

CORNEL NGALEKU CHILDREN CENTRE

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

**TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

CORNEL NGALEKU CHILDREN CENTRE

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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CORNEL NGALEKU CHILDREN CENTRE

**CENTRE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011**

PRINCIPAL ADDRESS

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

BANKERS

I & M Bank (T) Limited
P.O. Box 1509
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 2011

1. INTRODUCTION

The Trustees submit their report and the audited financial statements for year ended 31 December 2011.

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 organization 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 2011

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 5 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, 19 and 20.

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. Mr. Aron Lodhia	Trustee
4. Dr. Mary Mboya	Trustee
5. Mr. Sergio Valente	Trustee
6. Mr. Auny F. Rajabali	Trustee
7. Mrs. Kerri Mramba	Trustee

6. RELATED PARTY TRANSACTIONS

The Centre received revenue and capital grants from Mr. Michael Ngaleku Shirima and other donors including the Dutch Foundation, I & M Bank Kenya Limited, I & M Bank Tanzania Limited, GE, USA Group, Ernst & Young and Ursula Sisters-Poland as set out in note 3. Mr. Michael, the founder, has also contributed land, buildings and motor vehicles as disclosed in Note 17.

CORNEL NGALEKU CHILDREN CENTRE

**TRUSTEES' REPORT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011**

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

Michael N. Shirima Chairman
Name Title


Signature

VINCENT SHIRIMA TRUSTEE
Name Title


Signature

Date: 09.08.2012

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 2011, 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 and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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)

to the Board of Trustees of
CORNEL NGALEKU CHILDREN CENTRE


Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Cornel Ngaleku Children Centre as of 31 December 2011, 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

Date: 10/8/ 2012

CORNEL NGALEKU CHILDREN CENTRE

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 TZS	2010 TZS
REVENUE			
Recurrent grant	3	180,553,005	121,830,366
Dispensary sales	4	1,687,035	1,088,400
Income from in-house projects	5	14,979,120	10,364,169
Exchange gain	5	10,410,969	-
Amortisation on deferred capital grant	19	61,307,757	58,968,792
Total revenue		268,937,886	192,251,727
EXPENSES			
Children expenses	7	83,097,903	68,014,217
Dispensary expenses	8	684,000	204,500
Livestock expenses	9	7,138,450	2,173,599
Died cattle	9	1,683,334	883,334
Gardening expenses	9	2,606,500	1,011,300
Tractor expenses	9	323,750	87,800
Lorry expenses	9	826,900	
Administration expenses	10	60,164,285	51,909,548
Loss on disposal of fixed assets	6	-	338,187
Finance expenses	11	675,165	927,225
Depreciation expenses	17	61,307,757	58,968,792
Total expenses		218,508,044	184,518,502
Excess of revenue over expenses		50,429,842	7,733,225

CORNEL NGALEKU CHILDREN CENTRE

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

ASSETS	Notes	2011 TZS	2010 TZS
Current assets			
Cash and bank balances	12	109,571,957	119,197,001
Other receivables	13	8,549,026	16,765,277
Stock	14	7,430,330	1,227,971
		<u>125,551,313</u>	<u>137,190,249</u>
Non current assets			
Property, plant and equipment	17	1,722,715,026	1,703,019,839
Investments	15	-	8,892,375
Biological assets	16	6,787,334	3,720,667
		<u>1,729,502,360</u>	<u>1,715,632,881</u>
Total assets		<u>1,855,053,673</u>	<u>1,852,823,130</u>
LIABILITIES			
Current liabilities			
Creditors and accruals	18	21,854,956	43,879,515
		<u>21,854,956</u>	<u>43,879,515</u>
Non-current liabilities			
Deferred capital grant	19	1,732,795,306	1,758,970,045
		<u>1,732,795,306</u>	<u>1,758,970,045</u>
Total liabilities		<u>1,754,650,261</u>	<u>1,802,849,560</u>
Net assets		<u>100,403,412</u>	<u>49,973,570</u>
NET ASSETS/EQUITY			
Reserves		-	(2,706,375)
Accumulated surplus		100,403,412	52,679,945
		<u>100,403,412</u>	<u>49,973,570</u>

These financial statements were approved by the Board of Trustee for issue on 09.08.2012 and were signed on their behalf by:


Michael N. Shirima
Name

Chairman
Title


Signature

VINCENTI SHIRIMA
Name

TRUSTEE
Title


Signature

CORNEL NGALEKU CHILDREN CENTRE

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Accumulated	Reserve	Total
	fund		
	TZS	TZS	TZS
Balance as at 1 January 2010	44,946,720	193,313	45,140,033
Gain on revaluation of investments	-	(2,899,688)	(2,899,688)
Excess of revenue over expenses	7,733,225	-	7,733,225
Changes in net assets/equity for 2010	52,679,945	(2,706,375)	49,973,570
Gain on revaluation of investments	(2,706,375)	2,706,375	-
Excess of revenue over expenses	50,429,842	-	50,429,842
Changes in net assets/equity for 2011	100,403,412	-	100,403,412

CORNEL NGALEKU CHILDREN CENTRE

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2011**

	Notes	2011 TZS	2010 TZS
OPERATING ACTIVITIES			
Surplus for the year		50,429,842	7,733,225
Depreciation expenses	17	61,307,757	58,968,792
Loss on disposal of fixed assets	17	-	338,187
Amortisation of deferred capital grant	19	(61,307,757)	(58,968,792)
Adjustment on property, plant and equipment	17	-	11,820,000
Death of livestock	9	1,683,334	883,333
Working capital changes			
Increase in other receivables		8,216,251	(8,211,407)
Decrease in inventory		(6,202,359)	(237,291)
Decrease in current account		-	540,000
Increase in creditors and accruals		(22,024,559)	2,545,985
Cash used / from operating activities		<u>32,102,509</u>	<u>15,412,032</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	17	(81,002,944)	(33,697,951)
Sale of shares : - CRDB Bank	15	7,209,041	-
Purchase of livestock		(3,066,667)	(839,000)
Cash used in investing activities		<u>(76,860,570)</u>	<u>(34,536,951)</u>
FINANCING ACTIVITIES			
Capital grant received:-			
Dutch Foundation T/L/C Hard Top		14,649,618	39,985,419
M. N. Shirima & family		20,483,400	5,105,000
Cash from financing activities		<u>35,133,018</u>	<u>45,090,419</u>
Net change in cash and cash equivalents		(9,625,043)	25,965,500
Cash and cash equivalents at 1 January		119,197,001	93,231,501
Cash and cash equivalents at 31 December		<u>109,571,958</u>	<u>119,197,001</u>

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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.

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.

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2011

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

a) Revenue recognition (*Continued*)

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.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods

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 2011

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 2011

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 2011

	2011 TZS	2010 TZS
3. RECURRENT GRANT		
Resource Revenue Management - Australia	3,861,068	-
Auny F. Rajabali	-	18,000,000
Dutch Foundation	47,743,553	22,760,000
Arun Lodhia	5,000,000	-
I & M Bank (Kenya) Limited	31,728,240	-
I & M Bank (Tanzania) Limited	10,000,000	5,000,000
Mohamed Raza - Zanzibar	-	10,000,000
Precision Air Services	-	22,464,000
GE, USA Group	24,237,037	-
Karen Webster & Friends - Australia	6,824,475	-
Ursuline Sisters - Poland	7,563,140	-
Ernst & Young	8,855,000	-
Michael Ngaleku Shirima	-	5,000,000
Other friends of the Centre	34,740,492	38,606,366
Total	<u>180,553,005</u>	<u>121,830,366</u>
4. DISPENSARY SALES		
Dispensary sales	<u>1,687,035</u>	<u>1,088,400</u>
5. OTHER INCOME		
Interest earned - Fixed deposit	2,722,845	-
Gain on sale of CRDB shares	6,165,805	-
Income from tractor	895,000	1,660,000
Milk proceeds	473,500	-
Piggery proceeds	300,500	-
Poultry proceeds	585,600	-
Income from Lorry	877,500	4,703,000
School fees	422,500	-
Income from water project	1,979,310	2,667,000
Dividend received on shares investment	228,760	727,169
Vegetable sales	327,800	607,000
Exchange gain	10,410,969	-
Total	<u>25,390,089</u>	<u>10,364,169</u>
6. LOSS ON DISPOSAL OF FIXED ASSETS		
Loss on disposal of fixed assets	-	<u>338,187</u>
7. CHILDREN EXPENSES		
Children food	8,861,625	10,765,340
Children caring consumables	8,608,165	7,599,700
School fees and boarding expenses	16,396,515	-
Living expenses (Patricia & Paulina)	2,468,700	-
Allowances for the Sisters (nuns) running the Centre	12,000,000	7,590,000
Other costs for children	34,762,898	42,059,177
Total	<u>83,097,903</u>	<u>68,014,217</u>

