

UWEZO TANZANIA

ANNUAL REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2020

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

TABLE OF CONTENTS	Page
Organization information	1
Directors' report	2 - 5
Statement of directors' responsibilities	6
Declaration of the head of finance of Uwezo Tanzania	7
Independent auditor's report	8 - 9
Financial statements:	
Statement of comprehensive income	10
Statement of financial position	11
Statement of cash flows	12
Notes to the financial statement	13 - 31
Appendix - Analysis of detailed budget versus actual expenditure	

UWEZO TANZANIA

**ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2020**

ORGANIZATION INFORMATION

Principal place of business	85K SUITES, Plot No.85 Kinondoni Rd P.O Box 8259 Dar es Salaam Tanzania
Principal bankers	Stanbic Bank (T) Ltd PO Box 75647 Dar es Salaam Tanzania
Auditors	Auditax International Certified Public Accountants PPF Tower, 7 th Floor Garden Avenue, Ohio Street P.O Box 77949, Dar es Salaam, Tanzania
Lawyers	Victory Attorneys and Consultants 1st Floor, IT Plaza Building Ohio Street/Garden Avenue P.O Box 72015 Dar es Salaam Tanzania

UWEZO TANZANIA

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of Uwezo Tanzania submit their report together with the audited financial statements for the year ended 31 December 2020, which disclose the state of affairs of Uwezo Tanzania (also referred to as "the Organization").

1. INCORPORATION

Uwezo Tanzania was registered as a non-governmental organization on 10th January 2020 with registration number 00NGO/R2/09001.

2. PRINCIPAL ACTIVITIES

The principal activity of Uwezo Tanzania is to generate and curate evidence on learning outcomes and use it to engage with policy actors and citizens to address the learning crisis.

3. RESULTS FOR THE YEAR

The financial results for the year are set out on page 10 of the financial statements.

4. CORPORATE GOVERNANCE

The Board consists of seven directors headed by Board Chairman. The Board takes overall responsibility for the Organization, including the responsibility for identifying key risk areas, considering and monitoring decisions, considering significant financial matters and reviewing the performance of management plans and budgets. The Board of Directors is also responsible for ensuring that comprehensive system of internal control policies and procedures is operative and for compliance with sound corporate governance principles.

UWEZO TANZANIA

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5. COMPOSITION OF BOARD OF DIRECTORS

The directors of Uwezo Tanzania at the date of this report, all of whom have served since 1 January 2020 except otherwise stated are:

Name	Position	Qualification	Nationality	Remarks
Hillary Dachi	Chairman	Senior Lecturer (SOED) University of Dar es salaam, Tanzania	Tanzanian	Appointed on 25th September 2020
Asha Kisesa	Director	Head of Finance - AMREF - Health Africa, Tanzania	Tanzanian	Appointed on 25th September 2020
Joseph Ngwegwe	Director	Executive Director, Tanzania Inter-Trade and Investment Solutions Ltd (TIIS), Tanzania	Tanzanian	Appointed on 25th September 2020
Elvis Mushi	Director	Head of Research, Financial Sector Deepening Trust (FSDT), Tanzania	Tanzanian	Appointed on 25th September 2020
Scholastica Julu	Director	Director of Programs, Legal services Facility (LSF), Tanzania	Tanzanian	Appointed on 25th September 2020
Stigmata Tenga	Director	Founding Member (Uwezo Tanzania), Executive Director Africa Philanthropy Network (APN)	Tanzanian	Appointed on 25th September 2020
Harold Sungusia	Director	Country Director, Sung Consultancy	Tanzanian	Appointed on 25th September 2020

6. FUTURE DEVELOPMENT PLANS

2020 marked the first year of our new strategy 2020-2023. We are committed to demonstrating how to improve learning outcomes and keeping communities and leaders focused on learning through assessment, research, innovations, partnerships and advocacy.

7. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control system of the Organization. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

UWEZO TANZANIA

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7. RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always 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 Organization 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 2020 and is of the opinion that they met accepted criteria.

8. SOLVENCY

The Board of Directors confirms that applicable International Financial Reporting Standards (IFRS) have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Organization has adequate resources to continue in operational existence for the foreseeable future.

