

CORNEL NGALEKU CHILDREN CENTRE

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

**TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**



CORNEL NGALEKU CHILDREN CENTRE

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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CORNEL NGALEKU CHILDREN CENTRE

CENTRE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012

1. INTRODUCTION

The Trustees submit their report and the audited financial statements for year ended 31 December 2012.

2. OBJECTIVES and ACTIVITIES

Cornel Ngaleku Children Centre (CNCC) was founded by Michael Ngaleku Shirima 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 2012

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 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 5 to the financial statements.

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 Precision air, TOL Gases Ltd, Dutch Foundation, Fiocenza-Italy, Ernst &Young, Abbasi Export Ltd and Sopa Mgt & Friends as set out in note 5. 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 2012

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.

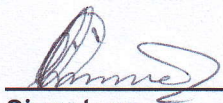
9. AUDITORS

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 M. SHIRIMA CHAIRMAN
Name Title


Signature

VINCENT SHIRIMA TRUSTEE
Name Title


Signature

Date: 14th Sept 2013

INDEPENDENT AUDITORS' REPORT

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 2012, the statement of comprehensive income, statement of changes in net assets/equity and cash flows statements for the year ended then, and the notes, which comprising of a 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.

INDEPENDENT AUDITORS' REPORT (Continued)

to the Board of Trustees of
CORNEL NGALEKU CHILDREN CENTRE

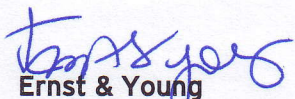
Opinion

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 2012, 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: 14th Sept 2013

CORNEL NGALEKU CHILDREN CENTRE

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 TZS	2011 TZS
REVENUE			
Donations	5	175,576,998	180,553,005
Dispensary recovery	6	1,027,200	1,687,035
Income generating activities	7	28,919,066	14,979,120
Exchange gain	11	1,617,464	10,410,969
Amortisation on deferred capital grant	16	65,157,895	61,307,757
Total revenue		272,298,623	268,937,886
EXPENSES			
Children expenses	8	60,588,892	53,444,148
Dispensary recovery	12	1,006,925	684,000
Livestock expenses	9	18,317,639	8,821,783
Other Activities expenses	13	12,103,030	2,651,500
Administration expenses	10	87,503,612	81,476,191
Audit and professional fees	14	8,662,500	9,455,000
Finance expenses	15	1,295,060	667,665
Depreciation expenses	17	65,157,895	61,307,757
Total expenses		254,635,553	218,508,044
Excess of revenue over expenses		17,663,070	50,429,842

CORNEL NGALEKU CHILDREN CENTRE


STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Notes	2012 TZS	2011 TZS
ASSETS			
Current assets			
Cash and bank balances	18	172,839,060	109,571,957
Receivables	19	3,035,771	8,549,026
Stock	20	4,752,487	7,430,330
		<u>180,627,318</u>	<u>125,551,313</u>
Non current assets			
Property, plant and equipment	17	1,715,163,401	1,722,715,026
Biological assets	21	14,199,000	6,787,334
		<u>1,729,362,401</u>	<u>1,729,502,360</u>
Total assets		<u>1,909,989,719</u>	<u>1,855,053,673</u>
LIABILITIES			
Livestock expenses			
Creditors and accruals	22	5,609,084	21,854,955
		<u>5,609,084</u>	<u>21,854,955</u>
Non-current liabilities			
Deferred capital grant	23	1,786,314,153	1,732,795,306
		<u>1,786,314,153</u>	<u>1,732,795,306</u>
Total liabilities		<u>1,791,923,237</u>	<u>1,754,650,261</u>
Net assets		<u>118,066,482</u>	<u>100,403,412</u>
NET ASSETS/EQUITY			
Accumulated surplus		118,066,482	100,403,412
		<u>118,066,482</u>	<u>100,403,412</u>

These financial statements were approved by the Board of Trustee for issue on 14-09 2013
and were signed on their behalf by:


MICHAEL N SHIRIMA
Name

CHAIR MAN
Title


Signature

VINCENT SHIRIMA
Name

TRUSTEE
Title


Signature

CORNEL NGALEKU CHILDREN CENTRE

**STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012**

Notes	Accumulated fund	Reserve	Total
	TZS	TZS	TZS
Balance as at 1 January 2011	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 2012	100,403,412	-	100,403,412
Excess of revenue over expenses	17,663,070	-	17,663,070
Changes in net assets/equity for 2012	118,066,482	-	118,066,482

