

CORNEL NGALEKU CHILDREN CENTRE

**(REGISTERED UNDER TRUSTEES' INCORPORATION
ORDINANCE 1956 - CERTIFICATE NO. 2855)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

CORNEL NGALEKU CHILDREN CENTRE

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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CORNEL NGALEKU CHILDREN CENTRE

**CENTRE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2009**

PRINCIPAL ADDRESS

Cornel Ngaleku Children Centre
P.O. Box 2780
Arusha
Tanzania

BANKERS

Barclays Bank Tanzania Limited
P.O. Box 14652
Arusha
Tanzania

National Microfinance Bank
Clock Tower Branch
P.O. Box 3013
Arusha
Tanzania

National Microfinance Bank
Tarakea Branch
P.O. Box 34
Rombo
Kilimanjaro
Tanzania

AUDITORS

Ernst & Young
Certified Public Accountants
Utalii House
36 Laibon Road, Oysterbay
P.O. Box 2475
Dar es Salaam
Tanzania

CORNEL NGALEKU CHILDREN CENTRE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

1. INTRODUCTION

The Trustees submit their report and the audited financial statements for year ended 31 December 2009.

2. OBJECTIVES and ACTIVITIES

Cornel Ngaleku Children Centre (CNCC) was founded by Michael Ngaleku Shirima and his family for the purpose of giving children who are orphaned, abandoned or neglected, an opportunity to make use of the facilities and be taken care of and loved so that they may survive the perils of having no parents or relatives to take care of them.

The Centre is registered as a Not-for-profit organisation incorporated under the provisions of the Trustees' Incorporation Ordinance, 1956 and is accorded with certificate number 2855 dated 1 July 2004. The Centre is presently processing a certificate of compliance with the Non-Governmental Organization Act 2002, as required by the very Act.

The Centre's vision is to provide nutritional care, accommodation, health and education for the disadvantaged children regardless of their religions, ethnic origin or gender.

The Centre has been built on a five acre piece of land donated by the founder of the project. The Centre is located in a remote village of Leto-Usseri, in the rural district of Rombo on the lower eastern slopes of Mount Kilimanjaro, 80 kilometers from Moshi town and one kilometer west of Kenya/Tanzania border.

3. STATEMENT OF TRUSTEES RESPONSIBILITIES

The Board of Trustees of the Centre is responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the Centre as at the end of each financial year and of its operating results for that year.

The trustees are also responsible for ensuring that the Centre keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Centre. It is also for safeguarding the assets of the Centre and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

CORNEL NGALEKU CHILDREN CENTRE

TRUSTEES' REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2009

3. STATEMENT OF TRUSTEES RESPONSIBILITIES (Continued)

The trustees hereby accept responsibility for the accompanying financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with accounting policies set out herein.

The trustees acknowledge the fact that system of internal controls including segregation of duties and related forms of simple but effective controls need to be in place. Nevertheless the trustees provide close supervisory controls on a daily basis for safeguarding the assets of the Centre, measuring its performance and controlling its activities.

4. RESULTS AND GOING CONCERN

The operating results for the year are set out on page 7 of the financial statements.

At present the Centre has no trading activities and continues to depend on donations from various donors including its founders in order to sustain its operations in the foreseeable future.

The founder has provided a letter of commitment to continue providing financial support to the centre to enable it to meet its obligations as and when they fall due in the foreseeable future.

Donors who provided financial support during the year are shown in Note 3

5. TRUSTEES

The trustees who served during the year and to the date of this report are:-

| | |
|----------------------------|----------------------|
| 1. Michael Ngaleku Shirima | Trustee and Chairman |
| 2. Vincent Ngaleku Shirima | Trustee |
| 3. Sylvia M Shirima | Trustee |
| 4. Triza V Shirima | Trustee |
| 5. Victor A Shirima | Trustee |
| 6. Christian C Shirima | Trustee |

6. RELATED PARTY TRANSACTIONS

The Centre received revenue and capital grants from Mr. Michael Ngaleku Shirima and other donors including the Dutch Foundation, Sarit S. Shah, Coeur Tanzania Limited and Palazzo D. Propaganda Fide as set out in Note 3. Mr. Michael, the founder, has also contributed land, buildings and motor vehicles as disclosed in Note 20.

