

**FOUNDATION FOR CIVIL SOCIETY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

# FOUNDATION FOR CIVIL SOCIETY

## FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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# **FOUNDATION FOR CIVIL SOCIETY**

## **COMPANY INFORMATION**

### **PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE**

7 Madai Crescent  
Ada Estate Plot No. 154  
P.O.Box 7192  
Dar es Salaam  
Tanzania

### **BANKERS**

CRDB Bank PLC  
Tower Branch  
P.O. Box 2302  
Dar es Salaam  
Tanzania

Standard Chartered Bank Tanzania Limited  
Ground Floor, International House  
Shaaban Robert Street/Garden Avenue  
P.O.Box 9011  
Dar es Salaam  
Tanzania

Equity Bank Tanzania Ltd  
Jubilee Tower  
P. O. Box 11083  
Dar es Salaam  
Tanzania

### **LAWYERS**

Roman S.L. Masumbuko  
Roman Attorneys  
RITA Tower, 10th Floor  
Makunganya Street  
P.O. Box 8252  
Dar es Salaam  
Tanzania

### **AUDITORS**

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

# **FOUNDATION FOR CIVIL SOCIETY**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors are pleased to submit their report together with the audited financial statements for the year ended 31 December 2018.

### **1. INCORPORATION**

Foundation for Civil Society (“the Company or Foundation”) was incorporated on 24 September 2002 under the repealed Companies Ordinance CAP 212 as a Company limited by guarantee and not having a share capital. The liability of the members is limited to the amount not exceeding TZS 100,000.

The Foundation pursues charitable (not-for-profit) objectives and its constitution requires that the income and property of Foundation shall be applied solely towards promotion of the objectives of Foundation as set forth in the Memorandum of Association and no portion thereof shall be paid or transferred directly or indirectly, by way of dividend, gift, division, bonus or otherwise by way of profit to the members of Foundation.

### **2. PRINCIPAL ACTIVITIES**

The principal activity of the Foundation is to contribute to poverty alleviation through:

- Fund raising and the provision of grants to civil society organizations engaged in the relief of poverty and distress;
- The provision of education and skills training, including advocacy and lobbying, to civil society organizations and other members of the public engaged in the relief of poverty and distress;
- The advancement of the education of civil society organizations and the public by conducting or promoting research into the causes of poverty and dissemination of the results of such research; and
- Developing public knowledge and understanding, including support to advocacy and information campaigns, about the plight the poor find themselves in and the means whereby poverty can be eliminated.

The Foundation relies on donations from development partners to pursue its activities. Up to the year ended 31 December 2018, Foundation’s implementation framework to achieve its objectives was guided by ‘*Strategic Plan 2016 – 2020*’.

Under the Strategic Plan 2016-2020, Foundation measured its results through the following key areas:

- Key result area 1: Local Government Authorities (LGAs) in areas where they work deliver improved quality services.
- Key result area 2: Decision making and democratic processes better reflecting citizens’ rights especially those of marginalized groups, people with disabilities (PWDs), minority and women
- Key result area 3: Communities have strong capacities and institutions for dialogue and conflict management.

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

The Vision of Foundation is “A Tanzania where citizens are empowered to realise their social justice and engage responsibly in change processes that enhance their quality of life”.

The Mission of Foundation is “To empower citizens through the provision of grants, facilitating linkages and enabling a culture of ongoing learning in civil society in Tanzania”.

## FOUNDATION FOR CIVIL SOCIETY

### DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 4. GOVERNANCE STRUCTURE

Foundation for Civil Society is governed by the Members, the Board of Directors and the Secretariat. The Secretariat led by the Executive Director implements the core functions of the Foundation. The Executive Director reports to the Board of Directors on governance matters. Additionally, the Executive Director maintains a relationship with the Development Partners.

The Secretariat is comprised of the following departments and units:

- a. Programmes Department
- b. Capacity Development Department
- c. Monitoring, Evaluation and Learning Unit
- d. Internal Audit Unit (outsourced)
- e. Business Development and Partnership Department
- f. Finance and Operations Department

#### 5. COMPOSITION OF THE MEMBERS

Members are selected on the basis of their commitment to the improvement of Tanzanian society. They are the highest authority in the Foundation and choose the members of the Board of Directors and External Auditors, as well as approving the long term plans of the Foundation.

The Members who served during the year are:

<b>Name</b>	<b>Nationality</b>	<b>Qualification</b>	<b>Position</b>	<b>Appointment date</b>
Dr. Stigmata Tenga	Tanzanian	Agricultural Anthropologist	President	9 June 2010
Alais Morindat	Tanzanian	Pastoralist/Civil Society Advocate	Member	12 July 2007
Rakesh Rajani	Tanzanian	International Development Expert	Member	12 July 2007
Salum Shamte	Tanzanian	Business Administration	Member	12 July 2007
Prof. Samuel Wangwe	Tanzanian	Economist	Member	12 July 2007
Mary Rusimbi	Tanzanian	Gender Specialist	Member	12 July 2007
Olive Luena	Tanzanian	Industrialist	Member	29 Sept 2017

## FOUNDATION FOR CIVIL SOCIETY

### DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 6. COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors meets quarterly. The Directors who served Foundation to the date of this report are as follows:

SN	Name	Nationality	Qualifications	Age	Position	Appointment date
1	Sosthenes Sambua	Tanzanian	Entrepreneurship Specialist	53	Chairman	01-Aug-2016
2	Nesia Mahenge	Tanzanian	Advocate/Change Management	38	Director	01-Aug-2016
3	Joyce Christa Kafanabo	Tanzanian	Program Management, Gender Mainstreaming Expert and Project Management	58	Director	29-Sep-2017
4	Fredrick Msigallah	Tanzanian	Lobbying and Advocacy on issues related to people with Disabilities	52	Director	29-Sep-2017
5	Francis Kiwanga	Tanzanian	Lawyer	43	Secretary/ Executive Director	01-Mar-2015
6	Ally Hussein Laay	Tanzanian	Financial Management, Administration and Auditing	63	Director	26-Jul-2018
7	Munira Humoud	Tanzanian	Project Management	57	Director	26-Jul-2018
8	Maro Patrick Kohi	Tanzanian	Strategic Management	36	Director	06-Dec-2018
9	Dr. Ayub Rioba	Tanzanian	Journalist	50	Director	15-Oct-2015**
10	Stephen Shayo	Tanzanian	Accountant	64	Director	04-Jun-2012*

\* Ended his tenure on 03 June 2018

\*\* Resigned on 17 July 2018

The Board of Directors and the Committees are required to meet four times a year, i.e. once in every quarter, one annual General Meeting for members and Extra Ordinary Meetings when required or once when an urgent matter arises

During the period under review, the Board met three times to discuss the following matters:

- Approval of 2017 FCS Annual Report (Accountability and outcome report);
- Report of the Audit and Compliance Committee of the Board;
- Approval of the 2017 Audited Financial Statements;
- Approval of revised Internal Policies;
  - a. Business Development and Partnership policy
  - b. Grants Manual
  - c. Revised Terms of Reference for Audit and Compliance Committee
  - d. Procurement Policy
- Preparation for the Annual General Meeting;
- FCS progress report for the period from January to June 2018;

## FOUNDATION FOR CIVIL SOCIETY

### DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 6. COMPOSITION OF THE BOARD OF DIRECTORS (CONTINUED)

During the period under review, the Board met three times to discuss the following matters (*continued*)

- Joint monitoring report for the period from January to June 2018;
- Implementing Annual General Meeting Solutions;
- Implications of new DFID funding arrangement for the period from 2019 to 2022;
- Approval of 2019 Annual Procurement Plan;
- Approval of 2019 Annual Plan and Budget;
- Approval of mid - term review report;
- Review and discussion of financial position updates;
- Approval of Safeguarding Policy for Children and Adult at Risk;
- Report on Joint monitoring visit held in Morogoro from 12-14 November 2018;
- Report on Civil Society Organization week in Dodoma;
- Approval of the new FCS logo;
- Board Almanac for 2019; and
- Staff issues.

