grant TZS	Revaluation reserve TZS	Accumulated (deficit)/fund TZS	Total TZS
At start of year	670,523,152	-	-	670,523,152
Surplus on revaluation	-	76,006,315	-	76,006,315
Surplus for the year	-	-	9,994,796	9,994,796
Capital grants fund received during the year	15,671,613	-	-	15,671,613
Capital grants fund released to grant income	(9,417,832)	-	-	(9,417,832)
At end of year	**676,776,933**	**76,006,315**	**9,994,796**	**762,778,044**

The significant accounting policies on pages 19 to 23 and the notes on pages 24 to 31 form an integral part of these financial statements.

Report of the independent auditors - pages 11 to 13.

STATEMENT OF CASH FLOWS

	Note	2019 TZS	2018 TZS
Operating activities			
Cash used in operations	12	(33,560,632)	(40,020,136)
Income tax paid		-	-
Net cash used in operating activities		(33,560,632)	(40,020,136)
Investing activities			
Purchase of property and equipment		(1,590,000)	(15,671,613)
Net cash used in from investing activities		(1,590,000)	(15,671,613)
Decrease in cash and cash equivalents		(35,150,632)	(55,691,749)
Movement in cash and cash equivalents			
At start of year		115,456,583	171,148,332
Decrease in cash and cash equivalents		(35,150,632)	(55,691,749)
At end of year	7	**80,305,951**	**115,456,583**

The significant accounting policies on pages 19 to 23 and the notes on pages 24 to 31 form an integral part of these financial statements.

Report of the independent auditors - pages 11 to 13.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Budget TZS	Actual TZS	Performance Difference TZS	Performance Difference %
INCOME				
Revenue Grants	1,109,922,141	866,521,308	(243,400,833)	-22%
Other Income	-	15,486,391	15,486,391	100%
Total	**1,109,922,141**	**882,007,700**	**(227,914,441)**	**-21%**
EXPENDITURE				
Reliable, Concrete and up to Date Information on Land and Natural Resources	63,228,000	54,480,161	(8,747,839)	-14%
Increased Access to Reliable, Concrete and Up to Date Information on Land	146,328,000	100,617,601	(45,710,399)	-31%
Enhance Knowledge Base and Citizen Participation in Policy and Decision	376,986,690	288,806,226	(88,180,464)	-23%
Improved Policies, Practices and Institutional Framework Governing Land	74,073,000	50,197,440	(23,875,560)	-32%
Strengthen Partnership with Likeminded Local and International	19,150,000	12,513,714	(6,636,286)	-35%
Programme Personnel costs	105,985,573	84,150,000	(21,835,573)	-21%
Securing Programme Equipments and Services	18,900,000	17,853,260	(1,046,740)	-6%
Other Program Costs	-	47,698,662	47,698,662	100%
Improved HAKIARDHI Institutional Governance	158,745,878	103,746,350	(54,999,528)	-35%
Ensured Availability of Resources	49,959,552	38,023,795	(11,935,757)	-24%
Improved Quality of HAKIARDHI Intervention	96,565,448	101,087,810	4,522,362	5%
Total	**1,109,922,141**	**899,175,019**	**(210,747,122)**	**-19%**
Deficit for the year		**(17,167,320)**	**(17,167,320)**	

The significant accounting policies on pages 19 to 23 and the notes on pages 24 to 31 form an integral part of these financial statements.

Report of the independent auditors - pages 11 to 13.

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of preparation and summary of significant accounting policies

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organizations Act, 2002 of United Republic of Tanzania. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

1.1 Going concern

The financial performance of the organization is set out in the Director's report and in the statement of comprehensive income. The financial position of the organization is set out in the statement of financial position.

Based on the financial performance and position of the organization and its risk management policies, the directors are of the opinion that the organization is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

These financial statements comply with the requirements of the Tanzanian Non-Governmental Organizations Act, 2002.

Based on these facts, the directors consider it appropriate to prepare the financial statements on a going concern basis which assumes that the organization will be in operational existence for the foreseeable future.

1.2 Revenue recognition

Grant income comprises of amounts received from the donors. Grants are generally received against approved activities and related budgets. Funds received in excess of the amounts actually spent during the year on the activities funded by such grants, are allocated to a deferred grants account. Such deferred grants are released to the statement of financial performance in the accounting year in which such activities are completed. Interest income is recognized on an accrual basis.

