

**ACTIONAID TANZANIA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

# **ACTIONAID TANZANIA**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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# **ACTIONAID TANZANIA**

## **ORGANIZATION INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022**

### **PRINCIPAL PLACE OF ACTIVITIES**

ActionAid Tanzania  
Mikocheni B area  
Plot 79 Makuyuni Street,  
P. O. Box 21496  
Dar es Salaam, Tanzania

### **BANKERS**

Standard Chartered Bank  
International House Branch  
P. O. Box 9011  
Dar es Salaam, Tanzania

National Microfinance Bank  
Oyster Plaza Branch  
P.O. Box 9213  
Dar es Salaam, Tanzania

### **LEGAL ADVISORS**

BM Attorneys  
1st Floor Canton Building  
P.O. Box 4681  
Dar es Salaam, Tanzania

### **AUDITORS**

PricewaterhouseCoopers  
Certified Public Accountants  
Pemba House,  
369 Toure Drive, Oyster Bay,  
P.O. Box 45,  
Dar es Salaam  
Tanzania

## **ACTIONAID TANZANIA**

### **LIST OF ACRONYMS AND ABBREVIATIONS**

AAI	ActionAid International
AATZ	ActionAid Tanzania
AMCOS	Agricultural Marketing Cooperative Society
BRELA	Business Registration and Licencing Agency
CMR	Country Model Review
CP	Country Programme
CSOs	Civil Society Organizations
DA	Development Area
DANIDA	Danish International Development Agency
EC	European Commission
GAAP	Generally Accepted Accounting Principles
GBP	Great Britain Pound
HR	Human Resource
HROD	Human Resource and Organization Development
ICT	Information and Communication Technology
IESBA	International Ethics Standards Board for Accountants
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
IT	Information Technology
INGOs	International Non-Governmental Organizations
IPSAS	International Public Sector Accounting Standards
ISAs	International Standards on Auditing
LRP	Local Rights Programme
M&E	Monitoring and Evaluation
MEL	Monitoring, Evaluation and Learning
MS	Mellemfolkelight Samvirke (ActionAid Denmark)
N/A	Not Applicable
NBAA	National Board of Accountants and Auditors
NGOs	Non-Governmental Organizations
NORAD	Norwegian Agency for Development Cooperation
PRRP	Participatory Review and Reflection Process
SDC	Swiss Agency for Development and Cooperation
SHEA	Sexual Harassment Exploitation and Abuse
TZS	Tanzanian Shilling
UK	United Kingdom

# **ACTIONAID TANZANIA**

## **REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2022**

### **1. INTRODUCTION**

The members charged with governance of ActionAid Tanzania submit their report and the audited financial statements for the year ended 31 December 2022, prepared to disclose the state of affairs in accordance with the International Public Sector Accounting Standards.

### **2. INCORPORATION**

ActionAid Tanzania ("the Organisation") started as an international non-governmental development agency which was established in Tanzania in 1998 under Tanzania Society Ordinance 1954 as ActionAid International Tanzania. As of 23 February 2011, the Organisation changed its registration charter to Companies Act, 2002 and thus registered as a company limited by guarantee (the term 'limited' was waived afterwards) and accorded registration number 81643 by Business Registration and Licencing Agency (BRELA). After change of the Companies Act in 2019, ActionAid Tanzania complied and re-registered with the registrar of NGOs under the new Act of 2019 and accorded the registration number 00/R2/00031 as a local NGO.

### **3. ORGANISATION MISSION AND VISION**

**Our Vision:** "A Tanzania without poverty, injustice and inequality in which every person enjoys sustainable development and right to a life of dignity".

**Our Mission:** "To eradicate poverty, inequality and injustices by working with people living in poverty and exclusion and their institutions, partners and alliances, social movements and supporters."

### **4. PRINCIPAL ACTIVITY**

ActionAid Tanzania has been engaged in development activities with four program priorities namely:

- Address structural causes of violence against women, promote gender equality and secure economic justice to women and girls.
- Enhance civic participation and state accountability for democratic governance and redistribution of public resources for the delivery of quality, gender responsive public services.
- Strengthen resilient livelihoods and promote climate justice; and
- Advance the rights of young people.

ActionAid Tanzania is a member of ActionAid International (AAI) federation which operates in more than 40 countries in Africa, Asia, Latin America, Europe, and Australia. In Tanzania, it operates at national level and 8 district-based Local Rights Programmes (LRPs) previously known as Development Areas (DAs) that are found in five administrative regions namely, Mtwara, Dodoma, Singida, Lindi and Zanzibar.

### **5. MANAGEMENT OF THE ORGANISATION AND ADMINISTRATIVE MATTERS**

The Organisation is under the oversight of the Board which is appointed by the General Assembly, and the day-to-day operations are headed by the Country Director together with other members of Senior Management Team consisting of the heads of departments, women's forum representative and women's right manager. The Organisation structure comprises of the following departments: -

- Finance,
- Programmes & Policy (which supports & supervises the LRPs), and
- Human Resources, Organizational Development & Support Services (which includes IT and administration).

The Organization is capable of handling all administrative matters.

## **ACTIONAID TANZANIA**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **6. PERFORMANCE OBJECTIVES AND STRATEGIES**

ActionAid Tanzania goal is to ensure social justice, gender equality and accountability achieved by shifting power and redistributing resources and the rights of people living in poverty and exclusion advanced. The operational objectives will be attained through below strategies to improved support structure and systems of ActionAid Tanzania.

- Transform the governance and leadership systems and practices;
- Improve human resource and change management capabilities;
- Improve Monitoring, Evaluation and Learning systems;
- Enhance communication and ICT systems and knowledge management;
- Strengthen financial management and control systems;
- Improve support systems to create an enabling environment; and
- Resource the realization of the strategy.

#### **7. FUTURE PROSPECTS/DEVELOPMENTS**

Due to existing global economic challenges and pandemics experienced in prior years, which to some extents have impacted our funding affiliates capacity to raise funding as a strategy to proactively respond to these challenges and going concern risks, the members have agreed to

- raise resources of the right kind to deliver our strategic goals,
- redistribute resources within the organisation for effectiveness and efficiency in meeting strategic goals; and
- invest resources for innovation, sustainability, and growth.

The organisation plans to achieve these in the interim period by

- proactively exiting in some LRPs and reduce staff size to fit within available resources,
- Shift our major focus and "business model" to delivering projects for institutional donors, including setting ourselves up to win and deliver donor commercial contracts; and
- Invest to create a compelling popular identity and focus to renew our public support base and individual giving/ child sponsorship income.

These strategies focus to reduce number of priorities to respond to decrease in funding, and ensure bigger impacts on specific areas, which will promote the organization niche and identity to reframe and reassert ActionAid Tanzania rootedness in communities and longer-term work and reassert the need to deliver impact at all levels from local, national, and international through our affiliate members.

ActionAid is looking forward to redesign and reorganise how it works and relates externally as well as internally in order to respond to the changing context and operational environment based on needs to achieve visible impact at all levels.

#### **8. PERFORMANCE FOR THE YEAR**

During the year ended 31 December 2022, ActionAid Tanzania raised a total of more than TZS 6 billion, composed of income from Child Sponsorship amounting to TZS 3.58 billion, projects income of TZS 2.34 billion, TZS 50 million from asset disposal and TZS 47 million being miscellaneous donations.

The income raised from Regular Giving/Child Sponsorship is TZS 3.58 billion this corresponds to the ongoing increase in number of individual supporters allocated by funding affiliates. Income from the regular sources generally constitutes 60% of the total income for the period.

During the year, partnership/projects income (non-sponsorship income) was TZS 2.34 billion, which was 41% lower compared to that of 2021 (i.e., TZS 3.96 billion in 2021 to TZS 2.34 billion in 2022). The reason for the decrease is due to phasing out of completed projects as shown in Note 21 of the financial statements.

## **ACTIONAID TANZANIA**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **8. PERFORMANCE FOR THE YEAR (CONTINUED)**

The total expenditure incurred for the year ended 31 December 2022 was TZS 6.2 billion which is less by 17% compared to prior year in 2021 of TZS 7.5 billion. This is a result of decline in income as explained above.