The Board has in place three committees namely Executive Committee, Grants and Programmes Committee and Audit and Compliance Committee. As at the date of this report, the composition of these Committees were as follows;

##### a) Executive Committee

SN	Name	Nationality	Qualifications	Age	Position	Appointment date
1	Joyce Christa Kafanabo	Tanzanian	Program Management, Gender Mainstreaming Expert and Project Management	58	Member	08-Dec-2018
2	Sosthenes Sambua	Tanzanian	Entrepreneurship Specialist	53	Chairman	08-Dec-2017
3	Nesia Mahenge	Tanzanian	Program and Change Management	38	Member	08-Dec-2017

During the period under review, the Committee met five times to discuss the following matters

- Discuss resignation of the Board Chair;
- Interview of the Finance and Operations Manager;
- Approval of external auditor for 2018;
- Preparation for Annual General Meeting;
- Approval of internal auditor;
- Mid-term review of the report;
- Review of financial updates and approval of budget reallocation; and
- Approval of fundraising plan.

## FOUNDATION FOR CIVIL SOCIETY

### DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 6. COMPOSITION OF THE BOARD OF DIRECTORS (CONTINUED)

##### b) Grants and Programmes Committee

SN	Name	Nationality	Qualifications	Age	Position	Appointment date
1	Munira Humound	Tanzanian	Projects Management, resource mobilizations & advocacy	57	Member	08-Dec-2018
2	Fredrick Msigallah	Tanzanian	Public Policy and Management	52	Member	08-Dec-2017
3	Joyce Christa Kafanabo	Tanzanian	Programs Management and Gender Mainstreaming	58	Chairperson	08-Dec-2017
4	Maro Patrick Kohi	Tanzanian	Accounting, Finance & Investments	36	Member	08-Dec-2018

During the period under review, the committee met once to discuss the following matters;

- 2019 Annual Plan and Budget;
- Annual Procurement Plan;
- Review of CSO week report;
- Review of Joint Monitoring Visit Report held in Morogoro; and
- FCS Logo.

##### c) Audit and Compliance Committee

SN	Name	Nationality	Qualifications	Age	Position	Appointment date
1	Maro Patrick Kohi	Tanzanian	Accounting, Finance & Investments	36	Member	08-Dec-2018
2	Fredrick Msigallah	Tanzanian	Public Policy and Management	52	Chairman	08-Dec-2018
3	Nesia Mahenge	Tanzanian	Program and Change Management	38	Member	08-Dec-2017
4	Ally Hussein Laay	Tanzanian	Financial Management, Administration and Auditing	63	Member	08-Dec-2018
5	Stephen Shayo	Tanzanian	Accountant	63	Chairman	08-Dec-2017*

\* Ended his tenure on 03 June 2018

This Committee met 5 times and discussed the following matters:

- Review Internal Audit Reports covering Q4 of 2017 on;
  - Grants Management
  - Governance
  - Capacity Building
- Review 2018 Internal Audit Reports on Business Development and Partnership and Capacity Development Department;
- Recommend a Consultant for Audit of Grantees;
- Review 2017 draft Audited Financial Statements;
- Discuss 2017 grantees audit reports;
- Discuss value for money report;
- Discuss 2019 Annual Internal Audit Plan; and
- Discuss Safeguarding Policy for Children and Adults at Risk.



# FOUNDATION FOR CIVIL SOCIETY

## DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 7. OPERATIONAL AND FINANCIAL PERFORMANCE

The performance of Foundation continued to be good. Types of Grants disbursed during the year were as follows:

#### Current disbursement arrangement to grantees

Grant type	Grant duration	Upper limit of disbursement per year <u>Amount (TZS)</u>
Strategic Grants	Three years	250,000,000
Medium Grants	Three years	120,000,000
Innovation Grants	One year	50,000,000

#### Grants disbursed during the year (Basket)

Strategic Grants	867,069,581
Medium Grants	7,202,058,359
Innovation Grants	1,105,406,444

#### Grants disbursed during the year (Non Basket)

Strategic Grants	492,126,823
Medium Grants	1,134,728,537
Innovation Grants	210,000,000

Grants applications approved during the year were;

Key Result Area	Strategic grants	Medium grants	Innovation Grants	<u>2018 Total</u>	Strategic grants	Medium grants	Innovation Grants	<u>2017 Total</u>
<b>Key Results Areas under the reviewed Strategic Plan 2016-2020</b>								
PETs Education	1	21	4	<b>26</b>	1	14	3	<b>18</b>
PETs Agriculture	1	12	6	<b>19</b>	1	8	7	<b>16</b>
PETs Water	1	10	7	<b>18</b>	-	3	7	<b>10</b>
Planning and Budgeting	-	-	-	-	1	6	6	<b>13</b>
Youth Voice	2	15	7	<b>24</b>	1	3	10	<b>14</b>
FGM/ GBV	1	39	3	<b>43</b>	1	24	5	<b>30</b>
PWD's	1	7	23	<b>31</b>	1	6	3	<b>10</b>
PWA's	-	8	-	<b>8</b>	-	8	-	<b>8</b>
Peace and Conflict Resolution	2	4	5	<b>11</b>	2	4	5	<b>11</b>
Women Land Rights	1	11	3	<b>15</b>	1	9	3	<b>13</b>
Policy Influencing	-	6	-	<b>6</b>	-	3	-	<b>3</b>
<b>Total</b>	<b>10</b>	<b>133</b>	<b>58</b>	<b>201</b>	<b>9</b>	<b>88</b>	<b>49</b>	<b>146</b>

## FOUNDATION FOR CIVIL SOCIETY

### DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 7. OPERATIONAL AND FINANCIAL PERFORMANCE (CONTINUED)

Grants committed by key result areas were:

Detail	Contractual period	No. of grantees (2018)	%	<u>2018</u> TZS'000	No. of grantees (2017)	%	<u>2017</u> TZS'000
Strategic grants	One to three years	10	23.8	2,979,925	9	17.3	2,170,000
Medium grants	One to three years	133	67.3	8,413,688	88	66.7	9,184,043
Innovation Grants	One year	58	8.9	1,107,720	49	16	2,588,144
<b>Total</b>		<b>201</b>	<b>100</b>	<b>12,501,333</b>	<b>146</b>	<b>100</b>	<b>13,942,187</b>

As at 31 December 2018, Foundation had 201 grantees out of which 142 was basket funded CSOs, 15 CSOs under Wellspring Philanthropic Fund, 8 CSOs under French Embassy and 2 CSOs under Children Investment Fund Foundation all of which were contracted in 2018 and are still in progress expecting to complete the engaged projects between January and April 2019. Also 34 CSOs were contracted in 2017. All these projects were contracted at a value of TZS 12.5 billion (2017; TZS 13.9 billion).

#### 8. FINANCIAL POSITION

Foundation's financial position as at 31 December 2018 is set out on page 17 of these financial statements. The financial position indicates Foundation's ability to fund its current and future operations and stated strategies.

#### 9. FUTURE DEVELOPMENT PLANS

Foundation management has secured the Board's approval and endorsement by the members to continue with development of its acquired property at Uporoto. The development of business plan for FCS commercial wing is on progress with expectation of fully fledged company in 2019.

#### 10. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board accepts final responsibility for the risk management and internal control systems of Foundation.

The Secretariat oversees the management of financial risks and establishes the appropriate financial risk governance framework for Foundation.

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 Foundation's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

## **FOUNDATION FOR CIVIL SOCIETY**

### **DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **10. RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)**

Foundation has established log frame of targets to be achieved, perform due diligence of new applications, internal audit reviews, and monitoring and evaluation of grantees.

The Board also reviewed and approved new guiding manuals for use in 2018. These manuals are:

- (i) Revised Procurement Policy
- (ii) Grants Manual
- (iii) Children Safeguarding and Adult at Risk Policy
- (iv) Business Development and Partnership Policy

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 internal control system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board of Directors assessed the internal control systems throughout the financial year ended 31 December 2018 and is of the opinion that they met acceptable criteria.

