COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA (CCBRT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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FOR THE YEAR ENDED 31 DECEMBER 2020

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COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA (CCBRT)

ORGANISATION INFORMATION

PRINCIPLE PLACE OF BUSINESS

Comprehensive Community Based Rehabilitation in Tanzania (CCBRT)
Msasani Village
Kimweri Road
P.O. Box 23310
Dar es Salaam
Tanzania

REGISTRATION AND COMPLIANCE

On 12 October 1994, Comprehensive Community-Based Rehabilitation in Tanzania (CCBRT) was incorporated as a Society under the Societies Ordinance, 1954, CAP 337 R.E 2002. Subsequently, on 22 May 2018, CCBRT was issued with a Certificate of Compliance Number 00002071,which certify that CCBRT has duly complied with the terms and conditions of NGO under the Non-Governmental Organisation Act, 2002. According to section 11(4) of Non-Governmental organizations Act, No 24 of 2002,A certificate of compliance shall be issued upon satisfaction by each of such Non-Governmental organization of the terms and condition under this Act and shall have similar effect as certificate of registration issued under this Act.

BANKERS

Bank of Africa (Tanzania) Limited
NDC Development House
Ohio/Kivukoni Drive
P.O.Box 3054
Dar es Salaam, Tanzania

Absa (T) Limited
Absa House
Ohio Street
P.O.Box 5137
Dar es Salaam, Tanzania

NBC Limited
Moshi Branch
P.O.Box 3030
Kilimanjaro, Tanzania

Azania Bank Limited
Mawasiliano Towers
P.O.Box 32089
Dar es Salaam, Tanzania

Stanbic Bank
Centre Branch
P.O.Box 72647
Dar es Salaam, Tanzania

NMB Bank
Oyster Branch
P.O.Box 162409
Dar es Salaam, Tanzania

CRDB BANK
Msasani Branch
P.O.Box 106263
Dar es Salaam
Tanzania, Tanzania

ORGANISATION INFORMATION (CONTINUED)

AUDITOR

KPMG
2nd Floor, The Luminary
Haile Selassie Road, Masaki
P. O. Box 1160
Dar es Salaam, Tanzania

SOLICITORS

IMMMA Advocates
IMMMA House, Plot No. 357
United National Road, Upanga
P.O.Box 72484
Dar es Salaam, Tanzania

Association of Tanzania Employers (ATE)
Plot No. 692
Coca cola Road, Mikocheni B.
P.O.Box 2971
Dar es Salaam, Tanzania

GOVERNING BOARD MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Governing Board Members submit their report, together with the audited financial statements, for the year ended 31 December 2020, which disclose the state of affairs of Comprehensive Community Based Rehabilitation in Tanzania ("the Organisation").

1. BACKGROUND AND PRINCIPAL ACTIVITIES

The Comprehensive Community-Based Rehabilitation in Tanzania (CCBRT) is a locally registered non-governmental organisation established in 1994. Since its establishment, CCBRT has grown to become the largest rehabilitation and disability service provider in Tanzania through its ophthalmology, orthopaedic and rehabilitation, plastic and reconstructive surgery, and maternal and newborn health services. CCBRT operates the country's largest obstetric fistula programme and leads in cleft lip/palate and clubfoot treatments. In 2020, CCBRT provided clinical and rehabilitation services at two facilities, its hospital in Dar es Salaam and rehabilitation centre in Moshi, and further supported 30 partner facilities.

CCBRT integrates disability health and maternal and newborn healthcare through primary, secondary and tertiary prevention. To help prevent and facilitate early identification of disability, and improve maternal and newborn healthcare, and thereby reduce maternal and neonatal mortality, the construction of CCBRTs purpose built maternity wing was completed in 2020. In close partnership with the Government of Tanzania's Dar es Salaam Regional Health Management Team, CCBRT continued strengthening the referral system and building the capacity of maternal and newborn healthcare service delivery at 23 existing public facilities in the Dar es Salaam region.

Training and capacity building are essential to CCBRT's work, and are being further strengthened through training centre, the 'CCBRT Academy', which is providing training and education opportunities for CCBRT staff and human resources for health, management and related fields across Tanzania and beyond. Training and support in livelihood activities for clients is provided through the CCBRT Moshi House of Hope rehabilitation centre, and the Mabinti Centre in Dar es Salaam which provides training courses and employment for women who received treatment for fistula at CCBRT.
Combined with a strong presence in the community and international reputation, CCBRT's expertise is also mobilised to advocate for the rights of people with disabilities and promote disability inclusion through advocacy. CCBRT's work contributes to the implementation and upholding of the United Nations Convention on the Rights of People with Disabilities as well as within the wider global development context - the Sustainable Development Goals - as a specialized healthcare provider.

