

**GRASSROOTS TANZANIA COMPANY
LIMITED
FINANCIAL STATEMENTS
31ST DECEMBER, 2014**

MEHBOOB M. SADIQ & CO.

Certified Public Accountants in Public Practice

NSSF Commercial Complex, Old Moshi Road, P. O.BOX 822 TEL: 2750224/2750655 MOSHI.

GRASSROOTS TANZANIA COMPANY LIMITED

Financial Statements
For the year ended 31st December, 2014

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GRASSROOTS TANZANIA COMPANY LIMITED

Financial Statements

For the year ended 31st December, 2014

COMPANY INFORMATION

DIRECTORS:

Mrs. Charlotte Eva Coltman Hopley -British
Mr. Martin John Hopley - Tanzanian
Mr. Athuman Mohamed Majengo - Tanzanian

REGISTERED OFFICE:

Plot No.9/35
Karanga Ward
P.O.Box 8944,
Moshi-Kilimanjaro

COMPANY SECRETARY:

Mrs. Charlotte Eva Coltman Hopley

AUDITORS:

Mehboob M. Sadiq & Co.
Certified Public Accountants in Public Practice

BANKERS:

Standard Chartered Bank Tanzania Limited

GRASSROOTS TANZANIA COMPANY LIMITED

Financial Statements

For the year ended 31st December, 2014

REPORT OF THE DIRECTORS'

The Directors herewith present their report and the accounts of Grassroots Tanzania Company Limited (Company number 96586) . a Company limited by guarantee and not having a share capital, for the year ended 31st December, 2014.

Our aims and objectives

Our company's purposes as set out in the objects contained in the Memorandum and Articles of Association and in summary are to:

- The vision of Grassroots Tanzania is to unite people and the environment through compassion and mutual respect to invest in a sustainable way of life by:
- Preserving the local environment through various conservation activities.
- Educating the community on environmental issues.
- Mobilising financial and material resources for the furtherance of the company's activities.
- Receiving grants,donations and other funds for the implementation of the objects of the company.

Our Mission is to put an end to land degradation by delivering conservation and education programs to cultivate enduring self-reliance within remote communities in Tanzania.

Ensuring our work delivers our aims

We review our aims,objectives and activities each year.This review looks at what we achieved and the outcomes of our work in the previous 12 months.The review looks at the success of each key activity and the benefits they have brought to those issues we are set up to help. The review also helps us ensure our aims,objectives and activities remained focused on our stated purposes.

Our work in 2014

Our 2014 objectives encompassed the following:

- Build a fundraising team and project office staff.
- Expand our fundraising potential via events and grants and increase core funding.
- Build permanent camp buildings including toilet/shower block and staff accomodation.
- Establish radio communication with camp.
- Invest in hives,our revenue generating business to ensure core costs are covered long term.
- Launch a conservation volunteer program at Itumba Hill and commence the tree planting program.
- Complete the building of the first classrooms at Itumba Hill Primary School.

2014 progress proved slower than expected primarily because all Directors continued to work in a voluntary capacity. Furthermore with the birth of their second child,Mrs Hopley was only able to work in a part-time capacity.Mrs Hopley is the primary fundraiser of Grassroots Tanzania.

GRASSROOTS TANZANIA COMPANY LIMITED

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Report of the Directors

Our work in 2014 (continued)

Grassroots Tanzania grew their funding from 2013 and were successful in receiving 2 Grants from Holland and the UK, the former to support the build of more permanent buildings (toilet/shower block) at Itumba Hill project site and the latter to purchase school textbooks for Itumba Hill School.

Completion of the build of Itumba Hill Primary school was delayed, as whilst Grassroots Tanzania had raised funds for the roof, the structure of the school, built by the villages was too weak to complete. To support this and the build of our camp, Grassroots Tanzania recruited 2 local staff, a builder and carpenter in late Q4 2014 to be part of the field team. Work will commence on the build of 2 classrooms in mid 2015.

