

ACTIONAID TANZANIA
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

ACTIONAID TANZANIA

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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ACTIONAID TANZANIA

**ORGANIZATION INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

AUDITORS

Ernst & Young
Certified Public Accountants
EY House, 162/1 - Mzinga way,
Oysterbay Peninsular,
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

1. INTRODUCTION

The members charged with governance of ActionAid Tanzania submit their report and the audited financial statements for the year ended 31 December 2023, 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 the 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:

(i) Gender Responsive Public Services and Inclusive Education

- Public education systems are more inclusive and responsive to the needs and rights of all children, particularly girls and children living in exclusion, and guarantee affordable, quality, and inclusive education,
- Promote decent living and working environment in the education sector,
- Promote sustainable water, sanitation, and hygiene services (WASH) in schools,
- Promote Child protection against all forms of violence/abuse for effective realization of right to quality and inclusive education.

(ii) Community Resilience and systems change for Climate Justice

- Promote sustainable livelihoods systems and the resilience of women smallholder farmers and young people, and
- Promoting women's participation in natural resource management governance processes and decision-making structures for economic empowerment and sustainable livelihood

ActionAid Tanzania is a member of ActionAid International (AAI) federation which operates in more than 45 countries in Africa, Asia, Latin America, Europe, and Australia. In Tanzania, it operates at national level and 6 district-based Local Rights Programmes (LRPs) previously known as Development Areas (DAs) that are found in five administrative regions namely, Dodoma, Singida, Lindi, Coast 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 department leads. The Organisation structure comprises of the following departments: -

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

5. MANAGEMENT OF THE ORGANISATION AND ADMINISTRATIVE MATTERS (CONTINUED)

- Country Director's office,
- Finance,
- Programmes & Policy, and
- Human Resources and Administration.

The Organization is capable of handling all administrative matters.

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.

- Remodel and transform our organization, strengthen leadership and governance, fit for the purpose and future structure, dual citizenship, entrench a feminist leadership culture,
-
- To build a culture of learning, accountability, and quality M&E that generates knowledge, evidence-based alternatives and communicates impact,
-
- Secure resources from diverse sources aligned to our vision and values to meet strategic funding needs and build a culture of fundraising innovation,
-
- Enhance digital connectivity, ICT4D systems, communication, innovation and revolutionize our ways of working, and

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, 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 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.

**REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. PERFORMANCE FOR THE YEAR

During the year ended 31 December 2023, ActionAid Tanzania raised a total of TZS 6.22 billion, composed of income from Child Sponsorship amounting to TZS 3.79 billion, projects income of TZS 2.17 billion, TZS 22.9 million from being miscellaneous donations and TZS 234 million from exchange translation.

The income raised from Regular Giving/Child Sponsorship is TZS 3.79 billion this corresponds to the ongoing increase in number of individual supporters allocated by funding affiliates. Income from the regular sources generally constitutes more than 60% of the total income for the period.

During the year, partnership/projects income (non-sponsorship income) was TZS 2.17 billion, which is slightly lower compared to that of 2022 due to phasing out of completed projects as shown in Note 20 to 21 of the financial statements.

Income from exchange translation amounted to TZS 234 million as result of foreign exchange appreciation compared to prior year where losses amounting to TZS 192 million were recorded as shown in Note 14 of the financial statements.

The total expenditure incurred for the year ended 31 December 2023 was TZS 5.77 billion which is less by 7% compared to prior year 2022 of TZS 6.21 billion. This is a result of decline in Grant and Project income as explained above.

The use of these funds in the year ended 31 December 2023 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 donors. And through proposal writing to various funding institutions for various project grants and contracts.

During the year ended 31 December 2023 ActionAid Tanzania had 10,062 individual supporters from UK, Italy, Sweden, and Greece, and had 6 project 2 of which phased out during the year 2023.

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.

**REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

11. RISK MANAGEMENT AND INTERNAL CONTROL(CONTINUED)

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 2023 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.

