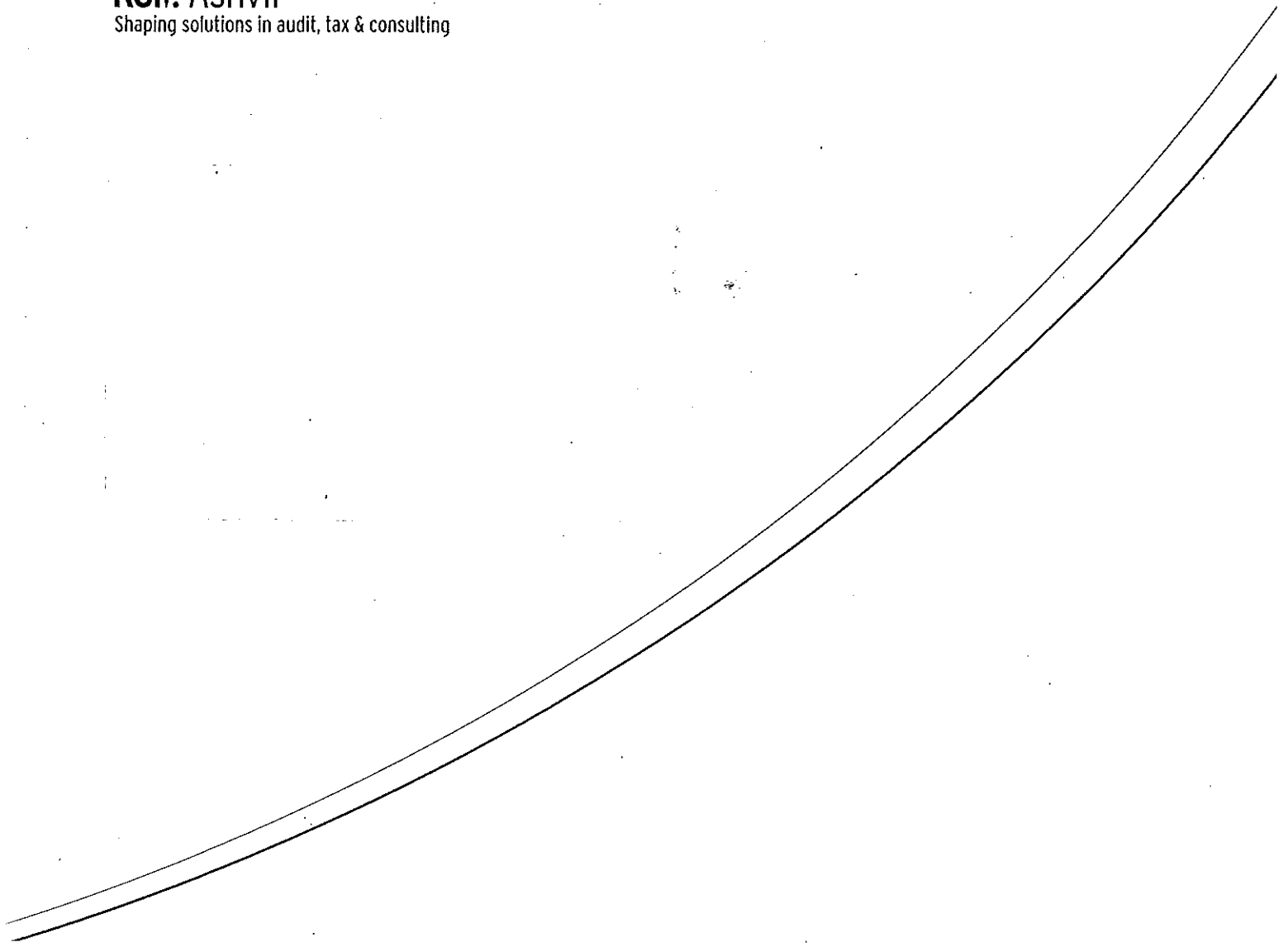


**RSM! Ashvir**

Shaping solutions in audit, tax & consulting



**POLICY FORUM LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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*Policy Forum Limited*  
*Company information*  
*For the year ended 31 December 2011*

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**Directors**

<b>Organisation</b>	<b>Name</b>	<b>Position</b>	<b>Nationality</b>
ANSAF	Audax Rukonge	Chairperson	Tanzanian
World Vision	Ester Mongi	Vice Chairperson	Tanzanian
Habitat Forum Tanzania (HAFOTA)	Kellen Mngoya	Member	Tanzanian
Hakikazi Catalyst	Elias Loidiso	Member	Tanzanian
DARAJA	Ben Taylor	Member	British
SNV	Julie Adkins	Member	British
TNCHF	Rita Toutant	Member	Canadian

**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 2011, 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 11,939,000 (2010: Shs 52,932,000) has been transferred to accumulated funds.

