

ANNUAL REPORT

and

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013



Dedicated to the long term support of communities and their conservation of wildlife and natural resources.



ANNUAL REPORT AND AUDITEDFINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

| Contents | Page |
|--------------------------------------|----------|
| Contents, acronyms and abbreviations | 1 |
| Mission statementandour role | 2 |
| Organisation information | 3 |
| Chairperson's statement | 4 & 5 |
| Operations and financial review | 6 to 12 |
| Directors'annualreport | 13 to 15 |
| Report of the independent auditors | 16 |
| Financial statements: | |
| Statement of comprehensive income | 17 |
| Balance sheet | 18 |
| Cash flow statement | 19 |
| Statement of changes in equity | 20 |
| Notes to the financial statements | 21 to 28 |

LIST OF ACRONYMS AND ABBREVIATIONS

| AWF | Africa Wildlife Foundation |
|-------|---|
| BHC | British High Commission |
| CBNRM | Community-Based Natural Resource Management |
| ССР | Community Conservation Project |
| CSRP | Corporate Social Responsibility and Philanthropy |
| ESAMI | Eastern and Southern African Management Institute |
| HGF | Honeyguide Foundation or 'the Foundation' |
| NGO | Non-Governmental Organisation |
| PAOC | Pan-African Ornithological Congress |
| RTTZ | Responsible Tourism Tanzania |
| WCS | Wildlife Conservation Society |
| WMA | Wildlife Management Area |
| WWF | Worldwide Fund for Nature |
| | |



MISSION STATEMENT

The Honeyguide Foundation provides the catalyst for the communities, to have a positive influence on their surrounding natural resources using tourism, through the following components:

- Providing mechanisms that contribute positively to community sustainability and poverty reduction.
- Developing appropriate, transparent and accountable Corporate Social Responsibility and Philanthropy strategies for tourism enterprises working with communities.
- Developing long term, positive strategic links between communities and their business partners in the recognition that long term partnerships rely upon rigorous community governance and sustainable management of the natural and socio-economic resources.

"Make conservation profitable. Find ways to raise income of those who live in and near reserves. Give them a proprietary interest in the natural environment and engage them professionally in its protection" The Future of Life - Edward O. Wilson

OUR ROLE

The Honeyguide Foundation exists to create mutually-beneficial partnerships among Tanzanian communities and tourism in order to conserve wildlife and natural habitat by using a holistic approach to business enterprise.

The Honeyguide Foundation believes in the continued co-existence among local communities and wildlife though the utilisation of innovative approaches to conservation using social business initiatives, thereby creating an economic environment favourable to wildlife conservation and economic development.

The Honeyguide Foundation believes accountability in governance empowers communities to effectively manage local resources and development.

The Honeyguide Foundation enables communities to face 21st century challenges through consultation services, capacity building, and partnership creation between local communities and Responsible Tourism enterprises.



ORGANISATION INFORMATION

| Principal place for activities | : | United Republic of Tanzania |
|--------------------------------|---|---|
| Registered office | : | Olasiti PO Box 2657 Arusha, Tanzania |
| Chairperson | : | Ole Kirimbai PO Box 2657 Arusha, Tanzania |
| Executive director | : | Damian Bell PO Box 2657 Arusha, Tanzania |
| Secretary | : | Belinda Mullo PO Box 2657 Arusha, Tanzania |
| Bankers | : | Barclays Bank (T) Limited POBox 5137 Arusha, Tanzania |
| | | Exim Bank (T) Limited PO Box1906 Arusha, Tanzania |
| External auditors | : | H M Associates PO Box 1404 Arusha, Tanzania |
| Internal auditors | : | Mizani Limited PO Box 8035 Arusha, Tanzania |



CHAIRPERSON'S STATEMENT



Honeyguide Foundation marked 2013 with a number of new ventures and significant achievements for our ongoing projects. Such progress would not have been possible without our conservation partners and communities. Community-based conservation in Tanzania and in Africa in general is still generally a new concept being tried and tested. The solutions for the many challenges are still to be discovered and this process requires innovative approaches to overcome challenges. Conservation success also necessitates taking calculated risks and learning from mistakes.

Honeyguide Foundation has a culture of always learning from our mistakes and adapting to our environment. On the ground, situations change constantly and can lead to new opportunities. For example, early in 2013, Honeyguide set out to collect some film clips of what we have been doing in the field. The footage impressed us enough that we realized we could use it for something entirely different than marketing and we

added to, edited, and transformed the footage into a feature-length documentary in Swahili about the Enduimet Wildlife Management Area (WMA). In our three years of working in Enduimet, it became clear that communities knew very little of what was going on in their lands, the WMA mission and functions, and community-based conservation in general. The documentary covers a broad range of these issues, efforts, and challenges in Enduimet.

Then we took the show on the road and launched our Mobile Cinema Unit (MCU). In total, the MCU team screened the documentary more than 50 times, putting up screenings and setting up makeshift outdoor cinemas in every village, sub-village, and school in Enduimet, reaching a total audience of more than 20,000 people. Post-screening focus group discussions often went on for hours and the MCU team would not close down the cinema until after midnight. Honeyguide wanted to know how the community felt about wildlife, conservation, and issues in general in the WMA. By far, the number one issue communities expressed as the most pressing focused on human-wildlife conflicts.