The use of these funds in the year ended 31 December 2022 and the state of financial position as on that date is shown in the statement of financial performance and the statement of financial position presented on page 20 and 21 respectively.

#### **9. RESOURCES**

Resources of ActionAid Tanzania are raised in support of the affiliate members from west who we call fundraising affiliates. There is an internal guiding relationship for fundraising purposes with the funding affiliates for a joint effort in raising of the resources from individual owners. And through proposal writing to various funding institutions for various project grants and contract.

During the year ended 31 December 2022 ActionAid Tanzania had 9,081 individual supporters from UK, Italy, Sweden, and Greece, and had 6 project 2 of which phased out during the year 2022.

#### **10. RISK MANAGEMENT AND INTERNAL CONTROL**

Members of the Board accept final responsibility for the risk management and internal control systems of the Organisation. It is the task of the Board to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations.
- The safeguarding of the Organisation's assets.
- Compliance with applicable laws and regulations.
- The reliability of accounting records.
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Organisation system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 December 2022 and is of the opinion that they met accepted criteria.

The Organisation has put in place defined procedures and financial controls to ensure reporting of complete and accurate accounting information. These systems cover for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant risk on the Organisation. Procedures are also in place to ensure that the Organisation's assets are subject to proper physical controls and that the Organisation remains structured to ensure appropriate segregation of duties.

- Monthly management meetings done to monitor performance and to agree on measures of improvement,
- Developed annual risk matrix, revised and updated it every quarter,
- Participatory Review and Reflection Process (PRRP) conducted in which accountability is taken as two-way process with relevant stakeholders taking part in the process to ensure accountability to each other i.e. AATZ Management and community/beneficiaries and other stakeholders. This is an important tool towards enhancing internal and external accountability.

## ACTIONAID TANZANIA

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11. LIQUIDITY AND GOING CONCERN

The financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities and commitments will occur in the ordinary course of business. As at the date of this report, those charged with governance have reasonable expectation that the ActionAid Tanzania has adequate resources and will raise the required resources in 2023 to continue in operational existence for at least 12 months from the date of this report and in foreseeable future. The approved budget for 2023 is TZS 4,996,350,000 financed by

- Confirmed Grant income from ActionAid International of TZS 3,373,189,699 and
- Funding agreement with different development partners for year 2023 and beyond as follows:
  - OAK Foundation through Pathfinder International 2023 budget of TZS 252,876,669,
  - Bill and Melinda Gate through ActionAid USA 2023 budget of TZS 65,504,142 equivalent,
  - DANIDA through ActionAid Denmark 2023 budget of TZS 892,208,856 equivalent, and
  - SDC through ActionAid International 2023 budget of TZS 411,670,252 equivalent.

Also, as at 31 December AATZ had TZS 215,449,521 as cash held at bank, and TZS 1,099,534,085 equivalent as funds held by ActionAid International on behalf of AATZ.

#### 12. TECHNOLOGY AND INNOVATION

The Organisation has continued to invest into technology to cope with the changing environment to satisfy demands of its stakeholders. ActionAid Tanzania has upgraded its accounting software (SunSystem) from version 4 to version 6 to automate some of its accounting internal controls, also a contract management system and currently ActionAid Tanzania is working on the human resource management information system as well. The newly adopted systems are expected to improve processing of the information and aid timely decision making.

#### 13. CORPORATE GOVERNANCE AND MANAGEMENT

The organisation has values which upholds the codes of best practices, which all members and staff are required to abide to Integrity, Mutual respect, Equity and Justice, Solidarity with People Living in Poverty and Exclusion, Courage of conviction, Independence, and Humility. We believe that these are fundamental principles in attaining the vision of the Organisation.

#### 14. MEMBERS CHARGED WITH GOVERNANCE

The Board is elected by the General Assembly after every 3 years on a rotational basis, and responsible and accountable for providing effective corporate governance, direction, and control of the organisation as per the constitution. The Board Members have a duty to exercise leadership, integrity and judgment based on transparency, fairness, accountability, and responsibility

The Board members of the Organisation who held office during the year and to the date of this report, except where otherwise stated were:

##### COMPOSITION OF BOARD MEMBERS

Name	Position	Gender	Qualification	Date appointed
Deus Kibamba	Board Chairperson  <b>Committees:</b> 1. Governance and HR: Member 2. Resource Mobilization: Chairperson	Male	-Master of Arts in International Studies -Post Graduate Diploma in Governance, Democratization and Public Policy Analysis -Bachelor of Arts in (Political Science & Public Administration) Major in International Relations	12 August 2021



**ACTIONAID TANZANIA**

**REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**14. MEMBERS CHARGED WITH GOVERNANCE (CONTINUED)**

**COMPOSITION OF BOARD MEMBERS (CONTINUED)**

<b>Name</b>	<b>Position</b>	<b>Gender</b>	<b>Qualification</b>	<b>Date appointed</b>
Maimuna Kanyamala	Vice Board Chairperson  <b>Committees:</b> 1. Programmes: Chairperson 2. Resource Mobilization: Member	Female	-Master of Arts in Development Studies -Post Graduate of Arts in Diploma Development Studies -National Diploma in Development Studies	12 August 2021
Abdallah Mashausi	Board Treasurer <b>Committees:</b> 1. Finance and Audit: Chairperson 2. Resource mobilization: Member	Male	-Master of Science in Finance - Fellow Chartered Certified Accountant (FCCA) The Association of Chartered Certified Accountants UK -Bachelor of Accounting	12 August 2021
Dr. Vicensia Shule	Board Member <b>Committees:</b> 1. Programmes: Member	Female	-PhD in Theatre Studies -Master of Performing Arts (Theatre & Film) -Bachelor of Arts in Fine and Performing Arts	12 August 2021
Safia Abrass	Board Member <b>Committees:</b> 1. Finance and Audit: Member	Female	-Master of Information Technology and Telecommunication (IT&T) -Post Graduate Diploma in Islamic Banking and Finance -Bachelor of Arts in Laws	12 August 2021
Bob Wangwe	Board Member <b>Committees:</b> Governance and HR: Member	Male	-Bachelor of Laws	12 August 2021
Sophia Mbeyela	Board Member <b>Committees:</b> 1. Governance and HR: Chairperson 2. Resource Mobilization: Member	Female	-Master of Arts in Education, Administration Policy and Planning -Bachelor of Arts in Education	12 August 2021
Herieth Josephat	Board Member <b>Committees:</b> 1. Finance and Audit: Member	Female	-Bachelor of Commerce in Accounting	12 August 2021
Khalfan Mohamed	Board Member <b>Committees:</b> 1. Programmes: Member	Male	-Bachelor of Laws	12 August 2021
Esther Maile	Board Member <b>Committees:</b> Programmes: Member	Female	-Certificate of Journalism	12 August 2021

**ACTIONAID TANZANIA****REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****14. MEMBERS CHARGED WITH GOVERNANCE (CONTINUED)****COMPOSITION OF BOARD MEMBERS (CONTINUED)**

Name	Position	Gender	Qualification	Date appointed
Jean Nyiringabo	Board Member <b>Committees:</b> Programmes: Member	Female	-Ph.D. in Strategy, Programme and Project Management -Master of Business Administration-Finance -Post Graduate Diploma in Management -Bachelor of Science in Management -Advanced Diploma in Accounting	12 August 2021

**NB:** All Members are Tanzanian Nationals except for Jean Nyiringabo who is a Rwanda National

The board is chaired by the Board Chairman and assisted by the Country Director as secretary of the board. During the financial year the board convened for 3 regular meetings and attended by the members as outlined below;

No	Name	12 May 2022	30 August 2022	24 November 2022	Attendance %
1.	Deus Kibamba	Attended	Attended	Attended	100%
2.	Maimuna Kanyamala	Attended	Attended	Attended	100%
3.	Abdallah Mashausi	Attended	Attended	Attended	100%
4.	Jean Nyiringabo	Attended	Attended	Attended	100%
5.	Sophia Mbeyela	Attended	Attended	Attended	100%
6.	Bob Wangwe	Attended	Attended	Attended	100%
7.	Khalfan Mohamed	Attended	Attended	Attended	100%
8.	Herieth Josephat	Absent (with apologies)	Attended	Attended	66%
9.	Esther Maile	Attended	Absent (with apologies)	Attended	66%
10.	Safia Abrass	Attended	Attended	Absent (with apologies)	66%
11.	Vicensia Shule	Absent (with apologies)	Absent (with apologies)	Absent (with apologies)	0%

\*N/A Means was not a board member at the time.