9. ADMINISTRATION POLICIES AND FINANCIAL REGULATIONS

Uwezo Tanzania has formal Financial and Administration regulations approved by the Board of Directors of Uwezo Tanzania. These provide a solid basis for accountability and high standards within the Organization.

10. EMPLOYEE WELFARE

Medical Assistance

All members of staff and their dependents are covered with medical insurance.

Training

Uwezo Tanzania organizes regular learning sessions aimed at enhancing staff skills and widening the understanding of relevance of Uwezo Tanzania's work as well as for personal development. In addition, the Organization pays contribution to school fees for employees' children and dependents.

Employment opportunities

Uwezo Tanzania 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 which does not impair the ability to discharge official duties.

Employees Benefit Plan

The Organization pays contributions to publicly-administered pension plan on a mandatory basis which qualifies to be a defined contribution plan.

UWEZO TANZANIA

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. GENDER PARITY

The Organization is committed to ensuring gender parity. As at 31 December, 2020, Uwezo Tanzania had 5 employees as per the table below;

	2020	%
Female	3	60
Male	2	40
Total	5	100

12. RELATED PARTY TRANSACTIONS

The details of related party transactions and balances are disclosed in Note 19 of the financial statement.

13. POLITICAL AND CHARITABLE DONATIONS

The Organization did not make any political donations during the year. Moreover, no donations were made to public institutions and charitable organizations during the year.

14. AUDITORS

During the period, Auditax International was appointed as the Organization's auditor and has expressed its willingness to continue in office and is eligible for re-appointment.

Approved by the board of directors and signed by:



Hillary Dachi
Director

9th April

2021

UWEZO TANZANIA

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Uwezo Tanzania constitution requires directors 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 net income 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 Financial Reporting Standards (IFRS) and the requirements of the organization's constitution. 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 net income in accordance with International Financial Reporting Standards (IFRS). 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:



Hilary Dachi
Director



Zaida Mgalla
Executive Director

9th April 2021

UWEZO TANZANIA

**DECLARATION OF THE HEAD OF FINANCE OF UWEZO TANZANIA
FOR THE YEAR ENDED 31 DECEMBER 2020**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by 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 /Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's financial 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 Directors Responsibility statement on an earlier page.

I, Richard Modest hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December, 2020 have been prepared in compliance with International Financial Reporting Standards and statutory requirements.

I thus confirm that the financial statements of Uwezo Tanzania for the year ended 31 December 2020 give a true and fair view of the financial position as on that date and that they have been prepared based on properly maintained financial records.



NBAA Membership No: ACPA 2238

09th April 2021

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF UWEZO TANZANIA**

**Independent Auditor's Report
To the Members of Uwezo Tanzania**

**Report on the Audit of the Financial Statements
For the financial year ended 31 December 2020**

Opinion

We have audited the financial statements of Uwezo Tanzania, which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the entity as of 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 entity 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 our 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. The basis for our opinion is detailed on the following paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. There were no key audit matters to report during the year ended 31 December 2020.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF UWEZO TANZANIA**

**Independent Auditor's Report
To the Members of Uwezo Tanzania (Continued)**

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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Non-Governmental Organisation Act, 2002 to be kept by the entity have been properly kept in accordance with the provisions of the NGO Act.

The engagement partner on the audit resulting in this independent auditor's report is Straton Makundi.



**Auditax International
Certified Public Accountants
Dar es Salaam, Tanzania**



Signed by: Straton Makundi (CPA-PP-FCCA)

Date... 13th April 2021

Registration No. ACPA 1747

UWEZO TANZANIA

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

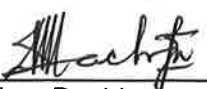
	Note	2020 USD
INCOME		
Grants	6	374,863
Release of capital grant	14	1,509
Other Income	7	<u>29,236</u>
		405,608
Operating costs	8	<u>(405,608)</u>
Surplus/(deficit) before income tax		-
Income tax expense	10	<u>-</u>
Net surplus/(deficit) for the year		<u><u>-</u></u>