The MCU team's interaction with communities has transformed Honeyguide's main strategies and plans. We have started to spend energy on these conflicts, reducing crop damage by wildlife, and understanding the predator and livestock conflict.

In 2013, Honeyguide also expanded into new project sites and established new partnerships. Due to our successes in Enduimet WMA, Honeyguide began operations in Burunge WMA in June 2013. Burunge provides a much celebrated and critical wildlife corridor between Tarangire and Manyara national parks. Furthermore, the African Wildlife Foundation (AWF) asked Honeyguide to run anti-poaching operations in Manyara Ranch, a key community-based conservation in the Tarangire-Manyara ecosystem. In the 19 months prior to Honeyguide starting this project, Manyara Ranch had lost more than 20 elephants to poachers. Since we began leading a team of 15 wildlife scouts in the area, not a single elephant has been lost. Now the regular sound of gun shots in Manyara Ranch has died out and elephants have finally started to relax in a safe environment.

Honeyguide has had similar successes in all the areas that they have had protection programs in place. Such



achievement is due to our culture of engagement with communities and local wildlife scouts and the leadership of communities and community-based conservation areas. We see ourselves as facilitators for communitybased conservation and wildlife protection ventures that will eventually be fully run by communities themselves. Honeyguide has a number of very professional anti-poaching rangers who provide advice and capacity building for the local community rangers (Village Game Scouts), working with these professionals, Honeyguide and the communities identify the shortfalls in their anti-poaching operations. Working with these gaps, Honeyguide provides solutions such as training, equipment and other incentives that form the very incentives of an effective protection unit.

Although protection is key to conservation, it is not the only strategy to develop a robust and sustainable community-based conservation area. In fact, the protection is the most expensive element in any conservation area often consuming over 70% of the total operating expenses. Generating enough funds to make conservation possible is also key to a successful model. Honeyguide is engaging with the WMAs and other conservation areas to develop strategies and activities that will improve the revenue generating mechanisms in the community areas to support the protection of the wildlife and natural resources.

At Honeyguide, we have always felt strongly about the need to support the development of young Tanzanians, and we therefore have a continuous volunteer program in place, working with the top universities in Tanzania and their students. This year we took on three Tanzanian university graduates who have worked tirelessly on monitoring systems for wildlife protection. They originally set off on a course to set up monitoring program called MIST, but by the end of the year had their sights set on new software called SMART. Having tested a number of different methods to collect data, Honeyguide will be among some of the first programs in East Africa to use SMART to support the strategic planning and management of the anti-poaching efforts of the communities.

I would like to take this opportunity to thank all the donors and partners who have joined us, and who have taken us through 2013 and helped us to mature, develop and expand. I would particularly like to give sincere thanks to the Big Life Foundation for their consistent support towards habitat protection in the WMAs and their continuing confidence in Honeyguide.

Naptal Ole Kirimbai Chairman



OPERATIONS AND FINANCIAL REVIEW OPERATIONS REVIEW 2013

2013 Report on activities and objectives

Honeyguide has expanded the footprint of our impact on the ground in 2013. Honeyguide started to provide support to communities in areas around the Natron area and Manyara Tarangire ecosystem whilst also visioning a further expansion in 2014. The Amboseli-Kilimanjaro and the Tarangire-Manyara ecosystems are interconnected, and Honeyguide is supporting community-based protection units in this large landscape.



In the Enduimet WMA, the efforts made in 2013 have continued to improve the protection of wildlife and habitat. With their persistent enforcement in the area, the Enduimet community scouts have successfully deterred frequent poaching with zero elephants killed in 2013 in the area. This is largely due to the Mobile Response Unit that was formed in 2012. Furthermore, with the continued support of the rewards for intelligence, this has assisted the effectiveness of the anti-poaching units in the area.

The Tracker Dog Unit has also continued with success and collaboration with a number of other conservation areas including the Tarangire National Park, Lake Manyara National Park, Kilimanjaro National Park, Arusha National Park, the Ngorongoro Conservation Area and Manyara Ranch Conservancy.



OPERATIONS AND FINANCIAL REVIEW OPERATIONS REVIEW 2013 2013 Report on activities and objectives (continued)

Honeyguide has expanded into three new conservation areas in 2013: the Natron Game Controlled Area, Burunge Wildlife Management Area, and Manyara Ranch. With a similar approach to Enduimet, we strive to develop highly trained, incentivised and equipped anti-poaching units.

Besides concentrating on anti-poaching in Enduimet, Honeyguide also started to direct its efforts on the side of the community within the area, supporting them to try to reduce the damage done by wildlife to their crops. In 2012, Honeyguide developed a cost-efficient 'chilli bomb', a small firecracker that goes off with a load bang and disperses chilli powder over the area, both scaring and irritating the wildlife raiders at the same time. These devices were distributed to the community scouts in the agricultural areas, as well as to the farmers. The 'chilli bomb' was very successful in Enduimet, however not as successful in Burunge, the elephants did not move off the farms however the headlights worked for the Burunge elephants. Honeyguide developed this idea further and improved the headlights and spotlights on their vehicles. This adaptive and fast approach to the problem enabled the crop protection units to successfully remove elephants from the crops in Burunge.