**ACTIONAID TANZANIA**

**REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**14. MEMBERS CHARGED WITH GOVERNANCE (CONTINUED)**

Below is a summary of the meetings agendas, discussion and resolutions made by the board in the financial period ended 31 December 2022.

Date: 12 May 2022		
Meeting: Board Meeting		
Type: Regular		
Attendance: 9/11		
Agenda	Discussion	Resolution
Review and validate the programs committee meeting minutes.	RECEIVED briefing from the Chairperson of programs committee on the process and outcome of the committee meeting held on 10 May 2022.	DIRECTED the management to put in place the M&E framework that will inform the Board on a bigger picture of programs and ensure result-based reporting.
Review and validate the finance and audit committee meeting minutes.	RECEIVED a presentation from the Chairperson of finance and audit committee on the process and outcome of the committee meeting held on 11 May 2022.	ADVISED the management to complete cost benefit analysis for the Internal Audit function whether to outsource, recruit or service sharing with other ActionAid Countries to be presented in the next Board meeting.
Review and validate the Board governance and HR committee meeting minutes.	RECEIVED briefing from the Chairperson of Board governance and HR committee on the process and outcome of the committee meeting held on 10 May 2022.	<ul style="list-style-type: none"> <li>RECOMMENDED the management to organize the forum for retreat and reflection for Board members to build relationships, re-engage with the vision and mission of the organization and celebrate the work performed over the past year.</li> </ul> <p>ADVISED the management to procure the long-lasting notebooks/diaries for the Board which will be used for AATZ works.</p>
Review and validate the resource mobilization committee meeting minutes.	RECEIVED briefing from the Chairperson of resource mobilization committee on the process and outcome of the committee meeting held on 11 May 2022.	RECOMMENDED the management to get the progress/updates of oil processing machines supported by AATZ to the AMCOS group in Singida for learning, documentation and sharing.
Review the 2022 risk matrix.	PRESENTED by Country Director the 2022 risk matrix which includes political risk, compliance risks, financial risk, human resource related risks and covid-19 pandemic related risks.	Advised the management to explore and start to generate ideas for AATZ social enterprises.

**ACTIONAID TANZANIA**

**REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**14. MEMBERS CHARGED WITH GOVERNANCE (CONTINUED)**

Date: 30 August 2022		
Meeting: Board Meeting		
Type: Regular		
Attendance: 9/12 (1 Co-opted member attended the meeting, total number of Board members is 11)		
<b>Agenda</b>	<b>Discussion</b>	<b>Resolution</b>
Review and validate the finance and audit committee meeting minutes.	RECEIVED a presentation from the Chairperson of finance and audit committee on the process and outcome of the committee meeting held on 29 August 2022.	<ul style="list-style-type: none"> <li>DIRECTED the management to issue a formal letter to the external auditor for delaying submitting the final audit report, despite several reminders and follow ups.</li> </ul> <p>ADVISED the management to ensure that financial reports to the NGO Registrar are filed on time to avoid delays that may attract penalties.</p>
Review and validate the board governance and HR committee meeting minutes.	RECEIVED briefing from the Chairperson of board governance and HR committee on the process and outcome of the committee meeting held on 29 August 2022.	<ul style="list-style-type: none"> <li>ADVISED the management to come up with reporting framework that would ensure progress and compliance to SHEA and Safeguarding policies is regularly reported to Board Members, during Regular Board meeting.</li> </ul> <p>FURTHER ADVISED the management to explore the possibilities for AATZ to own office premises (either by purchasing a house or buy a plot of land and build an office) to reduce operation costs that are incurred because of paying rent and it may also be used as an income generating asset if excess space is rented out. Therefore, the management was assigned to come up with a proposal with options on how AATZ can be able to own its own office premises.</p>
Review and validate the resource mobilization committee meeting minutes.	RECEIVED briefing from the Chairperson of resource mobilization committee on the process and outcome of the committee meeting held on 29 August 2022.	ADVISED the management to continue promoting partnership and good relationship with potential development partners including the Germany Corporation.
Review the 2022 risk matrix.	PRESENTED by Country Director the 2022 risk matrix which includes political risk, compliance risks, financial risk, human resource related risks and covid-19 pandemic related risks.	ADVISED the management to further update the risk matrix especially on the current status quo of the civic space to evaluate if the context is changing or not.

**ACTIONAID TANZANIA**

**REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**14. MEMBERS CHARGED WITH GOVERNANCE (CONTINUED)**

Date: 24 November 2022		
Meeting: Board Meeting		
Type: Regular		
Attendance: 10/12 (1 Co-opted member attended the meeting, total number of Board members is 11)		
<b>Agenda</b>	<b>Discussion</b>	<b>Resolution</b>
Review and validate the pprograms ccommittee meeting minutes.	RECEIVED briefing from the Chairperson of programs committee on the process and outcome of the committee meeting held on 22 November2022.	ADVISED the management to be proactive and bring MEL framework which will inform the Committee on a bigger picture of Programs and ensure result-based reporting.
Review and validate the finance and audit committee meeting minutes.	RECEIVED a presentation from the Chairperson of finance and audit committee on the process and outcome of the committee meeting held on 23 November 2022.	FURTHER ADVISED the management to prepare the recommendation of service shared. options for internal audit for Board approval.
Review and validate the board governance and HR committee meeting minutes.	RECEIVED briefing from the Chairperson of board governance and HR committee on the process and outcome of the committee meeting held on 22 November 2022.	<ul style="list-style-type: none"> <li>• ADVISED the management to play active role in ActionAid International Federation engagements by involving Board members in programming part including engaging Board in ActionAid International Campaigns.</li> <li>• FURTHER ADVISED the management to continue reminding Board to monitor compliance to assurance policies by occasionally sending the list of policies to the Board for awareness and reviews.</li> </ul> <p>ADVISED the management to continually updating Board members on the core organizational policies, procedures and guides.</p>
Review and validate the resource mobilization committee meeting minutes.	RECEIVED briefing from the Chairperson of resource mobilization committee on the process and outcome of the committee meeting held on 23 November 2022.	<ul style="list-style-type: none"> <li>• FURTHER ADVISED the management to start practicing sending end of year communication/message to the potential donors and partners as part of introducing AATZ and continue building relations with potential donors.</li> </ul> <p>ADVISED the management to make good use of the opportunities that are available due to the phase out process of Denmark Embassy in Tanzania, particularly on the aspect of transferring funds, projects or interventions direct to partners.</p>

## ACTIONAID TANZANIA

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 14. MEMBERS CHARGED WITH GOVERNANCE (CONTINUED)

Date: 24 November 2022 (continued)		
Meeting: Board Meeting		
Type: Regular		
Attendance: 10/12 (1 Co-opted member attended the meeting, total number of Board members is 11)		
Agenda	Discussion	Resolution
Review the Implementation of CMR at AATZ.	PRESENTED by Country Director the country model review (CMR) process.	ADVISED the management to document the ActionAid Tanzania CMR process.
Updates on AA SHEA and Safeguarding.	PRESENTED by Country Director the ActionAid Tanzania SHEA and Safeguarding updates.	ADVISED the management that SHEA and Safeguarding policies to be the standing agenda in Board meetings.

#### Board Members Evaluation and trainings

Board chairperson and Management continued strategizing on ensuring that Board and General Assembly members are supported with capacity development program to enhance their skills and improve their oversight roles. During the year the boards received the following trainings and inductions.

- 19 August 2022-Board and Management retreat

Also, the board undertakes self-assessment annually to evaluate how they understand their roles and advise management to plan trainings that would bridge the knowledge gap in ensuring that the board members are equipped with capacities to execute their role. Assessment Result for the year 2022 was analysed and reported during the 24 November 2022 regular Board Meeting. All gaps noted were incorporated into capacity development plan for the year 2023.