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 TZS	2010 TZS
8. DISPENSARY EXPENSE		
Dispensary expenses	684,000	204,500
Total	<u>684,000</u>	<u>204,500</u>
9. ACTIVITIES EXPENSES		
Livestock expenses:-		
Fodder/Food	7,138,450	2,173,599
Death of one dairy cattle	-	883,334
Death of a bull & dairy cattle	1,683,334	-
Poultry expenses	-	1,011,300
Lorry expenses	826,900	-
Garden expenses	2,606,500	-
Tractor expenses	323,750	87,800
Total	<u>12,578,934</u>	<u>4,156,033</u>
10. ADMINISTRATION EXPENSES		
Salary and wages	20,249,259	18,240,115
Staff welfare expenses	776,400	-
Printing and stationeries	2,586,510	1,987,820
Advertisement , sales promotion and AGM Expenses	1,564,955	6,315,604
Education and training	863,700	470,100
Postage and telephone	1,104,800	1,264,400
Water, gas and electricity	2,274,945	2,194,037
Travelling and accommodation	1,656,800	1,145,325
Motor vehicle running expenses	3,567,540	3,123,130
Generator expenses	165,000	1,928,000
Insurance general	1,258,333	2,900,000
Repairs & maintenance:- Buildings	2,927,100	-
Security expenses	56,200	48,500
Residence permit (Pieter & Olga)	1,755,600	-
Transport charges	2,007,971	-
Staff loan written off	1,530,998	-
Office Supplies	359,050	-
Repairs office and office equipment	569,960	1,786,500
Environmental up keep and banana garden	342,900	3,152,700
Subscription fees (internet)	5,091,264	3,262,067
Professional fees & Audit fees	9,455,000	4,091,250
Total	<u>60,164,285</u>	<u>51,909,548</u>
11. FINANCE EXPENSES		
Bank charges	675,165	927,225
Total	<u>675,165</u>	<u>927,225</u>

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

		2011 TZS	2010 TZS
12. CASH AND BANK BALANCES			
Recurrent Account			
National Microfinance bank-Clock tower		11,025,506	31,151,598
National Microfinance bank-Tarakea		2,252,091	3,032,673
National Microfinance bank-Dispensary Account		3,216,455	7,120,210
Petty Cash Account		55,553	78,166
Total		<u>16,549,605</u>	<u>41,382,647</u>
Current Account			
NMB Education Fund Account		92,500	-
Barclays bank - US\$ Account		-	2,274,714
I & M Bank Limited		11,990,196	75,539,640
6 Months Fixed Deposit Account		80,939,656	-
Total		<u>93,022,352</u>	<u>77,814,354</u>
Total cash and bank balances		<u>109,571,957</u>	<u>119,197,001</u>
13. OTHER RECEIVABLES			
Staff imprests		7,613,609	5,217,527
Staff loans		500,000	-
Water Solutions Drilling Co Limited		-	9,789,000
Prepaid insurance		435,417	1,758,750
Total		<u>8,549,026</u>	<u>16,765,277</u>
14. STOCKS			
Maize		5,632,375	-
Beans		750,000	-
Diesel		280,350	-
Medicines		767,605	1,227,971
Total		<u>7,430,330</u>	<u>1,227,971</u>
15. INVESTMENT			
	<u>No. Of Share</u>	<u>Cost/Share</u>	<u>Value/Share</u>
CRDB Bank Limited Shares	77,325	150	115
			<u>-</u>
			<u>8,892,375</u>
			<u>8,892,375</u>
During the year 77,325 shares of CRDB Bank Limited were sold at price of TZS 197.23 per share.			
16. BIOLOGICAL ASSETS			
<i>3 years</i>	1 dairy cattle (2010: 2 dairy cattle's)	883,334	1,766,667
<i>2.5 years</i>	1 dairy cattle	315,000	1,115,000
	1 Bull	500,000	500,000
<i>1 year</i>	4 dairy cattle	2,220,000	-
	1 dairy cattle	1,000,000	-
	1 bull	800,000	-
<i>3 years and above</i>	2 Donkey	180,000	180,000
<i>Less than year</i>	Piggery	430,000	-
	Chicken layers	459,000	159,000
		<u>6,787,334</u>	<u>3,720,667</u>

