

BETHSAIDA ORPHANS EDUCATION CENTRE

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017



R & S Associates

Old GPO Building, Sokoine Drive
P.O. Box 70576
Dar es Salaam, Tanzania
Tel: +255 (0) 22 2137940
Fax: +255 (0) 22 2137950
E-mail: info@randsassociatetz.com
www.randsassociatetz.com

February, 2018

Bethsaida Orphans Education Centre

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1.0 BACKGROUND INFORMATION

Establishment

The Centre was registered as Bethsaida Orphans Education Centre on 1st April 2011 with registration number S.A 12458; formerly registered as Olof Palme Orphans Education Centre. The Council that served the Centre during the year under review is shown on page 4.

Location

Mpigi Magohe Road
P. O. Box 5237
Mpigi Magohe
Dar es Salaam

Headmistress

Sr. Gabriela Felix

Bankers

CRDB Bank Plc
Holland House Branch
Samora Avenue
Dar es Salaam

Mkombozi Commercial Bank Plc
St. Joseph Branch
Dar es Salaam

Auditors

R & S Associates
Old Post Office Building
Sokoine Drive
P.O. Box 70576
Dar es Salaam

2.0 REPORT OF THE EXECUTIVE COUNCIL

The Council submits their report together with the Audited Financial Statements for the year ended 31st December 2017, which disclose the state of affairs of Bethsaida Orphans Education Centre.

2.1 SCHOOL MOTTO

Education is Liberation.

2.2 VISION

A centre of excellence for high quality education attained through the promotion of equitable access, quality teaching and learning environment, socially integrated and ethically managed institution that motivates students to achieve their own development.

2.3 MISSION

The Bethsaida Orphans Education Centre (BOEC) is inclined to prepare socially responsible leaders for national development. At completion youths from the school will be able to participate fully in scientific activities, develop competitive analytical and problem solving skills and will be committed to foster their basic human rights based on their knowledge and conviction to improve their lives and that of others through work and service provision.

2.4 OBJECTIVES AND FUNCTIONS OF THE CENTRE

Among others the following are the key objectives of the Centre:

- Provision of education, health and other care services including meals and accommodation to orphans.
- To arrange and provide education and training for orphans, deserted and neglected child girl; and particularly to start implementing and to run the orphan education centre.
- To undertake training, research and consultancies on orphans, deserted and neglected child girl.
- To undertake representation and lobbying for the welfare and interest of the orphan child.
- To protect and defend the rights and interests of orphans.

Bethsaida Orphans Education Centre

- To promote and strengthen cooperation and consultation between local and international communities on matters of common interest.

2.5 MEMBERS OF THE EXECUTIVE COUNCIL

The Centre's members of the Executive Council at the date of this report, who have held office since 1st January 2017, are:

	Name	Position	Age	Qualification	Nationality	Appointment Date
1.	Michael B. Machary	Chairman	66	PhD in Economics & Finance	Tanzanian	2004
2.	Anna John	Member	57	Masters of Arts in Education	Tanzanian	2004
3.	Joackim Malasi	Member	47	Dip in Mechanical Engineering	Tanzanian	2004
4.	Joseph Njau	Member	54	B.Sc. in Civil Engineering	Tanzanian	2004
5.	Prosper Machary	Member	42	Form Six	Tanzanian	2004
6.	Violet Machary	Secretary	33	Master of Business Administration	Tanzanian	2004
7.	Raymond Michael	Member	37	M.Sc. in Computer Science	Tanzanian	2004
8.	Noel Ndevamia	Member	41	B.Sc. in Electrical Engineering	Tanzanian	2004

The Centre's Executive Council conducted three meetings during the year.