With the establishment of a permanent team at Itumba Hill, our presence in the area reduced the rate of deforestation. Communications remained a challenge with lack of funding to purchase essential radio communications, much needed given the remoteness of the project site, being 70km from the nearest mobile reception, as well as the lack of infrastructure in the area.

We refurbished a donated Landcruiser pickup, which has enabled us to collect sand and stones for building purposes and gives the field team more freedom in their activities. Vehicles continue to remain one of our highest costs due to our location, lack of infrastructure increasing wear and tear as well as high running costs in the first half of the year; a function of local weather patterns and the rains restricting access to the project site.

We purchased a small number of hives and refurbished a number of existing hives. As part of our beekeeping efforts in June, 2014 we had our first small honey harvest, which was predominately distributed locally. Our honey was tested for its quality showing lower water content than other honey available on the local market. We have received good, strong and positive feedback about the quality of the product. We will continue to focus on this in the near future, as honey production is central to our core operations.

We continue to assess the viability of a volunteer program, notably with those from overseas. Operating so remotely with volunteers can place unnecessary diversions from our core work as well as add pressure to a small team of local staff. We are looking forward to undertaking a base line conservation survey in the area and may proceed with this element of our work via partnering with local universities.

We continue to work towards our Mission: having a sustainable framework at the project site is an essential and key part of our early success. Building and maintaining village relations is a key element of our work. We have a long and challenging road ahead, however we remain optimistic about our future. We are reassured that in our area, with our caretaker in place for the land, deforestation rates have slowed and we are playing our part in protecting a small part of Tanzania.

GRASSROOTS TANZANIA COMPANY LIMITED

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For the year ended 31st December, 2014

Report of the Directors

Principal Funding Sources

Aside from the income generated by our fundraising activities, the principal funding sources for the charity are currently by way of grants from the UK and Holland and extended loans from Directors. The Directors have undertaken to commit financial support for the company until the company generates a surplus, which is expected within the next 12 to 24 months. The directors are identifying opportunities for a much wider range of funding sources to the future.

Directors

The Directors of the Company who held office during the year were as follows:

Mrs. Charlotte Eva Coltman Hopley -British

Mr. Martin John Hopley - Tanzanian

Mr. Athuman Mohamed Majengo - Tanzanian

Plans for future periods

The company plans to continue the activities outlined above in forthcoming years subject to satisfactory funding arrangements.

Auditors

Mehboob M. Sadiq & Co, Certified Public Accountant in Public Practice, were appointed as the Company's Auditors during the year.

BY ORDER OF THE BOARD


**DIRECTOR
MOSHI**

Dated 29th July2015

MEHBOOB M. SADIQ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE

P.O. BOX 822, MOSHI, TANZANIA, TEL: 2750224 / 2750655, FAX: 2753864

EMAIL: mehboob_sadiq@hotmail.com

GRASSROOTS TANZANIA COMPANY LIMITED INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Grassroots Tanzania Company Limited set out on pages A7 to A14 to which include the fund accountability statements for the year ended 31st December, 2014 and a summary of the signification accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the fund accountability statements. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of fund accountability statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

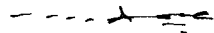
Our responsibility is to express an opinion on these fund accountability statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 fund accountability statement. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the fund accountability statement, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the project's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the project's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the fund accountability statements.

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

Opinion

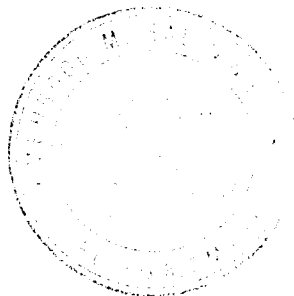
In our opinion, the financial statements present fairly, in all material respects, the financial position of Grassroots Tanzania Company Limited as at 31st December, 2014 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.