UWEZO TANZANIA

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	2020 USD
ASSETS		
Non-current assets		
Property and equipment	11	29,097
		<u>29,097</u>
Current assets		
Grant funds receivable	19	233,702
Other receivables	12	34,260
Cash and bank balances	13	199,781
		<u>467,743</u>
TOTAL ASSETS		<u><u>496,840</u></u>
RESERVES AND LIABILITIES		
RESERVES		
LIABILITIES		
Non-current liabilities		
Deferred capital grant	14	29,097
Current liabilities		
Trade and other payables	16	4,581
Deferred income grants	15	463,162
TOTAL LIABILITIES		<u>467,743</u>
TOTAL RESERVES AND LIABILITIES		<u><u>496,840</u></u>

The financial statements on page 10 to 31 were approved and authorized for issue by the Board of Directors on _____ 2021 and signed on its behalf by:



Hilary Dachi
Director



Zaida Mgalla
Executive Director

UWEZO TANZANIA**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 USD
Cash flow from operating activities		
Surplus/(deficit) before income tax		-
Adjusted for:		
Loss from disposal of assets	6	366
Non cash benefit		(29,236)
Depreciation charge – property and equipment	11	1,575
Capital grants released	16	(1,509)
Non-cash benefit expensed		<u>29,236</u>
		432
Changes in working capital:		
(Increase) in grants funds receivables		(233,702)
Increase in deferred income grants		463,162
(Increase) in other receivables		(34,260)
Increase in trade and other payables		<u>4,581</u>
Tax paid	10	-
Cash (used in)/generated from operations		<u>200,213</u>
Cash flows from investing activities:		
Plant and equipment acquired	11	(31,037)
Receipt of capital grants		30,605
Cash generated from investing activities		<u>(432)</u>
Cash flows from financing activities:		-
Cash used in from investing activities		-
Net (decrease)/increase in cash and cash equivalents		<u>199,781</u>
Cash and cash equivalents at the beginning of the year		<u>-</u>
Cash and cash equivalents at the end of the year		<u><u>199,781</u></u>

**UWEZO TANZANIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ORGANIZATION INFORMATION

Uwezo Tanzania is a registered Non-Governmental Organization with registration number 00NGO/R2/09001.

The address of its registered office is described in page 1 of these financial statements.

Accounting Framework

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

(a) Basis of preparation

Changes in accounting policy and disclosures

(i) New and amended IFRS Standards that are effective for the current year/New and amended standards adopted by the Company

In the current year, the organization has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

The amendments are irrelevant to the Organization given that it doesn't apply hedge accounting to its benchmark interest rate exposures.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Organization has not applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

(ii) New and revised IFRS Standards in issue but not yet effective

<p>IFRS 17 Insurance Contracts</p>	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> ▪ discounted probability-weighted cash flows ▪ an explicit risk adjustment, and ▪ a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. <p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p>	<p>1 January 2021 (likely to be extended to 1 January 2022)</p>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

IFRS 10 and IAS 28 (amendments)	<p><i>Sale or Contribution of Assets between an Investor and its Associate or Joint venture</i></p> <p>The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p> <p>The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.</p>	The effective date of the amendments has yet to be set.
Amendments to IAS 1	<p><i>Classification of Liabilities as Current or Non-current.</i></p> <p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.</p>	annual periods beginning on or after 1 January 2023, with early application permitted.
Amendments to IFRS 3	<p><i>Reference to the Conceptual Framework</i></p> <p>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.</p> <p>They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.</p> <p>Finally, the amendments add an explicit statement that an</p>	1 January 2022

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020(CONTINUED)**

	<p>acquirer does not recognise contingent assets acquired in a business combination.</p> <p>The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.</p>	
Amendments to IAS 16	<p><i>Property, Plant and Equipment—Proceeds before Intended Use.</i></p> <p>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.</p> <p>The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.</p> <p>The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.</p> <p>The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.</p>	<p>annual periods beginning on or after 1 January 2022, with early application permitted</p>

UWEZO TANZANIA

<p>Amendments to IAS 37</p>	<p><i>Onerous Contracts – Cost of Fulfilling a Contract</i> The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.</p>	<p>annual periods beginning on or after 1 January 2022, with early application permitted.</p>
<p>Annual Improvements to IFRS Standards 2018-2020 Cycle</p>	<p><i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i> <i>IFRS 9 Financial Instruments</i></p> <p>The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.</p> <p><i>IFRS 16 Leases</i> The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example.</p> <p><i>IAS 41 Agriculture</i> The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 <i>Fair Value Measurement</i> to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.</p> <p>The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.</p>	<p>annual periods beginning on or after 1 January 2022, with early application permitted.</p> <p>no effective date is stated</p> <p>annual periods beginning on or after 1 January 2022, with early application permitted.</p>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted above. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARD (CONTINUED)

d) *Early adoption of standards*

The Organisation did not early-adopt any new or amended standards in the year ended 31 December 2020.