Apart from the Executive Council of the Centre there is also a separate Board for supervising the Centre's school. The current school Board members who served during the year under review are as listed below:

	Name	Position	Nationality	Appointment Date	Retirement Date
1.	Adeline Moshi	Chairperson	Tanzanian	13.3.2017	
2.	Alfred Tarimo	Deputy Chair	Tanzanian	13.3.2017	
3.	Rogathe Chuwa	Chairperson	Tanzanian	2 nd July 2011	13.3.2017
4.	Fr. Erasto Mgani	Member	Tanzanian	2 nd July 2011	
5.	Michael B. Machary	Member	Tanzanian	2 nd July 2011	13.3.2017
6.	Roman Lyimo	Member	Tanzanian	2 nd July 2011	
7.	Eusebius Chilipweli	Member	Tanzanian	2 nd July 2011	13.3.2017
8.	Fr. Fulgence Kimario	Member	Tanzanian	13.3.2017	
9.	Fr. Timothy Maganga	Member	Tanzanian	13.3.2017	

Bethsaida Orphans Education Centre

	Kimario				
9.	Fr. Timoth Maganga	Member	Tanzanian	13.3.2017	
10	Zenobia Machary	Member	Tanzanian	13.3.2017	
11	Odetha John	Member	Tanzanian	13.3.2017	
12	Said Maziku	Member	Tanzanian	13.3.2017	
13	Barnaba Athanas	Member	Tanzanian	13.3.2017	
14	Gabriela Goima	Secretary	Tanzanian	13.3.2017	

The school Board held two meetings during the year under review.

2.6 PERFORMANCE OF THE CENTRE

2.6.1 Financial Performance

During the year under review the Centre recorded income of TZS 294,096,733 including amortization of capital grant of TZS 35,934,884 against expenditure of TZS 275,290,642 leading into a surplus of TZS 18,806,901 against deficit of TZS 46,683,949 recorded in the previous year. Total operating cost for the year was TZS 275,290,642 compared with TZS 260,930,634 for the financial year 2016.

Increase in revenue resulted from increase in donation in kind from internal donors where in the year under review total contribution from donors was TZS. 253.7m compared to TZS. 193.0m received in the previous year. Amortization of capital grant for the year was TZS. 35,934,884. On the other hand increase in expenditure resulted from increase in buildings repairs costs, personnel expenses, introduction of National Health contribution insurance services for students.

2.6.2 Operation Performance

During the year under review the Centre had total number of 150 students from form one to four, compared with 160 students in 2016. Student recruitment was done from different parts of the country.

In 2017 the number of staff was 17 (14 full time and 3 volunteer staff) compared with to 14 staff (12 full time staff, 1 part time and 1 volunteer staff) for the financial year 2016.

Seven students out of 38 who sat for form four national exams (CSEE) in 2017 whose results were published in February 2018 scored division II while sixteen students scored Division III, and fifteen students scored division IV hence there was no failure. The school took the position of

Bethsaida Orphans Education Centre

17th out of 70 schools in the region in its category of below 40 students and it was the 175th out of 1738 schools in the country.

Ten students out of 33 who sat for Form Two National Assessment (FTNA) in 2017 whose results were published in January 2018 scored division I while nine students scored division II, thirteen students scored division III and one student scored division IV. There was no failure.

Twenty five (25) out of 32 students who sat for form four exams in 2016 were selected to join various high schools in 2017. The remaining 7 students joined different colleges including teaching, nursing and vocation training centers.

Eight former Bethsaida students, who completed Form 6 in May, 2017 have been selected to join various higher education collages including University of Dar Es salaam, Mzumbe University, Institute of Rural Development Planning (IRDP) Institute of Finance Management, St Augustine University, Moshi Cooperative University, and Mwalimu Nyerere Memorial University.

In 2017 seven former students of Bethsaida graduated from various Universities and Colleges where they were awarded degrees and diploma.

On 14th October, 2017, we held our 9th graduation ceremony in which we gathered Bethsaida former staff, students and supporters to celebrate together the achievements of the centre.

In December 31st 2017 the contract of our Headmistress expired and the management is currently working to look for her replacement.

In 2017 management working with centre supporters managed to construct soak pit for collecting waste from students' bathrooms. This facility was highly needed for maintaining hygiene environment in the compound. At the same time the management managed to mobilize resources from various donors to construct computer room. This facility is highly important for our students learning environment. This construction is still in progress. The management continued with rehabilitation of classroom buildings and dormitories which is still in progress.

Bethsaida Orphans Education Centre

On self reliance activities the management continues with the project of horticulture farming and making greetings cards. All these projects are run by students themselves with management supervision.

The school continued to maintain its objective of supporting orphan girls by providing free education to all students including academic, uniforms and boarding costs.