#### **10. EMPLOYEES' WELFARE**

##### **(i) Training Facilities**

A training programme is drawn up every year to cater for all grades of staff. Training is mainly conducted through local training institutions. Overseas training is pursued only in limited number of cases where relevant training is not available locally.

##### **(ii) Medical Facilities**

Foundation provides medical insurance to each employee together with their immediate family members.

##### **(iii) Staff Advance**

This is available to all employees depending on the management assessment of the need and according to Foundation regulations.

##### **(iv) Persons with Disabilities**

It remains Foundation's policy to accept persons with disabilities in employment for those vacancies they are able to fill.

##### **(v) Other Benefits**

Foundation provides other benefits to employees. Those benefits include statutory contribution to Pension Funds, education allowance to up to four children aged between 5 to 18 years, gratuity and 13<sup>th</sup> month's salary payable in December of every year. Fringe benefits are paid depending on availability of funds.

#### **11. GOING CONCERN ASSUMPTION**

Nothing has come to the attention of the Directors to indicate that Foundation will not remain a going concern for at least the next twelve months from the date of this report.

## FOUNDATION FOR CIVIL SOCIETY

### DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 12. SUBSEQUENT EVENTS

There were no events subsequent to year end that required adjustment to, or disclosure in, these financial statements per IAS 10 "Events after the reporting period."

#### 13. AUDITORS

PricewaterhouseCoopers have been appointed to be the auditor of Foundation for Civil Society for the year ended 31 December 2018. The auditors have expressed their willingness to continue in office and are eligible for re-appointment.

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



Sosthenes Sambua  
Chairman

Date: 15 March 2019

## FOUNDATION FOR CIVIL SOCIETY

### STATEMENT OF DIRECTOR'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2018

The Companies Act, No. 12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company 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 Companies Act, No. 12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit 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 Company 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:



Sosthenes Sambua- Chairman

15 March 2019  
Date



Francis Kiwanga- Executive Director

15 March 2019  
Date

## **FOUNDATION FOR CIVIL SOCIETY**

### **DECLARATION OF THE FINANCE MANAGER FOR THE YEAR ENDED 31 DECEMBER 2018**

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/Accounting 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 Directors Responsibility statement on an earlier page.

I, Ayubu Masaki, being the Finance and Operations Manager of Foundation for Civil Society hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2018 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements of Foundation for Civil Society 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: **Ayubu Masaki**

Position: **Finance and Operations Manager**

NBAA Membership Number: GA 4540

Date: 15 March 2019

## *Independent auditor's report*

To the members of the Foundation for Civil Society

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

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#### *Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Foundation for Civil Society (the Company) as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

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

The financial statements of Foundation for Civil Society as set out on pages 16 to 47 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

#### **Independence**

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

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#### *Other information*

The directors are responsible for the other information. The other information comprises the Company information, Directors' Report, Statement of Directors' Responsibilities, and Declaration of the Finance Manager but does not include the financial statements and our auditor's report thereon.

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

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

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

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

### To the members of the Foundation for Civil Society

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the financial reporting process.

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#### *Auditor's responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



*Independent auditor's report (continued)*

To the members of the Foundation for Civil Society

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*Report on other legal and regulatory requirements*

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

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Nelson E. Msuya, FCPA-PP  
**For and on behalf of PricewaterhouseCoopers**  
Certified Public Accountants  
Dar es Salaam

Date: 15 March 2019

## FOUNDATION FOR CIVIL SOCIETY

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	<u>2018</u> TZS'000	<u>2017</u> TZS'000
<b>Revenue</b>			
Accountable Grants (Basket donors)	5	<b>15,165,646</b>	16,439,032
Other Accountable Grants (Non basket donors)	6	<b>2,292,122</b>	1,474,217
Other Income	7	<b>780,375</b>	312,902
		<b>18,238,143</b>	18,226,151
<b>Operating Expenses</b>			
Grants Disbursements (Basket donors)	8	<b>9,174,534</b>	10,856,376
Other Grants Disbursement (Non Basket donors)	9	<b>1,836,856</b>	711,858
Program, Monitoring, and Evaluation	10	<b>2,241,121</b>	2,568,935
Business Development and Partnership	11	<b>317,676</b>	376,974
Capacity Development	12	<b>1,770,412</b>	1,364,002
Administrative	13	<b>2,792,765</b>	2,653,062
		<b>18,133,364</b>	18,531,207
Net income /(loss) before income tax		<b>104,779</b>	(305,056)
Income tax expense	14	<b>(92,080)</b>	-
Net income /(loss) for the year		<b>12,699</b>	(305,056)
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>			
Net income /(loss) for the year		<b>12,699</b>	(305,056)
Other Comprehensive Income		<b>-</b>	-
Net and comprehensive income /(loss) for the year transferred to general reserve		<b>12,699</b>	(305,056)

**FOUNDATION FOR CIVIL SOCIETY**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	NOTE	<u>2018</u> TZS'000	<u>2017</u> TZS'000 Restated	<u>2016</u> TZS'000 Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	15	1,687,635	1,606,558	1,590,557
Intangible assets	16	47,984	56,333	-
Grants receivables	19	<u>22,699,942</u>	<u>25,070,000</u>	<u>35,660,058</u>
		<u>24,435,561</u>	<u>26,732,891</u>	<u>37,250,615</u>
<b>Current assets</b>				
Cash and cash equivalents	17	3,237,693	1,133,368	4,170,328
Trade and other receivables	18	253,551	1,684,389	227,192
Grants receivables	19	<u>18,994,833</u>	<u>16,787,910</u>	<u>15,963,201</u>
		<u>22,486,077</u>	<u>19,605,667</u>	<u>20,360,721</u>
<b>TOTAL ASSETS</b>		<u><b>46,921,638</b></u>	<u><b>46,338,558</b></u>	<u><b>57,611,336</b></u>
<b>RESERVES AND LIABILITIES</b>				
<b>Reserves</b>				
Revaluation reserves		166,363	212,204	252,401
General reserves		<u>1,341,765</u>	<u>1,283,225</u>	<u>1,542,146</u>
		<u>1,508,128</u>	<u>1,495,429</u>	<u>1,794,547</u>
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
Employee Long Term Service Award	20	29,656	112,440	310,359
Deferred Grants	23	<u>22,699,942</u>	<u>25,070,000</u>	<u>35,660,058</u>
		<u>22,729,598</u>	<u>25,182,440</u>	<u>35,970,417</u>
<b>Current Liabilities</b>				
Trade and other payables	21	920,491	877,229	724,431
Income tax payable	14	92,080	-	-
Employee Long Term Service Award	20	151,519	64,672	-
Deferred income	22	2,524,989	1,930,878	3,158,740
Deferred income grants	23	<u>18,994,833</u>	<u>16,787,910</u>	<u>15,963,201</u>
		<u>22,683,912</u>	<u>19,660,689</u>	<u>19,846,372</u>
<b>Total liabilities</b>		<u><b>45,413,510</b></u>	<u><b>44,843,129</b></u>	<u><b>55,816,789</b></u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><b>46,921,638</b></u>	<u><b>46,338,558</b></u>	<u><b>57,611,366</b></u>

The financial statements on pages 16 to 47 were approved for issue by the Board of Directors on...15 March....2019 and signed on its behalf by:



**Sosthenes Sambua, Chairman**



**Francis Kiwanga, Executive Director**

**FOUNDATION FOR CIVIL SOCIETY**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>General Reserves</b>	<b>Revaluation Reserves</b>	<b>Total</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b><i>Year ended 31 December 2018</i></b>			
As start of year	1,283,225	212,204	1,495,429
Net and comprehensive income for the year	12,699	-	12,699
Transfers	45,841	(45,841)	-
<b>At end of year</b>	<b><u>1,341,765</u></b>	<b><u>166,363</u></b>	<b><u>1,508,128</u></b>
<b><i>Year ended 31 December 2017</i></b>			
At start of year	1,542,146	252,401	1,794,547
Net and comprehensive loss for the year	(305,056)	-	(305,056)
Revaluation gain	-	5,938	5,938
Transfers	46,135	(46,135)	-
<b>At end of year</b>	<b><u>1,283,225</u></b>	<b><u>212,204</u></b>	<b><u>1,495,429</u></b>