Mehboob M. Sadiq, FCPA - 246

Mehboob M. Sadiq & Company, PF- 013

Certified Public Accountants in Public Practice,

MOSHI. 29th July, 2015



GRASSROOTS TANZANIA COMPANY LIMITED

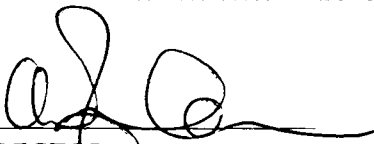
Financial Statements

For the year ended 31st December, 2014

BALANCE SHEET

	Note	2014 T.Shs	2013 T.Shs
ASSETS			
NON CURRENT ASSETS			
Property,Plant & Equipment	2	4, 836, 596	3, 076, 762
CURRENT ASSETS			
Debtors and prepayments	3	2, 000, 000	-
Bank balances	4	<u>6, 257, 280</u>	<u>4, 671, 544</u>
		<u>8, 257, 280</u>	<u>4, 671, 544</u>
CURRENT LIABILITIES			
Trade and other payables	5	<u>1, 250, 000</u>	<u>1, 200, 000</u>
NET CURRENT ASSETS		<u>7, 007, 280</u>	<u>3, 471, 544</u>
NET ASSETS		<u>11, 843, 876</u>	<u>6, 548, 306</u>
UNRESTRICTED FUNDS CARRIED FORWARD			
Loan account	6	42, 405, 775	28, 218, 105
Accumulated deficit		<u>(30, 885, 899)</u>	<u>(21, 669, 799)</u>
		<u>11, 519, 876</u>	<u>6, 548, 306</u>
RESTRICTED FUNDS CARRIED FORWARD			
Fund raising UK		<u>324, 000</u>	<u>-</u>
TOTAL FUNDS		<u>11, 843, 876</u>	<u>6, 548, 306</u>

The financial statements on pages A7 to A9 were approved by the Board of Directors on.....^{29th July}.....2015 and was signed on its behalf by:



DIRECTOR

The notes on pages A10 to A14 form part of the financial statements.

GRASSROOTS TANZANIA COMPANY LIMITED**Financial Statements****For the year ended 31st December, 2014**

STATEMENT OF COMPREHENSIVE INCOME		2014	2013
	Notes	T.Shs	T.Shs
REVENUE	7	43,163,836	6,197,500
EXPENDITURE			
Beekeeping		<u>1,515,000</u>	<u>-</u>
Conservation expenses:			
» Itumba Hill Singida Operational and Conservation Costs		12,346,250	2,632,850
» Vehicles operation,maintenance and refurbishment		<u>20,864,643</u>	<u>4,945,955</u>
Total Conservation Expenses		33,210,893	7,578,805
Business development		1,383,575	-
Education		296,000	2,722,091
Fundraising		12,000	4,064,400
Marketing		<u>1,331,256</u>	<u>-</u>
ADMINISTRATIVE EXPENSES			
» Communication		1,136,600	833,000
» Volunteers		299,500	919,900
» Staff incidental costs		2,110,800	-
» Directors expense		1,763,596	-
» Project office		5,336,250	8,761,661
» Insurance		140,000	288,000
» Audit fee		1,250,000	1,200,000
» Bank charges		897,800	94,680
» Legal		<u>70,000</u>	<u>800,000</u>
TOTAL ADMINISTRATIVE EXPENSES		13,004,546	12,897,241
Depreciation		<u>1,302,666</u>	<u>604,762</u>
TOTAL EXPENDITURE		52,055,936	27,867,299
DEFICIT FOR THE YEAR		<u>(8,892,100)</u>	<u>(21,669,799)</u>

GRASSROOTS TANZANIA COMPANY LIMITED**Financial statements****For the year ended 31st December, 2014**