CORNEL NGALEKU CHILDREN CENTRE

TRUSTEES' REPORT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

7. GOING CONCERN

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

8. EMPLOYEES WELFARE

Management and employees relationship

The relationship between employees and management remained cordial throughout the year.

Training facilities

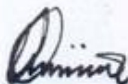
The Centre strives to provide training to its employees as and when it is necessary.

9. AUDITORS

Ernst & Young were appointed during the year and have expressed their willingness to continue in office as auditors for the Centre.

The proposal to appoint Ernst & Young as auditors of the Centre will be presented to the next Annual General Meeting.

By order of the board of Trustees



CHAIRMAN OF THE TRUSTEE

17.09.2010

DATE

REPORT OF THE HONORARY AUDITORS

to the Board of Trustees of CORNEL NGALEKU CHILDREN CENTRE

We have audited the financial statements of the Cornel Ngaleku Children Centre ("the Centre") which comprise the statement of financial position as at 31 December 2009, the statement of comprehensive income, statement of changes in net assets/equity and cash flows statements for the year ended then, and summary accounting policies and other explanatory notes set out.

Trustee's Responsibility for the Financial Statements

Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and comply with Trustees' Incorporation Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 whether the financial statements are free from material misstatements.

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 centre's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by trustee, 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.

REPORT OF THE HONORARY AUDITORS (Continued)


Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Cornel Ngaleku Children Centre as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Standards (IPSAS) and comply with Trustees' Incorporation Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 17 to the financial statements which disclose the fact that the land and building valued at TZS 1,600,000,000 is located at an unsurveyed plot of Land at Leto Village, Kitirima Kingachi Ward/Useri Rombo District and the Centre does not have title deeds over the land. The Trustees of the Centre have confirmed that the Centre owns the land and buildings and they are presently in a process of obtaining the title deeds from the Government authorities.

Furthermore, as stated in Note 1, the Centre has no trading activities at present and continues to depend on donations from various donors including its founder. The founder has provided a letter of commitment to continue providing financial support to the centre to enable it to meet its obligations as and when they fall due in the foreseeable future.


Ernst & Young
Certified Public Accountants
Dar es Salaam

Signed by: Joseph Sheffu


.....2010

CORNEL NGALEKU CHILDREN CENTRE

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2009

| | Notes | 2009 TZS | 2008 TZS |
|--|-------|--------------------|--------------------|
| REVENUE | | | |
| Recurrent grant | 3 | 107,457,535 | 54,288,363 |
| Other income | 4 | 3,272,864 | 497,000 |
| Dispensary sales | 5 | 5,504,510 | 5,438,825 |
| Surplus on disposal of fixed assets | 6 | - | 10,018,516 |
| Amortisation on deferred capital grant | | 61,781,426 | 76,451,746 |
| Total revenue | | 178,016,335 | 146,694,450 |
| EXPENSES | | | |
| Dispensary expenses | 7 | 822,600 | 5,385,575 |
| Tractor running expenses | 8 | 1,834,000 | - |
| Children expenses | 9 | 16,803,400 | 21,383,273 |
| Administration expenses | 10 | 60,723,494 | 58,984,246 |
| Finance expenses | 11 | 474,312 | 346,037 |
| Depreciation expenses | 17 | 61,781,426 | 51,470,262 |
| Total expenses | | 142,439,232 | 137,569,393 |
| Surplus for the year | | 35,577,103 | 9,125,057 |


