



SIBE
FINANCIAL SERVICES
Certified Accountants & Auditors

REFOREST AFRICA

REPORT OF MEMBERS
AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023

SIBE FINANCIAL SERVICES

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**DAR ES SALAAM
TANZANIA**

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ORGANIZATION INFORMATION

PRINCIPAL PLACE OF BUSINESS: Morogoro Region, Tanzania

REGISTERED OFFICE : Mang'ula, Kilombero District
P.O. Box 60118,
Morogoro Region
Tanzania.

ORGANIZATION PRINCIPAL BANKERS: CRDB-SUA BRANCH
MOROGORO

ORGANIZATION AUDITORS : SIBE FINACIAL SERVICES
Certified Accountants and Auditors
P.O.BOX 62951
DAR-ES-SALAAM TANZANIA

REPORT OF MEMBERS

The members present this report and the audited financial statements for the year ended 31st December 2023 which disclose the state of affairs of Reforest Africa. The audited financial statements are set out on page 9 to 13.

1 INCORPORATION

The Organization is registered as an International NGO under NGO Act, 2002 on 19th December 2019, with registration number I-NGO/R/0826.

2 PRINCIPAL OBJECTIVES OF THE ORGANIZATION AND THE PERFORMANCE FOR THE YEAR

The Organization's main activity is forest restoration and conservation to help both wildlife and people.

State of affairs

In the opinion of the members the state of the Organization affairs is satisfactory and there has been no material change which would affect the financial statements as presented.

During the year ended 31st December 2023 the Organization made no surplus or deficit as the Organization spent the grants received in line with donors' approved budget. However, for the activities to be performed in the next accounting period its related grant received is treated as deferred Income and property of the Organization, whenever derived shall be applied solely towards the promotion of the objects of the Organization and no portion thereof shall be paid or otherwise howsoever by way of profit to the members of the Organization save for such expenses incurred for the Organization.

3 MEMBERS

The names of the members at the date of this report and of those who held office during the year are as follows:

	Name	Position	Sex	Age	Nationality	Year of admission
1	Andrew R. Marshall	Chairperson	M	46	United Kingdom	2019
2	Deo D Shirima	Secretary	M	44	Tanzania	2019
3	Herman Lyatuu	Member	F	37	Tanzania	2019
4	Hamidu Ami seki	Member	M	38	Tanzania	2019
5	Robin Loveridge	Treasurer	M	37	United Kingdom	2019

4 ORGANIZATION GOVERNANCE

The Members are committed to the principles of good Organization governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing, the Members therefore confirm that:

a. Members met regularly throughout the year;

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

- b. They retain full and effective control over the Organization and monitor executive management;
- c. Members accept and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- d. They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

5 RISK MANAGEMENT AND INTERNAL CONTROLS

The members accept final responsibility for the risk management and internal control systems of the Organization. It is the task of members to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Organization's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Organization's system is designed to provide the members with reasonable assurance that the procedures in place are operating effectively.

The members assessed the internal control systems throughout the financial year ended 31st December 2023 and are of opinion that they met accepted criteria.

6 PROPERTY, PLANT AND EQUIPMENT

Information relating to movement in Property Plant and Equipment is shown in Note 4 to the financial statements. In the opinion of the Members the market values of the Organization's properties are not less than the value shown in these financial statements.

7 EMPLOYEES WELFARE-Management/employees relationship

The relationship between employees and the management is cordial. There were no unresolved complaints received by the management from the employees during the year.

8 DISABLED PERSONS

Disabled persons are given first priority in filling job vacancies appropriate to them.

9 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note **7** to the financial statements.

10 POLITICAL AND CHARITABLE DONATIONS

The Organization did not make any political donations during the year 2023.

12 CORPORATE SOCIAL RESPONSIBILITIES

The Organization participates actively in community activities and development programs throughout the country.

13 FINANCIAL COMMITMENTS

The members are of the opinion that all known liabilities and commitments have been taken into account. These liabilities are relevant in assessing the Organization's state of affairs.

14 EVENTS AFTER REPORTING DATE

As stated in Note **9** there are no events or transactions that have occurred since the reporting date which would have a material effect on the financial statements as presented.

15 FORMAT OF FINANCIAL STATEMENTS

The financial statements of REFOREST AFRICA have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB).

16 AUDITORS

The auditors **SIBE FINANCIAL SERVICES** have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the reappointment of **SIBE FINANCIAL SERVICES** as auditors of the Organization for 2024 will be put to the Annual General Meeting.