#### 15. MANAGEMENT TEAM

The Board is responsible of recruiting the Country Director who is responsible to oversees overall operations of the Organisation and reports to the Board Chair. He is assisted by the Senior Management Team which is comprised of Head of Finance, Head of Human Resource, Organizational Development and Support Services, Head of Programs and Policy, Women's Right and Local Rights Programmes (LRPs) oversight Manager, and Staff's Women Forum Chairperson. The Management of the organization undertakes its tasks with integrity and in accordance with the organization's procedures, generally accepted corporate practices and adheres to internationally developed principles of good corporate governance.

#### Composition of Management team

Name	Position	Age	Qualification	Nationality	Date Joined	Date of Resignation
Bavon Christopher	Country Director	42	MBA, B. Com, ACPA-PP(T)	Tanzanian	March 2020	Continuing
Jovina Nawenzake	Head of Programs and Policy	51	PGD in Leadership and Governance	Tanzanian	June 2003	Continuing
Daniel Mwakitalima	Head HROD and Support Services	52	MBA, B. Com	Tanzanian	December 2016	November 2022

## ACTIONAID TANZANIA

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 15. MANAGEMENT TEAM (CONTINUED)

##### Composition of Management team (continued)

Name	Position	Age	Qualification	Nationality	Date Joined	Date of Resignation
Amne Managwa	Women's Rights and LRP Oversight Manager	31	LLM, LLB	Tanzanian	November 2008	September 2022
Raphael Kabeho	Acting Head of Finance	40	ADA, Business Administration-Accounts	Tanzanian	March 2020	Continuing
Maclina Kasunga	Staff's Women Forum Chairperson.	52	BA in Development Studies	Tanzanian	April 2011	August 2022

The Senior Management Team meets regularly (monthly, quarterly, semi-annually, and annually) to review and discuss on overall performance of the Organisation including reviewing programme performance, Management Accounts, HR, and Organizational Development processes and perform other administration tasks and takes appropriate actions to ensure that activities are implemented in line with the Country Strategy Paper and annual plans. The Management team receives timely information from functional units so that it can maintain full and effective control over strategic, financial, and operational matters and compliance issues related to the Organisation.

#### 16. EMPLOYEES

##### Gender parity

The Organisation 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, tribe, religion, and disability.

As at 31 December 2022, the Organisation had the following mix of employees by gender.

Gender	31 Dec 2022	%	31 Dec 2021	%
Male	19	73	22	61
Female	7	27	14	39
<b>Total</b>	<b>26</b>	<b>100</b>	<b>36</b>	<b>100</b>

##### Staff Welfare

Staff welfare is covered under the terms and conditions of employment contracts that outline various benefits and policies governing employment.

##### Management and Employees Relationship

The Board requires the Management to always maintain good relationship with employees. The Board has always acted appropriately on substantiated employee's complaints against the Management without undermining management's role, responsibilities, and mandates.

#### 17. PERSONS WITH DISABILITIES

The organisation has a policy of continued employment of people who become disabled while in the Organisation's service. The Organisation is also committed to recruit persons with disabilities for suitable positions.

## ACTIONAID TANZANIA

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 18. RELATED PARTY TRANSACTIONS AND BALANCES

The related party transactions and balances are disclosed in Note 22 to the financial statements.

#### 19. AUDITORS

PricewaterhouseCoopers have been appointed to be the auditor of ActionAid Tanzania for the year ended 31 December 2022. The auditors have expressed their willingness to continue in office and are eligible for re-appointment.

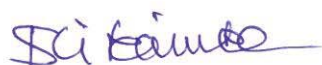
Auditors' details are included in the table below:

Name	PricewaterhouseCoopers
Address	Pemba House, 369 Toure Drive, Oyster Bay, P.O. BOX 45, Dar es Salaam
Firms' Registration	Registered pursuant to and in accordance with the provisions of the Business Names (Registration) with certificate of registration number 117633. Also, registered under Accountant and Auditors registration Acts 1972 as amended in 1995
TIN	100-212-285
PF Numbers	047
Appointment of the auditor and any rotation requirement.	Auditor is appointed annually by the General Assembly after being solicited through a competitive procurement process as per procurement rules and regulations.

#### 20. STATEMENT OF COMPLIANCE

Those charged with governance confirm compliance of the report with the provision of Tanzania Financial Reporting Standards (TFRS 1) and all other statutory legislations relevant to the entity.

Approved by the Board of Directors and signed on its behalf by:



Deus Kibamba  
Chairperson

Date: 13 June 2023



## **ACTIONAID TANZANIA**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors have the responsibilities to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Organization as at the end of the financial year and of its surplus or deficit for the year. It also requires the directors to ensure that the Organization keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Organization. They are also responsible for safeguarding the assets of the Organization and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). 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 Organization and of its surplus in accordance with International Public Sector Accounting Standards (IPSAS). The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

Signed on behalf of the Board of Directors by:



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Deus Kibamba  
Chairperson

Date: 13 June 2023

## **ACTIONAID TANZANIA**

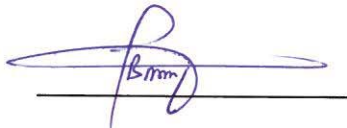
### **DECLARATION OF THE HEAD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2022**

The National Board of Accountant and Auditors (NBAA) according to the power conferred under the Auditor and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statement to be accompanied with a declaration issued by the Head of Finance 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 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 Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the board of Directors as under the statement of Directors' responsibilities on an earlier page.

I, Bavon Christopher on behalf of the head of finance of ActionAid Tanzania hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements of ActionAid Tanzania comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



Name: Bavon Christopher  
Position: Country Director

NBAA Membership No. ACPA2438

Date: 13 June 2023

## *Independent auditor's report*

To the members of ActionAid Tanzania

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of ActionAid Tanzania (the "Organization") as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

#### **What we have audited**

The financial statements of ActionAid Tanzania as set out on pages 20 to 45 comprise:

- the statement of financial position as at 31 December 2022;
- the statement of financial performance for the year then ended.
- the statement of changes in net assets for the year then ended.
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

#### **Independence**

We are independent of the Organization in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

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#### *Other information*

The directors are responsible for the other information. The other information comprises the organization information, list of acronyms and abbreviations, report by those charged with governance, statement of directors' responsibilities, and declaration of the head of finance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Independent auditor's report (Continued)*

To the members of ActionAid Tanzania

### *Report on the audit of the financial statements (Continued)*

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#### *Responsibilities of the directors for the financial statements*

The directors are responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and for such internal control 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.

In preparing the financial statements, the directors are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Organization or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

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#### *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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

*Independent auditor's report (Continued)*

To the members of ActionAid Tanzania

*Report on the audit of the financial statements (Continued)*

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*Auditor's responsibilities for the audit of the financial statements (continued)*

We communicate with the directors 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.



Delvina Libent, ACPA-PP

**For and on behalf of PricewaterhouseCoopers**

Certified Public Accountants

Dar es Salaam

Date 13 June 2023

**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**STATEMENT OF FINANCIAL PERFORMANCE**

		<u>2022</u>
	Note	TZS'000
<b>REVENUE</b>		
<b>Revenue from non- exchange transactions</b>		
Grants from Action Aid International	6	3,589,634
Projects grant income	7	2,340,802
Other income	8	<u>47,096</u>
		6,027,532
<b>Revenue from exchange transactions</b>	9	<u>50,411</u>
		<u>6,027,943</u>
<b>EXPENDITURE</b>		
Direct programme expenditure	10	(4,837,905)
Country office cost	11	(792,840)
Other cost	12	(388,060)
Foreign currency exchange loss	13	<u>(192,670)</u>
		<u>(6,211,475)</u>
<b>Deficit for the year</b>		(183,532)
Income tax expense	14	<u>(8,804)</u>
<b>Net deficit for the year</b>		<u>(192,336)</u>