CORNEL NGALEKU CHILDREN CENTRE

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

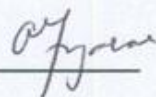
| ASSETS | Notes | 2009 TZS | 2008 TZS |
|----------------------------------|-------|-----------------------------|-----------------------------|
| Current assets | | | |
| Cash and bank balances | 12 | 93,231,501 | 66,743,972 |
| Other receivables | 13 | 8,553,870 | 6,380,000 |
| Current Account - Mr. M. Shirima | | 540,000 | - |
| Inventories | 14 | 990,680 | 3,716,540 |
| | | <u>103,316,051</u> | <u>76,840,512</u> |
| Non current assets | | | |
| Property, plant and equipment | 17 | 1,740,448,867 | 1,664,172,493 |
| Investments | 15 | 11,792,063 | - |
| Biological assets | 16 | 3,765,000 | - |
| | | <u>1,756,005,930</u> | <u>1,664,172,493</u> |
| Total assets | | <u><u>1,859,321,981</u></u> | <u><u>1,741,013,005</u></u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Current Account - Mr. M. Shirima | | - | - |
| Creditors and accruals | 18 | 41,333,530 | 15,118,544 |
| | | <u>41,333,530</u> | <u>15,118,544</u> |
| Non-current liabilities | | | |
| Deferred capital grant | 19 | 1,772,848,418 | 1,716,524,844 |
| | | <u>1,772,848,418</u> | <u>1,716,524,844</u> |
| Total liabilities | | <u><u>1,814,181,948</u></u> | <u><u>1,731,643,388</u></u> |
| Net assets | | <u><u>45,140,033</u></u> | <u><u>9,369,617</u></u> |
| NET ASSETS/EQUITY | | | |
| Reserves | | 193,313 | - |
| Accumulated surplus | | 44,946,720 | 9,369,617 |
| | | <u>45,140,033</u> | <u>9,369,617</u> |

These financial statements were approved by the Board of Trustee for issue on 17.09.2010
and were signed on their behalf by:

MICHAEL N' SHIRIMA
Name

CHAIRMAN 
Title

AUNALI F RAJABALI
Name

TRUSTEE 
Title

CORNEL NGALEKU CHILDREN CENTRE

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

| | Notes | Accumulated | Revaluation/Other | Total |
|--|-------|-------------|-------------------|---------------|
| | | fund | reserve | |
| | | TZS | TZS | TZS |
| Balance as at 1 January 2008 | | 244,560 | 453,494,360 | 453,738,920 |
| Transfer to deferred capital grant | 20 | - | (453,494,360) | (453,494,360) |
| Surplus for the year | | 9,125,057 | - | 9,125,057 |
| Changes in net assets/equity for 2009 | | 9,369,617 | - | 9,369,617 |
| Gain on revaluation of investments | | - | 193,313 | 193,313 |
| Surplus for the year | | 35,577,103 | - | 35,577,103 |
| Balance as December 2009 carried forward | | 44,946,720 | 193,313 | 45,140,033 |

CORNEL NGALEKU CHILDREN CENTRE

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

| | Notes | 2009 TZS | 2008 TZS |
|---|-------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | |
| Surplus for the year | | 35,577,103 | 9,125,057 |
| Depreciation expenses | 17 | 61,781,426 | 51,470,262 |
| Gain on disposal of fixed assets | | - | (10,018,516) |
| Amortisation of deferred capital grant | | (61,781,426) | (76,451,746) |
| Working capital changes | | | |
| Increase in other receivables | | (2,173,870) | (4,491,900) |
| Decrease in inventory | | 2,725,860 | 7,910,426 |
| Decrease in current account | | (540,000) | (17,406,332) |
| Increase in creditors and accruals | | 26,214,986 | 13,369,501 |
| Cash used / from operating activities | | <u>61,804,079</u> | <u>(26,493,248)</u> |
| INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 17 | (138,057,800) | (59,479,859) |
| Proceed on disposal fixed assets | | - | 35,000,000 |
| Purchase of shares | 14 | (11,598,750) | - |
| Purchase of livestock | 16 | (3,765,000) | - |
| Cash used in investing activities | | <u>(153,421,550)</u> | <u>(24,479,859)</u> |
| FINANCING ACTIVITIES | | | |
| Capital grant received | | 1,772,848,418 | 1,716,524,844 |
| Cash from financing activities | | <u>1,772,848,418</u> | <u>1,716,524,844</u> |
| Net change in cash and cash equivalents | | 1,681,230,947 | 1,665,551,737 |
| Cash and cash equivalents at 1 January | | <u>1,726,630,701</u> | <u>61,078,964</u> |
| Cash and cash equivalents at 31 December | | <u>3,407,861,648</u> | <u>1,726,630,701</u> |

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. BASIS OF PREPARATION

The financial statements have been prepared on historical cost convention, except for revaluation of land and buildings, which have been measured at fair value. The financial statements of the Centre have been prepared in accordance with International Public Sector Standards (IPSAS) and comply with Trustees' Incorporation Ordinance.