CORNEL NGALEKU CHILDREN CENTRE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2012**

	Notes	2012 TZS	2011 TZS
OPERATING ACTIVITIES			
Surplus for the year		17,663,070	50,429,842
Depreciation expenses	17	65,157,895	61,307,757
Amortisation of deferred capital grant	16	(65,157,895)	(61,307,757)
Live stock capitalization		(5,570,000)	-
Death of livestock		1,878,334	1,683,333
Working capital changes			
Increase in other receivables		5,513,255	8,216,251
Decrease in inventory		2,677,843	(6,202,359)
Increase in creditors and accruals		(16,245,871)	(22,024,559)
Cash generated from operating activities		5,916,631	32,102,508
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	17	(57,606,270)	(81,002,944)
Sale of shares : - CRDB Bank	15	-	7,209,041
Purchase of livestock	21	(3,720,000)	(3,066,667)
Cash used in investing activities		(61,326,270)	(76,860,570)
FINANCING ACTIVITIES			
Capital grant received:-			
Dutch Foundation Project Support		62,532,942	14,649,618
M. N. Shirima & others		21,643,800	20,483,400
I & M Bank (Kenya) Ltd.		31,500,000	-
Stanbic Bank (T) Ltd.		3,000,000	-
Cash generated from financing activities		118,676,742	35,133,018
Net change in cash and cash equivalents		63,267,103	(9,625,044)
Cash and cash equivalents at 1 January		109,571,957	119,197,001
Cash and cash equivalents at 31 December		172,839,060	109,571,957

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012

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:

	Rate%
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 2012

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 2012

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 2012

3. FUTURE CHANGES IN ACCOUNTING POLICIES

Standards issued but not yet effective up to the date of issuance of the entity's financial statements are listed below. This listing of standards issued is those that the entity reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The entity intends to adopt these standards when they become effective.

- ▶ IPSAS 28 - Financial Instruments: Presentation - This Standard is effective for annual financial statements covering periods beginning on or after January 1, 2013. The entity is currently assessing the impact of the standard.
- ▶ IPSAS 29 - Financial Instruments: Recognition & Measurement - This Standard is effective for annual financial statements covering periods beginning on or after January 1, 2013. The entity is currently assessing the impact of the standard.
- ▶ IPSAS 30 - Financial Instruments: Disclosure - This Standard is effective for annual financial statements covering periods beginning on or after January 1, 2013. The entity is currently assessing the impact of the standard.
- ▶ IPSAS 32 - Service Concession Arrangements: Grantor - This Standard is effective for annual financial statements covering periods beginning on or after January 1, 2014. The standard has no impact on the entity's financial position or performance.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Centre's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Centre's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

CORNEL NGALEKU CHILDREN CENTRE

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012**

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Determination of the useful lives of property, plant and equipment

Management uses reasonable judgment in determining the useful lives and hence depreciation rates of the items of property, plant and equipments.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Centre assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 TZS	2011 TZS
5 DONATIONS		
Resource Revenue Management - Australia (Precision Air)	7,589,070	3,861,068
TOL Gases Ltd	3,957,500	-
Dutch Foundation	71,159,200	47,743,553
Arun Lodhia	-	5,000,000
I & M Bank (Kenya) Limited (See note No 23)	-	31,728,240
I & M Bank (Tanzania) Limited	-	10,000,000
Abbasi Export Ltd. (Auny F. Rajabal)	5,000,000	-
Fiocenza -Italy	10,036,080	-
GE, USA Group	-	24,237,037
Karen Webster & Friends - Australia	1,694,125	6,824,475
Ursuline Sisters - Poland	-	7,563,140
Ernst & Young	8,662,500	8,855,000
Sales of Tickets	8,800,000	-
Sopa Mgt. & Friends	4,773,000	-
Other friends of the Centre (Junior Donors)	34,116,423	34,740,492
CNCC -SIMAMA	1,039,500	-
Auction Income	2,829,600	-
Fund raising - Precision Air Services	15,000,000	-
Fund raising - Others	920,000	-
Total	175,576,998	180,553,005
6 DISPENSARY RECOVERY		
Dispensary recovery	1,027,200	1,687,035
7 INCOME GENERATING ACTIVITIES		
Interest Earned - Fixed Deposit	3,624,016	2,722,845
Gain on sale of CRDB shares	-	6,165,805
Income from tractor	4,551,000	895,000
Milk proceeds	1,382,700	473,500
Piggery proceeds	3,486,500	300,500
Poultry proceeds	2,496,500	585,600
Income from Lorry hire	3,702,000	877,500
School fees	595,000	422,500
Water Kiosk	4,647,050	1,979,310
Dividend received on shares investment	-	228,760
Vegetable sales	770,300	327,800
Sale of cow	1,950,000	-
Hire of Chairs, vehicles and disposal of deferred income	1,714,000	-
Total	28,919,066	14,979,120