**ACTIONAID TANZANIA****FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2022****STATEMENT OF FINANCIAL POSITION**

	Note	<u>31-Dec-2022</u> TZS'000	<u>01 Jan-22</u> <u>Restated</u> TZS'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	15	<u>82,466</u>	<u>123,697</u>
<b>Current assets</b>			
Receivables from exchange transactions	16	120,011	75,485
Recoverable from non-exchange transactions	17	1,203,703	1,444,966
Cash and bank balances	18	<u>215,450</u>	<u>279,373</u>
		<u>1,539,164</u>	<u>1,799,824</u>
<b>TOTAL ASSETS</b>		<u><u>1,621,630</u></u>	<u><u>1,923,521</u></u>
<b>NET ASSETS AND LIABILITIES</b>			
Accumulated funds		<u>802,006</u>	<u>994,342</u>
<b>Current liabilities</b>			
Payables from exchange transactions	19	355,855	424,724
Income tax payable	14	8,837	12,410
Deferred revenue grant	21	<u>454,932</u>	<u>492,045</u>
		<u>819,624</u>	<u>929,179</u>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<u><u>1,621,630</u></u>	<u><u>1,923,521</u></u>

The financial statements on pages 20 to 45 were approved for issue by the Board of Directors on 13 June 2023 and signed on its behalf by:



Deus Kibamba  
Board Chairperson



Bavon Christopher  
Country Director

**ACTIONAID TANZANIA**

**STATEMENT OF CHANGES IN NET ASSET  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Net assets TZS'000</b>
<b><u>Year Ended 31 December 2022</u></b>	
At start of the year	994,342
Deficit for the year	<u>(192,336)</u>
At end of the year	<u>802,006</u>
<b><u>As 1 January 2022 (Restated)</u></b>	
At start of the year	967,110
Surplus for the year	<u>27,232</u>
At end of the year	<u>994,342</u>



**ACTIONAID TANZANIA**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	<u>31-Dec-2022</u> TZS'000	<u>01 Jan-22</u> <u>Restated</u> TZS'000
(Deficit)/ Surplus for the year		(183,532)	27,232
<b>Adjustments for non-cash movements</b>			
Depreciation – Property and equipment	15	41,231	100,165
<b>Changes in working capital</b>			
(Decrease)/Increase in Receivables from exchange transactions	16	(44,526)	183,815
Decrease in Recoverable from non-exchange transactions	17	241,263	249,462
Decrease in Payables from exchange transactions	19	(68,869)	(115,905)
Decrease in deferred revenue grants	21	(37,113)	(435,707)
<b>Net cash flows from operating activities</b>		<u>(51,546)</u>	<u>9,062</u>
<b>Income tax paid</b>		<u>(12,377)</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	15	<u>-</u>	<u>(185,550)</u>
<b>Net cash flows from investing activities</b>		<u>-</u>	<u>(185,550)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(63,923)</u>	<u>(176,488)</u>
<b>Movement in cash and cash equivalents</b>			
At start of the year		279,373	455,861
Net decrease		<u>(63,923)</u>	<u>(176,488)</u>
<b>Cash and cash equivalents at 31 December</b>	18	<u><u>215,450</u></u>	<u><u>279,373</u></u>

# **ACTIONAID TANZANIA**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

### **NOTES**

#### **1 GENERAL INFORMATION**

ActionAid Tanzania (“the Organization”) started as an international non-governmental development agency which was established in Tanzania in 1998 under Tanzania Society Ordinance 1954 as ActionAid International Tanzania. As of 23rd February 2011, the agency changed its registration charter to Companies Act, 2002 and thus registered as a company limited by guarantee (the term ‘limited’ was waived afterwards) and accorded registration number 81643 by Business Registration and Licensing Agency (BRELA). After Change of the Companies Act in 2019, ActionAid Tanzania complied and re-registered with the registrar of NGOs under the new Act of 2019 and accorded the registration number 00/R2/00031 as a local NGO.

#### **2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements of ActionAid Tanzania have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). These are the organization’s first financial statements prepared in accordance with IPSAS; therefore, IPSAS 33 First-time adoption of Accrual Basis IPSASs has been applied for the period beginning on 01 January 2022. The organization elected not to present comparative information as permitted under IPSAS 33. The Organization previously prepared its financial statements in accordance with International Financial Reporting Standards (“IFRS”) and IFRIC interpretations. Further details, including an explanation of how the transition to IPSAS has affected the previously reported financial position, financial performance, and cash flows of the Organization under Previous Reporting Framework (IFRS) is provided in note 25.

The financial statements are presented in Tanzanian Shilling (TZS), which is functional currency of the Organization, rounded to the nearest thousand (TZS '000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### **(a) Basis of preparation**

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (“IPSAS”). In the absence of an International Public Sector Accounting Standard that specifically applies to a transaction, other event or condition, management uses its judgement in developing and applying an accounting policy that results in information that is relevant to the decision-making needs of users so that the financial statements: Represent faithfully the financial position, financial performance and cash flows of the entity;

- Reflect the economic substance of transactions, other events or conditions and not merely the legal form;
- Are neutral, that is free from bias;
- Are prudent; and
- Are complete in all material respects.

**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Changes in accounting policy and disclosures**

*(i) New and amended standards effective and have not been early adopted by the Organization*

The following standards and interpretations became effective in the current year but have not been early adopted as the IPSASB have deferred the application date by one year from 1 January 2022 to 1 January 2023 owing to COVID-19 pandemic. This was done to provide entities with time to effectively apply the standards:

**IPSAS 41, Financial Instruments**

IPSAS 41, 'Financial Instruments' was issued by the International Public Sector Accounting Standards Board (IPSASB) in August 2018. The objective of the standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This standard is effective for financial statements beginning on or after 1 January 2022. The adoption of the standard result in immaterial differences from its predecessor IFRS accounting standard.

**IPSAS 42, Social Benefits**

IPSAS 42, 'Social Benefits' was issued by the International Public Sector Accounting Standards Board (IPSASB) in January 2019. The objective of the standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits as defined in this standard. The information provided should help users of the financial statements and general-purpose financial reports to assess the nature of such social benefits provided by the entity; the key features of the operation of those social benefit schemes; and the impact of such social benefits provided on the entity's financial performance, financial position and cash flows. This standard is effective for financial statements beginning on or after 1 January 2022.

*(ii) Standard not yet effective and not early adopted by the Organization*

**IPSAS 43, Leases**

IPSAS 43, 'Leases' was issued by the International Public Sector Accounting Standards Board (IPSASB) in January 2022. The objective of the standard is to establish principles for the financial reporting (1) for the lessees, introduces a right-of-use model that replaces the risks and rewards incidental to the ownership model in IPSAS 13, Leases, and (2) for lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13. This standard will be effective for financial statements with annual periods beginning on or after 1 January 2025, with an option or earlier adoption.

**(c) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Tanzania shillings in thousands (TZS '000') which is the Organization's functional and presentation currency.

# ACTIONAID TANZANIA

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTES (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (c) Foreign currency translation (continued)

###### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

##### (d) Revenue

###### Grants from ActionAid International

Grants from ActionAid International is income received from individual donors directly by ActionAid International on behalf of ActionAid Tanzania. This is recognised directly in the statement of financial performance once cash is received at ActionAid International.

###### Projects grant income

Funds received from donors for specific activities are treated as income and recognized on the statement of financial performance only when the intended activities have been implemented. If the intended activity is still pending at the end of the financial period, such funds are deferred and are disclosed as a liability in the financial statements.

###### Other income

Other Income constitutes income received directly by ActionAid Tanzania and is not restricted. Other income is recognised when received.

##### **Revenue from exchange transactions**

Revenue arises from exchange transactions are such as gain from sale of assets.

###### Gain on sale of assets

Gains on sale of assets are recognised when received.

##### (e) Expenditure

These financial statements include expenditure incurred within Tanzania and overseas on behalf of the Organization.

ActionAid Tanzania recognizes its expenses once they are incurred or as soon as when services and goods have been delivered i.e on an accrual basis.

##### **Allocation of Country office overhead**

The ActionAid Tanzania country office overheads are shared with all programmes that are being run based on actual directly attributable overheads subject to the restriction imposed by Action Aid's Global Financial Management Framework on maximum allowable overheads.