The financial statements are presented in Tanzanian Shillings (TZS).

Going Concern

The centre has no trading activities and continues to depend on donations from various parties including the founder. The founder has provided a letter of commitment to continue providing financial support to the centre to enable it to meet its obligations as and when they fall due in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Revenue recognition

Capital grants

Capital grants are credited to income over the useful lives of the related capital assets.

Grants received for the purchase of fixed assets are recognized initially in the capital grant account. Fixed assets received directly from donors are recorded at fair value in the capital grant account. Capital grants are released to the income statement over the expected useful life of the respective assets, to offset the depreciation charge for the year.

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 31 DECEMBER 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

a) Revenue recognition (*Continued*)

Revenue grants

Revenue grants received from donors to fund general operations are recognized in the income statement upon receipt. Funds received from donors to finance specific expenditure are recognized initially in the deferred grant account. Such deferred grants are released to income to match the specific expenditure incurred in accordance with the donor instructions/agreements.

School fee

School fee income is recognized as services are rendered. A token amount is charged as school fees to the children who receive day care facilities at the centre and whose parents, living in the vicinity, are financially capable to pay the fees.

b) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, except land and buildings, which have been revalued. Depreciation is provided so as to write off the cost on a straight-line basis over the expected useful economic lives of the assets concerned. The depreciable amount of a revalued asset is based on its revalued amount and not its cost. The principal annual rates used for this purpose are:

| | |
|---|-----------|
| Leasehold buildings | 4% |
| Plant and machinery | 5% |
| Motor vehicles | 20% |
| Tools and equipments | 5 - 33.3% |
| Furniture, fittings and office equipments | 5 - 33.3% |

Land and buildings are measured at fair value less accumulated depreciation on buildings. Valuations are performed to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 31 DECEMBER 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

An annual transfer from the asset revaluation reserve to general reserves is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

c) Inventories

Materials and supplies (which include medicine, training and sports materials and other consumables) are stated at the lower of cost and net realisable value. Cost is generally determined on the actual invoice value and includes all applicable overheads.

d) Biological Asset

Biological assets are carried at fair value. The cost of upkeep and maintenance of the biological assets is expensed in the period incurred.

e) Foreign currency transaction

Functional and presentation currency

Items included in the financial statements of the Centre are measured using the currency of the primary economic environment in which the Centre operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the Centre's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

CORNEL NGALEKU CHILDREN CENTRE

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Other receivables

Other receivables are stated at normal value, less any write down for amounts expected to be irrecoverable.

g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and at hand. For the purpose of the cash flow statement, cash and cash equivalents as defined above, net of outstanding bank overdrafts.

h) Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. They include relationship with key Management personnel. For Centre key management include; trustees, heads of departments and Units and their close relatives. Some of the Centre's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements

i) Creditors and accruals

Liabilities for the creditor and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Centre.

j) Income Taxes

Cornel Ngaleku Children Centre is a charitable organization within the meaning of the Income Tax Act of Tanzania. The Centre is therefore exempt from the Income Tax on its charitable income and grants.

k) Value Added Tax (VAT)

Cornel Ngaleku Children Centre is not registered for VAT therefore cost of the purchases of supplies includes the VAT element except where VAT exemption is obtained from taxation authority on specific procurement of goods and services.

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

| | 2009 TZS | 2008 TZS |
|---|--------------------|-------------------|
| 3. RECURRENT GRANT | | |
| Cash from CNCC Trustees | 14,906,000 | 16,180,576 |
| Dutch Foundation | 27,605,114 | 26,930,465 |
| Sarit S. Shah | 26,780,000 | - |
| Coeur Tanzania Limited | - | 4,000,000 |
| Palazzo D. Propaganda Fide | 8,320,000 | - |
| Other friends of the Centre | 29,846,421 | 7,177,322 |
| Total | <u>107,457,535</u> | <u>54,288,363</u> |
| 4. OTHER INCOME | | |
| Income from tractor | 2,723,000 | - |
| Miscellaneous income | - | 350,000 |
| School fee | 225,000 | 147,000 |
| Exchange gain | 324,864 | - |
| Total | <u>3,272,864</u> | <u>497,000</u> |
| 5. DISPENSARY SALES | | |
| Dispensary sales | 5,504,510 | 5,438,825 |
| Total | <u>5,504,510</u> | <u>5,438,825</u> |
| 6. SURPLUS ON DISPOSAL OF FIXED ASSETS | | |
| Surplus on disposal of fixed assets | - | 10,018,516 |
| Total | <u>-</u> | <u>10,018,516</u> |
| 7. DISPENSARY EXPENSE | | |
| Dispensary expenses | 822,600 | 5,385,575 |
| Total | <u>822,600</u> | <u>5,385,575</u> |