#### **Background**

Policy Forum Limited, which commenced operation in July 2003, 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 HakiElimu, was requested by the then Steering Committee and agreed to act as 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 2011 was funded by Hivos (Netherlands), CIDA (Canada), American Jewish (US), European Union (EU), Swiss Agency for Development and Cooperation (SDC), International Budget Network 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* ..... 2012

*Policy Forum Limited*  
*Statement of directors' responsibilities*  
*For the year ended 31 December 2011*

---

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 income and expenditure 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.

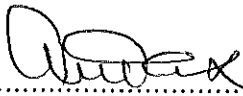
The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- 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.

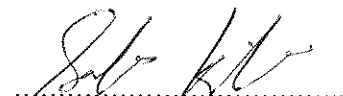
The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2011 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements 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* ..... 2012 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 16 which comprise the statement of financial position as at 31 December 2011 and the statements of comprehensive, 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 2011 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

Signed by: Lina Ratansi

*7 May* ..... 2012  
Ref No. 024/2012

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 Shs'000	2010 Shs'000
<b>Revenue</b>			
Revenue grants	4	1,008,413	1,295,975
Other income	5	13,925	52,932
Capital grant released during the year		37,062	36,211
		<u>1,059,401</u>	<u>1,385,118</u>
<b>Expenditure</b>			
Programme expenses		(754,088)	(1,123,219)
Secretariat expenses		(254,325)	(172,756)
Bad debt provision		(3,545)	-
Depreciation		(35,504)	(36,211)
		<u>(1,047,462)</u>	<u>(1,332,186)</u>
Total expenditure			
<b>Surplus for the year</b>		11,939	52,932
Tax	7	<u>-</u>	<u>-</u>
<b>Net surplus for the year</b>		<u><u>11,939</u></u>	<u><u>52,932</u></u>

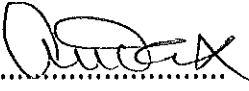


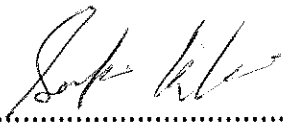
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	2011 Shs'000	2010 Shs'000
<b>EQUITY</b>			
Accumulated funds		67,469	55,530
<b>Total equity</b>		<u>67,469</u>	<u>55,530</u>
<b>Non-current liabilities</b>			
Capital grants	8	69,368	97,372
		<u>136,837</u>	<u>152,902</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Furniture and equipment	9	69,368	97,372
<b>Current assets</b>			
Account receivables	10	15,165	21,390
Cash at bank and in hand		944,353	324,047
		<u>959,518</u>	<u>345,437</u>
<b>Current liabilities</b>			
Account payables	11	331,930	211,797
Deferred grants	12	560,119	78,110
		<u>892,049</u>	<u>289,907</u>
<b>Net current assets</b>		<u>67,469</u>	<u>55,530</u>
		<u>136,837</u>	<u>152,902</u>

The financial statements on pages 5 to 16 were approved for issue by the board of directors on

..... 3 May ..... 2012 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 2011**

	<b>Accumulated funds Shs'000</b>
<b>Year ended 31 December 2010</b>	
At 1 January	2,598
Surplus and total comprehensive income for the year	52,932
	<hr/>
At 31 December	<u>55,530</u>
<b>Year ended 31 December 2011</b>	
At 1 January	55,530
Surplus and total comprehensive income for the year	11,939
	<hr/>
At 31 December	<u>67,469</u>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 Shs'000	2010 Shs'000
<b>Cash flows from operating activities</b>			
Surplus		11,939	52,932
<b>Adjustments for:</b>			
Depreciation of furniture and equipment	9	35,504	36,211
Capital grants released		(37,062)	(36,211)
Loss/(profit) on disposal of furniture and equipment		1,183	(928)
<b>Operating profit before working capital changes</b>		<u>11,564</u>	<u>52,005</u>
<b>Decrease in:</b>			
Account receivables		6,223	3,676
<b>Increase/(decrease) in:</b>			
Account payables		120,133	147,643
Deferred grants		482,009	(181,407)
<b>Cash generated from operations</b>		<u>619,930</u>	<u>21,917</u>
<b>Cash flows from investing activities</b>			
Purchase of furniture and equipment	9	(9,058)	(111,318)
Proceeds from disposal of furniture and equipment		375	928
<b>Net cash used in investing activities</b>		<u>(8,683)</u>	<u>(110,391)</u>
<b>Cash flows from financing activities</b>			
Capital grant received	4	9,058	111,318
<b>Net cash generated from financing activities</b>		<u>9,058</u>	<u>111,318</u>
<b>Net increase in cash and cash equivalents</b>		620,304	22,844
<b>Cash and cash equivalents at 1 January</b>		<u>324,047</u>	<u>301,203</u>
<b>Cash and cash equivalents at 31 December</b>		<u><u>944,353</u></u>	<u><u>324,047</u></u>