12. 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 2024 is TZS 6,213,088,000 financed by

- Confirmed Grant income from ActionAid International of TZS 4,937,944,133 and
- Drawings from the accumulated funds of TZS 91,480,028
- Funding agreement with different development partners for year 2024 and beyond as follows.
 - OAK Foundation through Pathfinder International 2024 budget of TZS 131,153,890.
 - DANIDA through ActionAid Denmark 2024 budget of TZS 1,052,509,950 equivalent, and

Also, as at 31st December AATZ had TZS 120,199,708 as cash held at bank, and GBP 417,451 equivalent to TZS 1,335,825,375 as funds held by ActionAid International on behalf of AATZ.

13. 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 subscribed with mobile networks for mobile wallet payments to its beneficiaries in some area where it works as a continuous improvement of the internal controls, also a contract management system and currently ActionAid Tanzania is looking to acquire a human resource management information system as well. The newly adopted systems are expected to improve processing of the information and aid timely decision making.

14. 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.

15. 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:

ACTIONAID TANZANIA

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

14. MEMBERS CHARGED WITH GOVERNANCE (CONTINUED)

Name	Position	Gender	Qualification	Date appointed
Deus Kibamba	Board Chairperson Committees: 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
Maimuna Kanyamala	Vice Board Chairperson Committees: 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 Committees: 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 Committees: 1. Programmes: Member	Female	-PhD in Theatre Studies -Master of Performing Arts (Theatre & Film) -Bachelor of Arts in Fine and Performing Arts	Resigned November 2023
Safia Abrass	Board Member Committees: 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	Resigned April 2023
Bob Wangwe	Board Member Committees: Governance and HR: Member	Male	-Bachelor of Laws	12 August 2021
Sophia Mbeyela	Board Member Committees: 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 Committees: 1. Finance and Audit: Member	Female	-Certified Public Accountant -CPA (T) -Bachelor of Commerce in Accounting	12 August 2021
Khalfan Mohamed	Board Member Committees: 1. Programmes: Member	Male	-Bachelor of Laws	12 August 2021
Esther Maile	Board Member Committees: Programmes: Member	Female	-Certificate of Journalism	12 August 2021
Jean Nyiringabo	Board Member Committees: Programmes: Member	Male	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

ACTIONAID TANZANIA

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

14. MEMBERS CHARGED WITH GOVERNANCE (CONTINUED)

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	27 th April 2023	27 th July 2023	16 th November 2023	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	Absent (with apologies)	66%
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	Attended	Attended	66%
10.	Safia Abrass	Resigned	Resigned	Resigned	0%
11.	Vicensia Shule	Absent (with apologies)	Absent (with apologies)	Resigned	0%

Below is a summary of the meetings agendas, discussion and resolutions made by the board in the financial period ended 31 December 2023.

During the financial year, apart from other agenda, the Board discussed and deliberated on the following main issues: -

- The management in future should conduct analysis on its campaign's programmes done through social media and identify the gaps between women and men participation and document participants thoughts. And put effort to influence the targeted groups to take part to the program campaigns conducted through social media.
- The management to consider disappointment by the Board on the delays in completing external audits by PricewaterhouseCoopers (PwC), when retendering of external audit in 2023.
- To Accept her resignation letter and recognize Safia Abrass contribution for saving in ActionAid Tanzania Board for 8 years.
- To request members whose attendance is poor and constitutionally unacceptable to step down from the Board Membership and continue to be in the General Assembly.