1.3 Other income

Income from other sources is recognized when received, and includes bank interest; disposal of organization's assets, members' contribution, consultancy services and sales of publications.

1.4 Property and equipment

All categories of property and equipment are initially recognized at cost. 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 capitalized as part of the computer equipment. All items of property and equipment are subsequently carried at a revalued amount, based on triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the organization over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognized in the statement of financial performance and accumulated in equity under the heading of revaluation reserve. All decreases are charged to the statement of changes in net assets under the revaluation reserve. The depreciation charge of the asset is charged to the statement of financial performance.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1 Basis of preparation and summary of significant accounting policies (continued)

1.4 Property and equipment (continued)

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

Item	Rate %
Building	2
Motor vehicles	25
Office furniture	25
Computer & accessories	25
Generators	25
Equipment	25

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to accumulated fund/(deficit).

1.5 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, accounts receivable. The organization determines the classification of its financial assets at initial recognition.

Accounts receivable

Accounts receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Current receivables are for amounts due within twelve months of the reporting date, while non-current receivables are those that are due more than twelve months from the reporting date of the financial statements. Receivables are stated at amortized cost calculated using the effective interest method, less any impairment losses (which are recognized in the Statement of Financial Performance).

However, for current receivables there is no material difference between the amortized costs and so these receivables have been recognized at cost (less any impairment losses).

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or accounts payable, as appropriate. The organization determines the classification of its financial liabilities at initial recognition.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1 Basis of preparation and summary of significant accounting policies (continued)

1.5 Financial instruments (continued)

Accounts payables

Accounts Payables are financial liabilities in respect of goods or services that have been received by the Organization and are recognized at amortized cost, which for payables is equal to cost. Accounts payable include the following:

- Amounts due to donors, partners, and stakeholders representing the unspent funds for expired agreements.
- Invoices received and approved for payment but not yet paid.

Accrued liabilities

Accrued liabilities are financial liabilities in respect of goods or services that have been received or provided to the Organization during the reporting period and which have not yet been invoiced or invoices have been received but not approved for payment. They are recognized at amortized cost, which for accruals is equal to cost.

1.6 Foreign currency transactions

Foreign currency transactions are translated at the rate of exchange ruling on the date of transaction. Closing balances of monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling on the statement of financial position date. Resulting exchange differences are recognized as foreign exchange gain or loss in the statement of perfomance for the year.

1.7 Employee benefits

Employee entitlements

A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the statement of financial position date.

Retirement benefit obligations

The Organization and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The Organization's contributions to the defined contribution scheme are charged to the statement of comprehensive income in the period to which they relate.

Workers Compensation Fund (WCF)

Workers Compensation Fund (WCF) is a social security scheme established by the government responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment.

Private entities are statutorily required to contribute 1% of monthly employees' earnings (wage bill) to the Fund. Monthly employees' earnings (wage bill) include basic salaries plus all fixed allowances which are regularly paid along with basic salaries. The contributions are part of Organization's costs and are not deducted from salaries of the employees.

Once the payment has been effected by the Organization to the Fund, there is no further obligation to the Organization for any claim from the employee out of the occupational injuries suffered by them.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1 Basis of preparation and summary of significant accounting policies (continued)

1.8 Cash and cash equivalents

Cash and cash equivalents, which are financial assets, comprise cash on hand, cash at banks, money markets and short-term deposits with original maturities of 90 days or less. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

Short-term deposits are stated at amortized cost using the effective interest method, with interest income recognized on an effective yield basis.

Cash and Cash Equivalents are held for purposes of meeting short-term cash commitments rather than for investment purposes.

1.9 Deferred income grants

Deferred income grants represent the revenues received from donors but not utilized at the end of reporting period.

1.10 Capital grants

Grants to fund the acquisition of fixed assets during the year are allocated to a capital grants account. The capital grants are amortized to the statement of financial performance on a systematic basis to match the depreciation charge on the assets acquired using the grants.

1.11 Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

2 Risk management objectives and policies

Financial risk management

The organization's activities expose it to a variety of financial risks including credit and liquidity. The organization'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 minimize the potential adverse effects of such risks on the organization's performance by setting acceptable levels of risk. The organization does not hedge against any risks.

2.1 Credit risk and expected credit losses

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 organization-wide basis.