OPERATIONS AND FINANCIAL REVIEW FINANCIAL REVIEW2013

Revenues

During the 2013 financial year, total revenues of almost US\$ 500,000 (Tsh785million) were received; representing an equal amount same as the previous year. Out of the received amount, the single biggest donor continued to be the Big Life Foundation, based in the United States of America, and established to monitor and reduce the incidence of poaching in East Africa. These funds have been re-categorised as a restricted fund donation but with a contribution of this funding allocated to cover the core expenses of the Foundation.

Notable revenues towards core expenses were received from Asilia and Ruud Bakhuizan .Remaining surplus received as a result of organising PAOC conference in 2012 was deposited into a fixed deposit account – Exim bank and continued to earn interest for the foundation during the year 2013.

Asilia Lodges and Camps continued to make its much appreciated annual contribution towards core expenses. This year US\$4,400 (just underTsh7.3 million) was received.

Expenses

On the expenses side, total expenditure was approximately US \$475,000 (Tsh744 million) compared to US \$473,000 (Tshs 740 million).Of the total, 87 percent US\$ 414,505 (Tshs 648 million): (2012:93 percent, US\$437,000) (Tsh 684 million):) was incurred on project planning, management, implementation and capital expenditure and 8percent (2012:7%)US\$62,000 (Tsh97 million) on human resources and administration expenses. (2012:US \$47,000 and Tsh 56 million respectively).

As described in the accounting policies, the statement of comprehensive income headings have been amended to reflect the new improved budgeting system introduced at the end of the previous year. Please see note 1.6 of the financial statements for further details.

Core expenses

As discussed in previous years' financial reviews, the target has been to reduce the proportion of core expenses compared to total expenses, to less than 20 percent of total expenses. Core expenses in the year 2013 was 14% of total expenses which is within the bracket of 20%. This is due to, a more tightly-run ship, as a result of the improved budget systems and management controls introduced last year.

Project expenses

As a reflection of the income received from the Big Life Foundation, the highest project expenditure was for implementation and monitoring activities of the anti-poaching unit amounting to US \$ 192,000 (Tsh 309 million). (2012 US\$ 237,000 and Tsh 381 million respectively). This expenditure was mainly for the Enduimet WMA (Kilimanjaro/Amboseli area) and the Burunge WMA (Tarangire area) and includes capital expenditure incurred at the end of the year.



FINANCIAL REVIEW 2013 (continued)

The Burunge WMA project is expected to expand considerably during 2013. In accordance with the accounting policies of the Foundation, fixed assets are included in the Income Statement and expensed against the applicable projects.

Deferred revenues:

At the year end and as disclosed in note 14 to the financial statements, the total deferred revenues in respect of the restricted projects had increased to \$26,000 (Tsh42 million), up from the previous yearend figure of US\$ 13,000(Tsh21million).

Contingency fund and designation of specific bank account

The total fund as contingency in 2013 was \$29,000 (Tshs 45M) which was appropriated in the year 2012, this is a general reserve for future use by the company.

Designation of net assets

With the aim of better corporate governance and improving transparency and accountability, (especially to prevent co-mingling of funds) the Foundation decided to designate the net assets. The designation has been effective from 1 January 2013, based on these audited financial statements. The split has been into three funds as follows: (a) Big Life Foundation restricted fund-for income and project expenditure; (b) other restricted funds- for income and expenditure; and (c) general (unrestricted) fund for direct core income and contributions from projects and core expenditure. The proposed split is shown in notes 14 to 16 of the financial statements.

Improved budgeting and controls and internal audit

As reported in the previous financial statement, the Directors did appoint an Arusha-based firm of consultants to perform a monthly internal audit and to report on the effectiveness of these systems and controls, as well as to submit constructive recommendations for further improvements.

Note: For ease of comparison with the Tsh amounts shown in the 2013 financial statements, an average rate of exchange of Tsh1,607to 1 US dollar (2012Tsh1565to 1US dollar) has been used in the above figures.



OPERATIONS AND FINANCIAL REVIEW FINANCIAL REVIEW 2013 (continued)

| REVENUES | 2013 | 2012 |
|---|---------|----------|
| | Tsh 000 | Tsh 000 |
| Funds received from donors | 777,694 | 555,091 |
| Project revenues, including Pan-African Ornithological Congress | 0 | 214,364 |
| Other revenues | 7,307 | 8,912 |
| Revenues received during the year | 785,001 | 778,367 |
| Movement in deferred revenues for the year | 0 | -19,912 |
| Total revenues for the year | 785,001 | 758,455 |
| | | |
| EXPENSES | | |
| Project planning and management | 144,954 | 137,734 |
| Project implementation-executing and monitoring | 309,160 | 381,860 |
| Project implementation-support | 178,033 | 136,969 |
| Project implementation-plant and equipment | 16,139 | 27,360 |
| Sub-total project expenses analysed as to: | 648,286 | 683,923 |
| Community Conservation Projects (CCP) | | |
| Wildlife Management Area-Kilimanjaro(Enduimet WMA) - 'Big Life' | 427,575 | 463,497 |
| Wildlife Management Area-Tarangire (Burunge WMA) -'Big Life' | 112,545 | 11,887 |
| Mobile Cinema Unit | 9,420 | 0 |
| Wildlife Management Area-Manyara | 89,129 | 0 |
| Wildlife Management Area-Natron | 9,617 | 0 |
| CCP sub-total | 648,286 | 475,384 |
| BHC-Responsible Tourism in Tanzania (RTTZ) | 0 | 43,065 |
| Pan African Ornithological Congress (PAOC) | 0 | 165,474 |
| Sub-total project expenses as above | 648,286 | 683,923 |
| Project administration (core) expenses | 104,835 | 68,949 |
| Finance (income)/Loss | (8,477) | (12,414) |
| Project administration (core) expenses, net of finance income | 96,356 | 55,535 |
| Total expenses for the year | 744,644 | 740,458 |
| Surplus for the year | 40,358 | 17,997 |
| Total expenses and surplus for the year | 785,001 | 758,455 |