2.7 CHALLENGES AHEAD OF THE CENTRE

The Centre's main challenges remain to be finance to cover its ever increasing operating expenses. Staff salary expenses together with teaching aids, laboratory chemicals and stationeries take the substantial part of the school income, which is not enough to cover all requirements. The average cost for maintaining student at Bethsaida is TZS. 1,500,000, (USD 750), per annum.

The school lacks financial resources for recruiting and paying appropriate salaries to the headmistress, teachers and supporting staff. The remuneration scheme is not attractive enough to get good quality staff from the market, leave alone paying bonus to those who are ready to go an extra mile. As a result many of them do not stay long enough at the school, which is disruptive to the girls' education.

The Centre is still facing acute shortage of science laboratories, with only one laboratory used for all three subjects, i.e. Chemistry, Physics and Biology. Management is working hard to get separate laboratories for each subject.

The school has only one staff house, recently received from Simba Cement Company. Considering the location and nature of the school, we need more houses for staff.

Management is appealing to all well wishers for sponsorship of students at an average cost of TZS. 1,500,000 per annum. The sponsorship is invited from individuals, public and private organizations.

2.8 FUTURE PLANS

In order to address the challenges facing the Centre efficiently and effectively, Management is still in the process of preparing Strategic Plan which will define the Centre's road map at the pace of short, medium and long term plans.

Bethsaida Orphans Education Centre

Furthermore, management is also looking forward depending on the availability of funds

- i) To establish Advanced Level Form 5 and 6(equivalent to Grade11&12)by 2018
- ii) To increase the intake of the students up to 220 by 2020
- iii) To establish a Vocational Training Wing for Cookery and Bakery ;tailoring and cosmetology including basic computer studies by 2025.
- iv) To establish income generating projects including a bakery, a large scale poultry, a whole sale shop for food stuffs and beverages, hydraform bricks factory and other initiatives
- v) To build two laboratories(Biology & Chemistry)and multipurpose hall.

2.9 SOLVENCY POSITION

The Council considers the Centre's solvency position as shown in the Financial Statements set out on pages 15 to 27 coupled with operation set up of the Centre to be satisfactory and consider the entity to be going concern for at least in the period of twelve month to come.

2.10 AUDITORS

R & S Associates, Certified Public Accountants were appointed to carry out the audit of the Center for the year ended 31st Dec 2017. R &S Associates are eligible for reappointment

BY ORDER OF THE EXECUTIVE COUNCIL



MICHAEL B. MACHARY
CHAIRMAN OF THE COUNCIL

12/03/2018

DATE



VIOLET MACHARY
COUNCIL SECRETARY

3.0 STATEMENT OF COUNCILORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The councilors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Centre as at the end of the financial year and the results of their operations and cash flows for the financial year, in conformity with International Public Sector Accounting Standards. In preparing the financial statements, the Councilors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether International Public Sector Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Centre will continue in operations.

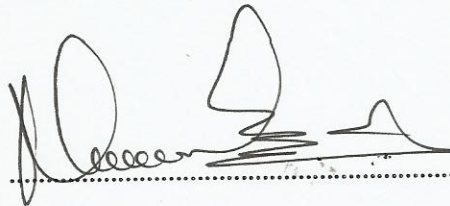
The Councilors are responsible for safeguarding the assets of the Centre and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for the system of internal control established by the Council and place considerable importance on maintaining a strong control environment. To enable the councilors to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Centre and all employees are required to maintain the highest ethical standards in ensuring the Centre's operation is conducted in a manner that in all reasonable circumstances is above reproach.

The Councilors are stating as a matter of fact, based on the information and explanations given by management that:

Bethsaida Orphans Education Centre

- the annual financial statements are prepared in accordance with International Public Sector Accounting Standards and incorporate disclosures in line with the accounting policies of the Centre;
- the annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates;
- the system of internal control provides reasonable assurance that the financial records can be relied on for the preparation of the annual financial statements.

The Councilors have reviewed the Centre's cash flow forecast for the next twelve months from the date of this report and, in light of this review and the current financial position, they are satisfied that the Centre has access to adequate resources to continue in operational existence at least for the coming twelve month. They have continued to adopt the going concern basis in preparing the financial statements.