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

14. MEMBERS CHARGED WITH GOVERNANCE (CONTINUED)

- The management to create an accessible database for donor feedback on turned down proposals and document the lessons learned and criteria needed for being selected to the call for proposal.
- The management to ensure due diligence is performed before collaborating with peers in country/local organization in developing concept notes and proposals.
- The management to create an accessible database for donor feedback on turned down proposals and document the lessons learned and criteria needed for being selected to the call for proposal.
- The management to ensure due diligence is performed before collaborating with peers in country/local organization in developing concept notes and proposals.
- Advised the management to ensure the 100% compliance of assurance policies by December 2023.
- Advised the management to ensure the 100% compliance of assurance policies by December 2023.
- The management to write a letter to PricewaterhouseCoopers (PwC) and express AATZ disappointment for delaying 2022 organizational audit report and share the implications for delaying the process.
- The management to express to AA Zimbabwe our desire to fill the internal audit position immediately before the end of this year.
- The management to 1. Ensure all staff balances are within 30days 2.To establish the limit amount to be paid to staff to reduce risks 3. To use mobile payments to pay the participants during the events 3. To pay direct to vendors after receiving the services.
- The management to continue improving on gender balance in recruitments and constantly train staff on how to create balance between work, HRBA and Feminist leadership principles.
- The management to explore and learn more from peer organizations on how to go about owning an office as an NGO.
- The management to diversify funding through unsolicited donors in country as well as global.
- The management to continue engaging with donors who funded AATZ's previous projects for future or possible fundraising.
- The management to continue improving on gender balance in recruitments and constantly train staff on how to create balance between work, HRBA and Feminist leadership principles.
- The management to explore and learn more from peer organizations on how to go about owning an office as an NGO.
- The management to diversify funding through unsolicited donors in country as well as global.
- The management to continue engaging with donors who funded AATZ's previous projects for future or possible fundraising.
- The management to rethink the investment on capacity building to Members of Parliament, alternatively more effort should be devoted to communities and young people at the LRP's and Partners we work with.

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

14. MEMBERS CHARGED WITH GOVERNANCE (CONTINUED)

- The management to mobilize social movements of young people and women focus on sensitising the public on the importance of traditional seeds and seedbanks for realization of food sovereignty.
- The management to design Swahili and English video clips on climate change, agroecology and AATZ programs in general to bring awareness to the community on AATZ program works, as well as to attract more funds.
- The management to create awareness to the Ministry of Education on climate issues and alternative solutions for student's desks.
- The management to prepare analysis on service charges for M-pesa payment system.
- The management to consider virtual Board meetings and other meetings to be done online due to budget constraints.
- Advised the management to continue documenting the reasons for staff resignation for learning purpose.
- Advised the management to involve the 2023 Convener in the process of Annual General Assembly meeting preparations.
- Advised management to rethink of other options of fundraising apart from traditional methods.
- Also Advised the management to make use of foreign volunteers to support ActionAid Tanzania to build relationships with donors.

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 19 August 2023-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 2023 was analysed and reported during the 24 November 2023 regular Board Meeting. All gaps noted were incorporated into capacity development plan for the year 2023.

ACTIONAID TANZANIA

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

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	Qualification	Nationality	Date Joined	Date of Resignation
Bavon Christopher	Country Director	MBA, B. Com, ACPA-PP(T)	Tanzanian	March 2020	Continuing
Jovina Nawenzake	Head of Programs and Policy	PGD in Leadership and Governance	Tanzanian	June 2003	On secondment from October 2023
Raphael Kabeho	Finance Manager	ADA, Business Administration-Accounts	Tanzanian	March 2020	Continuing
Agnes Gondwe	Human Resource and administration Manager	BA in Human resources Management	Tanzanian	May 2023	Continuing
Elias Mtinda	Acting Head of Programme	MSC Water resources and livelihood security	Tanzanian	October 2023	Continuing

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 WELFARE

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 2023, the Organisation had the following mix of employees by gender.

Gender	31 Dec 2023	%	31 Dec 2022	%
Male	16	75	19	73
Female	8	25	7	27
Total	24	100	26	100

17. EMPLOYEES WELFARE (CONTINUED)

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.

18. 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.

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

20. AUDITORS

Ernst & Young have been appointed to be the auditor of ActionAid Tanzania for the year ended 31 December 2023. The auditors have expressed their willingness to continue in office and are eligible for re-appointment.