## FOUNDATION FOR CIVIL SOCIETY

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 TZS'000	2017 TZS'000
<b>Cash flows from operating activities</b>			
Net income/(loss) for the year		104,779	(305,056)
<i>Adjusted for:</i>			
Depreciation	15	93,946	70,362
Amortisation	16	22,475	28,161
Interest income	7	-	(561)
Loss on disposal	13	-	7,277
		<u>221,200</u>	<u>(199,817)</u>
<i>Working capital changes:</i>			
Trade and other Receivables		1,430,838	(1,457,197)
Grants receivable		149,779	9,778,440
Trade and other payables		43,262	152,798
Employee Long term service Award		4,063	(133,247)
Deferred Income		594,111	(1,227,862)
Deferred grants		<u>(149,779)</u>	<u>(9,778,440)</u>
Net cash generated from/(absorbed in) operations		<u>2,293,474</u>	<u>(2,865,325)</u>
<b>Cash flows from investing activities</b>			
Purchase of furniture and equipment	15	(175,023)	(120,014)
Purchase of intangible assets	16	(14,126)	(84,494)
Proceeds from disposal of assets		-	32,312
Bank interest received		-	561
Cash absorbed in investing activities		<u>(189,149)</u>	<u>(171,635)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>2,104,325</u>	<u>(3,036,960)</u>
<b>Movement in cash and cash equivalents</b>			
At start of the year		1,133,368	4,170,328
Net increase/(decrease)		<u>2,104,325</u>	<u>(3,036,960)</u>
Cash and cash equivalent at the end of the year	17	<u>3,237,693</u>	<u>1,133,368</u>

# FOUNDATION FOR CIVIL SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 REPORTING ENTITY

Foundation for Civil Society (Foundation) is a company limited by guarantee and not having a share capital. The company is incorporated under Companies Act 2002. The liability of the members is limited to the amount not exceeding TZS 100,000. The addresses of its registered office and principal place of business are disclosed in the corporate information page of this report. The principal activities of the company are described in the directors' report.

The Company pursues charitable (not-for-profits) objectives and its constitution requires that the income and property of the company shall be applied solely towards promotion of the objectives of the company as set forth in the Memorandum of Association and no portion thereof shall be paid or transferred directly or indirectly, by way of dividend, gift, division, bonus or otherwise by way of profit to the members of the Company.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of preparation

The financial statements of the Foundation for Civil Society (FCS) 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, as modified by the revaluation of property and equipment.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the foundation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

##### i. New and amended standards adopted by the Company

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2018:

##### **IFRS 9 – Financial instruments.**

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

###### i. New and amended standards adopted by the Company (*continued*)

###### IFRS 9 – Financial instruments (*continued*)

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

###### IFRS 15 - Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under previous standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal.

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

###### i. New and amended standards adopted by the Company (*continued*)

###### IFRS 15 - Revenue from contracts with customers (*continued*)

- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licences, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures

###### ii. New standards and interpretations not yet adopted.

###### IFRS 16 - Leases

IFRS 16, Leases. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The standard is effective for annual periods beginning on or after 1 January 2019.

At 31 December 2018, the Company had non-cancellable operating lease commitments of TZS 383 Million as disclosed in Note 24 (a). A preliminary assessment indicates that these lease arrangements will meet the definitions of a lease under IFRS 16 and hence the Company will recognise a right of use of the leased asset and a corresponding financial liability to pay rentals for the lease contracts, unless they qualify for low value or short-term leases. The Company has decided to adopt the standard for the remaining period of the lease at 1 January 2019 under the transition provisions of the IFRS and no prior period restatement will arise.

##### (c) Foreign currency translation

###### (i) Functional and presentation currency

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



## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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

##### (c) Foreign currency translation

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

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

##### (d) Revenue recognition

Revenue for Foundation is mainly in form of grants.

Accountable grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over a period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where there is no basis existing for allocating a grant to periods other than the one in which it was received, grant income is recognised on receipt basis.

Where the company receives non-monetary grants, the asset and the grant are recorded at fair value amounts and released to the income statement over the expected useful life of the underlying assets by equal annual instalment.

Other income is recognised to the extent that it is probable that the economic benefits will flow to the company and income can be reliably measured, regardless of when payment is made.

##### (e) Operating expenses

Costs are recognised when incurred and for grant disbursement expense upon satisfactory performance of the Civil Society Organizations (i.e. grantees).

##### (f) Property and equipment

Property and equipment are initially recognised at cost and are subsequently measured at market value, based on valuations by external independent valuers, less depreciation. Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged in the statement of profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged in the statement of profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

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

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 revalued amounts to their residual values over their estimated useful lives, as follows:

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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

##### (f) Property and equipment (continued)

<b>Asset class</b>	<b>Useful life</b>	<b>Rate (%)</b>
Leasehold land	Remaining useful life	2%
Buildings	50 years	2
Plant and equipment	10 years	10
Furniture and Fittings	5 years	20
Computers	4 years	25
Motor Vehicles	4 years	25

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 profit or loss within other income.

When revalued assets are sold, the amounts included in revaluation reserve are transferred to accumulated reserve.

##### (g) Intangible assets

Cost incurred on computer software is initially accounted for at cost as intangible asset and subsequently measured at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on straight line basis over the estimated useful life of three years. Costs incurred in maintaining computer software programmes are expensed as incurred.

##### (h) Financial assets

The Company classifies its financial assets at amortised cost. The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

A gain or loss is recognised in the income statements only when the asset is derecognised or impaired. Interest income is included in finance income using the effective interest method if applicable.

For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of receivables. In determining the expected credit losses for these assets, the Company has taken into account the historical default experience as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective time horizon.

In previous years the Company recorded the financial assets as loans and receivable if they met the below criteria.

These are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents.

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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

##### (i) Trade and other receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. Other receivable comprises prepayments made to suppliers in the normal course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

##### (j) Grant receivables

Grant receivable comprises contractual commitments from donors and development partners. Grant receivables are initially recognised at contracted value and subsequently measured at amortised cost based on actual amounts received from donors less provision for impairment.

##### (k) 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.

##### (l) Taxation

###### *Income tax charge*

The tax expense for the period comprises current and deferred income tax. Tax is recognised in statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax asset and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

###### *Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary and all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit shall be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit shall allow the deferred tax asset to be recovered.

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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

##### Deferred income tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### **(m) Deferred income grants**

Deferred income grants represent an obligation to conduct donor funded activities per contractual commitments made between donors/development partners and the Foundation/the recipient, where funds have not been transferred and such activities have not yet occurred. Deferred income grant is a liability and represents a contractual performance obligation to date.

##### **(n) Deferred income**

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

##### **(o) Accounts payable**

Accounts payable are obligations to pay for goods and services provided to the Foundation in the ordinary course of business from suppliers. The obligations are unsecured and are usually paid within 30 days of recognition. Accounts payable are presented as current liabilities unless payment is not due within 12 months after year end.

##### **(p) Employee benefits**

The Company and its employees contribute to the National Social Security Fund (NSSF) and Public Social Security Fund (PSSF), which is a defined contribution scheme. The Company's contributions to the defined contribution schemes are charged to the statement of profit or loss in the period to which they relate.

The estimated monetary liability for employees' accrued annual leave entitlement at the year-end is recognised as an expense accrual.

##### **(q) Operating lease payments**

Lease payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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

##### (r) Provisions

Provisions are recognised when Foundation has a present legal or constructive obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation.