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

17. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Biogas Plant	Motor Vehicle	Tools and Equipment	Furniture, fittings and	Working In Progress	Total
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
COST							
As at 1 January 2010	1,736,159,380	-	75,045,144	58,766,669	28,954,264	-	1,898,925,457
Add: Additions	11,035,851	-	-	-	7,810,200	14,851,900	33,697,951
Less: Adjustment/Disposal	(11,820,000)	-	-	(338,187)	-	-	(12,158,187)
As at 1 January 2011	1,735,375,231		75,045,144	58,428,482	36,764,464	14,851,900	1,920,465,221
Add: Additions	26,259,350	12,561,800	22,113,894	2,580,000	-	17,487,900	81,002,944
Less: Adjustment/Disposal	-	-	-	-	-	-	-
As at 31 December 2011	1,761,634,581	12,561,800	97,159,038	61,008,482	36,764,464	32,339,800	2,001,468,165
Made up of:							
Cost	1,308,140,221	12,561,800	97,159,038	61,008,482	36,764,464	32,339,800	1,547,973,805
Revaluation	453,494,360	-	-	-	-	-	453,494,360
	1,761,634,581	12,561,800	97,159,038	61,008,482	36,764,464	32,339,800	2,001,468,165
DEPRECIATION							
As at 1 January 2010	90,317,299	-	39,753,485	19,388,832	9,016,974	-	158,476,590
Add: Charge for the year	34,853,161	-	12,228,547	7,075,283	4,811,801	-	58,968,792
As at 1 January 2011	125,170,460		51,982,032	26,464,115	13,828,775		217,445,382
Add: Charge for the year	35,232,681	502,472	13,111,726	7,273,934	5,186,944	-	61,307,757
As at 31 December 2011	160,403,141	502,472	65,093,758	33,738,049	19,015,719		278,753,139
NET BOOK VALUE							
As at 31 December 2011	1,601,231,440	12,059,328	32,065,280	27,270,433	17,748,745	32,339,800	1,722,715,026
As at 31 December 2010	1,610,204,771	-	23,063,112	31,964,367	22,935,689	14,851,900	1,703,019,839

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 TZS	2010 TZS
18. CREDITORS AND ACCRUALS		
Koru Freight Limited	-	1,749,043
Cargo Expedition (T) Limited	-	283,101
Internal Printers Limited	-	86,400
Precision Haulage Company Limited	10,000,000	13,000,000
Rombo Millers Company Limited	10,591,100	20,380,100
Tanzindia Assurance Company Limited	-	1,890,000
Travel Review (Tanzania) Limited	-	1,161,749
National Social Security Fund	1,263,856	5,329,122
Total	<u>21,854,956</u>	<u>43,879,515</u>
19. DEFERRED CAPITAL GRANT		
Balance as at 1 January	1,758,970,045	1,772,848,418
Amount received during the year		
Dutch Foundation:		
Dutch foundation support	14,649,618	39,985,419
Michael Ngaleku Shirima and family	20,483,400	5,105,000
Released to statement of financial performance		
Amortisation during the year	(61,307,757)	(58,968,792)
Total deferred capital grant received	<u>1,732,795,306</u>	<u>1,758,970,045</u>
20. RELATED PARTY DISCLOSURE		
The Cornel Ngaleku Children Centre was founded by Michael Ngaleku Shirima and his family. During the year, the following were the transactions:		
Cash contribution	<u>20,483,400</u>	<u>10,605,000</u>
Compensation to key management		
Short term benefits	<u>12,000,000</u>	<u>7,590,000</u>

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2011

21. EMPLOYEES

The number of employees employed by Cornel Ngaleku Children Centre as at 31 December 2011 was 19 (2010: 19).

22. CURRENCY

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

23. 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

CORNEL NGALEKU CHILDREN CENTRE

**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 31 DECEMBER 2011**

24. LEGAL STATUS AND OWNERSHIP

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

25. CAPITAL COMMITMENT AND LITIGATION

Capital commitments

At 31 December 2011, the Centre has no contractual approved or unapproved commitments (2010: Nil)

Legal claim contingencies

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

26. EVENT 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.

27. COMPARATIVES

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