Auditors' details are included in the table below:

Ernst & Young (EY)
EY House
Plot No. 162/1 - 14111 Mzingu Way
14111 Oysterbay,
New Bagamoyo Road, P.O. Box 2475,
Dar es Salaam, Tanzania
Firms' registration Number: 151, TIN number: 100-149-222

21. RESPONSIBILITY OF THE AUDITORS

The auditors are responsible for providing assurance of the correctness and consistency of each and every piece of information contained in the report by those charged with governance within the financial statements.

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

22. STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the responsibility of those charged with governance to prepare financial statements of the entity which show a true and fair view in accordance with applicable standards, rules, regulations and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements and it covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

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



Deus Kibamba
Chairperson
Date:

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:



Deus Kibamba
Chairperson

Date: 23/4/2024

ACTIONAID TANZANIA

**DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 2023 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: 23/4/2024

INDEPENDENT AUDITOR'S REPORT

To the members of
ACTIONAID TANZANIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **ACTIONAID TANZANIA** (the "Organization") set out on pages 20 to 40, which comprise the statement of financial position as at 31 December 2023, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of ACTIONAID TANZANIA as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Public Sectors Accounting Standards and the requirements of the Non-Governmental Organisation Act, 2002 [R.E 2019] of Tanzania.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Information included in the Organization's Annual Report and Report by those Charged with Governance 31 December 2023

The Directors of ACTIONAID TANZANIA are responsible for the other information. The other information comprises the information included in the pages 1 to 16 of the ACTIONAID TANZANIA financial statements for the year ended 31 December 2023, which include the General Information, Report by those Charged with Governance (Directors Report), Statement of Directors Responsibilities, the Declaration of the Head of Finance as required by the Non-Governmental Organizations Act, 2002 [R.E 2019] and the Auditors and Accountants (Registrations) Act No. 33 of 1972, as amended by Act No. 2 of 1995. The other information does not include the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.



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INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of
ACTIONAID TANZANIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sectors Accounting Standards and the requirements of the Non-Governmental Organizations Act, 2002 [R.E 2019] of Tanzania, 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management 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 Organization's financial reporting process.

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 Organization's 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 management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern.



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INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of
ACTIONAID TANZANIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.

We communicate with the management 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.


REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS


This report is made solely to the Directors', as a body, in accordance with the Non-Governmental Organisation Act, 2002 [R.E 2019]. Our audit work has been undertaken so that we might state to the Members of the Board of Directors' those matters we are required to state to them in our auditor's report pursuant to the Act and our letter of engagement and for no other purposes. We do not accept or assume responsibility to anyone other than the Organisation and the Director's members as a body, for our audit work, for this report, or for the opinion we have formed.

As required by the ACTIONAID TANZANIA Financial and Accounting Manual, we report to you, based on our audit, that:

- The transactions carried out in the financial year were in accordance with the ACTIONAID TANZANIA Financial and Accounting Manual and core funding and other donors' goals.
ACTIONAID TANZANIA

The engagement partner on this audit resulting in this independent auditors' report is Deokari S. Mkenda.


Signed by Deokari S. Mkenda (ACPA 3438)

For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam, Tanzania 

Date: 22/5/ 2024

ACTIONAID TANZANIA

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2023**

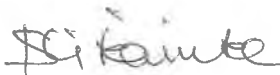
	Note	2023 TZS	2022 TZS
INCOME			
Grants from Action Aid International	7	3,795,583	3,589,634
Projects sponsorship income	8	2,175,889	2,340,802
Miscellaneous Contributions and Donations	9	22,962	47,096
		<u>5,994,434</u>	<u>5,977,532</u>
Income from exchange transactions	10	-	50,411
Foreign currency exchange gain	14	234,165	-
		<u>6,228,599</u>	<u>6,027,943</u>
EXPENDITURE			
Direct programme expenditure	11	(4,392,002)	(4,837,905)
Country office cost	12	(923,635)	(792,841)
Other cost	13	(454,653)	(388,060)
Foreign currency exchange Loss		-	(192,670)
		<u>(5,770,290)</u>	<u>(6,211,476)</u>
Surplus/(Deficit) for the year		<u>458,309</u>	<u>(183,533)</u>
Income tax	15	(33,569)	(8,804)
Net Surplus /(deficit)for the year		<u>424,740</u>	<u>(192,337)</u>