Country Secretary

12/03/2024

Date

STATEMENT OF MEMBERS RESPONSIBILITIES

The NGO Act, CAP 365 requires the members to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Organization as at the end of the financial period and of its profit or loss. It also requires the members to ensure that the Organization keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Organization. The members are also responsible for safeguarding the assets of the Organization.

The members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the NGO Act, CAP 365. The members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Organization.

The members further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The external auditors are responsible for independently reviewing and reporting on the Organization's financial statements. The Financial statements have been examined by the external auditors and their report is presented on pages 9 to 13.



Country Secretary

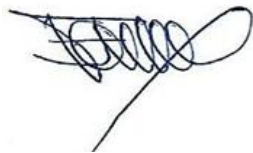
12/03/2024**Date**

REFOREST AFRICA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING OF REFOREST AFRICA

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned. It is the duty of a Professional Accountant to assist Members/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Members/Governing Body as declared under statement of members' responsibility on an earlier page. I FIONA GHUMPI being Finance and Administration Manager of REFOREST AFRICA hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2023 have been prepared in compliance with applicable accounting standards and statutory requirements. I thus confirm that the financial statements give a true and fair view position of REFOREST AFRICA as on that date and that they have been prepared based on properly maintained financial records.



Signed by:

Position: FINANCE AND ADMINISTRATION MANAGER

NBAA Membership No.: ACPA 711

Date: 12/03/2024

REFOREST AFRICA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

INDEPENDENT AUDITORS' REPORT

Report on Audit Financial Statements

Opinion

We have audited the Organization's financial statements of REFOREST AFRICA which comprise the statement of financial position as at 31st December 2023, the statement of financial activity and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 18 to 28 of this report in accordance with International Financial Reporting Standards and the requirements of the NGO Act, CAP 365.

In our opinion the Organization financial statements give true and fair view of the state of Organization's financial affairs as at 31st December 2023 and of its financial activity and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the NGO Act, CAP 365.

Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs) and such other audit procedures we considered necessary in the circumstances. Our responsibility is to express an independent opinion on the financial statements based on the audit. The 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 financial statements.

Independence

We are independent of the Organization in accordance with the National Board of Accounts and Auditors code of Ethics is consistent with International ethic

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs require us to report to where:

- The members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate or
- The members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Organization's ability to continue to adopt the going concern basis of accounting for a period at least twelve months from the date when the financial statements are authorized for issue.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

	Key audit matter in audit	How our audit addressed the key audit matter
	New revenue accounting standard The application of new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect disaggregated revenue and periods over which the	We assessed the Organization process to identify the impact of adoption of the new revenue accounting standard. Our approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: Evaluated the design of internal controls relating to implantation of new revenue accounting standard. Selected a sample of continuing and new contracts, and tested the operating effectiveness of

REFOREST AFRICA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

remaining performance obligations will be satisfied subsequent to the balance sheet date. Refer to note 3.1.5 of the financial statements on the revenue determination.	internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these control. Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard. Conclusion Our procedures did not identify any material exceptions.
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Other Information

The members are responsible for the other information and report of members.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude there is material misstatement of this other information, and we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with Governance for the financial statements

The Directors of Organization are responsible for the preparation presentation of these financial statements that give a true and fair view of in accordance with International Financial Reporting Standards and the requirements of the companies ACT, 2002, and for such internal controls as members determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement the directors are responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances and assessing the Organization's ability to continue as going concern, disclosing, as applicable, the matters

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Organization or to cease operations or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

REFOREST AFRICA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on financial statements. We are responsible for the direction, supervision and performance of the Organization audit. We remain responsible for our audit opinion.

We communicate with members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

This report, including the opinion, has been prepared for, and only for, the Organization's members as a body in accordance with the NGO Act, 2002 and for no other purposes.


Benard King'unza
ACPA-PP-1946
Audit Partner
SIBE FINANCIAL SERVICES
Certified Accountants and Auditors
DAR-ES-SALAAM TANZANIA



Date 12/03/2024

REFOREST AFRICA**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023****STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2023**

	NOTES	2023 Tshs	2022 Tshs
ASSETS			
Non-current Assets			
Property, Plant and Equipment	4	68,926,470	65,934,728
Total Non-current Assets		<u>68,926,470</u>	<u>65,934,728</u>
Current Assets			
Cash and Cash Equivalents		122,321,960	226,781,842
Total Current Assets		<u>122,321,960</u>	<u>226,781,842</u>
TOTAL ASSETS		<u>191,248,430</u>	<u>292,716,570</u>
FINANCED BY:			
Accumulated Residue/(Deficit)		68,926,470	65,934,728
Deferred Revenue		122,321,960	226,781,842
Total Equity and Liabilities		<u>191,248,430</u>	<u>292,716,570</u>