2013 PROJECTS



Note: Core administration expenses are net of finance income



DIRECTORS'ANNUAL REPORT

The Board of directors of the Honeyguide Foundation (HGF or the Foundation) submit their annual report and the audited financial statements for the year ended 31 December 2013 which show the state of the Foundation's affairs.

1. Background

The Honeyguide Foundation is a Non-Governmental Organisation (NGO) registered under the Non-Governmental Organisation Act 2002 and the laws of the United Republic of Tanzania and issued with a Certificate of Registration number 1309,dated 12 April 2007.

HGF is a grass roots NGO dedicated to support communities and the conservation of wildlife and natural resources, through long-term community partnerships.

The African Honeyguide is a bird that actively guides humans (and honey badgers) to beehives and it was chosen by the organisation as its symbol. because it is a beautiful example of the symbiotic relationship between humans and wildlife and of successful partnerships in general.

2. Membership

HGF members are committed to the idea of Responsible Tourism playing an instrumental part in improving community livelihoods through business ventures.

HGF offers two different types of membership categories; voting membership and nonvoting membership. This structure allows members to play as active a role as they desire in HGF activities, according to their time availability and ability.

Voting membership: any individual, business or NGO may become a voting member of HGF. This type of membership includes an annual membership fee or donated (volunteer) time or a signed cooperation agreement with HGF.

Non-voting membership: any member of a community in which HGF is actively working, or any individual organisation with an interest in Responsible Tourism.

The Board would like to thank all current members and donors. Your generosity has allowed the Foundation to grow and continue our important work.

3. Our management team

The HGF team, lead by Damian Bell, the chief executive, is a diverse group of people with experience and backgrounds in the tourism industry and dedicated to long-term community development initiatives in Tanzania. Damian has over 20 years experience in the tourism industry, during 15 of these years, he has established partnerships with communities and tourism companies.

Ole Kirimbai is a Maasai elder, who started his career as a wildlife officer in the Tanzania game department. He became a regional game warden before joining the tourism industry for 20 years, initially as a camp manager and then as a guide. Kirimbai is the project officer for Community Conservation Project



DIRECTORS' ANNUAL REPORT (continued)

4. Main sources of finance

The main sources of finance of HGF during the year are as set out in notes 2 to 4 of the financial statements.

HGF is grateful for the assistance of these partners and hopes to continue receiving grants from these donor agencies and potential new donors to support the implementation of its objectives.

5. Willingness to commit future funding

- **Asilia Lodges and Camps Limited:** have committed funding in kind, as well as financial support and are likely to continue until the end of 2015.
- **Ruud Bakhuizen:** has committed to supporting the core expenses for three years. The final year of this pledge, 2013, remains to support the core expenses.
- **Big Life Foundation:** have a vision that will continue to support community conservation for the next three years up to and including 2015.
- *Africa Wildlife Foundation:* have a vision that will continue to support community conservation for the next three years up to and including 2015.
- *African Conservation:* have a vision that will continue to support community conservation for the next three years up to and including 2014.
- **Touchstone:** have a vision that will continue to support community conservation for the next three years up to and including 2015.

6. The Board of Directors

The Board of Directors who served during the year and up to the date of this report were:

| Chairperson | Nationality | Residence |
|-----------------------------------|-------------|-----------|
| Ole Kirimbai | Tanzanian | Tanzania |
| Board members | | |
| Jeroen Harderwijk | Dutch | Tanzania |
| John Bearcroft | British | Tanzania |
| Walid Fikirini | Zanzibar | Zanzibar |
| William Kitonga | Tanzanian | Tanzania |
| Andrew Williams | British | Tanzania |
| Executive director Damian Bell | Tanzanian | Tanzania |



DIRECTOR'S ANNUAL REPORT (continued)

7. Number of meetings convened during the year

HGF has held two Board meetings during the financial year.

8. Employees

HGF had twenty seven employees (2012: six employees) on the payroll at the year end.

9. The Board of Directors' responsibilities in relation to the financial statements

- For the preparation and fair presentation of the financial statements, in accordance with the significant accounting policies, generally accepted accounting principles in Tanzania adopted by NGO's; and on the cash basis, as modified by the inclusion of project liabilities.
- For such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- To provide the auditors with:
- access to all information of which the Board is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that auditors may request from the Board for the purpose of the audit; and
- unrestricted access to persons within the entity from whom auditors determine it necessary too obtain audit evidence.

10. Auditors

HM Associates have expressed their willingness to continue in office in accordance with the articles of the constitution of the Honeyguide Foundation. A resolution will be sought from the Annual General Meeting to re-appoint them.