ACTIONAID TANZANIA

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	NOTE	2023 TZS'000	2022 TZS'000
ASSETS			
Non-current assets			
Property and equipment	16	<u>54,977</u>	<u>82,466</u>
Current assets			
Receivables from exchange transactions	17	55,670	111,407
Receivables from non-exchange transactions	18	1,430,253	1,212,306
Cash and bank balances	19	<u>120,200</u>	<u>215,450</u>
		<u>1,606,123</u>	<u>1,539,163</u>
TOTAL ASSETS		<u>1,661,100</u>	<u>1,621,629</u>
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated fund		<u>1,226,745</u>	<u>802,005</u>
Current liabilities			
Payables from exchange transactions	20	296,410	355,855
Income tax payable	15	<u>35,374</u>	<u>8,837</u>
		<u>331,784</u>	<u>364,692</u>
Non current liabilities			
Deferred capital grant	22	<u>102,571</u>	<u>454,932</u>
TOTAL FUNDS AND LIABILITIES		<u>1,661,100</u>	<u>1,621,629</u>

The financial statements on pages 20 to 40 were approved for issue by the Board of Directors on 23/1/2024 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 2023**

	2023 TZS'000	2022 TZS'000
As at 1st January	802,005	994,342
Surplus/(Deficit) for the year	424,740	(192,337)
At 31st December	<u><u>1,226,745</u></u>	<u><u>802,005</u></u>

ACTIONAID TANZANIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 TZS'000	2022 TZS'000
Surplus/(Deficit) for the year		424,740	(183,532)
Adjustments for non-cash movements			
Depreciation - Property and equipment	16	27,489	41,231
Changes in working capital			
(Decrease)/Increase in Receivables from exchange transactions	17	55,737	(44,526)
Increase/(Decrease) in Recoverable from non-exchange transactions	18	(217,947)	241,263
Decrease in Payables from exchange transactions	20	(25,876)	(68,869)
Decrease in deferred revenue grants	22	<u>(352,361)</u>	<u>(37,113)</u>
Net cash flows from operating activities		<u>(540,447)</u>	<u>(51,546)</u>
Income tax paid	15	<u>(7,032)</u>	<u>(12,377)</u>
Net decrease in cash and cash equivalents		<u>(95,250)</u>	<u>(63,923)</u>
Movement in cash and cash equivalents			
At start of the year		215,450	279,373
Net decrease		<u>(95,250)</u>	<u>(63,923)</u>
Cash and cash equivalents at 31 December	19	<u><u>120,200</u></u>	<u><u>215,450</u></u>

**ACTIONAID TANZANIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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. BASIS OF PREPARATION AND GOING CONCERN

a) BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Public-Sector Accounting Standards (IPSAS). The financial statements have been prepared on a historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania Shillings (TZS) and all values are rounded to the nearest Tanzanian Shillings

Statement of compliance

The preparation of financial statements in conformity with International Public-Sector Accounting Standards (IPSAS) Requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Organization’s accounting policies. The areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

b) GOING CONCERN

The Organization has funding agreements with bilateral, foundations and individual donors under which there are commitments for funding up to 2024. The directors of AATZ are satisfied that the Organization has the resources to continue in operation for the foreseeable future. Furthermore, the directors confirm that they are not aware of any material uncertainties that may cast significant doubt upon the Organization’s ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations.