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

| | 2009 TZS | 2008 TZS |
|--|-------------------|-------------------|
| 8. TRACTOR EXPENSE | | |
| Tractor running expenses | 1,834,000 | - |
| Total | <u>1,834,000</u> | <u>-</u> |
| 9. CHILDREN EXPENSES | | |
| Children and Staff Food | 7,565,200 | 11,435,560 |
| Children caring consumables | 1,829,200 | 9,237,713 |
| Allowances for the Sisters (nuns) running the Centre | 7,409,000 | 710,000 |
| Total | <u>16,803,400</u> | <u>21,383,273</u> |
| 10. ADMINISTRATION EXPENSES | | |
| Salary and wages | 20,490,699 | 18,434,000 |
| Casual labour | 464,000 | 3,198,900 |
| Printing and stationeries | 883,800 | 1,159,108 |
| Advertisement and sales promotion | 591,700 | 1,138,967 |
| Medical and staff welfare | 3,847,360 | 5,978,125 |
| Education and training | 813,600 | 1,115,000 |
| Postage and telephone | 1,169,052 | 336,800 |
| Water and electricity | 3,768,867 | 2,616,960 |
| Travelling and accommodation | 2,344,300 | 1,417,000 |
| Motor vehicle running expenses | 13,179,550 | 6,649,544 |
| Generator expenses | 567,500 | 125,000 |
| Insurance general | 1,578,250 | 1,191,600 |
| Security expenses | 3,000 | 95,000 |
| Repairs office and office equipment | 2,082,466 | 3,631,100 |
| Environmental up keep | 582,700 | 234,700 |
| Kitchen utensils | 1,484,500 | 5,886,415 |
| Subscription fees (internet) | 2,740,900 | 3,259,627 |
| Professional fees - valuation | 2,183,750 | 2,516,400 |
| Other expenses | 1,947,500 | - |
| Total | <u>60,723,494</u> | <u>58,984,246</u> |
| 11. FINANCE EXPENSES | | |
| Bank charges | 474,312 | 346,037 |
| Total | <u>474,312</u> | <u>346,037</u> |

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

| | 2009 TZS | 2008 TZS | | | |
|--|-------------------|-------------------|---------------|-------------------|----------|
| 12. CASH AND BANK BALANCES | | | | | |
| Recurrent Account | | | | | |
| National Microfinance bank-Clock tower | 5,549,332 | 5,973,008 | | | |
| National Microfinance bank-Tarakea | 1,288,869 | 2,711,836 | | | |
| National Microfinance bank-Dispensary Account | 6,662,310 | 1,228,300 | | | |
| Petty Cash Account | 52,466 | 289,936 | | | |
| Total | <u>13,552,977</u> | <u>10,203,080</u> | | | |
| Current Account | | | | | |
| Barclays bank - US\$ Account | 77,828,747 | 49,978,484 | | | |
| National Microfinance bank - Clock tower | 1,849,777 | 6,562,408 | | | |
| Total | <u>79,678,524</u> | <u>56,540,892</u> | | | |
| Total cash and bank balances | <u>93,231,501</u> | <u>66,743,972</u> | | | |
| 13. OTHER RECEIVABLES | | | | | |
| Staff Loans/Imprests | 7,885,120 | 1,380,000 | | | |
| Rainbow Shuttle Service & Car Hire | 668,750 | 5,000,000 | | | |
| Total | <u>8,553,870</u> | <u>6,380,000</u> | | | |
| 14. INVENTORIES | | | | | |
| Medicines | 990,680 | 3,716,540 | | | |
| Total | <u>990,680</u> | <u>3,716,540</u> | | | |
| 15. INVESTMENT | | | | | |
| | <u>No. Of</u> | <u>Cost/</u> | <u>Value/</u> | | |
| | <u>Share</u> | <u>Share</u> | <u>Share</u> | | |
| CRDB Bank Limited Shares | 77,325 | 150 | 152.5 | 11,792,063 | - |
| | | | | <u>11,792,063</u> | <u>-</u> |
| <p>During the year 77,325 shares of CRDB Bank Limited were bought at price of TZS 150 per shares. As at 31 December 2009 market value was TZS 152.5 per share.</p> | | | | | |
| 16. BIOLOGICAL ASSETS | | | | | |
| Dairy Cattle | | | | | |
| 1 Year | | | | | |
| 2 dairy cattle | | | | 1,800,000 | - |
| 1 dairy cattle | | | | 850,000 | - |
| 0.5 year | | | | | |
| 3 dairy cattle | | | | 1,115,000 | - |
| | | | | <u>3,765,000</u> | <u>-</u> |

