

SOUTHERN HIGHLANDS PARTICIPATORY ORGANIZATION (SHIPO)

***AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER, 2018***

MARTEC & CO

Certified Public Accountants in Public Practice

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LIST OF ABBREVIATION S

AI	Appreciative Inquiry (Participatory approach for doing a community assessment)
DCoCCC	District Continuum of Care Coordination Committee
HBC	Home Based Care
JWSR	Joint Water Sector Review
MoU	Memorandum of Understanding
MVCC	Most Vulnerable Children Committee
NGO	Non-Governmental Organization
NJORENG O	Njombe Region NGO (Umbrella organization for Civil Society Organizations Njombe)
OVC	Orphans and other Vulnerable Children
PLHA	People Living with HIV/AIDS
SHIPO	Southern Highlands Participatory Organization
TAZAMO	Refers to the TMF program implemented in Tanzania, Zambia and Mozambique
VAG	Village Action Group (is a group with household representatives, maximum households per group)
VTC	Voluntary Testing and Counseling
MAMMIE	Mawengi, Mlangali and Milo Integrated Education
WASH	Water, Sanitation and Hygiene
SMART	Specific; Measurable; Achievable; Relevant; Time bound

SOUTHERN HIGHLANDS PARTICIPATORY ORGANIZATION (SHIPO)

EXECUTIVE BOARD'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

1. INTRODUCTION

The Executive Board presents the audited financial statements for the year ended 31st December, 2018

2. STATEMENT OF EXECUTIVE BOARD'S RESPONSIBILITIES

The Societies Ordinance requires the executive board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the organization at the end of the financial year and of its operating results for that year. It also requires the executive board to ensure that the Organization keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Organization. They are also responsible for safeguarding the assets of the Organization.

The executive board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with generally accepted accounting practice and in the manner required by the Societies Ordinance. The executive board is 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 operating results. The executive board further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls. The executive board is responsible for safeguarding the assets of the Organization and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

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

3. ACTIVITIES

SHIPO is a Tanzanian Non-Governmental Organization (NGO) based in Njombe Region, Tanzania. SHIPO was registered on 7th May 2001 with Registration Number SO.No.10914 with the Ministry of Home Affairs under Society Ordinance Act, 1954 and Provided with a Certificate of Compliance No. 1629 on 27th September 2005 in the Vice President's Office under Non-Governmental Organization Act,2002. SHIPO facilitates people in rural villages, Community Based Organizations (CBO's) and small entrepreneurs to plan and execute small-scale self-help projects in Njombe and Iringa regions, and trains groups and individuals from within and outside Tanzania.

4. OBJECTIVES AND GOALS

Vision

To obtain sustained improvement in the living standards of poor people in Tanzania

Mission

To contribute effectively to sustained improvement through increased self awareness and facilitation of projects based on priorities, needs and capacities of people and other stake holders and through facilitation of private sector development.

Governance

During the year 2009 the organizational structure was refined. The Department Managers together forming a Local Management Team are led by the Program Manager, who also represents SHIPO staff on the Board. During the year 2013 the organization structure was again refined by the Board of directors by introducing a new position of Depute Program Manager. In 2015 the Board restructured again by introducing two titles namely General Manager (previously Deputy Program Manager) and, Board and Management Advisor (previously Connect International representative). Again, in 2016 the Board refined the organization structure by introducing a new position namely Executive Management. The measuring of processes within SHIPO is done by using the SMART info system/Visible Impact tool

In 2018 SHIPO had 21 permanent contractual staffs, two Volunteers and a Board of eight members.

The Concept of Working

SHIPPO works according to the SMART concept, a concept for integrated community development, SMART stands for:

Specific; Measurable; Achievable; Relevant; Time bound and it is applied in four areas:

SMARTdev.

SMARTtech.

SMARTsurvey.

SMARTinfo.

SMART Development (SMARTdev) is a process in which beneficiaries are facilitated to develop and improve their community, organizational structures, leadership and personal circumstances.

SMART Technologies (SMARTtech) are innovative and products and facilities essential for the improvement of health and income that are often 50 to 70% cheaper than conventional technologies and can be produced, operated and maintained with locally available skills and materials.

SMART Survey (SMARTsurvey) and Visible Impact are tools used for collection and analysis of baseline information, research and impact assessment. The systems enable the organization and communities to generate and effectively use structured information required for planning and assessing program impact.

SMART Information (SMARTinfo) and Visible Impact tools are management information and accountability tools for planning, budgeting, monitoring of activities (process), evaluation of results (output), and reporting.

Actors

In the implementation of its programs and projects SHIPO differentiates the following actors:

- The community
- Donor organizations
- Local partners and networks
- District authorities
- Regional authorities, etc.