Name**Signature****Date****Country Secretary**

12/03/2024

Notes 18 to 28 form an integral part of these financial statements

REFOREST AFRICA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

STATEMENT OF FINANCIAL ACTIVITY AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2023

		2023	2022
		Tshs	Tshs
Receipts from Grants	5	503,108,669	229,415,513
Operating Overheads	6	(503,108,669)	(229,415,513)
Operating Residue/(Deficit)		0	0

Notes 18 to 28 form an integral part of these financial statements

REFOREST AFRICA**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

	Accumulated Fund	TOTAL
	Tshs.	Tshs.
Balance as at 1 January, 2023.	65,934,728	65,934,728
Adjustment made for additional assets		
Depreciation	2,991,742	2,991,742
Surplus/(Deficit)	-	-
Balance as at 31 December, 2023.	68,926,470	68,926,470

Notes 18 to 28 form an integral part of these financial statements

REFOREST AFRICA**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023****STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31ST DECEMBER 2023**

	2023 Tshs	2022 Tshs
Cash Flows from Operating Activities		
Cash received from Grants	391,292,529	336,516,783
Cash Payments:		
Payments to Suppliers and Employees	(506,100,411)	(221,914,326)
Net Cash flow from operating Activities	(114,807,882)	114,602,457
Cash Flow from Investing Activities		
Acquisition of Non-current Assets	(10,348,000)	
Net Cash flow from Investing Activities	(10,348,000)	-
Cash Flow from financing Activities		
Capital fund		
Net Cash flow from Financing Activities		-
Net Change in Cash and Cash Equivalents	(104,459,882)	114,602,457
Cash and Cash Equivalents at the Beginning of the Year	226,781,842	112,179,385
Cash and Cash Equivalents at the End of the Year	122,321,960	226,781,842

Notes 18 to 28 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Organization is registered in Tanzania under NGO's Act No 24 of 2002 and is domiciled in Tanzania.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Where an International Financial Reporting Standard does not address a particular issue, the appropriate International Financial Reporting Standard / International Accounting Standard (IAS) has been applied.

The preparation of Financial Statements in conformity with general accepted accounting practices requires the use of estimates and assumptions that affects the reported amounts of assets and liabilities at the date the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2.2 Basis of measurement

The accounting principles recognized as appropriate for the measurement and reporting of the Statement of financial performance, statement of financial position and cash flows on the accrual basis using historical cost are followed in the preparation of the Financial Statements.

2.3 Functional and Presentation currency

These Financial Statements are prepared in Tanzanian Shillings.

2.4 Use of Estimates and Judgments

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a going concern basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are:

- a) Taxation
- b) Provisions
- c) Contingent Liabilities
- d) Property, Plant and Equipment
- e) Financial Assets / Liabilities

2.5 Adoption of new Standards and interpretations

2.5.1 Standard and interpretations effective in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Since March 2020, the IASB has issued the following:

Amendment to IFRS 16, 'Leases' - COVID-19 Rent related concessions (May 2020 and March 2021)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark (IBOR) reform

Amendments to IFRS 17 and IFRS 4 'Insurance contracts'

Narrow scope amendments to IFRS 3, 'Business combinations', IAS 16, 'Property, plant and equipment', and IAS 37 'Provisions, contingent liabilities and contingent assets'

Annual Improvements 2018-2020

Amendments to IAS 1, 'Presentation of financial statements', IFRS Practice statement 2 and IAS 8, 'Accounting policies, changes in accounting estimates and errors'

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the organization.

2.6 Going Concern

The Organization's management has made an assessment of the ability of the business to continue as going concern and is of opinion that the organization is well placed to continue in business for the foreseeable future as a result the financial statements are prepared on a going concern basis.

3 SIGNIFICANT ACCOUNTING POLICIES**3.1 Foreign Currency Translation****a) Foreign currency translation**

The transaction in foreign currencies is translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated to Tanzanian Shillings at the foreign exchange rate ruling at that date.

b) Financial Statements of foreign operations

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition are translated to Tanzanian Shillings at foreign exchange rates ruling at the financial position date. The income and expenses of foreign operations are translated to Tanzanian Shillings at average rates. Translation differences on non monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

3.1.1 Presentation of Financial Statements

These Financial Statements are presented in accordance with the International Accounting Standards IAS as follows:

- 3.1.1.1 Statement of Financial Position as at the end of the period
- 3.1.1.2 Statement of Comprehensive Income for the period
- 3.1.1.3 Statement of Changes in Equity for the period
- 3.1.1.4 Cash Flow Statement for the period
- 3.1.1.5 Accounting Policies and Notes to the Financial Statements.