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 TZS	2011 TZS
8 CHILDREN EXPENSES		
Children food	9,720,518	8,861,625
Children caring consumables	11,996,329	8,608,165
School fees and boarding expenses	19,005,745	16,404,015
Living expenses (Patricia & Paulina)	1,200,000	2,468,700
Allowances for the Sisters (nuns) running the Centre	12,000,000	12,000,000
Kitchen expenses	838,250	1,605,500
Medical expenses	783,250	496,850
Other cost for children	3,844,800	1,468,295
Season event Expenses	1,200,000	1,530,998
Total	60,588,892	53,444,148
9 ACTIVITIES EXPENSES- EXPENSES		
Piggery	4,195,430	729,800
Cows	6,720,700	6,408,650
Fish	673,500	-
Death of cows, dairy cattle	1,878,334	1,683,333
Poultry expenses	4,849,675	-
Total	18,317,639	8,821,783
10 ADMINISTRATION EXPENSES		
Salary and wages	32,847,595	39,812,659
Staff welfare expenses	958,300	776,400
Diesel & lubricants	2,533,460	6,141,150
Office rent	720,000	-
Printing and stationeries	2,240,200	3,001,760
Advertising and sales promotion fund raising	9,517,099	1,564,955
Education and training	-	863,700
Postage and telephone	1,404,700	1,104,800
Water, gas and electricity	6,855,837	4,438,211
Travelling and accommodation	1,811,320	1,656,800
Motor vehicle running expenses	7,947,330	6,535,697
Generator expenses	3,571,671	2,430,500
Insurance general	1,085,417	1,258,335
Repairs & Maintenance:- Buildings	8,739,700	2,927,100
Residence permit (Pieter & Olga)	-	1,755,600
Transport charges	408,000	1,204,400
Repairs office and office equipment	842,400	569,960
Environmental up keep and banana garden	1,393,000	342,900
Subscription fees (internet)	4,627,583	5,091,264
Total	87,503,612	81,476,191

CORNEL NGALEKU CHILDREN CENTRE

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 TZS	2011 TZS
11 EXCHANGE GAIN		
Exchange gain	<u>1,617,464</u>	<u>10,410,969</u>
12 DISPENSARY RECOVERY		
Dispensary recovery	<u>1,006,925</u>	<u>684,000</u>
Total	<u>1,006,925</u>	<u>684,000</u>
13 OTHER ACTIVITIES EXPENSES		
Lorry expenses	720,000	-
Garden and Orchard farm expenses	2,192,600	2,586,510
Tractor expenses	-	-
Total	<u>2,912,600</u>	<u>2,586,510</u>
14 AUDIT AND PROFESSIONAL FEES		
Accounting	-	600,000
Audit	<u>8,662,500</u>	<u>8,855,000</u>
Total	<u>8,662,500</u>	<u>9,455,000</u>
The auditors donated the entire fees to the Centre and hence same amount form part of donation.		
15 FINANCE EXPENSES		
Bank charges	<u>1,295,060</u>	<u>667,665</u>
Total	<u>1,295,060</u>	<u>667,665</u>
16 AMORTISATION ON DEFFERED CAPITAL GRANT		
Depreciation charges for the year	<u>65,157,895</u>	<u>61,307,757</u>
Total	<u>65,157,895</u>	<u>61,307,757</u>

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

17 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Biogas Plant	Motor Vehicle	Tools and Equipment	Furniture, fittings and Office TZS	Working in Progress	Total
COST	TZS	TZS	TZS	TZS	TZS	TZS	TZS
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 1 January 2012	1,761,634,581	12,561,800	97,159,038	61,008,482	36,764,464	32,339,800	2,001,468,165
Add: Additions	37,626,300	-	-	6,809,350	500,000	12,670,620	57,606,270
Less: Adjustment/Disposal	-	-	-	-	-	-	-
As at 31 December 2012	1,799,260,881	12,561,800	97,159,038	67,817,832	37,264,464	45,010,420	2,059,074,435
Made up of:							
Cost	1,345,766,521	12,561,800	97,159,038	67,817,832	37,264,464	45,010,420	1,605,580,075
Revaluation	453,494,360	-	-	-	-	-	453,494,360
	1,799,260,881	12,561,800	97,159,038	67,817,832	37,264,464	45,010,420	2,059,074,435
DEPRECIATION							
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 1 January 2012	160,403,141	502,472	65,093,758	33,738,049	19,015,719	-	278,753,139
Add: Charge for the year	35,617,306	502,472	15,741,600	7,579,490	5,717,028	-	65,157,895
As at 31 December 2012	196,020,447	1,004,944	80,835,358	41,317,539	24,732,747	-	343,911,034
NET BOOK VALUE							
As at 31 December 2012	1,603,240,434	11,556,856	16,323,680	26,500,293	12,531,717	45,010,420	1,715,163,401
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