The Community

SHIPO is convinced that in order to achieve sustainable community development, efforts are needed at 3 levels within a community. These are:

- The individual and household level
- The project level
- The leadership level

At the individual and household level, SHIPO through its staff, trains community coaches, facilitates and supports Village Action Groups and groups to plan, implement and assess self-help projects that contribute to improved wellbeing and the alleviation of poverty. At the individual and household level SHIPO supports Orphans and Other Vulnerable children (OVC's), including the treatment of handicapped children.

At the household level low costs drilling technology for drilling boreholes and digging of hand-dug wells with rope-pumps are implemented together with hygiene promotion activities, the provision of drinking water purification and sanitation facilities.

At the project level, SHIPO facilitates and supports the community to successfully implement projects such as the construction of primary schools, kindergarten, healthcare centers infrastructures, the implementation of environmental health programs, establishment and management of school clubs, facilitation the production and use of Teaching and Learning Materials, training the Community Owned Water Service Organization (COWSOs) etc.

Environmental health programs involve the implementation of drinking water facilities through gravity water supply systems, ground water recharging systems development, pumping water schemes, borehole development and rope pump installations and drip irrigation systems.

At the leadership level, community leaders are invited to participate in “Leadership workshops” to discuss developments in their community, their role in the process of development, how they can fulfill this role better, e.g. by motivating people, by using a participatory approach etc. Also, it is discussed on how to cooperate, to work along and how to use the potential of community committees and volunteers within the community.

Donor Organizations

WEWORLD ONLUS through WEWORLD Tanzania is one of the SHIPO’s largest donors in the year 2018. The WEWORLD ONLUS is sponsoring the Mawengi Mlangali and Milo Integrated Education Project (MAMMIE –Project) which aims to improve the quality of education in 20 rural primary schools located in Mawengi, Mlangali/Lubonde and Milo wards in Ludewa District and is the largest project currently being implemented by SHIPO. Other organizations, that SHIPO has an MoU/Contract with and/or provided funds from in and outside Tanzania in 2018 and/or gave technical advice are, HEIFER International Tanzania, VOLKART/ SKAT Foundation, INDUFOR OY/PFP, Wilde Geese/Ganzen, Karibu Tanzania, St. Endelea, WINGS AND ROOTS, FOT – Friends of Tanzania, USAID through TETRA TECH, e.t.c

Partners and Network Organizations

SHIPO is a member of the Njombe Umbrella Organization for NGO’s called NJORENGO. SHIPO continued to participate in TAWASANET as a representative from the Southern Highlands to advocate for the formation of government policies for Hygiene and Sanitation. In implementation of low-cost technology projects, SHIPO collaborates with local partners such as UVINJO group, KISANGANI Smith Group, UPANGWA Group, AJUA Workshop etc.

Regional and District Authorities

Also, in 2018 SHIPO continued its intensive cooperation with the Local Government Authorities (LGAs), which supported SHIPO as consultants in implementing its projects and other support.

Results for 2018

With the support of the above-mentioned institutions, organizations, companies and individuals SHIPO could support financially communities in Njombe, Iringa and Songwe Regions during the year 2018. It facilitated projects, which were prioritized, planned, implemented and put in place by the communities themselves. Training and close monitoring was included for continued maintenance of all projects completed. Most achievements obtained in 2018 have been achieved according to the planning, except for a few activities.

During the year 2018 the following have been achieved:

SMART Center

- Conduct training on low cost technology such as drip irrigation, rope pump

production, Baptist drilling, SHIPO drilling, ground water recharging systems and improved hand dug wells. Also, SHIPO conducted business training to WASH Entrepreneurs.

Support to Vulnerable Children

- Psychosocial support and income generating activities were provided to foster parents with the vulnerable children and adult vulnerable groups.