CASH FLOW STATEMENT	2014	2013
	T.Shs	T.Shs
Operating Activities		
Deficit for the year	(8, 892,100)	(21, 669, 799)
Adjustment for the items not involving the use of cash:		
Depreciation	<u>1, 302, 666</u>	<u>604, 762</u>
Operating deficit before working capital change	(7, 589, 434)	(21, 065, 037)
Working capital movements:		
Debtors and prepayments	(2, 000, 000)	-
Trade and other payables	<u>50, 000</u>	<u>1, 200, 000</u>
Cash absorbed in operations	(9, 539, 434)	(19, 865, 037)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3, 062, 500)	(3, 681, 524)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan account	<u>14, 187, 670</u>	<u>28, 218, 105</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1, 585, 736	4, 671, 544
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4, 671, 544</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>6, 257, 280</u>	<u>4, 671, 544</u>
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS	2014	2013
	T.Shs	T.Shs
Bank balances	<u>6, 257, 280</u>	<u>4, 671, 544</u>

GRASSROOTS TANZANIA COMPANY LIMITED

Financial statements

For the year ended 31st December, 2014

NOTES TO THE ACCOUNTS

1. Accounting policies

- a) The accounts have been prepared using the historic cost convention.
- b) Depreciation is charged using the reducing balance method at the following rates:
- | | | |
|--------------------------------|---------|------------|
| Computers | 30% p.a | |
| Furniture and office equipment | 10% p.a | |
| Farm equipment | 10% p.a | |
| Tents and tarpaulins | 50% p.a | (2013-20%) |
- c) Loans from directors are secured against the organisations's assets and unrestricted funds.
No interest is charged by Directors.
- d) Donations are accounted for in the year in which they are received.

2. PROPERTY, PLANT AND EQUIPMENT (See page A11)

3. DEBTORS AND PREPAYMENTS

	2014	2013
	T.Shs	T.Shs
Office rent prepayment	<u>2,000,000</u>	<u>-</u>

4. BANK BALANCES

	2014	2013
	T.Shs	T.Shs
Standard Chartered Bank- USD Account	6,255,280	4,356,544
Standard Chartered Bank- TSHS Account	<u>2,000</u>	<u>315,000</u>
	<u>6,257,280</u>	<u>4,671,544</u>

5. TRADE AND OTHER PAYABLES

	2014	2013
	T.Shs	T.Shs
Mehboob M. Sadiq & Co. - Audit fee	<u>1,250,000</u>	<u>1,200,000</u>

6. LOAN ACCOUNT

	2014	2013
	T.Shs	T.Shs
Loan from Directors:		
Brought forward from previous year	28,218,105	-
Increase during the year	<u>14,187,670</u>	<u>28,218,105</u>
	<u>42,405,775</u>	<u>28,218,105</u>

GRASSROOTS TANZANIA COMPANY LIMITED

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NOTES TO THE ACCOUNTS

2. PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture and Office Equipment	Farm Equipment	Tents and Tarpaulins	Total
	T.Shs	T.Shs	T.Shs	T.Shs	T.Shs
Cost At 01.01.2014	893,077	442,500	1,765,997	579,950	3,681,524
Additions	<u>3,062,500</u>	-	-	-	<u>3,062,500</u>
Cost At 31.12.2014	<u>3,955,577</u>	<u>442,500</u>	<u>1,765,997</u>	<u>579,950</u>	<u>6,744,024</u>
Depreciation brought forward	267,923	44,250	176,599	115,990	604,762
Charge for the year	<u>871,921</u>	<u>39,825</u>	<u>158,940</u>	<u>231,980</u>	<u>1,302,666</u>
Accumulated Depreciation	<u>1,139,844</u>	<u>84,075</u>	<u>335,539</u>	<u>347,970</u>	<u>1,907,428</u>
Net book value at 31.12.2014	<u>2,815,733</u>	<u>358,425</u>	<u>1,430,458</u>	<u>231,980</u>	<u>4,836,596</u>
Net book value at 31.12.2013	<u>625,154</u>	<u>398,250</u>	<u>1,589,398</u>	<u>463,960</u>	<u>3,076,762</u>

GRASSROOTS TANZANIA COMPANY LIMITED

Financial statements

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NOTES TO THE ACCOUNTS (CONTINUED)

NOTES TO THE ACCOUNTS (CONTINUED)