Employee leave days that remain outstanding at the reporting date, are provided for based on an employee's monthly salary.

##### (s) Comparative figures

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

#### 3 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.

##### (a) Critical accounting estimates and assumptions

The Foundation 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.

###### (i) Impairment of accounts receivable

The Foundation reviews its debtor balances to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of profit or loss, the Foundation makes judgements using estimates based on historical loss experience for its debtors. It is on this basis that management have determined the risk of recoverability based on days outstanding.

###### (ii) Provisions

A provision is recognised if, as a result of a past event, Foundation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Foundation makes provisions for expenses that are most likely to be incurred based on events that have taken place during the year. Provisions are determined by making a best estimate of expected cash outflow that will be required to settle the obligation, discounted at pre-tax rate if applicable. Significant level of judgement is made in determining provision amounts for insurance claims that are made by the Company's clients against it for losses incurred when handling their cash/property.

###### (iii) Useful lives and residual values of property and equipment

Foundation tests annually whether the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of property and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed.

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 4 FINANCIAL RISK MANAGEMENT POLICIES

The foundation's activities expose it to a variety of financial risks, namely market risk, credit risk and liquidity risk. The foundation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The foundation 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

###### (i) Foreign exchange risk

The foundation enters into contracts denominated in foreign currencies in United States Dollar (USD) and British Pound (GBP) mainly for payments made. In addition, the foundation has liabilities and assets denominated in foreign currencies. As a result, the foundation 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 2018, 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 225.5 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 2018, 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 61.9 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 foundation's maximum exposure to credit risk at 31 December 2018 is made up as follows:

	<u>2018</u> TZS '000	<u>2017</u> TZS '000
Cash at bank (note 16)	3,236,716	1,132,306
Trade and other receivables (excluding prepayments) (note 18)	34,954	1,470,165
Grant receivable (note 19)	<u>41,694,775</u>	<u>41,857,910</u>
	<u>44,966,445</u>	<u>44,460,381</u>

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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

No collateral is held for any of the above assets.

##### Liquidity risk

Liquidity risk is the risk that the foundation 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 foundation'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.

	<b>Less than 1 year TZS '000</b>	<b>Between 1 and 5 years TZS '000</b>
<b>At 31 December 2018:</b>		
Trade and other payables (excluding statutory liabilities)- Note 20 & 21	<u><b>1,072,010</b></u>	<u>29,656</u>
<b>At 31 December 2017:</b>		
Trade and other payables (excluding statutory liabilities) – Note 20 & 21	<u><b>941,901</b></u>	<u>112,440</u>

##### Capital risk management

The foundation'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 2018, the Company had no borrowings.

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>2018</u> TZS'000	<u>2017</u> TZS'000
<b>5 ACCOUNTABLE GRANTS (BASKET DONORS)</b>		
Department for International Development (DFID)	<b>8,040,031</b>	10,024,100
Swiss Agency for Development and Cooperation (SDC)	<b>2,217,487</b>	2,231,145
Danish International Development Agency (DANIDA)	<b>2,768,442</b>	2,806,712
Norwegian Agency for Development Cooperation (NORAD)	<b>731,972</b>	1,377,076
Swedish International Development Cooperation Agency (SIDA)	<b>1,407,714</b>	-
	<b><u>15,165,646</u></b>	<b><u>16,439,032</u></b>
<b>6 OTHER ACCOUNTABLE GRANTS (NON BASKET DONORS)</b>		
American Jewish World Service (AJWS)	<b>894,998</b>	862,372
TradeMark East Africa (TMEA)	-	377,272
Embassy of France	<b>797,829</b>	234,573
Children Investment Fund Foundation (CIFF)	<b>599,295</b>	-
	<b><u>2,292,122</u></b>	<b><u>1,474,217</u></b>
<b>7 OTHER INCOME</b>		
Sustainability Income	<b>388,032</b>	249,368
Bank Interest Income	-	561
Case (EQUIP)	<b>56,794</b>	-
Management System International	<b>7,797</b>	26,620
Path Tanzania	-	18,911
Young Men's & Women Hebrew	<b>22,440</b>	5,886
Segal Family Foundation	-	2,133
Giving Tuesday	<b>5,407</b>	9,423
Wilde Ganzen	<b>176,973</b>	-
Family Health International (FHI 360)	<b>19,919</b>	-
Local fund raising training	<b>17,449</b>	-
CSOs week contribution	<b>84,400</b>	-
East Africa Philanthropy Network	<b>980</b>	-
Proceeds from Disposal of Assets	<b>184</b>	-
	<b><u>780,375</u></b>	<b><u>312,902</u></b>
<b>8 GRANTS DISBURSEMENTS (Basket Donors)</b>		
Strategic Grants	<b>867,070</b>	1,256,185
Medium Grants	<b>7,202,058</b>	7,458,055
Innovation Grants	<b>1,105,406</b>	2,142,136
	<b><u>9,174,534</u></b>	<b><u>10,856,376</u></b>
<b>9 OTHER GRANTS DISBURSEMENTS (Non Basket Donors)</b>		
Strategic Grants	<b>492,127</b>	-
Medium Grants	<b>1,134,729</b>	521,865
Innovation Grants	<b>210,000</b>	189,993
	<b><u>1,836,856</u></b>	<b><u>711,858</u></b>



**FOUNDATION FOR CIVIL SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<u>2018</u>	<u>2017</u>
	TZS'000	TZS'000
<b>10 PROGRAM, MONITORING AND EVALUATION</b>		
Salaries Programme Staff	<b>860,963</b>	913,502
Pension - Social Security Costs	<b>178,692</b>	179,877
Fringe Benefits and Other Staff Costs	<b>191,825</b>	203,487
Program Staff Skills & Development Levy	<b>44,578</b>	52,599
Program Staff Workmen Compensation	<b>8,935</b>	9,373
Grant Selection Expenses	<b>34,405</b>	63,896
Manage Your Grants	<b>100,250</b>	177,860
Audit Fees for Grants and Monitoring	<b>122,963</b>	164,475
Research Activities	<b>86,170</b>	83,350
Due Diligence Expenses	<b>7,866</b>	168,179
CEMOT Activities	-	133,287
Monitoring Evaluation and Learning	<b>303,785</b>	316,938
Segal Foundation travel	-	2,929
Other Grants Related Expenses	-	8,119
Support Mid-Term Review (MTR) process	<b>5,992</b>	-
Value for Money (VFM) analytical studies	<b>51,047</b>	-
Media Quality Assessment (MQA study)	<b>56,405</b>	-
Conduct sense Making Workshop for Wellspring Program in Zanzibar	<b>24,082</b>	-
Conduct Post Training Assessment for Capacity Building interventions for Supported grantees under basket	<b>19,368</b>	-
Conduct Joint Monitoring visits with DPs	<b>51,353</b>	49,170
Conduct Annual FCS/CSOs/DPs Reflection Workshop	<b>10,831</b>	-
French Embassy costs	<b>72,755</b>	41,894
CIFF expenditure	<b>8,856</b>	-
	<u><b>2,241,121</b></u>	<u>2,568,935</u>
<b>11 BUSINESS DEVELOPMENT AND PARTNERSHIP</b>		
Publishing and Printing	<b>37,174</b>	62,466
Documentation of Success Stories	<b>33,087</b>	18,497
Support Philanthropic Events	<b>19,201</b>	36,844
Joint Learning and Reflection	-	40,249
Strategic Development	-	10,595
Resource Mobilization	<b>16,797</b>	6,867
DFID Risk Management	-	1,574
FCS Anniversary expenses	-	199,881
Bunge Dialogue and Exhibitions	<b>142,264</b>	-
Developing Communication and Marketing Strategy	<b>7,800</b>	-
Management Consultants for Communication, Marketing and branding (Lump sum)	<b>55,900</b>	-
Support philanthropic events	<b>5,453</b>	-
	<u><b>317,676</b></u>	<u>376,973</u>