Community/school Projects

- Construction of 2 blocks of latrines for Girls and Boys at Kiyombo Primary School.
- Construction of 2 block of latrines pit for Girls and Boys at Mawengi Pr. School
- Construction of 1 block of latrines pit for Girls at Itundu Primary School
- Construction of 1 block of latrines for Boys at Lufumbu Primary School
- Construction of 1 block of Latrine for Girls at Kitewe Primary School.
- Construction of 2 block of Latrine for Girls and Boys at Lupande primary school.
- Construction of 2 block of Latrine for Girls and Boys at Manyanya primary school.
- Construction of 1 block of Latrine for Girls at Mavala Primary School
- Finalization of 2 block of latrines at Isansa Primary School in Mbozi District.
- Finalization of 2 block of latrines at Shiwinga Primary School in Mbozi District
- Finalization of 2 block of latrines at Hatelele Primary School in Mbozi District
- Finalization of 2 block of latrines at Iwalanje Primary School in Mbozi District
- Construction of Rain water harvesting tank at Isansa Primary School in Mbozi District.
- Construction of Rain water harvesting tank at Shiwinga Primary School in Mbozi District
- Construction of Rain water harvesting tank at Hatelele Primary School in Mbozi District
- Construction of Rain water harvesting tank at Iwalanje Primary School in Mbozi District
- Construction of Rain water harvesting tank at Mpito Primary School in Mbozi District.
- Construction of Rain water harvesting tank at Lungwa Primary School in Mbozi District
- Construction of Rain water harvesting tank at Sambewe Primary School in Mbozi District
- Construction of Rain water harvesting tank at Nansama Primary School in Mbozi District
- Construction of Rain water harvesting tank at Igamba Primary School in Mbozi District
- Construction of Rain water harvesting tank at Itepula Primary School in Mbozi District
- Also SHIPO managed to improve water sources and drill shallow wells in 10 villages (Isansa, Shiwinga, Hatelele, Iwalanje, Mpito, Lungwa, Sambewe, Nansama, Igamba and Itepula) in Mbozi District.

Revolving fund project

- SHIPO managed to introduce latrine construction, rope pump installation and use of house hold water filter through the SACCOS program. People are given an opportunity to access microcredit in SACCOS and then repay back in installments.

Water Supply Program

- Construction of Rain water harvesting tank at Isansa Primary School in Mbozi District.
- Construction of Rain water harvesting tank at Shiwinga Primary School in Mbozi District
- Construction of Rain water harvesting tank at Hatelele Primary School in Mbozi District
- Construction of Rain water harvesting tank at Iwalanje Primary School in Mbozi District
- Construction of Rain water harvesting tank at Mpito Primary School in Mbozi District.
- Construction of Rain water harvesting tank at Lungwa Primary School in Mbozi District
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Miscellaneous Projects

- School fees for Vulnerable students around Njombe
- Residential training in management and school governance for HoT, vice HoT, VEO, WEO, DEO, DAO, and parent committee chair persons of 20 schools, facilitated by Vikindu Teachers College
- Workshop for teachers on academic and school management based on coaching program in 20 Primary Schools in Ludewa District.
- Workshop for school committees on management based on coaching program in 20 Primary Schools in Ludewa District.
- School Based Training on School gardening and Avocado planting in 20 Primary School in collaboration with Ward Extension Officers in Ludewa District.
- School Based Training in Child rights and Child protection for Pupils, Parents, School

- Committee members, Teachers, Ward Authorities and Village Leaders in four Wards within Ludewa District.
- School Based Training in Menstrual Hygiene Management for Teachers, Pupils and Parents (Mothers).
- Residential Training in Child rights, Child protection and Nutritional training for School Committees and Local leaders in four Wards within Ludewa District.
- Residential Training INSET training in English and Kiswahili for Primary School teachers.
- Conducted Sensitization event by organizing the Theatre of the Oppressed in Gender and Nutrition

N.B. All the trainings were attended along with local education authorities, school/education inspectors, and local authorities.

5. EXECUTIVE BOARD MEMBERS

Name	Position
Mr. Protas Sylvester Mwanyika	Chairman
Mrs. Ester Maria Mgina-Van Vugt	Member
Mrs. Ester Ngailo	Member
Hon. Pindi Chana (ambassador)	member
Mr. Nicodemus N. Widambe	Member
Mr. Tobias Sylvester Mwanyika	Member
Mr. Luno Mponji	Member
Mr. Walter Anthony Mgina	Member
Mr. Oygen Mwalongo	Secretary (employee, non-voting)

6. RESULTS

The results of operations for the year are set out on page 15 as summarized below:

	31.12.2018	31.12.2017
	T.SHS	T.SHS
Operating Surplus/(Deficit)	<u>(12,023,048)</u>	<u>(301,016,101)</u>
Total Comprehensive Surplus/(Deficit)	<u>(12,023,048)</u>	<u>(301,016,101)</u>

7. PROSPECTS FOR THE YEAR 2019

Below, an overview is given of the goals and activities for the year 2019:-

Training of Trainers in Hand Drillers

In 2019 SHIPO in cooperation with SKAT and other donors expect to continue to facilitate a Smart Tech Training of Trainers for hand Drillers from Tanzania and abroad.

Support to Disabled and Vulnerable Children

In 2019 SHIPO expects to continue looking for other donors to support the existing and new cases of disabled and vulnerable children.

Water Supply Projects/Programs

In 2019 SHIPO expects to continue with the implementation of hygiene and sanitation programs.