3.1.2 Financial Instruments

- a) Financial instruments include Bank Accounts, Certificate of Deposits, Accounts Receivables and Accounts Payables. All financial instruments are recognized in the financial position at their fair value.
- b) Non derivative financial instruments comprise of Investments in Equity and Debt Securities, trade and other receivables, including service concession receivables, cash and cash equivalents; loan and borrowings, trade and other payables. Non derivative financial instruments are recognized initially

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

at fair value plus for instruments not at fair value through statement of financial performance any direct attributable transaction costs.

c) **Financial Assets**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through statement of financial performance;
- Held to maturity investments ; and
- Available for sale financial assets.

d) **Financial Liabilities**

The financial liabilities include borrowings, trade and other payables, and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through statement of financial performance, that are carried subsequently at fair value with gains or losses recognized in statement of financial performance.

e) **Offsetting Financial Instruments**

Financial Assets and Liabilities are off set and the net amount reported in the statement of financial position when there is a legally enforcement right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

3.1.3 Property, Plant and Equipment

i) Recognition and measurement

Items of Property, Plant and Equipment are measured at historical cost less accumulated depreciation and accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing are allocated. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of Property, Plant and Equipment.

All other repairs and maintenance are charged to the statement of Comprehensive income during the financial period in which they are incurred.

ii) Reclassification to Investment Property

Property that is being constructed for future uses as Investment Property is accounted for as property, plant and equipment until construction or development is complete, at which time it is re-measured to fair value and reclassified as investment property. Any gain or loss arising on re-

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measurement is recognized in statement of Profit or Loss and Other Comprehensive income .

When the use of property changes from owner occupied to investment property, the property is measured to fair value and reclassified as investment property.

iii) **Subsequent Costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow and its cost can be measured reliably.

iv) **Depreciation**

Depreciation is calculated on reducing balance basis to recognize the consumption of economic benefits of an asset over its useful life.

Depreciation assets are classified as follows:

Description	rate
Motor Vehicle	25%
Office Machines & equipment	12.5%
Furniture and fittings	12.5%
Computer	37.5%

3.1.4 Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

All impairment losses are recognized in statement of Comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to statement Comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in statement of financial performance. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

3.1.5 Revenue recognition

3.1.6 The Organization depend much on grants received from various donors as a source of revenue. Grants are recognized on cash basis and therefore there are no accruals for

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

grants not received. Grant balances at year ends are carried forward to the next financial year.

3.1.7 Accounts Receivables and Loans

Accounts receivables are carried at original amortised amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year-end. Provision for bad and doubtful debts is made in respect of specific debts, which have been outstanding for recovery for one year and are considered doubtful of recovery.

3.1.8 Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, deposits held with banks and investments in money market instruments.

3.1.9 Financial Assets and Liabilities

The entity classifies its financial assets in the following categories: at fair value through statement of Profit and Loss and comprehensive Income, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Directors determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

3.1.10 Accounts Payables and Others

Accounts Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.1.10 Income tax

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act, 2004.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

3.1.11 Provisions

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

3.1.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit and loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful life economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognized in the income statement as the expense category that is consistent with the function of the intangible assets, but is tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life continues to be supportable, if not, the change in useful life from indefinite to finite is made on a prospective basis.

As at 31st December 2023, the Organization did not have any indefinite intangible assets.

3.1.13 Employee benefits

Short-term employment benefits such as salaries, social security contributions, and leave fare assistance are recognized in profit or loss when they fall due.

Post-retirement benefits

The business does not have arrangement for post-retirement benefits.

Other long term benefits

Other long-term benefits are recognized when an obligation arises. The Organization had no other long-term benefit commitments during the year.