3. 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 Financial Reporting Standards ("IFRS") and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

Where a change in the presentation format between the prior year and current year financial statements has been made during the period, comparative figures have been restated accordingly.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors 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 4.

b) **General reserves**

General reserves represent unrestricted funds arising from accumulated other income that are available for use at the discretion of the directors in furtherance of the objects of the Organization.

c) **Foreign currency translation**

(i) Functional and presentation currency

Items included in the financial statements of the Organization are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars which is the Organization's functional and presentation currency.

(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 yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Income recognition

Income comprises grants income from current grants, release of capital grants and other income from Uwezo Tanzania staff participating in various technical meetings and forums.

Funding arrangements

Uwezo Tanzania operates a funding arrangement where donor funds are directly received in Uwezo Tanzania bank accounts maintained in Twaweza East Africa. Grants revenue is recognized only when conditions for spending have been fully met. Donor funds used to acquire property and equipment are allocated to a deferred capital grants account. The deferred capital grants are amortized to statement of comprehensive income on a systematic basis to match the depreciation charge on the assets on a straight-line basis.

e) Property and equipment

Property and equipment are initially recognized at cost. Subsequently, property and equipment are stated at historical cost less depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organization and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Property and equipment (continued)

Assets are depreciated starting in the month they are put into use. Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Rate (%)
Motor vehicles	25.0%
Computers and accessories	33.3%
Furniture and fittings	12.5%
Equipment	25.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive income within other income.

g) Financial assets

(i) *Classification*

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. These are classified as current assets except for maturities greater than 12 months, otherwise they are classified as non-current. The Organization's receivables comprise staff debtors and cash and cash equivalents in the statement of financial position.

(ii) *Recognition and measurement*

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

(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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Impairment

The Organization assesses at the end of each reporting period whether there is objective evidence that a financial asset or Organization of financial assets is impaired. A financial asset or an Organization 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 Organization 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 reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

h) Financial assets

For receivable category the amount of the loss is measured as a 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 recognized in the statement of comprehensive income. If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

i) Other receivables

Other receivables consist of funds deposited to vendors and employees in the normal course of the business. Advances and prepaid expenses are recognized upon payment and derecognized when service has been rendered.

j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

k) 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. Income tax companies currents 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

applicable tax regulation is subject to interpretation. It establishing 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.

l) Grants receivable

Grants receivable comprise contractual commitments from donors/development partners where the Organisation has incurred expenditure as per grant agreement and is yet to be reimbursed by the donor/development partner. This is a change in accounting for grants receivable which were previously accounted for upon signing of the agreement with donor/development partner. Details of the restatement as a result of this change, which also affected deferred revenue grant is set out in note 20.

m) Deferred capital grants

Donations received to acquire property and equipment are capitalized and credited to deferred capital grant account. Deferred capital grant account is amortized in the statement of comprehensive income over the estimated useful lives of the assets concerned.

n) Deferred income grants

Deferred income grant represents an obligation to conduct donor funded activities per contractual commitments made between donors/development partners and the Organization.

The deferred income grants amount recorded on the recipient's statement of financial position generally represents the total amount of grants per funding agreements to match with the grant funds receivable, less the amount amortized for services performed to date.

o) Employee benefits - Retirement benefit obligation

The Organization has a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Organization pays fixed contributions into a separate entity. The Organization's contributions to the defined contribution schemes are charged in statement of comprehensive income in the year in which they relate. The Organization has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization has no further payment obligations once the contributions have been paid. The Organization and all its employees contribute to the NSSF, LAPF, PSPF, PPF and UAP which are defined contribution scheme.

p) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are presented as current liabilities unless payment is not due within twelve months after year end. 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.

q) Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which these are separately identifiable cash flows (cash-generating units).