Other Projects

To continue with psychosocial support activities to parents and orphans and vulnerable children in two villages (Mgala and Ngalanga).

To continue with the implementation of Mbozi Farmers Livelihood project in Mbozi district.

To continue with Mawengi, Mlangali and Milo Intergrated Education (MAMMIE) project in Ludewa district.

To continue making Teaching Learning Materials for Schools.

Manuals and Guidelines

SHIPO expects to continue cooperation with organizations in and outside of Tanzania to improve the living standard and well-being of poor people in Tanzania. It aims to be the "Trainer of Trainers" for Tanzania and neighboring countries. Besides the implementation of Projects and Programs, SHIPO will continue to work on the improvement of organizational processes, the preparation of work instruction manuals and implementation of performance management.

8. EMPLOYEES' WELFARE

a. Management/Employees' Relationship

The relationship between the management and employees in general continued to be good. There were no other known unsolved complaints by employees at the year-end.

b. Medical Facilities

The organization has a contract with National Health Insurance Fund (NHIF) for provision of healthy service for all employees on nondiscriminatory basis. Also, the organization has continued to cover the employees under Workers Compensation, according to Workers Compensation Act Cap. 263.

Employee Motivation

Important contributions made by employees to the success of the organization are fully recognized and, within the salary scales, continued commitment is rewarded. It is the organization's policy to review salaries annually and to ensure that salaries remain competitive. It is also considered necessary to continue promoting employee motivation by continuous of service, staff amenities and offer in house training to improve quality of employees' skills.

9. AUDITORS

Martec & Co. were the Organization's auditors for the year ended 31st December, 2018. They have indicated their willingness to continue in office and are eligible for reappointment.

BY ORDER OF THE EXECUTIVE BOARD


.....
DIRECTOR



DATE: 30th June 2019

SOUTHERN HIGHLANDS PARTICIPATORY ORGANIZATION (SHIPO)

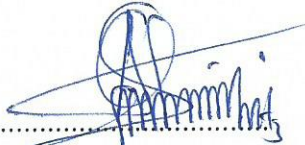
DECLARATION OF THE HEAD OF FINANCE

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 Management 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 Amos Amoni Mwendawila being the Head of Finance hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June, 2018 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Southern Highlands Participatory Organisation as on that date and that they have been prepared based on properly maintained financial records.



Signed by: Amos Amoni Mwendawila

Position: Finance Manager

NBAA Membership No.: ACPA 3569

Date: 30/06/2019

MARTEC & CO.

CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE & TAX CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Executive Board of SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION

We have audited the accompanying financial statements of Southern Highlands Participatory Organisation, which comprise the Statement of financial position as at 31st December, 2018, and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Centre's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Tanzania Society Ordinance (Cap 337) and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

Our responsibility as an auditor is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

**An Independent Audit Report to the Executive Board of
SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (continued)**

Also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Southern Highlands Participatory Organization as at 31st December, 2018 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Tanzania Society Ordinance (Cap 337)..

Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the members as a body in accordance with the Societies Ordinance and for no other purposes.

As required by the Tanzania Society Ordinance (Cap 337), we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of account have been kept by the organization, so far as it appears from our examination of those books;
- iii. The Director's report is consistent with the financial statements;
- iv. The organization's financial statements are in agreement with the books of accounts.

MARTEC & CO.
CPA in Public Practice and Tax Consultants
Dar es Salaam

.....
FELIX W. KESSY (ECCA, FCPA)
MANAGING PARTNER

DATE:.....20.08.2019.....

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2018

	NOTE	31.12.2018	31.12.2017
		TZS	TZS
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	6	<u>208,230,677</u>	249,734,146
Total Non- Current Asset		<u>208,230,677</u>	<u>249,734,146</u>
Current Assets			
Receivables	7	32,502,000	43,041,309
Cash and Cash Equivalents	8	<u>132,879,233</u>	<u>92,859,504</u>
Total Current Asset		<u>165,381,233</u>	<u>135,900,813</u>
TOTAL ASSETS		<u>373,611,911</u>	<u>385,634,959</u>
RESERVE AND LIABILITIES			
Reserves			
Accumulated Funds		<u>373,611,911</u>	<u>385,634,959</u>
Total Reserves		<u>373,611,911</u>	<u>385,634,959</u>
Current Liabilities			
Payables	9		=
Total Current Liabilities			=
TOTAL RESERVES AND LIABILITIES		<u>373,611,911</u>	<u>385,634,959</u>

*Independent auditors' report on pages 13 and 14.
Notes on Pages 19 to 32 form part of these financial statements*

The financial statements were approved by the Executive Board for issue and were signed on its behalf by:-