SIGNED BY THE CHAIRMAN OF THE COUNCIL

12/03/2018

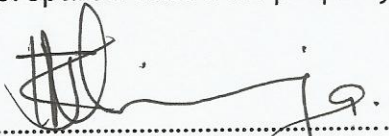
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4.0 DECLARATION OF THE HEAD OF FINANCE

In accordance to the power conferred under the Auditors and Accountants (NBAA-Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

I CPA James Minja the head of Finance of Bethsaida Orphans Education Centre hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st Dec 2017 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) and applicable statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Bethsaida Orphans Education Centre as at 31st Dec 2017 and that they have been prepared based on properly maintained financial records.



Signed by: CPA James Minja 3296
Position: NBAA Registered Accountant
NBAA Membership No: 3296 CPA (T)
Dated:..... 9th March 2018

5.0 INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Chairman of the Council,
Bethsaida Orphans Education Centre,
Box. 5237
Mpiji Magoe
Dar Es Salaam

REPORT OF THE AUDIT OF FINANCIAL STATEMENT OF BETHSAIDA ORPHANS EDUCATION CENTRE FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2017

Unqualified Opinion

I have audited the accompanying financial statements of the Bethsaida Orphans Education Centre which comprise the Statement of Financial Position as at 31st December 2017, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows as well as the notes to the financial statements, including a summary of significant accounting policies set out from page 15 to 27 of this report.

In my opinion, the financial statements give a true and fair view of the financial position of the Centre as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) accrual basis.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bethsaida Orphans Education Centre in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

Bethsaida Orphans Education Centre

Key audit matters are those matters that, in my professional judgment were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

No.	Key Audit Matter	How my Audit Addressed the Key Audit Matter
1.	Lack of Fixed Assets Capitalization Policy	
	In our review of operations for the year we noted direct expensing of purchase of Chain saw amounting into TZS. 965,000. This transaction was expensed because of lack of fixed asset capitalization policy	The adjustment was made and the amount was capitalized, however the management is advised to prepare assets capitalization policy to avoid possibility of inconsistent treatment of transactions
2.	Lack of Budgetary Control Reports	
	In our review of operations for the year we noted that there are no quarterly financial budgetary control reports with comparison to the approved annual budget	The matter was discussed with the management and it was agreed to start preparation of quarterly financial reports with variances between actual and budget

Management and Councilors' Responsibility for the Financial Statements

Management of Bethsaida Orphans Education Centre and the Council is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Bethsaida Orphans Education Centre

Our responsibility is to express an independent opinion on these financial statements based on our audit. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In making risk assessments, the auditors consider internal control relevant to the entity'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 management, as well as evaluating the overall presentation of the financial statements.

R& S Associates
Certified Public Accountants in Public Practice
Dar es salaam.




.....

13-3-2018

Signed by CPA (T) Salvatory Njau

Date

Reg No ACPA 986

Partner

6.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

	NOTE	31.12.2017 TZS	31.12.2016 TZS
ASSETS			
Non Current Assets			
Property, Plant and Equipment	2	<u>350,068,824</u>	<u>384,757,458</u>
Current Assets			
Stock	3	25,717,500	12,890,200
Cash and Cash Equivalents	4	<u>9,982,154</u>	<u>467,263</u>
Total Current Assets		<u>35,699,654</u>	<u>13,357,463</u>
TOTAL ASSETS		<u>385,768,478</u>	<u>398,114,921</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Capital		251,087,800	251,087,800
Grant		192,971,099	227,690,983
Accumulated Surplus/ (Deficit)		<u>(68,021,771)</u>	<u>(86,827,862)</u>
TOTAL EQUITY		<u>376,037,128</u>	<u>391,950,921</u>
CURRENT LIABILITIES			
Audit Fees Payable		1,180,000	1,180,000
NSSF		3,600,000	1,008,000
Salary Payable		3,800,500	3,976,000
HESLB Payable		1,150,500	0
Total Current Liabilities		<u>9,731,350</u>	<u>6,164,000</u>
TOTAL EQUITY AND LIABILITY		<u>385,768,478</u>	<u>398,114,921</u>

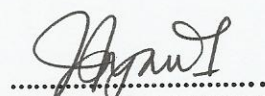
The Financial statements on pages 15 to 27 were authorized for issue by the council and signed on its behalf by:



COUNCIL CHAIRMAN

12/03/2018

DATE



COUNCIL MEMBER

Bethsaida Orphans Education Centre

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST
DECEMBER 2017

INCOME	NOTE	2017	2016
Income from exchange transactions		TZS	TZS
Income From Projects and other income	7	4,481,760	6,627,600
Income from Non-exchange transactions			
Cash & donation in-kind from Donor	5	253,680,089	193,067,292
Amortization of Capital Grants	6	<u>35,934,884</u>	<u>14,551,793</u>
TOTAL INCOME		<u>294,096,733</u>	<u>214,246,685</u>
PAYMENTS			
Administrative Expenses	8	150,447,214	149,192,295
Personnel Expenses	9	79,534,700	58,361,800
Operating Expenses	10	8,207,100	14,461,360
Depreciation	2	35,934,884	35,783,009
Miscellaneous Expenses		<u>1,166,744</u>	<u>3,132,170</u>
TOTAL EXPENSES		<u>275,290,642</u>	<u>260,930,634</u>
Surplus/(Deficit) for the Year		18,806,091	(46,683,949)
Surplus/(Deficit) Brought Forward		<u>(86,827,862)</u>	<u>(40,143,913)</u>
Surplus/(Deficit) Carried Forward		<u>(68,021,771)</u>	<u>(86,827,862)</u>

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COUNCIL CHAIRMAN

12/03/2018

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DATE



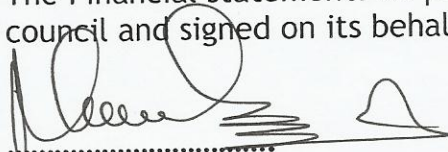
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COUNCIL MEMBER

Bethsaida Orphans Education Centre


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2017

	2017	2016
	TZS	TZS
CASH FLOW FROM OPERATING ACTIVITIES		
RECEIPTS		
Income from Donors	152,846,039	193,067,292
Income from Projects	<u>4,481,760</u>	<u>6,627,600</u>
TOTAL RECEIPTS	157,327,799	199,694,892
EXPENDITURE		
Administration expenses	62,440,464	144,408,995
Personnel Expenses	70,983,350	57,353,800
Operating Expenses	8,207,100	14,461,360
Miscellaneous Expenses	1,166,744	3,132,170
Payment for last year creditors	<u>5,015,250</u>	<u>0</u>
Total Payments	147,812,908	219,356,325
Cash Flow Generated From / (Used) in Operating Activities (A)	9,514,891	-19,661,433
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(1,215,000)	<u>-12,395,147</u>
Net Cash Flow From Investing Activities (B)	(1,215,000)	-12,395,147
CASHFLOW FROM FINANCING ACTIVITIES		
Grants	1,215,000	<u>12,395,147</u>
Net Cash Flow From Financing Activities (C)	1,215,000	12,395,147
Increase/(Decrease) In Cash and Cash Equivalents (A+B+C)	9,514,891	-19,661,433
Cash and Cash Equivalents at the Beginning of the Year	<u>467,263</u>	<u>20,128,696</u>
Cash and Cash Equivalents at the End of the Year	<u>9,982,154</u>	<u>467,263</u>

The Financial statements on pages 15 to 27 were authorized for issue by the council and signed on its behalf by:


 COUNCIL CHAIRMAN

12/03/2018
 DATE


 COUNCIL MEMBER


Bethsaida Orphans Education Centre

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2017

	CAPITAL TZS	GRANTS TZS	RESERVES TZS	TOTAL TZS
Balance as at 01.01.2017	251,087,800	227,690,983	(86,827,862)	391,950,921
Additions	-	1,215,000		1,215,000
Amortization of Grants	-	(35,934,884)		(35,934,884)
Surplus/(Deficit) for the Year	-	-	18,806,091	(18,806,091)
Balance as at 31.12.2017	<u>251,087,800</u>	<u>192,971,099</u>	<u>(68,021,771)</u>	<u>376,037,128</u>