By Order of the Board of Directors

Belinda Mullo Secretary

Date: -----2014

REPORT OF THE INDEPENDENT AUDITORS



We have audited the accompanying financial statements of the Honeyguide Foundation which comprise the balance sheet as at 31 December 2013, the statements of comprehensive income statements, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies together with other explanatory notes. The financial statements have been prepared by management using the cash receipts and disbursements basis of accounting described in note 1.

The Board of Directors 'responsibility for the financial statements

The Board of Directors' are responsible for the preparation and fair presentation of these financial statements, in accordance generally accepted accounting principles adopted by non-governmental organizations in Tanzania and for such internal control as the Board of Directors' determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an 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 and plan and perform the audit to obtain reasonable assurance about 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 entity's preparation and fair presentation of the financial statement 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, 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 presents a true and fair view of the balance sheet at 31 December 2013 and the related, income statement and cash flows of the Honeyguide Foundation for the year then ended, in accordance with the cash receipts and disbursements basis of accounting, as described in note 1.

Basis of accounting

Without modifying our opinion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to provide information to the members and donors. Consequently, the financial statements may not be suitable for other purposes.

HM Associates Certified Public Accountants

| Arusha, | Tanzania_ | 2014 |
|-----------|-----------|------|
| / II Gond | i unzuniu | 2014 |



| | <u>Note</u> | 2013 Tsh ′000 | 2012 Tsh ′000 |
|--|-------------|------------------|------------------|
| REVENUES | | | |
| Funds received from donors | 2 | 777,694 | 555,091 |
| Project revenues | 3 | 0 | 214,364 |
| Other revenues | 4 | 7,307 | 8,912 |
| Revenues received during year | | 785,001 | 778,367 |
| Deferred revenues brought forward | | 0 | 1,100 |
| Deferred revenues carried forward | | 0 | -21,012 |
| Total revenues for year | | 785,001 | 758,455 |
| EXPENSES | | | |
| Project planning and management | 5 | 144,954 | 137,734 |
| Project implementation- executing and monitoring | 6 | 309,160 | 381,860 |
| Project implementation-support | 7 | 178,033 | 136,969 |
| Project implementation-plant and equipment | 8 | 16,139 | 27,360 |
| | | 648,286 | 683,923 |
| Project administration (core) expenses | 9 | 104,835 | 68,949 |
| Finance (income)/costs - exchange gains | | (8,477) | (12,414) |
| Total expenses for year | | 744,644 | 740,458 |
| Surplus for year | | 40,358 | 17,997 |

The notes on pages 21 to 32 form part of these financial statements.

Independent Auditors report - page 16

The financial statements on pages 17 to 32were authorised for issue by the Board of Directors on 2013and were signed on its behalf by:

Ole Kirimbai Chairperson Jeroen Harderwijk Director



FINANCIAL STATEMENTS BALANCE SHEET AT 31 DECEMBER 2013

| ASSETS | <u>Note</u> | 2013 Tsh′000 | 2012 Tsh'000 |
|--|----------------|-----------------------------|----------------------------|
| Non-current assets Plant and equipment | 10 | 5,305 | 3162 |
| Current assets Project advances, receivables and prepayments | 11 | 76,683 | 25,025 |
| Cash and cash equivalents | 12 | 114,250 | 103,591 |
| Total current assets | - | 190,933 | 128,616 |
| Total assets | - | 196,237 | 131,778 |
| LIABILITIES Current liabilities Payables and accrued expenses | 13 | 26,215 | 23,483 |
| Deferred revenues | 14,15 | 42,382 | 21,012 |
| Total liabilities | - | 68,596 | 44,495 |
| ACCUMULATED FUNDS General fund Contingency fund | 15A,15B 15B | 82,641 45,000 127,641 | 42,283 45,000 87,283 |
| Total liabilities and accumulated fund | - | 196,237 | 131,778 |

The financial statements on pages 17 to 32were authorised for issue by the Board of Directors on2013and were signed on its behalf by:

Ole Kirimbai Chairperson Jeroen Harderwijk Director



FINANCIAL STATEMENTS CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

| | | 2013 | 2012 |
|---|-------------|-----------|-----------|
| | <u>Note</u> | Tsh'000 | Tsh′000 |
| Cash flows from operating activities Cash receipts from donors and other income | | 785,001 | 778,367 |
| Payment for projects and administration expenses | _ | (744,644) | (740,458) |
| •• • • • • • • | - | 40,358 | 37,909 |
| <i>Movements in working capital</i> (Increase)/Decrease in project advances and receivables | | (51,658) | 4,765 |
| Increase/(decrease) in payables and accrued expenses | | 2,732 | 22,126 |
| Non cash item – depreciation | 9 | 1,018 | 988 |
| Net cash generated from/(used in) operating activities | - | 32,808 | 65,788 |
| Investing activities | | | |
| Purchase of plant and equipment | 10 | (3,161) | (3,622) |
| Cash used in investing activities | - | (3,161) | (3,622) |
| Increase/(decrease) in cash and cash equivalents | = | 29,647 | 62,166 |
| Movement in cash and cash equivalents | | | |
| At the beginning of the year | | 103,591 | 41,425 |
| Increase/(decrease) in cash and cash equivalents | _ | 10,659 | 62,166 |
| At the end of the year | 12 | 114,250 | 103,591 |