AATZ adopted International Public Sector Accounting Standards (IPSAS) to replace the International Financial Reporting Standards (IFRS). IPSAS is more appropriate financial reporting framework for the Organization. Standards and interpretations issued as 1 January 2020 were adopted and had no impact on the financial performance or financial position of the Organization.

The accounting policies adopted are consistent with those of the previous financial year. Standards that are issued but not yet effective and those which are effective for accounting period beginning on or after 01 January 2022 are listed below:

- IPSAS 41 - Financial Instruments - Effective from 1 January 2022, with early adoption encouraged.
- IPSAS 42 - Social Benefits - Effective date from 1 January 2022, with early adoption encouraged.
- IPSAS 43 - Leases - Effective date from 1 January 2025, with early adoption encouraged.

New and amended standards and interpretations that became effective during the year did not have any impact on the accounting policies, financial position or performance of AATZ.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency translation

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.

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.

b) Revenue

Revenue from non-exchange transactions

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 as income realized and on the statement of financial position as funds held by 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.

4. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Revenue from exchange transactions

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue of AATZ includes amortization of capital grants, interest income and other miscellaneous income, exchange differences on translation.

c) 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.

d) 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 charges 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.

4. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

e) 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.

f) 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.

g) 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.

h) 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.

i) 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.

j) 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.

k) 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.

4. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

D) 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.

Recognition and measurement

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

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.

Excepted credit loss

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.

4. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

m) 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.

5. 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.

6. 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.

As at 31 December 2023, 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 0.069 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 2023, 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 0.128 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 2023, 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 141.724 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>2023</u>	<u>2022</u>
	TZS '000	TZS '000
Cash at bank (note 19)	120,200	215,445
Receivables from exchange transactions (excluding prepayments) (note 17)	-	8,603
Recoverable from non-exchange transactions (note 18)	<u>1,430,861</u>	<u>1,203,703</u>
	<u>1,551,061</u>	<u>1,427,751</u>

No collateral is held for any of the above assets.

6. 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>
At 31 December 2023		
Payables from exchange transactions (excluding statutory liabilities)	189,921	-
Deferred revenue grants (note 22)	102,571	-
	<u>292,492</u>	<u>-</u>
At 1 Jan 2023		
Trade and other payables (excluding statutory liabilities)- Note 20	249,366	-
Deferred revenue grants (note 22)	454,932	-
	<u>704,298</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 2023, the organization had no borrowings.

**ACTIONAID TANZANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 TZS'000	2022 TZS'000
7. GRANTS FROM ACTION AID INTERNATIONAL		
Child sponsorship	<u>3,795,583</u>	<u>3,589,634</u>
8. PROJECTS GRANT INCOME		
Strengthening Social Accountability & Oversight Capacity for Rights-based Public Resources Management in Health and Agriculture	415,768	440,680
Prevention of Violence Against School Children	321,925	92,089
Breaking the Barriers and Gender Responsive and Public Services	1,747	426,889
Youth empowerment and influence in Tanzania	1,289,436	1,060,868
Violence against women and girls in Unguja		29,007
SUPIA	<u>147,028</u>	<u>291,269</u>
	<u>2,175,904</u>	<u>2,340,802</u>
9. OTHER INCOME		
Miscellaneous contributions and donations	<u>22,962</u>	<u>47,096</u>
10. REVENUE FROM EXCHANGE TRANSACTIONS		
Sale of assets	<u>-</u>	<u>50,411</u>
11. DIRECT PROGRAMME EXPENDITURE		
Grants and support to community and partner organizations	801,279	1,092,369
Project	<u>3,590,723</u>	<u>3,745,536</u>
	<u>4,392,002</u>	<u>4,837,905</u>
Depreciation	27,474	
Grants and inputs	2,844,367	1,091,419
Staff	705,548	850,346
Consultancy	-	34,625
Travel	179,688	1,919,255
Office	199,859	76,312
Other	<u>435,066</u>	<u>865,948</u>
	<u>4,392,002</u>	<u>4,837,905</u>