**FOUNDATION FOR CIVIL SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<u>2018</u> TZS'000	<u>2017</u> TZS'000
<b>12 CAPACITY DEVELOPMENT</b>		
Salaries Capacity Development Staffs	<b>195,040</b>	204,351
Pension - Social Security Costs	<b>39,153</b>	40,322
Fringe Benefits and Other Staff Costs	<b>46,614</b>	75,539
Program Staff Skills & Development Levy	<b>9,236</b>	12,783
Program Staff Workmen Compensation	<b>1,958</b>	2,398
Training and Capacity Building	<b>54,206</b>	133,178
Organizational Capacity Assessment	<b>64,674</b>	33,658
Strategic Meeting for CSO's leaders	<b>5,856</b>	21,235
Strengthening Capacity of CSOs networks	<b>73,807</b>	31,516
Mapping of the CSOs	-	35,699
CSOs Dialogue/Debates	<b>41,831</b>	47,313
Support Change Management	<b>2,023</b>	28,229
Mentoring and Coaching	<b>124,590</b>	11,504
Develop self-censorship tool	-	33,798
System strengthening and policy manuals Development	<b>21,076</b>	5,300
Practice review and Organizational Development (Basket)	<b>59,000</b>	-
Annual CSOs and stakeholder learning and reflection forums	<b>255,338</b>	-
Best Grantee Award	<b>30,050</b>	-
Wellspring Philanthropic fund	<b>327,183</b>	269,907
CSO week	<b>94,400</b>	-
TMEA-CSO capacity strengthening	-	377,272
TOT on local fund raising	<b>34,187</b>	-
Classroom training	<b>290,190</b>	-
	<b><u>1,770,412</u></b>	<b><u>1,364,002</u></b>

**FOUNDATION FOR CIVIL SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<u>2018</u> TZS'000	<u>2017</u> TZS'000
<b>13 ADMINISTRATIVE</b>		
Annual General Meeting	10,285	9,381
Board Meeting Expenses	35,098	46,924
Salaries	695,652	784,750
Pension - Social Security Costs	146,831	153,366
Fringe Benefits and Other Staff Costs	235,106	306,270
Skills and Development Levy	47,294	42,460
Workmen Compensation	7,342	8,575
Staff Training	66,297	90,393
Audit Fees	50,453	47,761
Rent	203,746	220,115
Depreciation and Amortization	116,420	98,523
Loss on Disposal of assets	-	7,277
Gain or Loss on Foreign Currency Translation	143,109	99,024
International Conference and Seminars for Board	58,736	79,482
Life and Medical Insurance	100,980	107,141
Office Communication Expenses	77,392	75,597
Vehicle and Transport Expenses	34,693	44,053
Bank Charges	21,831	12,931
Legal Fees	13,677	13,893
Office Supplies	62,197	62,220
ICT Agreements and Repairs	34,080	23,535
Giving Tuesday	27,846	13,021
Hire technical & management consultancy	63,545	44,925
Staff Retreat	48,290	49,923
Internal Audit	44,384	49,847
Office utilities-electricity	20,899	23,257
Office utilities-water	4,152	4,959
Office gardening, cleanliness & hygiene	18,902	21,065
Office security	34,814	32,320
Maintenance and repair of office equipment	18,061	11,169
Partners meeting and workshop	23,811	24,154
Membership subscription fees	23,087	20,831
Advertising	15,515	2,472
Review of staff benefits	-	3,540
Money, fire, burglary & fidelity insurance	1,634	1,792
Development of FCS commercial arm	9,100	-
Stamp duty	2,062	-
French Embassy costs	30,934	16,116
CIFF-expenditure	5,538	-
Program refund to donors	23,896	-
FCS consultancy expenses	215,076	-
	<b>2,792,765</b>	<b>2,653,062</b>

FOUNDATION FOR CIVIL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>2018</u> TZS'000	<u>2017</u> TZS'000
<b>14 INCOME TAX</b>		
Current tax	92,080	-
Deferred tax	-	-
	<u>92,080</u>	<u>-</u>

**(a) Reconciliation of Income tax expense**

	<u>2018</u> TZS'000	<u>2017</u> TZS'000
<b>Net income/(loss) before income tax</b>	<u>104,779</u>	<u>(305,056)</u>
Current tax at the statutory tax rate of 30%	31,434	(91,517)
<i>Adjusted for:</i>		
-Non deductible expenses- permanent differences	23,444	-
-Deferred tax not recognised	31,585	91,517
-Penalties and interest	5,617	-
Income tax expense	<u>92,080</u>	<u>-</u>

Foundation applied for charitable status with the Commissioner of TRA for which response is yet to be received.

**(b) Components of potential deferred income tax assets**

	<u>2018</u> TZS'000	<u>2017</u> TZS'000
<b>Deferred income tax assets</b>		
Property and equipment	7,511	8,967
Provisions	<u>171,127</u>	<u>138,086</u>
	<u>178,638</u>	<u>147,053</u>

As at 31 December 2018 there is a potential deferred income tax assets of TZS 178.6 million (2017: TZS 147 million) mainly arising from provisions. This asset has not been recognised, as the Governing Board Members and Board of Directors have approved to start a subsidiary company (financial arm) responsible for all the profit generating activities which is expected to be operational from June 2019, hence the Company will remain with the donated income which does not generate any profit. As the result the directors are certain that the Company will not generate taxable profits in the near future to allow the temporary differences to be utilised.

FOUNDATION FOR CIVIL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

15 PROPERTY AND EQUIPMENT  
Year ended 31 December 2018

	<u>Land and Buildings</u> TZS'000	<u>Furniture and Fittings</u> TZS'000	<u>Motor Vehicles</u> TZS'000	<u>Computers</u> TZS'000	<u>Office equipment</u> TZS'000	<u>Work in- progress</u> TZS'000	<u>Total</u> TZS'000
<b>As at 1 January 2018</b>							
Cost and revaluation	1,265,800	66,875	89,900	57,686	117,008	18,949	1,616,218
Accumulated Depreciation	-	(1,216)	(4,208)	(2,157)	(2,079)	-	(9,660)
<b>Net Book value</b>	<b>1,265,800</b>	<b>65,659</b>	<b>85,692</b>	<b>55,529</b>	<b>114,929</b>	<b>18,949</b>	<b>1,606,558</b>
<b>Year ended 31 December 2018</b>							
At start of year	1,265,800	65,659	85,692	55,529	114,929	18,949	1,606,558
Additions	-	-	157,902	4,425	12,696	-	175,023
Charge for the year	-	(13,132)	(54,319)	(14,435)	(12,060)	-	(93,946)
Transfers	(80,000)	-	-	-	-	80,000	-
<b>Closing Net Book Value</b>	<b>1,185,800</b>	<b>52,527</b>	<b>189,275</b>	<b>45,519</b>	<b>115,565</b>	<b>98,949</b>	<b>1,687,635</b>
Cost and revaluation	1,185,800	65,659	243,594	59,954	127,625	98,949	1,781,581
Accumulated depreciation	-	(13,132)	(54,319)	(14,435)	(12,060)	-	(93,946)
<b>Net Book Value</b>	<b>1,185,800</b>	<b>52,527</b>	<b>189,275</b>	<b>45,519</b>	<b>115,565</b>	<b>98,949</b>	<b>1,687,635</b>