FINANCIAL STATEMENTS STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

| Balance at 1 January 2013 Surplus for year | Contingenc y fund Tsh '000 45,000 | Accumulate d fund Tsh '000 42,283 40,358 | Total Tsh '000 87,283 40,358 |
|--|--|--|---|
| Balance at 31 December 2013 | 45,000 | 82,641 | 127,641 |
| Balance at 31 December 2013 (notes 15 A) | 45,000 | 82,641 | 127,641 |
| | | | |
| Balance at 1 January 2012 | 30,000 | 39,286 | 69,286 |
| Surplus for year | - | 17,997 | 17,997 |
| Transfer from general fund to contingency fund | 15,000 | (15,000) | - |
| Balance at 31 December 2012 | 45,000 | 42,283 | 87,283 |
| Balance at 31 December 2012 (notes 15 A &B) | 45,000 | 42,283 | 87,283 |



1 BASIS OF ACCOUNTINGAND SIGNIFICANTACCOUNTING POLICIES

The financial statements of the Honeyguide Foundation (HGF or the Foundation) are prepared: (a) on the basis of the significant accounting policies set out below;(b) on generally accepted accounting principles adopted by non-governmental organisations in Tanzania; and (c) on the cash receipts and disbursements basis, as modified by the accrual for project liabilities, existing at the year end. The following is a summary of significant accounting policies:

1.1 Revenue recognition

Revenue is mainly from cooperation agreements, under which the Foundation agrees to perform specified services, and is recognised, only to the extent that project-related expenses are incurred. If the Foundation's expenses under the agreement exceed specific ceilings laid down in the agreement, or if expenses are incurred outside those covered by the donor agreement, such expenses are not eligible in terms of that specific (restricted or project) funding cooperation agreement. In such cases, the expenses are classified under the general fund of the Foundation, and treated as un restricted or core expenses. (see also 1.2 below).

In respect of restricted funds received, the amount of revenue not spent at the year end is shown as deferred revenues, within current liabilities. In previous years, the unspent unrestricted fund balance was also included within deferred revenues. In the current year the unrestricted fund balance has been reclassified as part of accumulated funds. The 2011 unrestricted fund balance comparative amount has also been reclassified (and indicated as having been restated) to accord with the current year's treatment.

1.2 Donations and grants

Donations and grants received are used for the purpose intended in the cooperation agreements. The Foundation has instigated policies and procedures to ensure that the terms and conditions of the cooperation agreements are complied with and properly monitored and controlled. Donations and grants are classified as follows:

- a) Restricted funds to be spent on specific projects, in compliance with donor conditions
- b) that may be spent by the Foundations, either on specific projects (project expenses) or general administration expenses (core expenses) at the option of the Foundation.
- c) Combination of (a) and (b), whereby the donor specifies the project on which the funds are to be spent but also indicates a component to cover core expenses. This latter amount may be (i) a fixed percentage of the donation, usually between 10 and 12 percent; (ii) a fixed percentage of budget core expenses; or (iii) a contribution towards the whole or a proportion of a designated payroll position(s) of the Foundation activities.

Records are maintained of the status of the various funding and at each financial year end. A breakdown is included in the financial statements of deferred revenues funding, split as between the restricted fund for Big Life and any other restricted funds.

A list of the current year's donors and grantors, together with the amount donated are given in notes 2 to 4.

NOTES TO THE FINANCIAL STATEMENTS (continued)



FOR THE YEAR ENDED 31 DECEMBER 2013

1 BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Plant and equipment

Plant and equipment comprises plant and equipment, motor vehicles, computers, computer-related equipment and software and other furniture and fittings. These are collectively referred to as plant and equipment. Plant and equipment that is funded directly through the donor projects are recorded as an expense to the respective projects at the time of acquisition. This plant and equipment is subject to donor requirements regarding use, title, disposition, and consequently are not recorded as assets of the Foundation. Accordingly, because plant and equipment are expensed on acquisition, no depreciation of this plant and equipment is computed or charged in the financial statements.

The Foundation maintains a separate memorandum of project-related plant and equipment.(see Appendix A).

All other plant and equipment used at the headquarters of the Foundation is capitalised and depreciated as follows:

- Motor vehicle over five years
- Computers, computer related equipment and software- over three to five years
- Furniture and fittings over ten years

1.4 Inventory

No inventory of commodities is recorded in the financial statements as these are fully expensed when purchased. A register of consumables is maintained by the foundation for internal control purposes.

1.5 Foreign currency translation

Tanzania Shillings (TSh) is considered to be the functional currency of the foundation therefore, all transactions and balances denominated in foreign currency are translated to Tsh using applicable exchange rates. For revenue and expenses, translation is performed using the exchange rate prevailing at the date of the transaction. Balance sheet items are translated using the rate prevailing at the balance sheet date.

Currency translation gains or losses are recognised in the statement of comprehensive income.