# ACTIONAID TANZANIA

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTES (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (f) Property and equipment

Items of property and equipment are capitalized and carried forward in the financial statements only if their cost exceeds GBP 5,000 (or its TZS equivalent) - items costing GBP 5,000 or below are expensed in the year of purchase. Such items of property and equipment are then carried at cost less accumulated depreciation and accumulated impairment losses.

Equipment is stated at cost less accumulated depreciation and accumulated impairment in value.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is computed on a straight-line basis, except for vehicles and motorcycles which are charged on reducing balance method, at annual rates estimated to write off carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:	%
Building	10
Motor vehicles	33.33
Furniture and fittings	12.50

The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the assets is included in the income statement in the year the asset is derecognized.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

##### (g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and in hand and short-term deposits. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and cash equivalents defined above, net of outstanding bank overdrafts.

##### (h) Receivables

Accounts receivable comprise of receivables from funders, advances to service providers, employees and other short-term receivables. If collection is expected in one year or less (or in the normal operating cycle of the business), they are classified as current asset. If not, they are presented as non-current assets. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

##### (i) Accounts payables

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

# **ACTIONAID TANZANIA**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

### **NOTES (CONTINUED)**

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **(j) Deferred income**

Deferred income represents an obligation to conduct donor funded activities per contractual commitments made between donors/development partners and the organization, where funds have been transferred for implementation of activities, but such activities have not yet occurred.

##### **(k) Pension and other post-employment benefits**

As required by the local regulation, the Organization contributes every month 15% of each employee gross salary to approved pension schemes (pension Fund) with each employee contributing 5% to the fund. The contributions are to cater for employees' pension benefits upon their retirement, permanent disability, or termination. Organization's contributions are included as resource expended in the year paid. Employees' contributions are not expenses of the Organisation but employees' themselves and therefore, not included in these financial statements.

##### **(l) Provisions**

Provisions are recognized when the organization has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount can be made.

##### **(m) Leases**

The organization assesses whether a contract contains a lease, at inception of the contract. For any short-term leases, the Organization recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### **(n) Financial Instruments**

Financial instruments are recognised on the organisation's statement of financial position when the organisation becomes a party to the contractual provisions of the instruments. Financial instruments are recognised initially at Fair value plus, for instruments not at fair value through surplus or deficit, any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method, less any impairment losses if any.

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, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Organisation determines the classification of its financial assets at initial recognition.

All financial assets of the organization are in the category of receivables.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, otherwise are classified as non-current assets.

##### **(ii) Recognition and measurement**

Receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

# ACTIONAID TANZANIA

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTES (CONTINUED)

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (n) Financial Instruments (continued)

###### *(iii) Offsetting financial instruments*

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

###### *(iv) Impairment*

The organization assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the donors or a group of donors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial re-organisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of financial performance. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised the reversal of the previously recognised impairment loss is recognised in the statement of financial performance.

##### (o) Income Tax

The current and deferred income tax charge is computed on the basis of reported profit before tax for the year under review and regulations of the United Republic of Tanzania, in which the Organization is registered, using substantively enacted tax rates in Tanzania where the Organization operates and generates taxable income i.e. current tax and deferred tax.

Current tax charge is the amount of income tax payable on the taxable profit for the year and any adjustments to the tax payables in respect of prior years. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset the current tax assets against the current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

# ACTIONAID TANZANIA

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTES (CONTINUED)

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### **Useful life of the asset**

The Organization made significant estimates in determining the useful life of the assets and intangibles and related depreciation and amortisation rates.

##### **Provisions**

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

##### **Impairment of non-financial assets**

The Organisation assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### 5 FINANCIAL RISK MANAGEMENT POLICIES

The Organization's activities expose it to a variety of financial risks, namely market risk, credit risk and liquidity risk. The Organization's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Organization does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Governing Board Members. The Governing Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk and capital management risk.

##### Market risk

- Foreign exchange risk

The Organization enters into contracts denominated in foreign currencies in United States Dollar (USD) and British Pound (GBP) mainly for payments made. In addition, the organization has liabilities and assets denominated in foreign currencies. As a result, the organization is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates.

Management's policy to manage foreign exchange risk is to maintain foreign currency bank accounts which act as a natural hedge for payment.



# ACTIONAID TANZANIA

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTES (CONTINUED)

#### 5 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

As at 31 December 2022, if the Tanzanian shilling weakened/strengthened by 10% against the US dollar with all other variables held constant, change in loss for the year would have been TZS 0.345 million lower/higher mainly as a result of foreign exchange gains/losses on translation of US dollar denominated payables, receivables and cash.

As at 31 December 2022, if the Tanzanian shilling weakened/strengthened by 10% against the EUR with all other variables held constant, change in loss for the year would have been TZS 1.103 Million higher/lower mainly as a result of foreign exchange gains/losses on translation of EUR denominated payables, receivables and cash.

As at 31 December 2022, if the Tanzanian shilling weakened/strengthened by 10% against the GBP with all other variables held constant, change in loss for the year would have been TZS 111.330 Million higher/lower mainly as a result of foreign exchange gains/losses on translation of GBP denominated payables, receivables and cash

#### Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions.

The amount that best represents the Organization's maximum exposure to credit risk at 31 December 2022 is made up as follows:

	<u>31-Dec-2022</u>	<u>01 Jan-22</u>
	TZS '000	Restated TZS '000
Cash at bank (note 18)	215,445	279,373
Receivables from exchange transactions (excluding prepayments) (note 16)	8,603	38,164
Recoverable from non-exchange transactions (note 17)	<u>1,203,703</u>	<u>1,444,966</u>
	<u>1,427,751</u>	<u>1,762,503</u>

No collateral is held for any of the above assets.

# ACTIONAID TANZANIA

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTES (CONTINUED)

#### 5 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

##### Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from various development partners.

The table below analyses the Organization's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	<i>Less than 1 year TZS '000</i>	<i>Between 1 and 5 years TZS '000</i>
<b>At 31 December 2022</b>		
Payables from exchange transactions (excluding statutory liabilities)	249,366	-
Deferred revenue grants (note 21)	454,932	-
	<u>704,298</u>	<u>-</u>
<b>At 1 Jan 2022</b>		
Trade and other payables (excluding statutory liabilities)- Note 19	310,880	-
Deferred revenue grants (note 21)	492,045	-
	<u>802,925</u>	<u>-</u>

##### Capital risk management

The Organization's objectives when managing capital is to safeguard its ability to continue as a going concern in order to; (i) ensure a continued support and reinvestment into the business operations in case of either shortage of funding or any expansion of the business activities; and (ii) to maintain an optimal capital structure to reduce the cost of capital.

As at 31 December 2022, the organization had no borrowings.

**ACTIONAID TANZANIA****FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****NOTES (CONTINUED)****31-Dec-2022****TZS'000****6. GRANTS FROM ACTION AID INTERNATIONAL**

Child sponsorship

3,589,634**7. PROJECTS GRANT INCOME**Strengthening Social Accountability & Oversight Capacity for Rights-based Public  
Resources Management in Health and Agriculture

440,680

Prevention of Violence Against School Children

92,089

Breaking the Barriers and Gender Responsive and Public Services

426,889

Youth empowerment and influence in Tanzania

1,060,868

Violence against women and girls in Unguja

29,007

SUPIA

291,2692,340,802**8. OTHER INCOME**

Miscellaneous contributions and donations

47,096**9. REVENUE FROM EXCHANGE TRANSACTIONS**

Sale of assets

50,411**10. DIRECT PROGRAMME EXPENDITURE**

Grants and support to community and partner organizations

1,092,369

Project

3,745,5364,837,905

Grants and inputs

1,091,419

Staff

850,346

Consultancy

34,625

Travel

1,919,255

Office

76,312

Other

865,9484,837,905

**ACTIONAID TANZANIA****FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****NOTES (CONTINUED)**

	<u>31-Dec-2022</u> TZS'000
<b>11. COUNTRY OFFICE COSTS</b>	
Depreciation	41,231
Directorate	203,541
Finance	183,115
Communication	22,685
Human resources	131,172
Impact assessment and DA support	79,211
Information systems	81,023
Office administration	50,862
	<hr/>
	792,840
	<hr/>
Staff	592,831
Consultancy	3,425
Depreciation	41,231
Travel	77,427
Office	55,230
Other	22,696
	<hr/>
	792,840
	<hr/>
<b>12. OTHER COSTS</b>	
Audit and professional fees	43,596
Governance	164,556
Fundraising	179,908
	<hr/>
	388,060
	<hr/>
Staff costs	193,784
Consultancy	21,442
Travel	127,857
Other	44,977
	<hr/>
	388,060
	<hr/>
<b>13. FOREIGN EXCHANGE LOSS</b>	

Foreign exchange loss during the year 2022 was TZS 192.6 million which results from translation of foreign denomination cash and cash equivalent balances as at 31 December 2022. These include foreign cash balance held in AATZ Bank accounts and cash held by ActionAid International Secretariat on AATZ's behalf which is denominated in GBP.