	CAPITAL TZS	GRANTS TZS	RESERVES TZS	TOTAL TZS
Balance as at 01.01.2016	251,087,800	229,847,629	(40,143,913)	440,791,516
Additions	-	12,395,147	-	12,395,147
Amortization of Grants	-	(14,551,793)	-	(14,551,793)
Surplus/(Deficit) for the Year	-	-	(46,683,949)	(46,683,949)
Balance as at 31.12.2016	<u>251,087,800</u>	<u>227,690,983</u>	<u>(86,827,862)</u>	<u>391,950,921</u>

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12/03/2018
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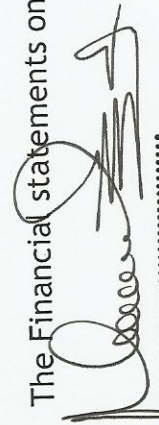

.....
COUNCIL MEMBER

Bethsaida Orphans Education Centre

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31st DEC 2017

DESCRIPTION	BUDGET TZS'000'	ACTUAL TZS'000'	VARIANCE TZS'000'	VARIANCE %	Reason for Variance
RECEIPTS					
Income from Donors	238,969,760	253,680,089	14,710,329	6	Increase in Donation in Kind from well wishers due to intensive campaign for assistance
Income from Projects	5,100,000	4,481,760	(618,240)	(12)	Due to low business volume and use of social media for greetings messages
TOTAL RECEIPTS	244,069,760	258,161,849	14,092,089		
EXPENDITURES					
Administrative Expenses	146,736,560	150,447,214	3,710,654	3	Increase of buildings repair cost and motor vehicle maintenance
Personnel Expenses	83,288,200	79,534,700	3,753,500	5	Due to control of costs over non academic personnel
Operating Expenses	11,500,000	8,207,100	3,292,900	29	Due to control over costs
Miscellaneous Expenses	2,545,000	1,166,744	1,378,256	54	Due to control over costs
TOTAL EXPENDIURE	244,069,760	239,355,758	12,135,310	-	

The Financial statements on pages 15 to 27 were authorized for issue by the council and signed on its behalf by:


.....
COUNCIL CHAIRMAN

12/03/2018
.....
DATE


.....
COUNCIL MEMBER

**7.0 ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Financial Statements of Bethsaida Orphans Education Centre have been prepared in accordance with International Public Sector Accounting Standard (IPSAS). Except where otherwise stated in the accounting policies, the initial measurement applied is the historical cost and subsequent measurement is the fair value. The financial statements are prepared in Tanzania shilling (TZS).

(b) Foreign Currency Translation

The Statement of financial performance is presented in Tanzania Shillings (TZS). Foreign currency transactions during the year are translated to Tanzanian Shillings using weighted average rate. Cash balances in USD currency at the end of the period are translated to TZS using the closing exchange rate. Foreign exchange gains or losses resulting from the settlement of monetary assets and liabilities denominated in foreign currency are recognised in the Statement financial performance. The year-end exchange rate was TZS/USD 2235 and weighted average rate for the year was TZS/USD 2220.

(c) Property, Plant and Equipment

Property, plant and equipment are initially recorded at cost. These assets are subsequently stated at historical cost, less depreciation. Historical cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Centre and the cost of the item can be reliably measured.

Depreciation is calculated using the straight line method to allocate the cost of each asset to its residual value over the estimated useful life as follows:

Description of the Asset	Rate
Furniture and Fittings	12.5%
Office/Laboratory Equipment	12.5%

Bethsaida Orphans Education Centre

Buildings	5%
Motor Vehicles	25%
Computers	25%

NB: Normal repair and maintenance cost is charged in the statement of financial performance.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(e) Stocks

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost or net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost or current replacement cost.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Centre.

Full provision for impairment of inventories is recognized immediately when the Centre establishes that specific inventory is damaged or is of no use.

(f) Provisions and Contingencies

Provisions are recognized when the Centre has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

Contingent Liabilities

The Centre does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent Assets

The Centre does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Centre in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

(g) Revenue and Grants

(i) Revenue Recognition

Revenue from donations is recognized when received.

(ii) Grants Recognition

Revenue grants are treated as income in the Statement of Financial Performance. Capital grants are initially credited to the capital grant account and subsequently released to statement of financial performance in amounts equivalent to the annual depreciation charged in respect of the assets financed by the grant.