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 organization carries out its own assessment of credit risk before investing in corporate bonds, and updates such assessments at each reporting date.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2 Risk management objectives and policies (continued)

In assessing whether the credit risk on a financial asset has increased significantly, the organization compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the organization considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the organization does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognized on a collective basis. For such purposes, the organization groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

The organization is not exposed to credit risk as it has no trade receivables at the year-end.

2.2 Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the organization's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The organization manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities. The amounts disclosed are the contractual undiscounted cash flows.

31 December 2019	Less than 1 month TZS	Between 1 - 3 months TZS	Between 3 - 12 months TZS	Over 1 year TZS
Other payables	37,620,603	-	-	-
	37,620,603	-	-	-
31 December 2018				
Other payables	12,582,172	-	-	-
	12,582,172	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

		Note	2019 TZS	2018 TZS
1	**Grant income**			
	Grant income released from deferred capital grant	8		
	Capital grants amortization		69,052,377	9,417,832
	Sub-total		**69,052,377**	**9,417,832**
	Grant income released from deferred grant income	10		
	Foundation for Civil Society		95,956,107	162,730,200
	Horizont3000		254,865,783	288,003,392
	Care International Tanzania		316,219,737	247,820,608
	Rosa Luxemburg Stiftung		66,756,176	118,222,130
	IUCN NL		122,077,906	99,323,877
	Other donors		10,645,600	2,553,915
	Sub-total		**866,521,309**	**918,654,122**
	Total		**935,573,686**	**928,071,954**
2	**Other income**			
	Sales of books and other publications		3,530,000	7,437,020
	Bank Interest		69,795	46,252
	Income from disposal		670,000	3,600,000
	Members contribution		2,845,000	5,748,000
	Management fee		-	26,388,150
	Consultancy		8,371,597	10,052,305
	Others		-	82,930
			15,486,392	**53,354,657**
3	**Knowledge Generations and Dissemination**			
	Baseline study		5,067,189	-
	Printing of fact sheet & policy briefs		49,412,972	18,914,869
	Data validation and documentation of best practices on land		-	4,843,600
	Website documentation and subscription		9,325,601	10,331,701
	Mass media programme		12,992,000	32,195,180
	Programme personnel cost		72,000,000	58,200,000
	NSSF for programme personnel		6,300,000	5,400,000
	Printing of books		-	23,722,404
	Printing of newsletter		-	23,065,431
	Printing of annual calendars		-	10,955,120
	Printing of banners and sign board		-	1,309,800
	Develop tailor made training manual		-	7,154,000
	Develop and maintain ICT platform		-	2,270,000
			155,097,762	**198,362,105**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Public Engagement	Note	2019 TZS	2018 TZS
Village leaders' trainings		22,986,502	24,935,632
District level stakeholders' training		32,752,677	-
Public debate on land matters		-	35,581,274
HAKIARDHI participation in review of Draft National Land Policy processes		-	7,395,000
Programme personnel costs		76,500,000	101,000,000
NSSF for programme personnel		7,650,000	10,100,000
Programme equipment and services		-	19,521,759
Support preparation of land use plan		-	93,328,621
Capacity bulding to ward tribunal		24,613,626	-
Capacity building for CSOs		14,552,746	-
Technical backstopping to LRMs		52,889,199	93,136,102
Capacity building on land rights issues to Journalists		9,182,800	-
Learning and reflection session		3,953,993	12,228,234
Organize Annual National Land Forum		25,272,263	-
Technical backstopping to local government Officials		27,799,171	7,601,115
Capacity building on gender and land rights to MPs		1,950,000	4,581,412
Synergizing land forum for advocating women land		-	10,092,000
Policy analysis to create advocacy document		4,060,000	9,125,507
Dialogue discussion among small scale and government officials		-	12,201,500
Dialogue on industrialization in Tanzania		-	7,045,000
Dialogue session with youth on land		-	4,848,000
Dialogue on urban and per urban scramble		-	4,496,600
Dialogue between LARRRI members and staff on land sector		-	14,474,800
Participate in policy dialogue forums organized by government, parliament		-	8,724,600
Participation in regional and international networking on land matters		9,473,684	2,701,252
Engagement with local and central government official to advocate for land and natural resources		22,107,005	11,482,398
Engagement with Ministries and national LUP commission		-	5,925,001
Training to farmers and pastoralists		11,714,000	-
Visiting study and discussion		2,500,000	-
Capacity building to women and girls		22,405,649	-
Training to members of HAKIARDHI		36,233,600	-
Dialogue with sectorial ministries		6,812,835	-
Dialogue to harmonize and reconcile statutory and traditional practices		13,874,600	-
Engagement in land sectoral budget tracking and gender sensitive budget		3,343,000	-
Participation in Tanzania civil society week		3,040,030	-
Securing programme equipment and services		17,853,260	-
Other programme costs		47,698,662	12,518,888
		501,219,302	**513,044,695**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Institutional Management and Programme Support Cost	Note	2019 TZS	2018 TZS
Staff costs			
Administrative personnel costs		73,350,000	112,800,000
NSSF for administrative personnel		7,275,000	11,280,000
Skills development levy		10,631,250	12,681,000
Workers compensation		2,362,500	2,818,000
Staff gratuity		-	25,200,000
Sub-total		**93,618,750**	**164,779,000**
Administrative expenses			
Communication and couriers		3,905,000	3,185,000
Transport and traveling expenses		3,821,583	3,283,081
Repair and maintenance of equipment		5,145,029	4,544,100
Electricity and water supply		7,415,766	6,313,377
Security expenses		5,316,000	2,539,000
Consultancy charges (Finance and Audit)		8,260,000	10,030,000
Material supplies and daily sundries		9,974,924	8,207,338
Improve financial system		-	526,700
Assets valuation		-	2,000,000
Board meetings expenses		10,127,600	2,313,900
Bank charges		2,445,494	2,047,817
Sub-total		**56,411,396**	**44,990,313**
Quality Assurance, Monitoring and Evaluation			
Monitoring and evaluation		37,536,019	25,437,871
M&E personnel costs		24,000,000	14,000,000
NSSF for M&E personnel		2,400,000	1,400,000
Sub-total		**63,936,019**	**40,837,871**
Other program costs			
Other program costs		28,891,791	-
Sub-total		**28,891,791**	**-**
Total Institutional Management and Programme Support Cost		**242,857,956**	**250,607,184**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Property and equipment