Protas Mwanjika
.....
NAME

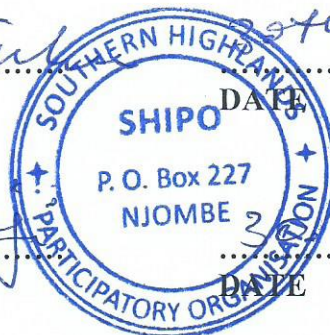
Protas Mwanjika
.....
SIGNATURE

20th June 2019
.....
DATE

Luvo K. Mporoti
.....
NAME

Luvo K. Mporoti
.....
SIGNATURE

20th June 2019
.....
DATE



SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	31.12.2018 TZS	31.12.2017 TZS
INCOME			
Grant Received	10	1,373,251,029	1,081,405,501
Income From Own Sources	11	<u>35,957,515</u>	<u>33,989,303</u>
Total Income		<u>1,409,208,544</u>	<u>1,115,394,804</u>
LESS: OPERATING EXPENSES			
Project Costs	12	1,205,785,447	1,231,158,040
Organisation Costs	13	<u>215,446,144</u>	<u>185,252,865</u>
Total Operating Expenses		<u>1,421,231,592</u>	<u>1,416,410,905</u>
Surplus/ (Deficit) for the Year		<u>(12,023,048)</u>	<u>(301,016,101)</u>

*Independent auditors' report on pages 13 and 14.
Notes on Pages 19 to 32 form part of these financial statements*

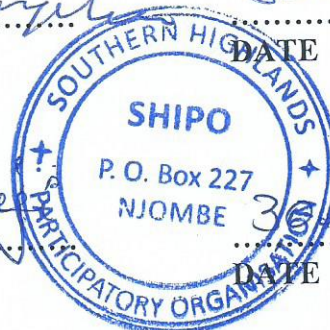
The financial statements were approved by the Executive Board for issue and were signed on its behalf by:-

Protas S. Mwaraya
.....
NAME

Protas S. Mwaraya *30th June 2019*
.....
SIGNATURE DATE

Lewo K. Mporoti
.....
NAME

Lewo K. Mporoti *30th June 2019*
.....
SIGNATURE DATE



SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

**STATEMENT OF CHANGES IN ACCUMULATED FUND FOR YEAR ENDED
31ST DECEMBER, 2018**

	Accumulated Surplus/ (Deficit)	TOTAL
	TZS	TZS
Balance As At 01.01.2017	686,651,060	686,651,060
Surplus /(Deficit) for the Year	<u>(301,016,101)</u>	<u>(301,016,101)</u>
Balance As At 31.12.2017	<u>385,634,959</u>	<u>385,634,959</u>
Balance As At 01.01.2018	385,634,959	385,634,959
Surplus /(Deficit) for the Year	<u>(12,023,048)</u>	<u>(12,023,048)</u>
Balance As At 31.12.2018	<u>373,611,911</u>	<u>373,611,911</u>

*Independent auditors' report on pages 13 and 14.
Notes on Pages 19 to 32 form part of these financial statements*

The financial statements were approved by the Executive Board for issue and were signed on its behalf by:-

Protas S. Mwangika
.....
NAME

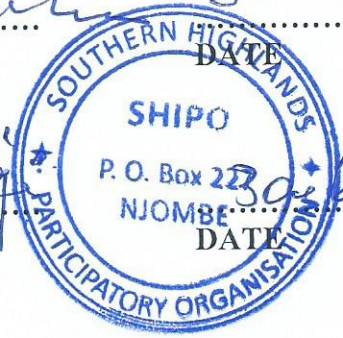
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30th June 2019
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DATE

Lewo K. Mpoa
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NAME

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30th June 2019
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DATE



SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2018

	31.12.2018	31.12.2017
	TZS	TZS
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Surplus /(Deficit) for the Year	(12,023,048)	(301,016,101)
Adjustments for Items not involving movement of Cash		
Depreciation	47,124,453	58,698,476
Adjustment Depreciation	=	4,331,528
Cash Flows Before Changes of Working Capital	35,101,405	(237,986,097)
Changes in Working Capital Items:-		
Decrease/(Increase) in Receivables	<u>10,539,309</u>	<u>(11,802,309)</u>
Net Cash Flows from/ (Used in) Operating Activities A	<u>45,640,714</u>	<u>(249,788,406)</u>
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(5,620,984)</u>	<u>(2,581,200)</u>
Net Cash Flows from/ (Used in) Investing Activities B	<u>(5,620,984)</u>	<u>(2,581,200)</u>
 Increase/ (Decrease) in Cash and Cash Equivalents (A+B)	 40,019,730	 (252,369,606)
Cash and Cash Equivalents at Beginning of the Year	<u>92,859,504</u>	<u>345,229,110</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>132,879,234</u>	<u>92,859,504</u>