1.6 Change of expenditure headings - statement of comprehensive income

The statement of comprehensive income headings for 2013 have been changed in accordance with the headings used by management in its periodic financial reporting to the directors, donors and prospective donors. The 2012 comparatives have been changed to accord with the current year's treatment.



| 2 | FUNDS RECEIVED FROM DONORS | 2013 | 2012 |
|---|---|---------------------------|----------|
| | | Tsh '000 | Tsh '000 |
| | Big Life Foundation | 557,750 | 496,396 |
| | Round Table, Africa | 0 | 8,201 |
| | Africa Wildlife Foundation | 124,959 | 4,929 |
| | Sale of prints (2011: various, including individuals and directors) | . 0 | 2,195 |
| | ANVR – Gerben | 0 | 6,171 |
| | British High Commission, Dar es Salaam | 0 | 37,199 |
| | African Conservation | 26,018 | 0 |
| | The touchstone | 34,310 | 0 |
| | Tanzania People Wildlife Fund | 4,083 | 0 |
| | Ruud Bakhuizen | 30,575 | 0 |
| | | 777,694 | 555,091 |
| | | | |
| 3 | PROJECT REVENUES | | |
| 3 | Pan-African Ornithological Congress conference - participants fees | 0 | 192,558 |
| | Pan-African Ornithological Congress - sponsors, commissions etc. | 0 | 21,806 |
| | | | 21,000 |
| | Subtotal | 0 | 214,364 |
| 4 | OTHER REVENUES | | |
| 4 | Asilia Lodges and Camps Limited | 7,223 | 8,912 |
| | Asina Louges and Camps Limited | <i>I ₁</i> ∠∠J | 0,712 |
| | Interest Income | 85 | 0 |
| | Total revenues (notes 2, 3 and 4) per income statement | 785,001 | 778,367 |
| | Total revenues (notes 2, 3 and 4) per income statement | 705,001 | 110,301 |
| | Analysed as follows: | | |
| | Restricted funds - Big Life Foundation | 557,750 | 496,396 |
| | Restricted funds, including Pan African Ornithological Congress | 124,959 | 257,734 |
| | , | | |
| | Unrestricted funds | 102,293 | 24,237 |
| | Total revenues per income statement and note 14 | 785,001 | 778,367 |



| PROJECT PLANNING AND MANAGEMENT 5 EXPENSES | 2013 Tsh ′000 | 2012 Tsh ′000 |
|--|------------------|------------------|
| Human resources | 94,214 | 86,942 |
| Accommodation and transport | 39,026 | 36,319 |
| Administration expenses | 11,714 | 14,473 |
| | 144,954 | 137,734 |
| PROJECT IMPLEMENTATION EXPENSES 6 - Executing and monitoring | | |
| Supervision, training and capacity-building | 15,601 | 73,268 |
| Human resources expenses | 194,041 | 116,473 |
| Transport and accommodation | 5,151 | 37,954 |
| Consumables, repairs and maintenance | 22,462 | 24,417 |
| Marketing, communications and publicity | 0 | 8,299 |
| Conference expenses | 0 | 58,412 |
| Medical and miscellaneous | 10,091 | 20,896 |
| Training | 0 | 29,236 |
| Bank charges and transfer fees | 0 | 12,905 |
| Stationary and Telephone | 226 | 0 |
| Tracking dogs | 10,168 | 0 |
| Crop protection | 11,084 | 0 |
| Vehicle hire | 818 | 0 |
| Food rations | 39,519 | 0 |
| | 309,160 | 381,860 |
| * Includes PAOC conference expenses as follows: | | |
| Human resources expenses | 0 | 43,030 |
| Transport and accommodation | 0 | 37,954 |
| Marketing, communications and publicity | 0 | 8,299 |
| Conference expenses | 0 | 58,412 |
| Medical and miscellaneous | 0 | 4,874 |
| Bank charges and transfer fees | 0 | 12,905 |
| Total | 0 | 165,474 |



| | PROJECTIMPLEMENTATION EXPENSES | 2013 Tsh'000 | 2012 Tsh ′000 |
|---|--|-----------------|------------------|
| 7 | - Support | | |
| | Motor vehicle fuel expenses | 76,759 | 0 |
| | Motor vehicle repairs and insurance expenses | 87,636 | 49,822 |
| | Microlite expenses | 12,075 | 70,394 |
| | Accommodation and transport | 1,563 | 11,477 |
| | | 0 | 3,445 |
| | Printing, stationery and miscellaneous | 0 | 1,831 |
| | | 178,033 | 136,969 |
| 8 | - Plant and equipment | | |
| | Motor vehicles | 1,800 | 11,887 |
| | Dogs and kennels | 0 | 320 |
| | Solar panels and electrical | 35 | 1,769 |
| | Radios and radio equipment | 0 | 615 |
| | Guns-anti poaching | 0 | 3,139 |
| | Mobile camps | 6,863 | 4,532 |
| | Gun safes | 0 | 1,790 |
| | Other anti-poaching equipment | 753 | 3,308 |
| | First Aid Equipments | 626 | 0 |
| | Uniforms | 4,683 | 0 |
| | Generator | 617 | 0 |
| | Bed and Furniture | 341 | 0 |
| | Phones | 421 | 0 |
| | | 16,139 | 27,360 |