	Land TZS	Building TZS	Motor vehicles TZS	Office furniture TZS	Computer & accessories TZS	Generators TZS	Equipment TZS	Total TZS
Year ended 31 December 2019								
Cost or valuation								
At start of year	232,950,000	308,530,704	439,706,708	46,462,471	73,703,984	44,649,090	42,009,703	1,188,012,660
Additions	-	-	-	-	1,590,000	-	-	1,590,000
Disposals	-	-	-	-	(6,250,000)	-	(9,000,000)	(15,250,000)
At end of year	**232,950,000**	**308,530,704**	**439,706,708**	**46,462,471**	**69,043,984**	**44,649,090**	**33,009,703**	**1,174,352,660**
Accumulated depreciation								
At start of year	-	44,040,204	269,904,402	27,733,655	40,427,418	25,899,480	27,224,253	435,229,412
Charge for the year	-	5,289,810	42,450,577	4,682,207	8,246,017	4,687,403	3,696,363	69,052,377
Disposals	-	-	-	-	(5,825,000)	-	(9,000,000)	(14,825,000)
At end of year	-	**49,330,014**	**312,354,979**	**32,415,862**	**42,848,435**	**30,586,883**	**21,920,616**	**489,456,789**
Net book value	**232,950,000**	**259,200,690**	**127,351,729**	**14,046,609**	**26,195,549**	**14,062,207**	**11,089,087**	**684,895,871**

In the opinion of the directors, there is no impairment in the value of property and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Property and equipment (continued)

	Land TZS	Building TZS	Motor vehicles TZS	Office furniture TZS	Computer & accessories TZS	Generators TZS	Equipment TZS	Total TZS
Year ended 31 December 2018								
Cost or valuation								
At start of year	396,000,000	309,000,000	367,389,402	27,733,655	39,761,275	25,899,480	28,915,920	1,194,699,732
Additions	-	-	-	-	15,671,613	-	-	15,671,613
Disposals	-	-	(97,485,000)	-	(880,000)	-	-	(98,365,000)
Revaluation surplus	(163,050,000)	(469,296)	169,802,306	18,728,816	19,151,096	18,749,610	13,093,783	76,006,315
At end of year	**232,950,000**	**308,530,704**	**439,706,708**	**46,462,471**	**73,703,984**	**44,649,090**	**42,009,703**	**1,188,012,660**
Accumulated depreciation								
At start of year	-	37,860,204	367,389,402	27,694,071	39,725,837	25,899,480	25,607,586	524,176,580
Charge for the year	-	6,180,000	-	39,584	1,581,581	-	1,616,667	9,417,832
Disposals	-	-	(97,485,000)	-	(880,000)	-	-	(98,365,000)
At end of year	-	**44,040,204**	**269,904,402**	**27,733,655**	**40,427,418**	**25,899,480**	**27,224,253**	**435,229,412**
Net book value	**232,950,000**	**264,490,500**	**169,802,306**	**18,728,816**	**33,276,566**	**18,749,610**	**14,785,450**	**752,783,248**