(iii) Food Donation

Food donation given in kind is recognized at fair value at the time of receiving an item and is recognized in the statement of financial performance as income from non exchange transaction at fair value.

(h) Employee Benefits

Short-term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as salary, paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognized in the year in which the service is rendered and are not discounted.

Retirement Benefit Obligations

The Centre and its employees contribute to the National Social Security Fund (NSSF), which is a defined pension contribution schemes. The Centre's contributions to the defined pension scheme are charged to the Statement of Financial Performance in the year to which they relate.

Bethsaida Orphans Education Centre

NOTE 2: PROPERTY, PLANT AND EQUIPMENT

	Laboratory Equipment	Motor Vehicles	Buildings	Computers	Furniture & Fittings	Students Utensils	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Balance as at 01.01.2017	5,519,000	16,377,500	611,151,948	14,130,147	7,505,000	519,000	655,202,595
Additions	-	-	-	-	965,000	250,000	1,215,000
Balance as at 31.12.2017	5,519,000	16,377,500	611,151,948	14,130,147	8,470,000	769,000	656,417,595
Depreciation							
Balance as at 01.01.2017	4,782,375	16,377,500	240,791,125	4,142,537	4,082,725	268,875	270,445,137
Charge for the Year	689,875	-	30,557,597	3,532,537	1,058,750	96,125	35,934,884
Balance as at 31.12.2017	5,472,250	16,377,500	271,348,722	7,675,074	5,141,475	333,750	306,348,771
NBV as at 31.12.2017	46,750	0	339,803,226	6,455,073	3,328,525	435,250	350,068,824
Balance as at 01.01.2016	5,519,000	16,377,500	611,151,948	2,050,000	7,505,000	204,000	642,807,448
Additions	-	-	-	12,080,147	-	315,000	12,395,147
Balance as at 31.12.2016	5,519,000	16,377,500	611,151,948	14,130,147	7,505,000	519,000	655,202,595
Depreciation							
Balance as at 01.01.2016	4,092,500	16,377,500	210,233,527	610,000	3,144,600	204,000	234,662,127
Charge for the Year	689,875	30,557,597	3,532,537	938,125	64,875	35,783,009
Balance as at 31.12.2016	4,782,375	16,377,500	240,791,125	4,142,537	4,082,725	268,875	270,445,137
NBV as at 31.12.2016	736,625	-	370,360,823	9,987,610	3,422,275	250,125	384,757,458

Bethsaida Orphans Education Centre

		31.12.2017	31.12.2016
NOTE 3	STOCK	TZS	TZS
	Opening Stock	12,890,200	13,177,500
	Received Stock	100,834,050	78,077,200
	Expended Stock	<u>(88,006,750)</u>	<u>(78,304,500)</u>
	Closing Stock	<u>25,717,500</u>	<u>12,890,200</u>
NOTE 4	CASH AND CASH EQUIVALENTS	31.12.2017	31.12.2016
		TZS	TZS
	CRDB Acc No. 01J1021825200	1,112,477	423,803
	MKOMBOZI 00110502454301	436,800	501,700
	CRDB 01J1021210300	542,672	613,252
	CRDB USD ACC NO. 02J2021210300	5,304,705	(2,123,314)
	CRDB TZS ACC NO. 01J1021210301	-	111,423
	CRDB TZS ACC NO. 01J1021210302	-	(100,000)
	CASH AT HAND	<u>2,585,500</u>	<u>1,040,400</u>
	TOTAL	<u>9,982,154</u>	<u>467,263</u>
NOTE 5	INCOME FROM DONORS	2017	2016
		TZS	TZS
	Airport Collections	612,557	2,198,559
	Elfi Monroe	-	6,406,260
	Ceri Lawley	15,584,350	-
	Fatina Said	300,000	500,000
	Ginette Aubim-Edme	380,000	8,116,430
	Iain George Pears	8,691,935	5,428,200
	Katherine A. Beilby	1,200,000	1,025,000
	Kimara Parish	300,000	1,200,000
	Loren Eskenazi	6,720,000	-
	Holy Childhood Dar es salaam	11,940,000	-
	Lucy Chami	175,000	1,275,100
	Masaki Parish	-	1,000,000
	Mark and Carol Peterson	1,095,150	-
	Mavurunza Parish	-	2,450,000
	Mbezi Louis Parish	500,000	1,060,000
	Michael Machary	13,200,000	-
	Mkombozi Commercial Bank Ltd	-	1,581,000