The cost of land and building shown above include land and buildings values of TZS 1.6 billion for which the Centre has get to obtain a title deed. Procedures are being followed to obtain the title deed.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

		2012 TZS	2011 TZS
18 CASH AND BANK BALANCES			
Recurrent Account			
National Microfinance bank-Clock tower		1,913,243	11,025,506
National Microfinance bank-Tarakea		15,256,423	2,252,091
National Microfinance bank-Dispensary Account		2,591,705	3,216,455
Petty Cash Account		164,100	55,553
Cash in hand		2,120,300	-
Total		22,045,771	16,549,605
Current Account			
NMB Education Fund Account		-	92,500
I & M Bank Limited " SIMAMA"		1,200,635	-
I & M Bank Limited		65,141,555	11,990,196
6 Months Fixed Deposit A/C		84,451,099	80,939,656
Total		150,793,289	93,022,352
Total cash and bank balances		172,839,060	109,571,957
19 RECEIVABLES			
Staff Imprests		1,815,771	7,613,609
Staff Loans		220,000	500,000
Prepaid insurance		1,000,000	435,417
Total		3,035,771	8,549,026
20 STOCKS			
Maize		4,006,857	5,632,375
Beans		140,000	750,000
Diesel		354,200	280,350
Medicine		251,430	767,605
Total		4,752,487	7,430,330
21 BIOLOGICAL ASSETS			
4 Year	1 dairy cattle (2010: 2 dairy cattle's)	-	883,334
3.5 Year	1 dairy cattle	-	315,000
	1 Bull	-	500,000
3 year	3 dairy cattle	2,220,000	2,220,000
	1 dairy cattle	1,000,000	1,000,000
	1 bull	800,000	800,000
2.9 & 2.4 year	2 Dairy cattle	3,000,000	-
3 years and above	2 Donkey	-	180,000
1 year	30 Pigs	6,000,000	430,000
	Chicken layers	1,179,000	459,000
		14,199,000	6,787,334

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 TZS	2011 TZS
22 CREDITORS AND ACCRUALS		
Precision Haulage Company Limited	-	10,000,000
Rombo Millers Company Limited	4,439,863	10,591,100
Fulgance Laswai - Holding Account	1,165,000	-
Sr. Ritha Massawe	4,221	-
National Social Security Fund	-	1,263,855
Total	5,609,084	21,854,955
23 DEFERRED CAPITAL GRANT		
Balance as at 1 January	1,732,795,306	1,758,970,045
Amount received during the year		
Dutch Foundation Project Support	62,532,942	14,649,618
M.N.Shirima family	21,643,800	20,483,400
I & M Bank Kenya Ltd.	31,500,000	-
Stanbic Bank (T) Ltd.	3,000,000	-
Released to statement of financial performance		
Amortisation during the year	(65,157,895)	(61,307,757)
Total deferred capital grant received	1,786,314,153	1,732,795,306
24 RELATED PARTY DISCLOSURE		
The Cornel Ngaleku Children Centre was founded by Michael Ngaleku Shirima family. During the year, the following were the transactions:		
Cash contribution	21,643,800	20,483,400
Compensation to key management		
Short term benefits	12,000,000	12,000,000

CORNEL NGALEKU CHILDREN CENTRE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*) FOR THE YEAR ENDED 31 DECEMBER 2012

25. EMPLOYEES

The number of employees employed by Cornel Ngaleku Children Centre as at 31 December 2012 was 15 (2011: 19).

26. CURRENCY

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

27. 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 2012**

28. LEGAL STATUS AND OWNERSHIP

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

29. CAPITAL COMMITMENT AND LITIGATION

Capital commitments

At 31 December 2012, the Centre has contractual approved commitments for constructions of Tourist Lodge (2011: Nil)

Legal claim contingencies

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

30. 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.

31. COMPARATIVES

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