4. FINANCIAL RISK MANAGEMENT

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 policy focuses on the unpredictability of financial markets and seeks to minimize 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 Board of Directors. Foreign currency risk is managed by contracting suppliers in local currency so as to protect Organization from the volatility associated with foreign currency depreciation. The Organization also maintains cash balances in US Dollars which has been strong over time and conversion to foreign currencies (i.e. Tanzania Shillings) is made on need basis.

(a) Market risk

Foreign exchange risk

The Organization is exposed to foreign exchange risk arising from grants receivable/received, purchases, assets and liabilities denominated in currencies other than the functional currency of the Organization, primarily with respect to Tanzania shillings, Uganda shillings and Kenya shillings.

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Organization financial assets and liabilities are denominated in Tanzania shillings, Kenyan shillings and Ugandan shillings. As a result, the Organization is exposed to exchange rate fluctuations that have impact on cash flows. Exposure to foreign currency risk is mitigated by the fact that the Organization maintains certain part of its grants in United States Dollar. The effect of the foreign currency risk is not significant and therefore management does not hedge against foreign currency risk. This exposure does not result in significant risk as foreign currency assets and liabilities are normally recovered and settled within a fairly short time.

As at 31 December 2020, if the US Dollar weakened/strengthened by 10% against the Tanzanian shillings with all other variables held constant, change in net income for the year would have been USD 0 (2019: 0) higher/lower mainly as a result of foreign exchange gains/losses on translation of Tanzania Shillings denominated payables, receivables and cash.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables and committed transactions.

The amount that best represents the Organization's maximum exposure to credit risk at 31 December 2020 is made up as follows:

	2020 USD
Cash at bank (note 13)	199,781
Staff debtors (note 12)	<u>30</u>
No collateral is held for any of the above assets	<u>199,811</u>

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) 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 donors and/ (or) 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.

	Less than 1 year USD
- trade payables and accruals (note 16)	<u>4,581</u>

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Organization makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Taxation

The Organization is subjected to numerous taxes and levies by various government and quasi-government regulatory bodies. Generally, the Organization recognizes liabilities with regard to anticipated taxes and levies payable with utmost care and diligence. However, significant judgement is required in the interpretation and application of those taxes and levies. In the event that management assesses that the initially recorded liability was erroneous, the differences are charged to the profit and loss account in the period in which the differences are determined.

UWEZO TANZANIA**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2020
USD**6. INCOME GRANTS**

Amount released from deferred income grants (Note 17) 374,863

7. OTHER INCOME

Non cash benefits
Rent 17,700
Electricity 1,936
Internet and other services 6,400
Other utilities 3,200
29,236

8. OPERATING COSTS

Jifunze Learning activities implemented In 3 districts 76,930
Jifunze learning community reflection meetings 28,750
National reports and engagements materials produced 22,551
ECED assessments process in selected process 872
Research authorization and designing of research protocol 6,763
Governance and management* 269,742
405,608

***Governance and management costs includes the following:**

Management and Strategic support 7,194
Program staff costs (Note 9a) 150,915
Support Staff costs (Note 9b) 65,128
Office running costs 6,970
Communications/ Internet/ Utilities 4,114
Travel and Admin support 33,479
Depreciation of property and equipment 1,575
Fixed assets written off 366
Realized currency gains 2
269,743

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2020

USD

9. EMPLOYEE BENEFIT COSTS

a) Program employee

Salaries	122,580
Skills and Development Levy	5,156
Social Security Contributions	12,227
Health and group insurance	9,698
Workers Compensation Fund	1,254

150,915

b) Support employees

Salaries	52,900
Skills and Development Levy	2,225
Social Security Contributions	5,277
Health and group insurance	4,185
Workers Compensation Fund	541

65,128

10. DEFERRED INCOME TAX

Deferred tax asset has not been recognised in these financial statements to the extent that the realisation of the related tax benefit through future taxable profits is not probable.