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 31 DECEMBER 2009

25. LEGAL STATUS AND OWNERSHIP

The Centre is incorporated in Tanzania under the Trustees Incorporation Act of 1956 and domiciled in Tanzania.

26. CAPITAL COMMITMENT AND LITIGATION

Capital commitments

At 31 December 2009, the Centre has no contractual approved or unapproved commitments (2008: Nil)

Legal claim contingencies

There is no legal claim in favour or against the Congress as at year end.

27. EVENTS AFTER BALANCE SHEET DATE

There are no subsequent events that have occurred which should either to be disclosed or to be adjusted in the financial statement that could materially affect the financial statements.

28. COMPARATIVES

Where necessary, comparative figures have been reclassified to conform to the presentation in the current year.

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

17. PROPERTY, PLANT AND EQUIPMENT

| | Land and Buildings | | Motor Vehicle | | Tools and Equipment | | Furniture, fittings and Office Equipment | | Total | |
|-------------------------------|----------------------|-------------------|-------------------|-------------------|----------------------|-----|--|-----|-------|-----|
| | TZS | TZS | TZS | TZS | TZS | TZS | TZS | TZS | TZS | TZS |
| COST | | | | | | | | | | |
| At 1 January 2008 | 1,600,000,000 | 74,601,676 | 40,728,403 | 19,366,364 | 1,734,696,443 | | | | | |
| Add: Additions | 26,552,800 | 5,300,893 | 18,038,266 | 9,587,900 | 59,479,859 | | | | | |
| Less: Disposal | - | (33,308,645) | - | (33,308,645) | | | | | | |
| As at 31 December 2008 | 1,626,552,800 | 46,593,924 | 58,766,669 | 28,954,264 | 1,760,867,657 | | | | | |
| Add: Additions | 109,606,580 | 28,451,220 | - | - | 138,057,800 | | | | | |
| As at 31 December 2009 | 1,736,159,380 | 75,045,144 | 58,766,669 | 28,954,264 | 1,898,925,457 | | | | | |
| Made up of: | | | | | | | | | | |
| Cost | 1,282,665,020 | 75,045,144 | 58,766,669 | 28,954,264 | 1,445,431,097 | | | | | |
| Revaluation | 453,494,360 | - | - | - | 453,494,360 | | | | | |
| | 1,736,159,380 | 75,045,144 | 58,766,669 | 28,954,264 | 1,898,925,457 | | | | | |
| DEPRECIATION | | | | | | | | | | |
| At 1 January 2008 | 24,575,003 | 19,987,237 | 6,169,297 | 2,820,526 | 53,552,063 | | | | | |
| Add: Charge for the year | 32,224,553 | 10,794,842 | 5,873,702 | 2,577,165 | 51,470,262 | | | | | |
| Less: Disposal | - | (8,327,161) | - | - | (8,327,161) | | | | | |
| As at 1 January 2009 | 56,799,556 | 22,454,918 | 12,042,999 | 5,397,691 | 96,695,164 | | | | | |
| Add: Charge for the year | 33,517,743 | 17,298,567 | 7,345,833 | 3,619,283 | 61,781,426 | | | | | |
| As at 31 December 2009 | 90,317,299 | 39,753,485 | 19,388,832 | 9,016,974 | 158,476,590 | | | | | |
| NET BOOK VALUE | | | | | | | | | | |
| As at 31 December 2009 | 1,645,842,081 | 35,291,659 | 39,377,837 | 19,937,290 | 1,740,448,867 | | | | | |
| As at 31 December 2008 | 1,569,753,244 | 24,139,006 | 46,723,670 | 23,556,573 | 1,664,172,493 | | | | | |