## 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:

- The annual improvements project published in May 2010.

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 1st January 2011. 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 1st January 2013, but this might be revised to 1st 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 profit or loss, but the company will be able to make an irrevocable election to present changes in fair value of investments in equity instruments in other comprehensive income.

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 2011. IFRS 9 will not be adopted until 2013 and the directors have not yet decided whether to make the election in respect of investments in equity instruments referred to above.

**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 balance sheet 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 related expenditure has been incurred.

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

Income from other sources is recognised 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:

	<u>Rate - %</u>
Motor vehicles	20
Furniture & fittings	13
Office equipment	25
Computers, copiers & faxes	33

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 balance sheet 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)**

**1) 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 balance sheet 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 balance sheet date, those which the directors have the express intention of holding for less than 12 months from the balance sheet 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 balance sheet date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet 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 balance sheet 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/uncertainty that are likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**3. Risk management objectives and policies**

**a) Financial risk management**

The 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:

	<b>Fully performing</b>	<b>Past due but not impaired</b>	<b>Past due and impaired</b>	<b>Total</b>
	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>
<b>31 December 2011</b>				
Account receivables	4,071	-	-	4,071
Other receivables	8,976	-	-	8,976
Cash at bank	<u>944,352</u>	<u>-</u>	<u>-</u>	<u>944,352</u>
Gross financial assets	<u>957,399</u>	<u>-</u>	<u>-</u>	<u>957,399</u>
<b>31 December 2010</b>				
Account receivables	2,950	-	-	2,950
Other receivables	14,575	-	-	14,575
Cash at bank	<u>323,759</u>	<u>-</u>	<u>-</u>	<u>323,759</u>
Gross financial assets	<u>338,334</u>	<u>-</u>	<u>-</u>	<u>338,334</u>

An impairment provision of Shs. 3,545,000 (2010: Shs. 8,413,000) 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.



*Policy Forum Limited*  
*Financial statements*  
*For the year ended 31 December 2011*

**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
<b>Year ended 31 December 2011</b>			
Account payables	79,021	16,815	235,050
	<u>79,021</u>	<u>16,815</u>	<u>235,050</u>
<b>Year ended 31 December 2010</b>			
Account payables	2,920	62,647	146,229
	<u>2,920</u>	<u>62,647</u>	<u>146,229</u>

**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.

	2011 Shs'000	2010 Shs'000
<b>4. Revenue grants</b>		
<b>Members Contribution</b>		
ActionAid	-	15,000
Kepa Service Center for Develop	21,315	7,565
Sikika Company Ltd	-	2,000
Amani Trust Foundation	-	5,000
	<u>21,315</u>	<u>29,565</u>
<b>Donors / Partners</b>		
American Jewish	146,229	132,700
European Union	144,518	216,766
Hivos	53,499	86,255
CIDA	343,284	144,327
Google.org	-	225,590
Revenue watch	72,360	168,597
Swiss Agency for Development and Cooperation (SDC)	563,600	120,000
International Budget Project	154,676	102,086
	<u>1,499,480</u>	<u>1,225,886</u>
Allocation to capital grants	(9,058)	(111,318)
(Allocation to)/release of deferred grants	(482,009)	181,407
	<u>1,008,413</u>	<u>1,295,975</u>

**NOTES (CONTINUED)**

<b>5. Other income</b>	<b>2011</b>	<b>2010</b>
	<b>Shs'000</b>	<b>Shs'000</b>
(Loss)/gain on disposal of asset	(1,183)	928
Foreign exchange gain	9,655	48,760
Reimbursement of expenses	5,453	-
Gifts and donations income	-	3,245
	<u>13,925</u>	<u>52,932</u>

**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))	367,345	236,459
Net foreign exchange gain	(9,655)	(48,760)
Depreciation on furniture and equipment	35,504	36,211
Auditors' remuneration		
Current year	<u>9,525</u>	<u>8,407</u>

**(b) Employee benefits expense**

The following items are included in employee benefits expense:

Retirement benefit costs		
Parastatal Pension Fund	<u>25,770</u>	<u>19,457</u>

**7. Taxation**

In the opinion of the Directors, Policy Forum Limited enjoys exemption from all taxes levied by the Government. Consequently no provision for taxes has been made in these financial statements. The Board of Directors is processing registration of the organisation and formal exemption from the relevant authorities.