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROPERTY AND EQUIPMENT

	Computer accessories	Furniture & fittings	Equipment	Total
At start of the year	USD	USD	USD	USD
Additions	17,436	2,926	10,674	31,037
Disposals	(431)	-	-	(431)
	17,005	2,926	10,674	30,606
Depreciations				
At start of the year	-	-	-	-
Depreciation charge	1,487	15	73	1,575
Accumulated Depreciation on disposals	(66)	-	-	(66)
Total accumulated depreciation	1,421	15	73	1,509
Closing net book value	15,584	2,911	10,601	29,097

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2020 USD
12. OTHER RECEIVABLES	
Prepayments	27,463
Staff debtors	30
Partner prepayment	<u>6,767</u>
	<u>34,260</u>
13. CASH AND BANK BALANCES	
Bank balances	199,781
	<u>199,781</u>
14. DEFERRED CAPITAL GRANTS	
At start of year	-
Grants received during the year	31,037
Released to income	(1,509)
Write off (note 11)	<u>(431)</u>
At end of year	<u>29,097</u>

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. DEFERRED INCOME GRANTS

	Opening balance	Cash received during the year	Grant charged	Closing balance	Deferred income grants
	USD	USD	USD	USD	USD
Year ended 31 December 2020					
TWAVEZA EA		(660,234)	305,432	(354,802)	(354,801)
Wellspring Philanthropic Fund		(200,038)	91,677	(108,360)	(108,360)
Total		(860,272)	397,109	(463,162)	(463,162)
Recognized as;					
Capital grant (Note 16)	-	-	30,605	-	-
Non cash capital grant			(8,359)		
Income grant (Note 6)	-	-	374,863	-	-
	-	-	397,109	-	-

16. TRADE AND OTHER PAYABLES

	2020 USD
Trade payables	395
Accruals	4,000
Statutory liabilities	186
	4,581

17. 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.

Remuneration paid to key management personnel who were on contractual terms is as set out below:

	2020 USD
Key management remuneration	
Salaries and other short-term benefits	108,200

Key management personnel are described as those personnel having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity

UWEZO TANZANIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. EVENTS AFTER REPORTING DATE

The management is not aware of any events that have occurred between the date of financial reporting period and when the financial statements are authorized for issue to be disclosed.

19. GRANT FROM TWaweZA

Funds to be utilised by Uwezo Tanzania managed at Twaweza East Africa as per Memorandum of Agreement signed between Uwezo Tanzania and Twaweza East Africa for the period of 1 Jan 2020 to 31 December 2020.

Uwezo Funds managed at Twaweza EA	2020 USD
Grant Fund	<u>233,702</u>

20. COMMITMENTS AND CONTINGENCIES

Contingencies:

There are no contingencies at the year-end.

21. ULTIMATE PARENT ORGANIZATION

The Organization is registered as a Non-Governmental Organization and hence the Members of the Organization have the ownership and fiduciary responsibility over the Organization's affairs, assets and liabilities.

22. COMPARATIVES

There is no comparatives information as this is the first set of financial statements for the organization.

ANALYSIS OF DETAILED BUDGET VERSUS ACTUAL EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2020

Description	Budget	Actual Expenditure	% Variance
Goal 1: Evidence generated by Uwezo Tanzania on the learning outcomes of children and related inequality leads to improved educational outcomes as policymakers, educators and stakeholders innovate and collaborate to address the problem	24,200	7,634	(68%)
Staff costs – Evidence	20,635	6,733	(67%)
Goal 2: Uwezo research and experiments lead to increased knowledge and awareness of interventions that lead to equitable learning outcomes and enhanced partnerships among parents, teachers and community at large.	85,500	76,930	(10%)
Staff costs - Insights	72,905	67,851	(7%)
Goal 3: Education policies, practices, decision making and resource allocation promote equitable learning outcomes	64,490	51,301	(20%)
Staff costs - Engagement	54,990	45,247	(18%)
Goal 4: Building out Uwezo Tanzania as sustainable institution	107,556	93,345	(13%)
Staff costs - OPS and Finance	91,712	82,328	(10%)
Total	521,987	431,370	(17%)
Less:			
Assets purchased during the year		(22,246)	
Prepayments		(34,260)	
Add:			
Depreciation on property and equipment		1,509	
Non cash benefits		29,236	
Total Expenditure as per Financial statements		<u>405,608</u>	