FOUNDATION FOR CIVIL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

15 PROPERTY AND EQUIPMENT (CONTINUED)

Year ended 31 December 2017

	<u>Land and Buildings</u> TZS'000	<u>Furniture and Fittings</u> TZS'000	<u>Motor Vehicles</u> TZS'000	<u>Computers</u> TZS'000	<u>Office equipment</u> TZS'000	<u>Work in- progress</u> TZS'000	<u>Total</u> TZS'000
<b>As at 1 January 2017</b>							
Cost	1,382,844	135,241	155,000	145,585	122,160	18,949	1,959,779
Accumulated Depreciation	-	(59,159)	(155,000)	(105,359)	(49,704)	-	(369,222)
<b>Net Book value</b>	<b><u>1,382,844</u></b>	<b><u>76,082</u></b>	<b><u>-</u></b>	<b><u>40,226</u></b>	<b><u>72,456</u></b>	<b><u>18,949</u></b>	<b><u>1,590,557</u></b>
<b>Year ended 31 December 2017</b>							
At start of year	1,382,844	76,082	-	40,226	72,456	18,949	1,590,557
Additions	-	34,837	-	59,805	25,372	-	120,014
Disposals	-	(3,460)	(29,458)	(368)	(6,302)	-	(39,588)
Depreciation Charge for the year	-	(26,931)	(6,250)	(24,639)	(12,543)	-	(70,363)
Revaluation	(117,044)	(14,869)	121,400	(19,495)	35,946	-	5,938
<b>Closing Net Book Value</b>	<b><u>1,265,800</u></b>	<b><u>65,659</u></b>	<b><u>85,692</u></b>	<b><u>55,529</u></b>	<b><u>114,929</u></b>	<b><u>18,949</u></b>	<b><u>1,606,558</u></b>
Cost and revaluation	1,265,800	66,875	89,900	57,686	117,008	18,949	1,616,218
Accumulated depreciation	-	(1,216)	(4,208)	(2,157)	(2,079)	-	(9,660)
<b>Net Book Value</b>	<b><u>1,265,800</u></b>	<b><u>65,659</u></b>	<b><u>85,692</u></b>	<b><u>55,529</u></b>	<b><u>114,929</u></b>	<b><u>18,949</u></b>	<b><u>1,606,558</u></b>

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 15 PROPERTY AND EQUIPMENT (CONTINUED)

(i) The Foundation's property and equipments were revalued on 3 October 2017 by independent professional valuers, Trace Associates LTD. Level 2 fair values for property and equipments were derived using an open market value basis for land and building, and depreciated replacement cost for other assets i.e computers, furniture and fittings and equipment. The revaluation surplus was credited to the revaluation reserve account. The three different fair value measurements are:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

	<u>2018</u> TZS'000	<u>2017</u> TZS'000
<b>16 INTANGIBLE ASSETS</b>		
At start of year	56,333	-
Addition during the year	14,126	84,494
Amortisation charge (Note 13)	<u>(22,475)</u>	<u>(28,161)</u>
<b>At end of year</b>	<b><u>47,984</u></b>	<b><u>56,333</u></b>
<b>17 CASH AND CASH EQUIVALENT</b>		
CRDB TZS Account	34,428	388,500
Standard Chartered Bank TZS Account	246,098	324,940
Standard Chartered Bank USD Account	1,742,447	357,945
Standard Chartered Bank USD Account	519,808	1899
Standard Chartered Bank GBP	591,810	28,996
Equity Bank TZS Account	73,732	1,938
Equity Bank GBP	5,780	5,982
Equity Bank USD	22,613	22,106
Petty Cash	<u>977</u>	<u>1,062</u>
	<b><u>3,237,693</u></b>	<b><u>1,133,368</u></b>
<b>18 TRADE AND OTHER RECEIVABLES</b>		
DANIDA Advances	-	1,467,972
Staff Advances	12,895	2,193
Prepayments	218,597	214,224
Case EQUIP	<u>22,059</u>	<u>-</u>
	<b><u>253,551</u></b>	<b><u>1,684,389</u></b>

FOUNDATION FOR CIVIL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

19 GRANTS RECEIVABLE

Year ended 31 December 2018

	<u>Currency</u>	<u>Opening contract balance</u>	<u>New commitment in currency</u>	<u>Cash received in currency</u>	<u>Receivables in currency</u>	<u>Exchange rate TZS/Currency</u>	<u>Receivables in TZS</u>	<u>Current grants receivable</u>	<u>Non-current grants receivable</u>
		A	B	C	D=A+B-C	E	F=D*E	G	H=F-G
		'000	'000	'000	'000		TZS '000	TZS '000	TZS '000
DFID	GBP	8,250	-	2,750	5,500	2895	15,922,500	7,961,250	7,961,250
SDC	USD	1000	-	1,000	-	2,281	-	-	-
DANIDA	DKK	36,000	-	12,000	24,000	350	8,400,000	2,800,000	5,600,000
NORAD	NOK	2,500	-	2,500	-	261	-	-	-
SIDA	SEK	-	55,000	6,000	49,000	255	12,495,000	6,375,000	6,120,000
WFP/AJWS	USD	525	-	525	-	2,281	-	-	-
CIFF	USD	-	2,580	442	2,138	2,281	4,877,275	1,858,583	3,018,692
Embassy of France	TZS	177,160	433,124	610,284	-	1	-	-	-
<b>Total Grants Receivables</b>							<b>41,694,775</b>	<b>18,994,833</b>	<b>22,699,942</b>



FOUNDATION FOR CIVIL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

19 GRANTS RECEIVABLE (CONTINUED)

Year ended 31 December 2017

	<u>Currency</u>	<u>Opening contract balance</u>	<u>New commitment in currency</u>	<u>Cash received in currency</u>	<u>Receivables in currency</u>	<u>TZS/ Currency</u>	<u>Receivables in TZS</u>	<u>Current grants receivable</u>	<u>Non-current grants receivable</u>
		A	B	C	D=A+B-C	E	F=D*E	G	H=F-G
		'000	'000	'000	'000		TZS '000	TZS '000	TZS '000
DFID	GBP	11,000	-	2,750	8,250	2,996	24,717,000	8,239,000	16,478,000
SDC	USD	2,000	-	1,000	1,000	2,230	2,230,000	2,230,000	-
DANIDA	DKK	40,000	-	4,000	36,000	358	12,888,000	4,296,000	8,592,000
NORAD	NOK	7,500	-	5,000	2,500	270	675,000	675,000	-
Trade Mark East Africa	USD	250	-	250	-	2,230	-	-	-
WFP/AJWS	USD	1,050	-	525	525	2,230	1,170,750	1,170,750	-
Embassy of France	TZS	930,664	-	753,504	177,160	1	177,160	177,160	-
<b>Total Grants Receivables</b>							<b>41,857,910</b>	<b>16,787,910</b>	<b>25,070,000</b>

**FOUNDATION FOR CIVIL SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<u>2018</u> TZS'000	<u>2017</u> TZS'000
<b>20 EMPLOYEE LONG SERVICE AWARD</b>		
Due to related parties (Note 26)	65,791	64,315
Due to other staff	<u>115,384</u>	<u>106,797</u>
	<b><u>181,175</u></b>	<b><u>171,112</u></b>
Current	<b>151,519</b>	64,672
Non-Current	<b><u>29,656</u></b>	<u>112,440</u>
	<b><u>181,175</u></b>	<b><u>171,112</u></b>
<b>21 TRADE AND OTHER PAYABLES</b>		
Due to related parties (Note 26)	<b>215,860</b>	101,406
External Audit fee	<b>50,453</b>	47,761
Outstanding leave days	<b>28,100</b>	133,160
Gratuity	<b>183,355</b>	225,720
Accruals	<b><u>442,723</u></b>	<u>369,182</u>
	<b><u>920,491</u></b>	<b><u>877,229</u></b>

FOUNDATION FOR CIVIL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

22 DEFERRED INCOME

Year ended 31 December 2018

	Opening Unused funds	Cash received	Operating expenses	Refund received from grantees	Refund to donors	Closing unused funds
	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>
	A	B	D	E	F	H = A+B-D+E-F
	'000	'000	'000	'000	'000	'000
DFID	121,162	8,284,502	8,040,031	22,442	-	388,075
SDC	33,660	2,273,680	2,217,487	6,190	-	96,043
DANIDA	20,197	2,831,205	2,768,442	8,080	-	91,040
NORAD	20,775	723,079	731,972	2,068	-	13,950
SIDA	-	1,520,673	1,407,714	4,828	-	117,787
Trade Mark East Africa	178,838	-	-	-	65,430	113,408
WFP/AJWS	1,174,815	1,196,312	1,121,527	-	-	1,249,600
CIFF	-	1,007,900	678,919	-	-	328,981
Embassy of France	381,431	610,284	867,399	1,789	-	126,105
<b>Total Deferred Income</b>						<b>2,524,989</b>

