

#### **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

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#### **AWF** Africa Wildlife Foundation **BHC** British High Commission Community-Based Natural Resource Management CBNRM Community Conservation Project CCP Corporate Social Responsibility and Philanthropy **CSRP** Eastern and Southern African Management Institute **ESAMI** Honeyquide Foundation or 'the Foundation' **HGF** Non-Governmental Organisation NGO Pan-African Ornithological Congress **PAOC**

**ACRONYMS AND ABBREVIATIONS** 

RTTZ Responsible Tourism Tanzania
WCS Wildlife Conservation Society
WMA Wildlife Management Area
WWF Worldwide Fund for Nature

LIST OF



#### **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

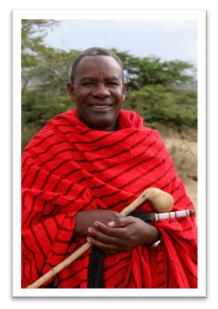
Internal auditors : Mizani Limited

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 community-based 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 Honeyquide.

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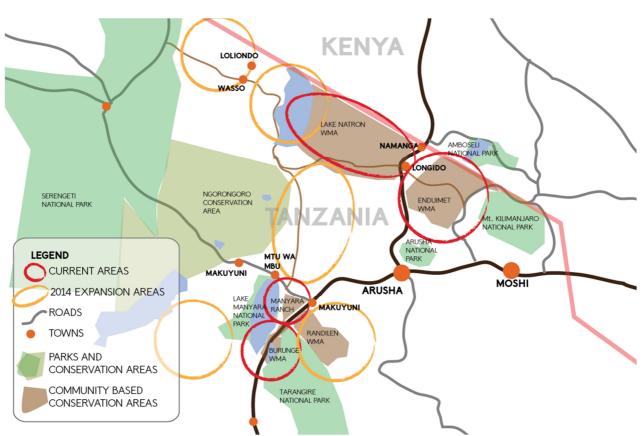
Naptal Ole Kirimbai *Chairman* 



## 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 'çhilli 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.



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.

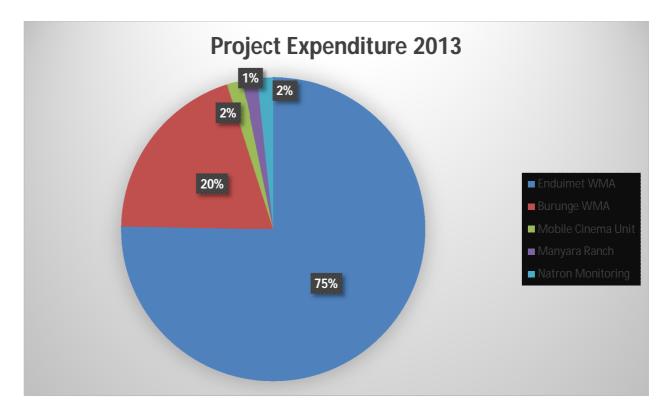


# OPERATIONS AND FINANCIAL REVIEW FINANCIAL REVIEW 2013 (continued)

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 2013which 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 non-voting 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
<b>Executive director</b> 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



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	201

	<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			
	5	144.054	107 704
Project planning and management	_	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 21to 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	Jeroen Harderwijk
Chairperson	<b>Director</b>



#### FINANCIAL STATEMENTS BALANCE SHEET AT 31 DECEMBER 2013

<u>Note</u>	Tsh'000	Tsh'000
10	5,305	3162
11	76.683	25,025
	7 5,000	_0,0_0
12	114,250	103,591
_	190,933	128,616
_	196,237	131,778
13	26 215	23,483
10	20,210	20,100
14,15	42,382	21,012
_ _	68,596	44,495
4EA 4ED	00 / 44	40.000
-	•	42,283
15B _		45,000
_	127,641	87,283
_	196,237	131,778
	13	12 114,250  190,933  196,237  13 26,215  14,15 42,382  68,596  15A,15B 82,641 15B 45,000 127,641



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

		2013	2012
	Note	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
Movements in working capital	_		
(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
		111,074	333,071
3	PROJECT REVENUES		
Ū	Pan-African Ornithological Congress conference - participants fees	0	192,558
	Pan-African Ornithological Congress - sponsors, commissions etc.	0	21,806
	Turi 7 tiricuir Cirittiologicul Corigi cas "Sportsora, commissiona etc."		21,000
	Subtotal	0	214,364
			<u> </u>
4	OTHER REVENUES		
	Asilia Lodges and Camps Limited	7,223	8,912
	3	,	•
	Interest Income	85	0
	Total revenues (notes 2, 3 and 4) per income statement	785,001	778,367
	, , , , , , , , , , , , , , , , , , ,		
	Analysed as follows:		
	Restricted funds - Big Life Foundation	557,750	496,396
	Restricted funds, including Pan African Ornithological Congress	124,959	257,734
	Lineactificate of Grands	100 000	24 227
	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	2012
		Tsh '000	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
6	PROJECT IMPLEMENTATION EXPENSES - 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
* [	ncludes 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	1 511 000	1311 000
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
,	EXI EIGES	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		
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
20.2 Joan 5		,

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
<ul> <li>Exim Bank(Tsh)</li> </ul>	0	0	0
- Cash	0	0	209
Total 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