*Independent auditors' report on pages 13 and 14.
Notes on Pages 19 to 32 form part of these financial statements*

The financial statements were approved by the Executive Board for issue and were signed on its behalf by

Protas S. Mwanjika
.....
NAME

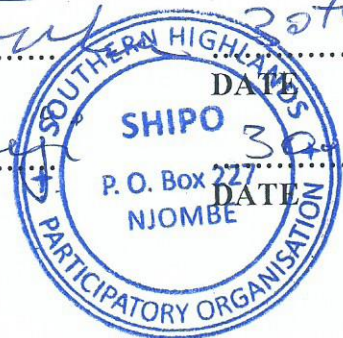
Protas S. Mwanjika
.....
SIGNATURE

20th June 2019
.....
DATE

Luwu K. Mpowi
.....
NAME

Luwu K. Mpowi
.....
SIGNATURE

30/6/2019
.....
DATE



SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018

1: ORGANISATION INFORMATION

The financial statements of Southern Highlands Participatory Organisation for the year ended 31st December, 2018 were authorized for issue in accordance with a resolution of Executive Board. The Organisation is incorporated in Tanzania under Societies Act, (2002).

2: BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The financial statements are prepared in Tanzanian Shillings.

Statement of Compliance

The financial statements of Southern Highlands Participatory Organisation have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Tanzanian Societies Act, (2002).

3. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements

The preparation of the Organisation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Organisation's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognized in the consolidated financial statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 (Continued)

Impairment of Non-financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction or similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Organization is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well the expected future cash inflows and the growth rate used for extrapolation purposes.

Residual Value and Useful Life

The Organization depreciate their assets over their estimated useful lives taking into account residual values, which, follows the adoption of IAS 16 property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programs all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Income Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Organization and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and VAT or duty. The Organization assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Organization has concluded that it is acting as a principal in all of its

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 (Continued)

revenue arrangements. The following specific recognition must also be before revenue is recognized.

Interest Income

Interest income is recognized when earned on an accrual basis.

b) Foreign Currency Transaction

The Organization's functional currency is Tanzania Shillings (TZS): financial statements are presented in the same currency (TZS).

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 Organization operates ("the functional currency"). The financial statements are presented in Tanzania Shillings (TZS) Organization's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into Tanzania Shillings 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 of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

c) Cash and Cash Equivalents

Cash and short term deposits in the statement of financial position comprise cash at bank and in hand and short term deposit with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalent consist of cash and cash equivalent as defined above, net of outstanding bank overdrafts.

d) Property, Plant and Equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred. If the recognition criteria are met. All other repair and maintenance costs are recognized in profit and loss as incurred.

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 (Continued)

Depreciation on property and equipment is computed on a straight line basis over the estimated useful lives of the assets. The useful life of assets are categorized as under:-

Assets	Useful life (years)
Building	25
Motor Vehicles	5
Office furniture	3
Office Equipment	3

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end.

e) Provisions

Provisions are recognized when the Organisation has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The expense relating to any provision is recognized in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as a finance cost.

f) Employees Benefits

Short Term Benefits

the Organization's employees are members of the National Social Security Fund ("NSSF"), PSPF and GEPF, which are defined contribution plans. The Organization contributes 10% and employees contribute 10% of the employees' gross salaries to the Scheme. The contribution is charged to the statement of comprehensive income when incurred.

g) Impairment of Financial Assets

The Organization assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of the financial assets is impaired. A financial asset or a group of the financial assets is deemed to be impaired if, and only if, there is objective evidence of

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 (Continued)

impairment as a result of one or more events that has occurred after the initial recognition of the asset (as incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payment, 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, such as changes in arrears or economic conditions that correlate with defaults.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Organization will not be able to collect all the amounts due under the original terms of invoice. The carrying amount of receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

(c) Taxation

No tax is charged in to the financial statement as the Organization is exempted from taxation.

(d) Financial Instruments – Initial Recognition and Subsequent Measurement

Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Organization determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Organization commits to purchase or sell the asset.

The Organization's financial assets include cash and short-term deposits, trade and other receivables, staff debtors and other receivables.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:-

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 (Continued)

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Organization that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance cost in the statement of comprehensive income.

The Organization has not designated any financial assets upon initial recognition as at fair value through profit or loss.

The Organization evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate.

When the Organization is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Organization may elect to reclassify these financial assets in rare circumstances.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:-

- The rights to receive cash flows from the asset have expired
- The Organization has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either;
 - (a) the Organization has transferred substantially all the risks and rewards of the asset, or
 - (b) the Organization has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Organization has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Organization's continuing involvement in the asset.