ACTIONAID TANZANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 TZS'000	2022 TZS'000
12. COUNTRY OFFICE COSTS		
Depreciation	27,489	41,231
Directorate	213,767	203,541
Finance	168,422	183,115
Communication	303	22,685
Human resources	146,189	131,172
Impact assessment and Shared learning	125,210	79,211
Information systems	74,878	81,023
Office administration	167,377	50,862
	<u>923,635</u>	<u>792,840</u>
Grants and inputs	42,910	-
Staff	515,825	592,831
Consultancy	35,373	3,425
Depreciation	-	41,231
Travel	99,443	77,427
Office	194,572	55,230
Other	35,511	22,696
	<u>923,635</u>	<u>792,840</u>
13. OTHER COSTS		
Audit and professional fees	28,000	43,596
Governance	219,440	164,556
Fundraising	207,249	179,908
	<u>454,690</u>	<u>388,060</u>
Grants and inputs	880	-
Office	27,955	-
Staff costs	201,339	193,784
Consultancy	38,901	21,442
Travel	133,687	127,857
Other	51,928	44,977
	<u>454,690</u>	<u>388,060</u>
14. FOREIGN EXCHANGE LOSS		

Foreign exchange gain during the year 2023 was TZS 234 million which results from translation of foreign denomination cash and cash equivalent balances as at 31 December 2023. 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
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 TZS'000	2022 TZS'000
15 INCOME TAX		
Current tax	<u>33,569</u>	<u>8,804</u>
	<u>33,569</u>	<u>8,804</u>
(a) Reconciliation of Income tax expense		
Surplus/Deficit before income tax	<u>458,309</u>	<u>(183,532)</u>
Current tax on surplus before tax at the statutory tax rate	137,493	(55,060)
Adjusted for:		
Non-deductible expenses	69,942	29,769
Non-deductible income	(208,514)	(22,139)
Over/Under provision of tax for current years	<u>34,648</u>	<u>56,234</u>
	<u>33,569</u>	<u>8,804</u>
(b) Income tax payable		
At start of year	8,837	12,410
Charge	33,569	8,804
Payments made	<u>(7,032)</u>	<u>(12,377)</u>
At end of year	<u>35,374</u>	<u>8,837</u>

ACTIONAID TANZANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

16. PROPERTY AND EQUIPMENT

	Vehicles and cycles TZS'000	Other equipment TZS'000	Total TZS'000
Cost			
At 1 January 2022	579,586	54,173	633,759
Disposal	(76,972)	-	(76,972)
At 31 December 2022	502,614	54,173	556,787
Additions			
At 31 December 2023	502,614	54,173	556,787
Accumulated depreciation			
At 1 January 2022	455,889	54,173	510,062
Charge for the year	41,231	-	41,231
Disposal	(76,972)	-	(76,972)
At 31 December 2022	420,148	54,173	474,321
Charge for the year	27,489	-	27,489
At 31 December 2023	447,637	54,173	505,911
Carrying amount			
31 December 2023	54,977	-	54,977
31 December 2022	82,466	-	82,466

**ACTIONAID TANZANIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 TZS'000	2022 TZS'000
17. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Prepayments	55,670	111,408
Related part balances AA Kenya	6,772	6,772
AA Zimbabwe	5,531	5,531
AA Sweden	396	396
Staff salary advance	-	8,603
Provision for doubtful debts	(12,699)	(12,699)
	<u>55,670</u>	<u>120,011</u>
18. RECOVERABLE FROM NON-EXCHANGE TRANSACTIONS		
Staff advances	2,479	5,774
Advances to partners	15,911	71,840
Programme receivable (note 20)	76,053	26,555
Amount due from Action Aid International-Income Held	1,335,825	1,099,534
	<u>1,430,253</u>	<u>1,203,703</u>
19. CASH AND BANK BALANCES		
Cash in hand	-	5
Cash at bank	120,200	215,445
	<u>120,200</u>	<u>215,450</u>
20. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	133,509	167,327
Accruals	56,412	58,884
AA International Secretariat	-	23,155
Statutory liabilities	106,489	106,489
	<u>296,410</u>	<u>355,855</u>