**8. Capital grants**

	<b>2011</b>	<b>2010</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Opening balance	97,372	22,265
Received during the year	9,058	111,318
Released to statement of comprehensive income	<u>(37,062)</u>	<u>(36,211)</u>
	<u>69,368</u>	<u>97,372</u>

**NOTES (CONTINUED)**

**9. Furniture and equipment**

	<b>Motor vehicles Shs'000</b>	<b>Computer Shs'000</b>	<b>Other equipment Shs'000</b>	<b>Furniture &amp; fittings Shs'000</b>	<b>Total Shs'000</b>
<b>Year ended 31 December 2010</b>					
Opening carrying amount	-	12,611	4,787	4,867	22,265
Additions	95,015	3,696	12,607	-	111,318
Disposal	-	-	-	-	-
Depreciation charge	(21,774)	(8,898)	(4,455)	(1,084)	(36,211)
Closing carrying amount	<u>73,241</u>	<u>7,409</u>	<u>12,939</u>	<u>3,783</u>	<u>97,373</u>
<b>At 31 December 2010</b>					
Cost	95,015	37,830	31,246	8,673	172,764
Accumulated depreciation	(21,774)	(30,421)	(18,307)	(4,890)	(75,392)
Net carrying amount	<u>73,241</u>	<u>7,409</u>	<u>12,939</u>	<u>3,783</u>	<u>97,373</u>
<b>Year ended 31 December 2011</b>					
Opening carrying amount	73,241	7,409	12,939	3,783	97,373
Additions	-	5,630	803	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	<u>49,487</u>	<u>5,723</u>	<u>8,879</u>	<u>5,279</u>	<u>69,368</u>
<b>At 31 December 2011</b>					
Cost	95,015	42,056	31,894	11,299	180,263
Accumulated depreciation	(45,528)	(36,333)	(23,015)	(6,020)	(110,895)
Net carrying amount	<u>49,487</u>	<u>5,723</u>	<u>8,879</u>	<u>5,279</u>	<u>69,368</u>
				<b>2011</b>	<b>2010</b>
				<b>Shs'000</b>	<b>Shs'000</b>
<b>10. Account receivables</b>					
Account receivables				4,071	2,950
Advances				8,976	14,575
Prepayments				2,118	3,865
				<u>15,165</u>	<u>21,390</u>
<b>11. Account payables</b>					
Other payables				319,725	156,333
Accruals				12,205	55,464
				<u>331,930</u>	<u>211,797</u>
<b>12. Deferred grants</b>					
At 1 January				78,110	259,517
Allocation from/(to) revenue grants				482,009	(181,407)
				<u>560,119</u>	<u>78,110</u>

*Policy Forum Limited*  
*Supplementary information*  
*For the year ended 31 December 2011*