In that case, the Organization also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Organization has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Organization could be required to repay.

Impairment of Financial Assets

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, 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, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost

For financial assets carried at amortized cost the Organization first assesses individually for financial assets that are individually significant whether objective evidence of impairment exists or collectively for financial assets that are not individually significant. If the Organization determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 (Continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Organization. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, and loans and borrowings. The Organization determines the classification of its financial liabilities at initial recognition.

The Organization's financial liabilities include trade and other payables, bank overdraft, and loans and borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:-

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 (Continued)

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Organization that are not designated as hedging instruments in hedge relationships as defined by UAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income. The Organization has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Organization capitalizes borrowing costs for all eligible assets where construction was commenced on or after 1st January, 2009. The Organization continues to expense borrowing costs relating to construction projects that commenced prior to 1st January, 2009.

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 (Continued)

i) Inventories /Assets

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the first in first out method. Redundant and slow moving stocks are identified and written down to their estimated economic or realizable values. Net realizable value represents the estimated selling price less all estimated costs of completions and costs to be incurred in marketing, selling and distribution.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Organization's principal financial liabilities are payables, and have various financial assets such as receivables and cash at banks and on-hand, which arise directly from its operations.

The Organization is exposed to foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:-

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization's exposure to the risk of changes in foreign exchange rates relates primarily to the Organization's operating activities (when revenue or expense is denominated in a different currency from the Organization's functional currency).

The Organization operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EURO currency. The Organization receives funds in EURO and pays suppliers in EURO. This mode mitigates any foreign exchange exposure. Management monitors on timely basis the foreign exchange risk of the Organization.

Interest Rate Risk

The Organization's income and operating cash flows are substantially independent of changes in market interest rates. The Organization is exposed to various risk associated with the effects of fluctuations in the prevailing levels of market rates on its financial position and cash flows.

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 (Continued)

NOTE 6: PROPERTY AND EQUIPMENT

	Land	Buildings	Motor Vehicles	Office Equipment	TOTAL
COST	TZS.	TZS.	TZS.	TZS.	TZS.
As At 1 st January, 2018	38,000,000	206,979,288	192,569,759	73,158,418	510,707,465
Additions	-	-	-	5,620,984	5,620,984
As At 31 st December, 2018	38,000,000	206,979,288	192,569,759	78,779,402	516,328,449
ACCUMULATED DEPRECIATION					
As At 1 st January, 2018	-	72,806,363	124,254,551	63,912,405	260,973,319
Charge for the Year	-	8,279,089	30,394,495	8,450,869	47,124,453
As At 31 st December, 2018	-	<u>72,806,363</u>	<u>154,649,046</u>	<u>72,363,274</u>	<u>308,097,772</u>
CARRYING VALUE					
As At 31.12.2018	<u>38,000,000</u>	<u>125,893,836</u>	<u>37,920,713</u>	<u>6,416,128</u>	<u>208,230,677</u>
As At 31.12.2017	<u>38,000,000</u>	<u>134,172,925</u>	<u>68,315,208</u>	<u>9,246,013</u>	<u>249,734,146</u>

SOUTHERN HIGHLANDS PARTICIPATORY ORGANISATION (SHIPO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 (Continued)

NOTE 7: RECEIVABLES

	31.12.2018	31.12.2017
	TZS.	TZS.
Loans and Advances	<u>32,502,000</u>	43,041,309
TOTAL	<u>32,502,000</u>	<u>43,041,309</u>

NOTE 8: CASH AND CASH EQUIVALENTS

Cash in Hand - Intervita	1,283,620	1,265,460
Bank - SHIPO T.SHS.	10,761,986	13,393,724
Bank - SHIPO - Intervita - T.SHS.	25,983,768	44,161,623
Bank - SHIPO - Intervita - EURO	15,055,110	4,093,966
Bank - SHIPO - EURO	73,017,617	29,944,731
Bank - SHIPO - USD	<u>6,776,932</u>	=
TOTAL	<u>132,879,233</u>	<u>92,859,504</u>