REFOREST AFRICA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

NOTE 4

	BOTANICAL GARDEN	MOTOR VEHICLE	OFFICE EQUIPMENT	COMPUTERS	FURNITURE AND FITTINGS	TOTAL
COST	Tshs	Tshs	Tshs	Tshs	Tshs	Tshs
As at 1 January, 2023.	43,889,000	55,348,500	1,765,000	6,339,800	2,816,127	110,158,427
Valuation					-	-
Additions			3,441,000	2,300,000	4,607,000	10,348,000
Disposal					-	-
As at 31 December, 2023.	43,889,000	55,348,500	5,206,000	8,639,800	7,423,127	120,506,427
DEPRECIATION						
As at 1 January, 2023.		38,445,129	730,389	3,863,316	1,184,865	44,223,699
Additions					-	-
Disposal					-	-
Charge for the year		4,225,843	559,451	1,791,182	779,783	7,356,258
As at 31 December, 2023.	-	42,670,972	1,289,841	5,654,497	1,964,648	51,579,957
NET BOOK VALUE						
As at 31 December, 2023.	43,889,000	12,677,528	3,916,159	2,985,303	5,458,479	68,926,470
As at 31 December, 2022.	43,889,000	16,903,371	1,034,611	2,476,484	1,631,262	65,934,728

REFOREST AFRICA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023	2022
NOTES 5 RECEIPTS		
Grants	495,752,411	229,415,513
Other Income /Adjustment of Depreciation	7,356,258	200,000
	503,108,669	229,615,513
NOTE 6 OPERATING OVERHEADS		
Accounting and Audit Fees	1,000,000	1,000,000
Salaries and Benefits		
Salaries and Wages	139,562,802	81,301,034
WCF	842,623	598,477
NSSF	35,658,152	14,587,155
	177,063,577	96,486,666
Repair and Maintenance		
Office renovation and construction	2,138,000	1,050,000
Installation of wireless router internet system	1,245,700	
Vehicle Repair and Maintenance	18,986,625	10,634,152
	22,370,325	11,684,152
Other Operating Expenses		
Rent Expenses	2,700,000	2,700,000
Telephone and Internet	1,575,000	980,000
Seeds and pesticides		9,345,000
Bank Charges	804,903	1,154,320
Electricity and Water Charges	240,000	240,000
Research activities	8,139,125	
Fuel Expenses	6,484,850	4,350,000
Transfer to consortium partner Environmental Forest		
Certificatio	28,916,699	
Insurance Expenses	1,428,000	1,036,350
Office Equipment	10,348,000	5,421,000
Ranger Patrols	14,291,000	
Magombera Forest Day activities		2,268,750
Forest maintenance (fire breacks and vine cutting)	21,887,810	
Meetings -(udzungwa forum and USAID Project Launch)	19,658,000	30,419,538
Transport and Travelling expenses	9,574,700	8,945,890
Depreciation	7,356,258	7,501,187
Village support -Magombera/kanyenja		5,300,000
Botanical garden-Installation works	24,905,240	11,582,600
General Office Expenses	2,100,000	1,510,715
Staff Training		11,880,017

REFOREST AFRICA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

Stake holders consultation meetings (USAID) TM	1,725,000	
USAID TM Project Launch workshop	4,221,000	
USAID TM Project baseline survey	1,499,000	
Transfer to consortium partner Associazione Mazingira	32,198,118	
Withholding Tax/Taxes	34,463,067	15,609,328
Annual fees	230,997	
Nurseries and tree planting	68,928,000	
	303,674,767	120,244,695
Total operating expenses	503,108,669	229,415,513

7. RELATED PARTY TRANSACTIONS

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Organization directly or indirectly, including any director of the Organization. There were no related party transactions during the period under review.

8 FINANCIAL RISK MANAGEMENT

The Organization's activities expose it to a variety of financial risks including credit risk, liquidity risk, foreign currency risk and operational risks. The Organization's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Organization's financial performance.

Management is accountable to the members for ensuring effective risk management activities and adherence to the risk appetite limits set by the members.

Primary responsibility for management of these risks lies with the individual departments or business units in which they arise. It is the responsibility of the respective department to ensure appropriate assessment and management of the individual risks within the Organization and to report the same to the management who report to the Board.

The Organization's risk management policies are established to identify and analyzed the risks faced by the Organization, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

Credit risk

The Organization takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the financial institution by failing to discharge an obligation. Credit risk is the most important risk for the Organization's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in short-term cash surpluses only with banks of high credit standing

Accordingly, the Organization has no significant concentration of credit risk that has not been adequately provided for.

Foreign exchange risk

The Organization takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

Liquidity risk

Liquidity risk is the risk that the Organization is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. Management monitors the maturity gap of the Organization's assets against maturing liabilities.

The Organization's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

9 EVENTS AFTER THE REPORTING DATE

There were no significant events after the statement of financial position date.