| 9 | PROJECT ADMINISTRATION (CORE) EXPENSES | 2013 | 2012 |
|----|---|----------|----------|
| - | | Tsh '000 | Tsh '000 |
| | Salaries and wages | 44,360 | 41,969 |
| | Training expenses | 587 | 570 |
| | Consultation expenses | 12,480 | 8,791 |
| | Travel and accommodation | 7,768 | 3,169 |
| | Staff Lunches | 11,742 | 5,986 |
| | Miscellaneous | 0 | 6,476 |
| | Repairs and maintenance | 3,386 | 0 |
| | Meeting expenses | 124 | 0 |
| | Office stationary | 7,425 | 0 |
| | Financial Accountancy | 11,292 | 0 |
| | Audit fees | 1,000 | 1,000 |
| | Stationary and Telephone | 479 | 0 |
| | Membership | 70 | 0 |
| | Staff medical | 343 | 0 |
| | Adverting and marketing | 43 | 0 |
| | Bank charges | 2,720 | 0 |
| | Depreciation | 1,018 | 988 |
| | · | 104,835 | 68,949 |
| 10 | PLANT AND EQUIPMENT | | |
| | Furniture and fittings at cost - at start of year | 5,081 | 1,459 |
| | Additions during year | 3,161 | 3,622 |
| | At cost | 8,242 | 5,081 |
| | Depreciation - at start of year | (1,919) | (931) |
| | Depreciation for year (note 9) | (1,018) | (988) |
| | | (2,937) | (1,919) |
| | Net book value (see also Appendix A) | 5,305 | 3,162 |
| 11 | PROJECT ADVANCES AND RECEIVABLES | | |
| | Staff loans and advances | 3,420 | 17,092 |
| | Staff imp rests | 3,716 | 2,296 |
| | Accounts receivables and prepayments | 69,547 | 5,637 |
| | | 76,683 | 25,025 |
| | | | 25 |



| 12 | CASH AND CASH EQUIVALENTS | 2013 | 2012 |
|----|--|----------|----------|
| | | Tsh ′000 | Tsh '000 |
| | Barclays - project main account (Tsh) | 1,855 | 2,780 |
| | Barclays - administration account (Tsh) | (2,626) | 4,236 |
| | Barclays - Zanzibar (Tsh) | 266 | 300 |
| | Barclays - main (USD) - see notes 14 and 16(a) | (106) | 20,392 |
| | Barclays - main (Sterling) | 42,894 | 11,732 |
| | Barclays - main (Euro) | 18,473 | 7,363 |
| | Barclays - Zanzibar (Sterling)) | 519 | 426 |
| | Barclays - Zanzibar (USD) | 273 | 243 |
| | NMB-Mugumu (Tsh) | 0 | 0 |
| | Exim Bank(USD) - see note 16(b) | 5,856 | 52,954 |
| | Exim Bank (Tsh) | 846 | 831 |
| | Exim Bank(USD) | 0 | 788 |
| | Exim Bank(Tsh) | 0 | 100 |
| | Cash | 209 | 1,446 |
| | Exim Bank USD - Fixed deposit Account | 40,175 | 0 |
| | Barclays - (Tsh) General project account | 3,839 | 0 |
| | Barclays - (USD) General project account | 1,778 | 0 |
| | | 114,250 | 103,591 |
| 13 | PAYABLES AND ACCRUED EXPENSES | | |
| | Accounts payable | 20,773 | 7,923 |
| | Other payable | 31 | 7,926 |
| | Accrued expenses | 5,411 | 7,634 |
| | | 26,215 | 23,483 |
| 14 | DEFERRED REVENUES | | |
| 14 | Balance at the year end (see note 15A) | 42,382 | 21,012 |
| | ACCUMULATED FUND - GENERAL FUND Balance at the year end | 82,643 | 42,283 |
| | | | |

The movements in note 14 and note 15A balances during the year are shown below:



15A. DESIGNATION OF NET ASSETS BETWEEN FUNDS

| | Specific funds restricted | Big Life restricted | Contingency general funds |
|--|---------------------------|---------------------|---------------------------|
| Non-current assets – plant and equipment | 0 | 0 | 5,305 |
| Current assets-project advances & receivables | 0 | 0 | 76,683 |
| Current liabilities-payables & accrued expenses | 0 | 0 | (26,215) |
| Net assets excluding cash and cash equivalents | 0 | 0 | 55,773 |
| Cash and cash equivalents | | | |
| - Barclays - project main account (Tsh) | 0 | 0 | 1,855 |
| - Barclays - administration account (Tsh) | 0 | 0 | (2,626) |
| - Barclays - Zanzibar (Tsh) | 0 | 0 | 266 |
| - Barclays - main (USD) - see note 16 (a) | 0 | (106) | 0 |
| - Barclays - main (Sterling) | 0 | 0 | 42,894 |
| - Barclays - main (Euro) | 0 | 0 | 18,473 |
| - Barclays - Zanzibar (Sterling)) | 0 | 0 | 519 |
| - Barclays - Zanzibar (USD) | 0 | 0 | 273 |
| Barclays - (Tsh) General project account | 0 | 0 | 3,839 |
| - Barclays - (USD) General project account | 0 | 0 | 1,778 |
| - Exim Bank (USD) - see note 16 (b) | 0 | 0 | 5,856 |
| - Exim Fixed Deposit | 0 | 0 | 40,175 |
| - Exim Bank (Tsh) | 0 | 0 | 846 |
| - Exim Bank (USD) | 0 | 0 | 0 |
| - Exim Bank(Tsh) | 0 | 0 | 0 |
| - Cash | 0 | 0 | 209 |
| otal cash and cash equivalents | 0 | (106) | 114,356 |
| | | | |
| Balances at 31 December 2013 | 0 | (106) | 170,129 |
| Split as follows: | | | |
| Deferred revenues | 0 | 42,382 | 0 |
| General fund | 0 | 0 | 82,641 |
| Contingency fund | 0 | 0 | 45,000 |
| | 0 | 42,382 | 127,641 |