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

| | 2009 TZS | 2008 TZS |
|---|----------------------|----------------------|
| 18. CREDITORS AND ACCRUALS | | |
| Koru Freight Limited | 1,749,043 | 1,749,043 |
| Cargo Expedition (T) Limited | 283,101 | 283,101 |
| Internal Printers Limited | 86,400 | 86,400 |
| Precision Haulage Company Limited | 13,000,000 | 13,000,000 |
| Water Solutions Drilling Company Limited | 2,031,000 | - |
| Rombo Millers Company Limited | 20,380,100 | - |
| Tanzindia Assurance Company Limited | 1,440,000 | - |
| Wakulima Engineering Company Limited | 209,000 | - |
| National Social Security Fund | 2,154,886 | - |
| Total | <u>41,333,530</u> | <u>15,118,544</u> |
| 19. DEFERRED CAPITAL GRANT | | |
| Balance as at 1 January | 1,716,524,844 | 1,282,844,115 |
| Revaluation reserve (refer to Note 20) | - | 453,494,360 |
| Amount received during the year | | |
| Dutch Foundation: | | |
| Donation for Motor vehicles | - | 21,849,915 |
| Dutch foundation support | 118,105,000 | 34,788,200 |
| Released to statement of financial performance | | |
| Amortisation during the year | (61,781,426) | (51,470,262) |
| Offset against disposal assets | - | (24,981,484) |
| Total deferred capital grant received | <u>1,772,848,418</u> | <u>1,716,524,844</u> |
| 20. REVALUATION RESERVE | | |
| Revaluation reserve | - | <u>453,494,360</u> |
| <p>The revaluation reserve was arrived at based on the valuation of land and buildings conducted by the valuer, Moshi District Council (Valuers) of P.O. Box 97 Moshi Kilimanjaro (note 11). The land and buildings was valued at a market value of TZS 1,600,000,000. The trustees of the Centre are of the opinion that the carrying amount of land and buildings at the statement of position as at 31 December 2007 was TZS 1,146,505,640 thus creating a revaluation reserve of TZS 453,494,360.</p> | | |
| 21. RELATED PARTY DISCLOSURE | | |
| <p>The Cornel Ngaleku Children Centre is centre founded by Michael Ngaleku Shirima and his family. During the year, the following were the transactions:</p> | | |
| Cash contribution | 14,906,000 | 16,183,576 |
| Donation for the motor vehicle | - | <u>21,849,915</u> |
| Compensation to key management | | |
| Short term benefits | <u>7,409,000</u> | <u>710,000</u> |

CORNEL NGALEKU CHILDREN CENTRE

**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 31 DECEMBER 2009**

22. EMPLOYEES

The number of employees employed by Cornel Ngaleku Children Centre as at 31 December 2009 was 19 (2008: 13).

23. CURRENCY

The financial statements are presented in Tanzanian Shillings (TZS).

24. FINANCIAL RISK MANAGEMENT

The Centre's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Centre's financial performance. The Trustee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign-exchange risk, interest-rate risk, credit risk, and liquidity risk.

Liquidity risk

Centre does not face any liquidity risk as it has arrangements with donor or trustee to cover costs for the approved budget.

Foreign exchange risk

Foreign currency risk is managed at Centre level and monitored by the management. Funds are initially maintained in United State Dollars denominated bank account to minimize the risks and are then transferred to local currency periodically based on cash needs projections. There is no exposure to losses from foreign liabilities as the Centre attempt to settle their obligations promptly.

Interest-rate risk

The Centre does not borrow or invest its funds.

Credit risk

Potential concentration of credit risk consists principally of staff loans. The Centre has no significant concentration of credit risk which has not been adequately addressed