FOUNDATION FOR CIVIL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

22 DEFERRED INCOME (CONTINUED)

Year ended 31 December 2017

	Opening Unused funds  <u>TZS</u>  A ‘000	Cash received  <u>TZS</u>  B ‘000	Operating expenses  <u>TZS</u>  D ‘000	Refund received from grantees <u>TZS</u>  E ‘000	Refund to donors  <u>TZS</u>  F ‘000	Closing unused funds <u>TZS</u>  H = A+B-D+E-F ‘000
DFID	2,041,949	8,031,175	10,024,100	72,138	-	121,162
SDC	10,912	2,231,144	2,231,144	22,748	-	33,660
DANIDA	13,726	2,806,712	2,806,712	6,470	-	20,197
NORAD	6,735	1,377,076	1,377,076	14,041	-	20,775
Trade Mark East Africa	-	556,110	377,272	-	-	178,838
WFP/AJWS	1,085,418	1,174,927	1,085,530	-	-	1,174,815
Embassy of France	-	753,504	372,073			381,431
<b>Total deferred income</b>						<b>1,930,878</b>

FOUNDATION FOR CIVIL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

23 DEFERRED GRANTS

Year ended 31 December 2018

	<u>Currency</u>	<u>Opening contract balance</u>	<u>New commitment in currency</u>	<u>Cash received in currency</u>	<u>Closing contract balance</u>	<u>Exchange rate TZS/Currency</u>	<u>Deferred grants</u>	<u>Current deferred grants</u>	<u>Non-current deferred grants</u>
		A	B	C	D=A+B-C	E	F=D*E	G	H=F-G
		000	000	000	'000		TZS'000	TZS'000	TZS'000
DFID	GBP	8,250	-	2,750	5,500	2,895	15,922,500	7,961,250	7,961,250
SDC	USD	1000	-	1,000	-	2,281	-	-	-
DANIDA	DKK	36,000	-	12,000	24,000	350	8,400,000	2,800,000	5,600,000
NORAD	NOK	2,500	-	2,500	-	261	-	-	-
SIDA	SEK	-	55,000	6,000	49,000	255	12,495,000	6,375,000	6,120,000
WFP/AJWS	USD	525	-	525	-	2,281	-	-	-
CIFF	USD	-	2,580	442	2,138	2,281	-	-	-
Embassy of France	TZS	177,160	433,124	610,284	-	1	4,877,275	1,858,583	3,018,692
<b>Total Deferred Grants</b>							<b>41,694,775</b>	<b>18,994,833</b>	<b>22,699,942</b>

FOUNDATION FOR CIVIL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

23 DEFERRED GRANTS (CONTINUED)

Year ended 31 December 2017

	<u>Currency</u>	<u>Opening contract balance</u>	<u>New commitment in currency</u>	<u>Cash received in currency</u>	<u>Closing contract balance</u>	<u>Exchange rate TZS/Currency</u>	<u>Deferred grants</u>	<u>Current deferred grants</u>	<u>Non-current deferred grants</u>
		A	B	C	D=A+B-C	E	F=D*E	G	H=F-G
		'000	'000	'000	'000		TZS '000	TZS '000	TZS '000
DFID	GBP	11,000	-	2,750	8,250	2,996	24,717,000	8,239,000	16,478,000
SDC	USD	2,000	-	1,000	1,000	2,230	2,230,000	2,230,000	-
DANIDA	DKK	40,000	-	4,000	36,000	358	12,888,000	4,296,000	8,592,000
NORAD	NOK	7,500	-	5,000	2,500	270	675,000	675,000	-
Trade Mark East Africa	USD	250	-	250	-	2,230	-	-	-
WFP/AJWS	USD	1,050	-	525	525	2,230	1,170,750	1,170,750	-
Embassy of France	TZS	930,664	-	753,504	177,160	1	177,160	177,160	-
<b>Total Deferred Grants</b>							<b>41,857,910</b>	<b>16,787,910</b>	<b>25,070,000</b>

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 24 COMMITMENTS AND CONTRACTUAL OBLIGATIONS

##### a) Operating lease commitments

Operating lease payments represent rentals payable by Foundation for its office premises. The current lease has been negotiated for a term of three years from November 2018 during which the rental charge is fixed at USD 90,000 per annum for the first year and USD 84,000 per annum for the following two years.

At the date of statement of financial position, Foundation had outstanding commitments under operating leases as follows;

	2018 TZS'000	2017 TZS'000
Office premises	<u>383,247</u>	<u>-</u>

##### b) Commitments to grantees

Commitments to grantees represent the amount committed by the Foundation to disburse funds to the grantees (Civil society organizations) for implementation of agreed activities. At year end the foundation has made the following commitments to its grantees;

	2018 TZS'000	2017 TZS'000
At start of year	2,373,953	2,383,456
New commitments made during the year	10,378,041	11,558,731
Expired commitments (unused until contract end)	(250,661)	-
Disbursements made to grantees during the year (Note 8 & 9)	<u>(11,011,390)</u>	<u>(11,568,234)</u>
At end of year	<u>1,489,943</u>	<u>2,373,953</u>

#### 25 CONTINGENCY LIABILITY

As at the reporting date, the directors are not aware of any contingency liability that has to be disclosed in these financial statements.

## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 26 RELATED PARTY TRANSACTION AND BALANCES

Related party relationships exist between the Foundation and its key management personnel. Transactions and balances with related parties are as follows:

##### Key management remuneration

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation, directly or indirectly, including any director of the Foundation. Key management personnel compensation were as follows :

	<u>2018</u> TZS'000	<u>2017</u> TZS'000
<b>(a) Transactions during the year</b>		
Directors expenses	20,700	25,650
Salaries and other benefits	<u>1,258,205</u>	<u>813,155</u>
	<u>1,278,905</u>	<u>838,805</u>
<b>(b) Due to key management personnel (Note 21)</b>		
Gratuity	182,839	101,406
Long service award	65,791	64,315
Leave days payable	<u>33,021</u>	<u>-</u>
	<u>281,651</u>	<u>165,721</u>

#### 27 FOUNDATION LIQUIDITY POSITION

Funds received from the Donors during the year were to the level of commitments already entered into between FCS and Development Partners. On account of the agreed commitments, it was expected to receive funds from the basket funders and this were implemented.

The following are the financial liquidity ratios for the year 2018 attained compared to the last financial year 2017.

	<b>2018</b>	2017
Current ratio	1.01	0.94
Acid Test/Quick ratio	1.01	0.94

#### 28 SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affected the financial position of Foundation and the results of its operations.



## FOUNDATION FOR CIVIL SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 29 PRIOR YEAR ADJUSTMENT

The restatement of items in the prior year financial statements relates mainly to the grants which Foundation for Civil Society had contractual agreements with respective donors and there was a reasonable assurance that Foundation for Civil Society will comply with any conditions to the grant and the grant will be received.

	<b>As previously stated TZS'000</b>	<b>Restatement TZS'000</b>	<b>As restated TZS'000</b>
<b><u>As at 31 December 2017</u></b>			
<b>Effect on statement of financial position</b>			
Grants receivable	-	41,857,910	41,857,910
Deferred income grants	-	(41,857,910)	(41,857,910)
<b><u>As at 31 December 2016</u></b>			
<b>Effect on statement of financial position</b>			
Grants receivable	-	51,623,259	51,623,259
Deferred income grants	-	(51,623,259)	(51,623,259)

#### 30 ULTIMATE PARENT COMPANY

The Company is limited by guarantee without share capital under the Tanzania Companies Act Cap 212 R.E 2002. Hence, the Company is under the stewardship of the Governing Board Members.