Bethsaida Orphans Education Centre

	Other Donors	46,358,207.40	31,667,243
	Salasala Parish	-	540,000
	Serving Orphans Worldwide	43,323,840	38,492,220
	St. Gasper Parish - Mbezi Beach	1,865,000	2,600,000
	Ullswater Community College	-	9,450,080
	Volunteers Programme	600,000	-
	Received stocks in-kind	<u>100,834,050</u>	<u>78,077,200</u>
	TOTAL	<u>253,680,089</u>	<u>193,067,292</u>
NOTE 6	Amortization of Capital Grants	2017	2016
		TZS	TZS
	Opening Capital Grants Balance	227,690,983	229,847,629
	Addition for the year	1,215,000	12,395,147
	Amortization charge for the year	<u>(35,934,884)</u>	<u>(14,551,793)</u>
	Capital Grants Balance	<u>192,971,099</u>	<u>227,690,983</u>
NOTE 7	INCOME FROM PROJECTS AND OTHER INCOME	2017	2016
		TZS	TZS
	Cards Project	<u>4,481,760</u>	<u>6,627,600</u>
	TOTAL	<u>4,481,760</u>	<u>6,627,600</u>
NOTE 8	ADMINISTRATIVE EXPENSES	2017	2016
		TZS	TZS
	Management Fee (Sacramentine Sisters)	-	4,500,000
	Audit Fee	1,180,000	1,180,000
	Bank Charges	2,005,364	1,689,886
	Buildings Rehabilitation	14,834,000	11,517,000
	Cleanliness Equipment	70,200	80,000
	Electrical Bills	4,978,000	5,960,000
	Electrical Maintenance	122,000	1,363,000
	Medical Expenses & Sanitation	94,450	-
	Environment Maintenance	-	257,000
	Firewood and Gas Expenses	2,190,350	1,329,000
	Form IV Graduation	5,183,000	5,061,400
	Fuel and Oils	6,991,400	6,348,400
	Furniture Maintenance	0.00	260,000
	Hospitality	1,246,850	4,286,549
	Livestock and Animal Feeds	649,500	739,500
	Motor Vehicles Maintenance	12,511,400	5,656,500

Bethsaida Orphans Education Centre

National Health Insurance Fund	-	2,419,200
NGO Annual Fees	40,000	40,000
Plumbing Materials	-	114,000
Postage and Mailing Service	178,260	240,860
Security Services	-	5,120,000
Stationery Service Expenses	2,132,490	2,612,775
TAHOSSA	2,886,350	1,713,350
Text Books	1,635,000	2,559,475
Transport Expenses	1,958,500	4,283,100
Water Pumps Repair	700,000	-
Website Hosting Charges	150,000	844,000
Workers Compensation Fund	703,350.00	712,800
Expended Stock	<u>88,006,750</u>	<u>78,304,500</u>
TOTAL	<u>150,447,214</u>	<u>149,192,295</u>

NOTE 9 PERSONNEL COSTS

	2017	2016
	TZS	TZS
Staff Salaries	70,340,000	51,780,000
National Social Security Fund	7,320,000	5,203,000
Volunteers Expenses	1,373,900	1,378,800
Gratuity And Leave Payments	<u>500,800</u>	---
TOTAL	<u>79,534,700</u>	<u>58,361,800</u>

NOTE 10 OPERATING EXPENSES

	2017	2016
	TZS	TZS
Ex-Students' Pocket Money	-	533,960
Examination Fees	2,230,000	3,000,000
Lab. Chemicals & Equipment	1,433,400	1,299,900
School Garden	47,500	122,500
School Inspection Fee	150,000	790,000
Students' Uniforms	3,837,200	8,025,000
Students' Study Tour	<u>509,000</u>	<u>690,000</u>
TOTAL	<u>8,207,100</u>	<u>14,461,360</u>

NOTE 11 COMPARATIVE FIGURES

Previous year's figures have been re-classified where necessary, to make them comparable with current year's figures.

8.0 ORGANISATION CHART OF BETHSAIDA ORPHANS EDUCATION CENTRE