	2014	2013
	T.Shs	T.Shs
7. REVENUE		
Income consisted of:		
<u>Restricted</u>		
Fundraising-UK- Books and a proportion of overhead and fuel costs	1, 925, 000	3, 978, 000
Fundraising-Holland-Conservation/water at Itumba Hill and a proportion of overhead and fuel costs	10, 693, 600	-
<u>Unrestricted</u>		
Fundraising-UK	28, 589, 736	-
Sponsorship Events	800, 000	-
Business Development-Book sales	635, 000	810, 000
Business Development-Card sales	188, 500	653, 500
Business Development-Food sales	<u>332, 000</u>	<u>756, 000</u>
	<u><u>43, 163, 836</u></u>	<u><u>6, 197, 500</u></u>

GRASSROOTS TANZANIA COMPANY LIMITED

Financial statements

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NOTES TO THE ACCOUNTS (CONTINUED)

8 SUMMARY OF FUND MOVEMENTS

	Unrestricted Funds	Restricted Funds	Total Donor & Income from Activities	Directors Loan	2014 Total Funds	2013 Total Funds
Funds Received:						
Donations	28, 589, 736	12, 618, 600	41, 208, 336	-	41, 208, 336	6, 197, 500
Trustee Loan Funds	-	-	-	14, 187, 670	14, 187, 670	28, 218, 105
Earned from Core Activities	-	-	-	-	-	-
Earned from Other Activities	<u>1, 955, 500</u>	<u>-</u>	<u>1, 955, 500</u>	<u>-</u>	<u>1, 955, 500</u>	<u>-</u>
Total	30, 545, 236	12, 618, 600	43, 163, 836	14, 187, 670	57, 351, 506	34, 415, 605
Funds Expended:						
Costs of Raising Funds	(2, 726, 831)	-	(2, 726, 831)	-	(2, 726, 831)	(4, 064, 400)
Expenditure on Core Activities:						
Administration	(5, 510, 252)	(1, 261, 860)	(6, 772, 112)	(7, 535, 100)	(14, 307, 212)	-
Conservation	(22, 308, 153)	(10, 902, 740)	(33, 210, 893)	-	(33, 210, 893)	(23, 802, 899)
Education	-	(130, 000)	(130, 000)	(166, 000)	(296, 000)	-
Beekeeping	-	-	-	(1, 515, 000)	(1, 515, 000)	-
Other Expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>(30, 545, 236)</u>	<u>(12, 294, 600)</u>	<u>(42, 839, 836)</u>	<u>(9, 216, 100)</u>	<u>(52, 055, 936)</u>	<u>(27, 867, 299)</u>
Net Incoming/(Expended) Resources	-	324, 000	324, 000	4, 971, 570	5, 295, 570	6, 548, 306
Reconciliation of Funds						
Funds brought forward	<u>-</u>	<u>-</u>	<u>-</u>	<u>6, 548, 306</u>	<u>6, 548, 306</u>	<u>-</u>
Total Funds Carried Forward	<u>-</u>	<u>324, 000</u>	<u>324, 000</u>	<u>11, 519, 876</u>	<u>11, 843, 876</u>	<u>6, 548, 306</u>

Agreement has been reached with the donors of restricted funds that, where projects are still to be completed at the end of the financial year, any unspent funds can be carried forward where it is expected that all such funds will be utilised within the following year.

GRASSROOTS TANZANIA COMPANY LIMITED

Financial statements

For the year ended 31st December, 2014

NOTES TO THE ACCOUNTS (CONTINUED)

9. STAFF NUMBERS

The average number of paid employees during the year, calculated on the basis of full time equivalents, was as follows:

	2014	2013
	Number	Number
Administration		
Conservation	2	2
Education	3	2
Beekeeping	0	0
	1	1

No directors received any remuneration in the year (2013- Nil)

No director or other person related to the company had any personal interest in any contract or transaction entered into by the company during the year (2013-Nil)