**ACTIONAID TANZANIA
NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

21. GRANT RECEIVABLES

	At start of year	Funds received	Released to Expenses	At end of year
Project Name				
31 December 2023	TZS'000	TZS'000	TZS'000	TZS'000
Strengthening Social Accountability & Oversight Capacity for Rights-based Public Resources Management in Health and Agriculture	279,765	100,546	(415,768)	(35,457)
Youth Empowerment and Influence in Tanzania	66,597	1,184,216	(1,289,436)	(38,623)
Prevention of Violence Against School Children	12,470	307,497	(321,925)	(1,958)
Total	<u>358,832</u>	<u>1,592,259</u>	<u>(2,027,129)</u>	<u>(76,038)</u>
31 December 2022				
Strengthening Social Accountability & Oversight Capacity for Rights-based Public Resources Management in Health and Agriculture	102,052	618,393	(440,680)	279,765
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
	<u>102,228</u>	<u>1,850,241</u>	<u>(1,593,637)</u>	<u>358,832</u>

ACTIOAID TANZANIA
NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

22. DEFERRED REVENUE GRANT

Project Name	At start of year TZS'000	Funds received TZS'000	Released to Expenses TZS'000	Adjustments TZS'000	Refunds to donor TZS'000	At end of year TZS'000
31 December 2023						
Shared Resources for Joint solution	10,183	-	-	-	-	10,183
Fit for future	28,388	-	-	-	-	28,388
SUPIA	57,529	89,485	(147,028)	14	-	-
Breaking the Barriers & Gender responsive public services*	(26,555)	-	(1,747)	29,241	939	-
Hanang Floods Emergency response	-	64,000	-	-	-	64,000
	<u>69,545</u>	<u>153,485</u>	<u>-148,775</u>	<u>29,255</u>	<u>- 939</u>	<u>102,571</u>
31 December 2022						
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
Breaking the Barriers & Gender responsive public services*	105,777	294,557	(426,889)	-	-	(26,555)
	<u>363,791</u>	<u>423,770</u>	<u>(718,158)</u>	<u>142</u>	<u>-</u>	<u>69,545</u>

23. 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.

Amount due from related parties

As of 31 December 2023, 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 balance relating to income due to and raised on behalf of AATZ.

	<u>31-Dec-2023</u>	<u>31 Dec-22</u>
	TZS'000	TZS'000
AA Kenya	6,772	6,772
AA Zimbabwe	5,531	5,531
AA Sweden	396	396
Action Aid International	<u>1,335,825</u>	<u>1,099,534</u>
	<u>1,348,525</u>	<u>1,112,233</u>

Amount due to related parts

As of 31 December 2023, 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-2023</u>	<u>31 Dec-2022</u>
	TZS'000	TZS'000
ActionAid International	<u>-</u>	<u>23,155</u>

a) Related party transactions

Funds received from related party

During the year ended 31 December 2023, AATZ received funds from different members for implementation of different projects activities as follows.

	<u>31-Dec-2023</u>	<u>31 Dec-2022</u>
	TZS'000	TZS'000
ActionAid International Secretariat	3,989,370	4,502,584
ActionAid Denmark	1,184,216	1,315,752
ActionAid USA	<u>89,485</u>	<u>129,213</u>
	<u>5,263,071</u>	<u>5,947,549</u>

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	<u>5,263,071</u>	<u>5,947,549</u>

23. 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-2023</u>	<u>31 Dec-2022</u>
	TZS'000	TZS'000
Salaries and wages	351,457	470,931
Post-employment benefit	<u>52,719</u>	<u>64,884</u>
	<u>404,176</u>	<u>535,815</u>

24. 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:

25. 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.