NOTE 9: PAYABLES

Sundry Creditors	=	=
TOTAL	=	=

NOTE 10: GRANT RECEIVED

	31.12. 2018	31.12. 2017
	TZS.	TZS.
Received from Connect International	4,743,437	20,442,493
Received from Karibu Foundation	54,574,557	20,842,416
Received from Winrock	-	26,400,000
Received from We World - Intervita	598,697,419	589,873,898
Received from Raleigh Tanzania Limited	-	20,966,720
Received from Wilde Geese/ Ganzen	72,756,601	63,045,750
Received from Skat Foundation Vidianstr	169,092,453	75,456,954
Received from Heifer International	269,240,289	207,100,483
Received from Presbyterian Church	-	5,716,389
Received from INDUFOR OY/PFP	43,649,636	20,835,698
Received from ST. ENDELEA	53,584,623	-
Received from ST. AERA/RAIN	-	30,724,699
Received from WINGS AND ROOTS	3,872,160	-
Received from FRIENDS OF TANZANIA	11,743,036	-
Received from BRITAM INSURANCE (T) LTD	12,300,000	-
Received from TETRA TECH (WARIDI)	<u>78,996,818</u>	=
TOTAL	<u>1,373,251,029</u>	<u>1,081,40501</u>

NOTE 11: INCOME FROM OWN SOURCES

	31.12. 2018 TZS.	31.12.2017 TZS.
Local Contribution for Office Maint. and Rent	23,554,515	27,268,553
Sales of Water Filters	11,603,000	4,882,750
SMART Training	<u>800,000</u>	<u>1,838,000</u>
TOTAL	<u>35,957,515</u>	<u>33,989,303</u>

NOTE 12: PROJECT COSTS

Project Professionals Salaries and Wages	343,623,010	414,429,078
Employers Contribution and SDL	34,362,301	41,442,908
Contribution to WCF	3,436,230	4,124,748
Contribution to NHIF	15,221,371	15,404,719
Miscellaneous Costs for the Projects	13,774,500	4,258,000
Publication and Certifications	5,668,000	3,546,000
Furniture	11,580,000	27,226,000
Tools, Equipment and Machines Installation	6,908,000	5,181,757
Materials for Constr. and Rehab. C/Rooms	-	32,352,837
Materials for Constr. of Dormitories	28,642,150	33,597,700
Materials for Constr. of Kitchen & D/Rooms	-	111,265,200
Materials for Constr. of Latrines	131,045,200	82,681,630
Materials for Constr. of play grounds	-	19,218,669
Materials for Constr. of Gravity Systems	128,659,021	81,308,539
Drilling Tools & Equipments	9,176,888	18,264,700
Filters & Drip Irrigation Materials	4,167,300	1,042,000
Food & Drinks on Workshop & Meetings	56,460,550	36,425,900
Other Materials	35,774,434	5,252,000
Transport of Materials	97,106,900	88,649,000
Transportation of Persons	45,490,300	26,206,760
Plots Management	4,743,000	7,540,150
Water Quality Tests	4,026,850	1,919,593
Agriculture Inputs	12,526,579	7,917,421
Training of Beneficiaries	163,069,540	115,232,753
Evaluation (External) Inspection/ Monitoring	-	4,422,632
Student Costs	12,136,400	19,726,170
Textbooks & Teaching aids	-	17,533,237
Bank Costs for Projects	4,183,922	4,987,939
Materials for Global Action Week Sensitization event	3,988,000	-
Materials for long distance support campaign	3,764,000	-
Cowso registration, meetings and Assessments	<u>26,251,000</u>	-
TOTAL	<u>1,205,785,447</u>	<u>1,231,158,040</u>

NOTE 13: ORGANIZATION COSTS

	31.12. 2018	31.12. 2017
	TZS	TZS
Training/Conference and Seminars	1,270,000	2,216,600
Misc. Personnel Costs.	10,015,946	9,220,965
Depreciation – Office Machines	8,450,869	9,371,810
Depreciation – Motor Vehicles	30,394,495	41,047,577
Depreciation – Buildings	8,279,089	8,279,089
Board Costs	4,805,500	9,772,587
Annual Fee for NGO	1,367,199	235,400
Transportation Cost	44,055,940	26,002,833
Residents & Work Permits	2,530,295	-
Gas, Electricity and Water	3,825,200	2,420,900
Repairs and Cleaning Office Buildings	5,462,240	11,054,350
Posts and Telecommunications	9,564,706	10,934,150
Office Stationery	9,084,400	6,190,560
Motor Vehicles Repair and Maintenance	37,282,080	17,292,150
Motor Vehicle Insurance	5,491,680	7,087,000
Fuel for Motor Vehicles	26,832,658	14,965,102
Fuel for Generator	533,848	1,121,792
Consultants and Contractors	6,200,000	8,040,000
TOTAL	<u>215,446,144</u>	<u>185,252,865</u>

NOTE 14: TAXATION

The Organization is registered with the Registrar of Societies in the Vice Presidents Office. The funds used to implement the activities are donor funds which are not taxable, therefore there is no tax.

NOTE 15: EMPLOYEES

The number of employees as at 31st December, 2018 was 20.