<b>COMPARISON OF BUDGET AND ACTUAL EXPENDITURE</b>	<b>Budget</b>	<b>Actual</b>	<b>Actual/ Budget</b>
<b>Account description</b>	<b>2011</b>	<b>2011</b>	<b>%</b>
	<b>Tshs</b>	<b>Tshs</b>	
1.0 Policy Analysis			
1.1 Analytical think pieces/briefs/issue guides	17,000,000	13,669,950	80%
1.2 Analytical support to civil society policy engagement	1,000,000	267,800	27%
1.3 Proactive participation in the budget process	6,000,000	5,913,750	99%
1.4 Localisation of Open Budget Index (OBI)	2,000,000	-	0%
1.5 Governance study	35,000,000	40,680,000	116%
1.6 Programme Staff	70,234,416	73,050,447	104%
<b>Total 1.0 Policy Analysis</b>	<b>131,234,416</b>	<b>133,581,947</b>	<b>102%</b>
2.0 Communication & Public Engagement			
2.1 PF Website and Branding	3,000,000	2,643,500	88%
2.2 Pooling/ Evaluation of Policy Forum Publications	6,000,000	1,350,000	23%
2.3 Popularization of Policy Documents	2,800,000	2,800,000	100%
2.4 Monthly Breakfast Debates	72,000,000	81,762,264	114%
2.5 Communication to Members	16,500,000	16,327,495	99%
2.6 Monthly Meetings	8,400,000	5,568,887	66%
2.7 Strategic use of media	120,000,000	105,420,900	88%
2.8 Programme staff	75,787,488	80,739,703	107%
<b>Total 2.0 Communication &amp; Public Eng</b>	<b>304,487,488</b>	<b>296,612,749</b>	<b>97%</b>
3.0 Enhanced Capability of CSOs			
3.1 Non Dsm to effectively participate in 3 quarterly meetings in 2010	33,500,000	29,690,867	89%
3.2 Inst. of SAM with GOT and its embedment in PF Member activities	16,400,000	17,176,176	105%
3.3 Two additional partner networks for SAM and training of add. NGOs	72,670,000	81,444,906	112%
3.4 Strengthening and monitoring of 2010 SAM partnership	12,600,000	13,261,394	105%
3.5 Systematic documentation of advocacy experience	6,150,000	2,865,000	47%
3.6 Manager & P. Assistant	68,588,304	61,333,889	89%
<b>Total 3.0 Enhanced Capability of CSOs</b>	<b>209,908,304</b>	<b>205,772,233</b>	<b>98%</b>
4.0 Strategic Policy Engagement			
4.1 Selective Policy Engagement	200,000,000	52,984,866	26%
4.2 Strategic Collaboration with others	2,000,000	842,400	42%
4.3 Local and international networking	6,000,000	5,751,566	96%
<b>Total 4.0 Strategic Policy Engagement</b>	<b>208,000,000</b>	<b>59,578,833</b>	<b>29%</b>
5.0 Institutional Governance, Planning, Monitoring and Evaluation			
5.1 Internal Planning, Annual strategic meeting and SC retreat	54,700,000	38,092,680	70%
5.2 Technical Assistance	4,725,000	1,959,600	41%
5.4 Independent financial audit	9,000,000	9,525,290	106%
5.5 Evaluation	9,700,000	8,964,979	92%
<b>Total 5.0 Institutional Governance, PI</b>	<b>78,125,000</b>	<b>58,542,550</b>	<b>75%</b>
1.0 Salaries and Benefits			
1.1 Coordinator	69,839,376	74,596,533	107%
1.3 Finance & Admin Officer	32,119,356	34,215,835	107%
1.4 Driver	15,600,204	16,879,338	108%
1.5 Office Assistant	16,422,576	18,377,264	112%
1.6 Organizational development	8,100,000	8,152,051	101%
<b>Total 1.0 Salaries and Benefits</b>	<b>142,081,512</b>	<b>152,221,021</b>	<b>107%</b>
2.2 Computer and telephone Equipment for expanded office			
2.2.1 1 computer/spare parts and external drive(backup)	5,200,000	5,629,596	108%
2.2.2 Computer softwares/upgrades	2,350,000	1,215,295	52%
2.2.3 IT support	6,000,000	2,430,000	41%
2.2.4 lock file cabinet & other fixture	700,000	802,800	115%
2.2.5 Other assets purchase		2,625,660	
<b>Total 2.0 Assets</b>	<b>14,250,000</b>	<b>12,703,351</b>	<b>89%</b>

*Policy Forum Limited*  
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COMPARISON OF BUDGET AND ACTUAL EXPENDITURE (Continued)	Budget 2011 Tshs	Actual 2011 Tshs	Actual/ Budget %
<b>Account description</b>			
3.0 Running Cost			
3.1 Office rent	24,000,000	24,360,717	102%
3.2 Office repairs,equipment in	7,900,000	7,616,040	96%
3.3 Electricity,water & utiliti	4,500,000	5,166,942	115%
3.4 Communication(tel,fax,email	13,360,000	12,876,633	96%
3.5 Security/cleaning services	11,000,000	10,317,742	94%
3.6 Stationery & Supplies	7,500,000	7,538,513	101%
3.7 Bank/Legal fees and charges	3,500,000	15,599,419	446%
3.8 Transport(including mainten	15,000,000	14,982,743	100%
Total 3.0 Running Cost	<b>86,760,000</b>	<b>98,458,750</b>	<b>113%</b>
Unanticipated/ Contingency	46,993,869	16,626,955	35%
<b>Total budget</b>	<b>1,221,840,589</b>	<b>1,017,471,432</b>	<b>83%</b>
The above expenditure is recognised as;			
Programme expense		754,088,311	
Secretariat		254,325,065	
Capital expenditure (Note 9)		9,058,056	
<b>Total actual as above</b>		<b>1,017,471,432</b>	