**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES (CONTINUED)**

	<u>31-Dec-2022</u>
	TZS'000
<b>14. INCOME TAX</b>	
Current tax	8,804
Deferred tax	-
	<u>8,804</u>
<b>(a) Reconciliation of Income tax expense</b>	
Deficit before income tax	<u>(183,532)</u>
Current tax on surplus before tax at the statutory tax rate	(55,060)
<b>Adjusted for:</b>	
Non-deductible expenses- permanent differences at 30%	22,591
Depreciation on non-qualifying assets at 30%	4,980
FAR Adjustments	(22,139)
Underestimation penalties	985
Under provision of tax for earlier years	1,213
Over provision of tax for current years	<u>56,234</u>
<b>Income tax expense</b>	<u>8,804</u>

As at 31 December 2022 there was a potential deferred income tax asset of TZS 134.9 Million mainly arising from provisions. This asset has not been recognized; the organization income is mainly from donated income which does not generate any profit. As the result the directors are certain that the organization will not generate taxable profits in the near future to allow the temporary differences to be utilized.

**(b) Income tax payable**

	<u>31.12.2022</u>	<u>01.12.2022</u>
	TZS'000	Restated TZS'000
At start of year	12,410	450
Charge	8,804	11,960
Payments made	<u>(12,377)</u>	-
At end of year	<u>8,837</u>	<u>12,410</u>

**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES (CONTINUED)**

**15. PROPERTY AND EQUIPMENT**

	<b>Vehicles and cycles TZS'000</b>	<b>Other equipment TZS'000</b>	<b>Total TZS'000</b>
<b>Cost</b>			
At 1 January 2022	579,586	54,173	633,759
Addition	-	-	-
Disposal	(76,972)	-	(76,972)
<b>At 31 December 2022</b>	<b><u>502,614</u></b>	<b><u>54,173</u></b>	<b><u>556,787</u></b>
<b>Accumulated depreciation</b>			
At 1 January 2022	455,889	54,173	510,062
Charge for the year	41,231	-	41,231
Disposal	(76,972)	-	(76,972)
<b>At 31 December 2022</b>	<b><u>420,148</u></b>	<b><u>54,173</u></b>	<b><u>474,321</u></b>
<b>Carrying amount</b>			
<b>31 December 2022</b>	<b><u>82,466</u></b>	<b><u>-</u></b>	<b><u>82,466</u></b>
<b>Cost</b>			
At 1 January 2021	498,302	54,173	552,475
Addition	185,550	-	185,550
Disposal	(104,266)	-	(104,266)
<b>At 31 December 2021</b>	<b><u>579,586</u></b>	<b><u>54,173</u></b>	<b><u>633,759</u></b>
<b>Accumulated depreciation</b>			
At 1 January 2021	459,990	54,173	514,163
Charge for the year	100,165	-	100,165
Disposal	(104,266)	-	(104,266)
<b>At 31 December 2021</b>	<b><u>455,889</u></b>	<b><u>54,173</u></b>	<b><u>510,062</u></b>
<b>Carrying amount</b>			
<b>31 December 2021</b>	<b><u>123,697</u></b>	<b><u>-</u></b>	<b><u>123,697</u></b>

**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES (CONTINUED)**

	<u>31-Dec-2022</u>	<u>01 Jan-22</u> Restated
	TZS'000	TZS'000
<b>16. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Prepayments	111,408	37,321
Related part balances AA Kenya	6,772	6,772
AA Zimbabwe	5,531	5,531
AA Sweden	396	396
AA International Secretariat	-	6,178
Staff salary advance	8,603	19,287
Provision for doubtful debts	(12,699)	-
	<u>120,011</u>	<u>75,485</u>
<b>17. RECOVERABLE FROM NON-EXCHANGE TRANSACTIONS</b>		
Staff advances	5,774	8,092
Advances to partners	71,840	310,681
Programme receivable (note 20)	26,555	237,759
Amount due from Action Aid International-Income Held	1,099,534	888,434
	<u>1,203,703</u>	<u>1,444,966</u>
<b>18. CASH AND BANK BALANCES</b>		
Cash in hand	5	-
Cash at bank	215,445	279,373
	<u>215,450</u>	<u>279,373</u>
<b>19. PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade payables	167,327	219,116
Accruals	58,884	91,764
AA International Secretariat	23,155	-
Statutory liabilities	106,489	113,844
	<u>355,855</u>	<u>424,724</u>

**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES (CONTINUED)**

20

**GRANT RECEIVABLES**

Project Name	At start of year	Funds received	Released to Expenses	Adjustments	At end of year
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
31-Dec-2022					
African Governance Architecture	(237,741)	188,269	-	49,472	-
Violence against women and girls in Unguja*	25,866	-	(29,007)	3,141	-
Breaking the Barriers & Gender responsive public services*	105,777	294,557	(426,889)	-	(26,555)
<b>Total</b>	<b>(106,098)</b>	<b>482,826</b>	<b>(455,896)</b>	<b>52,613</b>	<b>(26,555)</b>

Project Name	At start of year	Funds received	Released to Expenses	Adjustments	At end of year
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
01-Jan-22					
African Governance Architecture	(394,728)	-	-	156,987	(237,741)
Youth Empowerment and Influence in Tanzania	126,750	1,830,791	(1,957,559)	-	(18)
<b>Total</b>	<b>(267,978)</b>	<b>1,830,791</b>	<b>(1,957,559)</b>	<b>156,987</b>	<b>(237,759)</b>

\*These are the projects which were reported as deferred revenue grant in the previous year.



**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES (CONTINUED)**

21

**DEFERRED REVENUE GRANT**

Project Name	At start of year	Funds received	Released to Expenses	Adjustments	Refunds to donor	At end of year
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
31-Dec 2022						
Public Financing for Agriculture	142	-	-	(142)	-	-
Strengthening Social Accountability & Oversight Capacity for Rights-based Public Resources Management in Health and Agriculture	102,052	618,393	(440,680)	-	-	279,765
Shared Resources for Joint solution	10,183	-	-	-	-	10,183
Fit for future	28,388	-	-	-	-	28,388
SUPIA	219,443	129,213	(291,269)	142	-	57,529
Youth Empowerment and Influence in Tanzania	(18)	1,127,483	(1,060,868)	-	-	66,597
Prevention of Violence Against School Children	194	104,365	(92,089)	-	-	12,470
<b>*Total</b>	<b>360,384</b>	<b>1,979,454</b>	<b>(1,884,906)</b>	<b>-</b>	<b>-</b>	<b>454,932</b>

\*The difference on the opening balance is due to two projects closed with receivable balance reported under note 20 (grant receivables)

**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES (CONTINUED)**

**21 DEFERRED REVENUE GRANT (CONTINUED)**

Project Name	At start of year	Funds received	Released to Expenses	Adjustments	Refunds to donor	At end of year
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
01-Jan-22	231,833	10,981	(242,672)	-	-	142
Public Financing for Agriculture	(16,759)	661,646	(542,835)	-	-	102,052
Strengthening Social Accountability & Oversight Capacity for Rights-based Public Resources Management in Health and Agriculture	23,532	-	(13,349)	-	-	10,183
Shared Resources for Joint solution	68,179	-	(68,179)	-	-	-
Prevention of Violence Against School Children	195,361	593,523	(683,107)	-	-	105,777
Breaking the Barriers & Gender responsive public services	37,653	-	(12,600)	-	(25,053)	-
Female Genital Mutilation	73,483	-	(45,095)	-	-	28,388
Fit for future	170,945	179,123	(228,260)	4,811	(126,619)	-
Zero violence against women and girls project	(13,932)	90,951	(79,992)	28,839	-	25,866
Violence against women and girls in Unguja	-	445,921	(226,478)	-	-	219,443
SUPIA	-	15,862	(15,862)	-	-	-
CISU	-	38,778	(38,584)	-	-	194
Prevention of Violence Against School Children						
<b>Total</b>	<b>770,295</b>	<b>2,036,785</b>	<b>(2,197,013)</b>	<b>33,650</b>	<b>(151,672)</b>	<b>492,045</b>

# ACTIONAID TANZANIA

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTES (CONTINUED)

#### 22 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by participating in its financial or operational policy decisions.