In the opinion of the directors, there is no impairment in the value of property and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Note	2019 TZS	2018 TZS
7	**Cash and cash equivalents**			
	Cash and cash equivalents consist of:			
	Cash at bank		80,305,951	115,456,583

For the purpose of the cash flow statement, the year end cash and cash equivalent comprise of the above.

		Note	2019 TZS	2018 TZS
8	**Capital grant**			
	At start of year		676,776,933	670,523,152
	Grant received during the year		1,590,000	15,671,613
	Disposals		(425,000)	-
	Release to grant income	1	(69,052,377)	(9,417,832)
	At end of year		**608,889,556**	**676,776,933**

Capital grant relates to property and equipment which were purchased by donors' funds during the implementation of various donor-funded projects.

		Note	2019 TZS	2018 TZS
9	**Other payables**			
	Accruals		37,620,603	12,582,172

In the opinion of the directors, the carrying amounts of other payables approximate to their fair value.

The carrying amount of other payables are denominated in Tanzanian Shillings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Deferred grant income

Year ended 31 December 2019	Note	HORIZONT 3000 TZS	CARE International in Tanzania TZS	Rosa Luxemburg TZS	Foundation for Civil Society TZS	IUCN NL TZS	Others TZS	Total TZS
At start of year		254,315	9,558,851	23,502,943	13,468,975	46,094,530	-	92,879,614
Grant received during the year		256,307,816	308,795,513	46,774,258	129,910,000	77,573,376	12,399,658	831,760,621
Refund of unspent amount		-	-	-	(6,671,055)	-	-	(6,671,055)
Transferred to capital grant		-	-	-	-	(1,590,000)	-	(1,590,000)
Grant released to grant income	1	(254,865,783)	(316,219,737)	(66,756,176)	(95,956,107)	(122,077,906)	(10,645,600)	(866,521,309)
At end of year		**1,696,348**	**2,134,627**	**3,521,025**	**40,751,813**	**-**	**1,754,058**	**49,857,871**

Year ended 31 December 2018	Note	HORIZONT 3000 TZS	CARE International in Tanzania TZS	Rosa Luxemburg TZS	Foundation for Civil Society TZS	IUCN NL TZS	Others TZS	Total TZS
At start of year		151,719	9,199,053	30,457,773	94,664,267	17,950,095	2,553,917	154,976,824
Grant received during the year		288,105,988	262,452,019	111,267,300	81,534,908	127,468,312	-	870,828,527
Transferred to capital grant		-	(14,271,615)	-	-	-	-	(14,271,615)
Grant released to grant income	1	(288,003,392)	(247,820,606)	(118,222,130)	(162,730,200)	(99,323,877)	(2,553,917)	(918,654,122)
At end of year		**254,315**	**9,558,851**	**23,502,943**	**13,468,975**	**46,094,530**	**-**	**92,879,614**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Related party transactions

Related parties comprised of board member's fees and senior staff remuneration.

	Note	2019 TZS	2018 TZS
Board meetings expenses		10,127,600	2,313,900
Key management remuneration		146,300,000	190,850,000
		156,427,600	**193,163,900**

12 Cash used in operations

Reconciliation of (deficit)/surplus for the year to cash used in operations:

	2019	2018
(Deficit)/surplus for the year	(17,167,319)	9,994,795
Adjustments for:		
Depreciation on property and equipment	69,052,377	9,417,832
Profit on disposal of assets	(670,000)	(3,600,000)
Changes in working capital:		
- other payables	25,038,431	(3,589,338)
- deferred grant income	(43,021,743)	(62,097,210)
- capital grant	(66,792,378)	9,853,785
Cash used in operations	**(33,560,632)**	**(40,020,136)**

13 Contingent liabilities

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

14 Commitments

The directors are of the opinion that there are no commitments at the year end.

15 Presentation currency

The financial statements are presented in Tanzania Shillings (TZS).