Transactions with related parties are consummated on terms substantially equivalent to those that prevail in an arm's length transaction.

##### a) Related party balances

###### Amount due from related parts

As of 31 December 2022, AATZ had the following balance due from related party member of ActionAid International as a result of payments made by AATZ on their behalf and for ActionAid International being a balances relating to income due to and raised on behalf of AATZ.

	<u>31-Dec-2022</u>	<u>01 Jan-22</u> Restated
	TZS'000	TZS'000
AA Kenya	6,772	6,772
AA Zimbabwe	5,531	5,531
AA Sweden	396	396
Action Aid International	<u>1,099,534</u>	<u>894,612</u>
	<u>1,112,233</u>	<u>907,311</u>

###### Amount due to related parts

As of 31 December 2022, AATZ had the following balance due to related party as a result of amounts refunded in excess for expenses paid by AATZ.

	<u>31-Dec-2022</u>	<u>01 Jan-22</u> Restated
	TZS'000	TZS'000
ActionAid International	<u>23,155</u>	<u>-</u>

##### b) Related party transactions

###### Funds received from related party

During the year ended 31 December 2022, AATZ received funds from different members for implementation of different projects activities as follows.

	<u>31-Dec-2022</u>	<u>01 Jan-22</u> Restated
	TZS'000	TZS'000
ActionAid International Secretariat	4,502,584	4,622,218
ActionAid Denmark	1,315,752	1,830,791
ActionAid USA	<u>129,213</u>	<u>445,921</u>
	<u>5,947,549</u>	<u>6,898,930</u>

**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES (CONTINUED)**

**22 RELATED PARTY TRANSACTIONS (CONTINUED)**

**c) Key management remuneration**

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) and senior management team of that entity. Remuneration paid to key management personnel who were on contractual terms is as set out below:

	<u>31-Dec-2022</u>	<u>01 Jan-22</u>
	TZS'000	Restated TZS'000
Salaries and wages	470,931	509,378
Post-employment benefit	<u>64,884</u>	<u>77,757</u>
Total compensation paid to key management personnel	<u>535,815</u>	<u>587,135</u>

**23. COMMITMENTS AND CONTINGENCIES**

***Operating lease commitments***

The Organization has not entered a commercial lease as of year-end.

The Organization has entered into operating lease agreements on office rent. Leased office is contracted for a period of one-year renewable. At the reporting date, the Organization has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>31-Dec-2022</u>	<u>01 Jan-22</u>
	TZS'000	Restated TZS'000
Within one year	<u>49,864</u>	<u>62,946</u>
	<u>49,864</u>	<u>62,946</u>

**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES (CONTINUED)**

**24. EVENTS AFTER REPORTING PERIOD**

At the time of issuing these financial statements the members of those charged with governance have assessed that, it was impracticable to determine, quantify and disclose the extent of the possible future direct or indirect impact of events to the organization's operations. It is reasonably possible that certain assumptions, estimates, and judgements used in preparation of the financial statements may be affected in the future by the possible negative impact and hence the carrying amounts of assets and liabilities reported in these financial statements.

There were no other events after the reporting period which require adjustment or disclosure in the financial statements.

**25. FIRST-TIME ADOPTION OF IPSAS FOR THE ORGANISATION**

As discussed in note 2, these financial statements, for the year ended 31 December 2022, are the first the Organization has prepared in accordance with International Public Sector Accounting Standards Board (IPSAS) as issued by the International Public Sector Accounting Standards Board.

For periods up to and including the year ended 31 December 2021, the Organization prepared its financial statements in accordance with International Financial Reporting Standard framework. Accordingly, the Organization has prepared financial statements which comply with IPSAS applicable for periods ending on 31 December 2022. The organization has elected not to present comparative information as allowed by IPSAS 33 para 77. However, an opening statement of financial position at the date of adoption of accrual basis IPSAS has been presented.

In preparing these financial statements, the organizations' opening statement of financial position was prepared as at 1 January 2022, the organizations' date of transition to IPSAS.

**ACTIONAID TANZANIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES (CONTINUED)**

**25. FIRST-TIME ADOPTION OF IPSAS FOR THE ORGANISATION (CONTINUED)**

**Reconciliation of statement of financial position as at 01 January 2022**

	Previous GAAP	Effect of transition to IPSAS	01-Jan-22
	TZS'000	TZS'000	TZS'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	123,697	-	123,697
	<u>123,697</u>	<u>-</u>	<u>123,697</u>
<b>Current assets</b>			
Receivables from exchange transactions	56,198	-	56,198
Recoverable from non-exchange transactions	1,464,253	-	1,464,253
Cash and bank balances	279,373	-	279,373
	<u>1,799,824</u>	<u>-</u>	<u>1,799,824</u>
<b>TOTAL ASSETS</b>	<b>1,923,521</b>	<b>-</b>	<b>1,923,521</b>
<b>ACCUMULATED FUNDS AND LIABILITIES</b>			
Accumulated fund	994,342	-	994,342
<b>Current liabilities</b>			
Payables from exchange transactions	424,724		424,724
Income tax payable	12,410		12,410
	<u>437,134</u>	<u>-</u>	<u>437,134</u>
<b>Non-current Liabilities</b>			
Deferred income grants	492,045		492,045
	<u>492,045</u>	<u>-</u>	<u>492,045</u>
<b>Total Liabilities</b>	<b>929,179</b>	<b>-</b>	<b>929,179</b>
<b>TOTAL FUNDS AND LIABILITIES</b>	<b>1,923,521</b>	<b>-</b>	<b>1,923,521</b>

**ACTIONAID TANZANIA****FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****NOTES (CONTINUED)****25. FIRST-TIME ADOPTION OF IPSAS FOR THE ORGANISATION (CONTINUED)****Reconciliation of statement cash flows for the year ended 01 January 2022**

	<b>Previous GAAP</b>	<b>Effect of transition to IPSAS</b>	<b>01-Jan-22</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b>Cash flows from operating activities</b>			
Surplus before tax	27,232		27,232
<b><i>Adjustments for non-cash movements</i></b>			
Depreciation charge	100,165		100,165
<b>Operating results before working capital changes</b>	<b>127,397</b>	-	<b>127,397</b>
<b>Changes in working capital</b>			
Decrease in Receivables from exchange transactions	164,528		164,528
Decrease in Receivables from non-exchange transactions	268,749		268,749
Decrease in Payables from exchange transactions	(115,905)		(115,905)
<b>Net cash flows used in operating activities</b>	<b>444,769</b>	-	<b>444,769</b>
<b>Non-current Assets Acquisition</b>	<b>(185,550)</b>	-	<b>(185,550)</b>
<b>Changes in Non-current liabilities</b>	<b>(435,707)</b>	-	<b>(435,707)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(176,488)</b>	-	<b>(176,488)</b>
Cash and cash equivalents at 1 January	455,861		455,861
<b>Cash and cash equivalents at 31 December</b>	<b>279,373</b>	-	<b>279,373</b>

**Explanation of transition to IPSAS**

ActionAid Tanzania accounting policies and treatment under previous IFRS framework mirror the recognition and measurement principles under IPSAS accounting hence no changes in the amounts and balances in the statements of financial performance, financial position and changes in net assets.