CCBRT seeks to provide accessible specialised healthcare for all Tanzanians in need. All children under the age of five, and the most vulnerable patients, receive care for free. The intention is to ensure accessibility, clients receive care at subsidised rates, but can choose to receive additional amenities through private services, from which the revenue generated cross-subsidises free and subsidised care. However, in 2020 Private Clinic did not generate surplus to support free and subsidizes patients. CCBRT is in the process of expanding its private services in order to improve the financial health of the organisation and also to ensure the continuation of free and subsidised care.

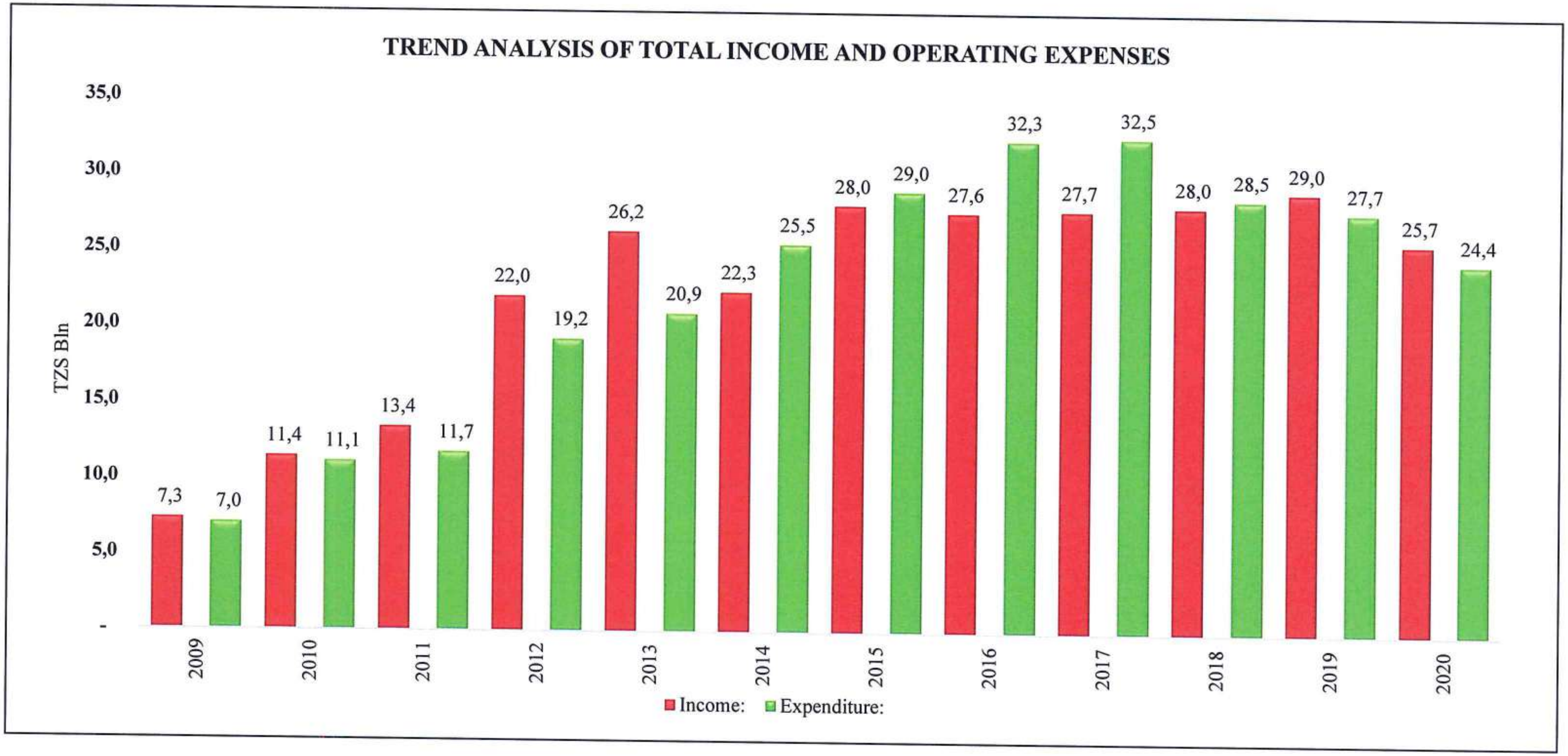
CCBRT's Vision

To be the leading provider of accessible, specialised health services in Africa.

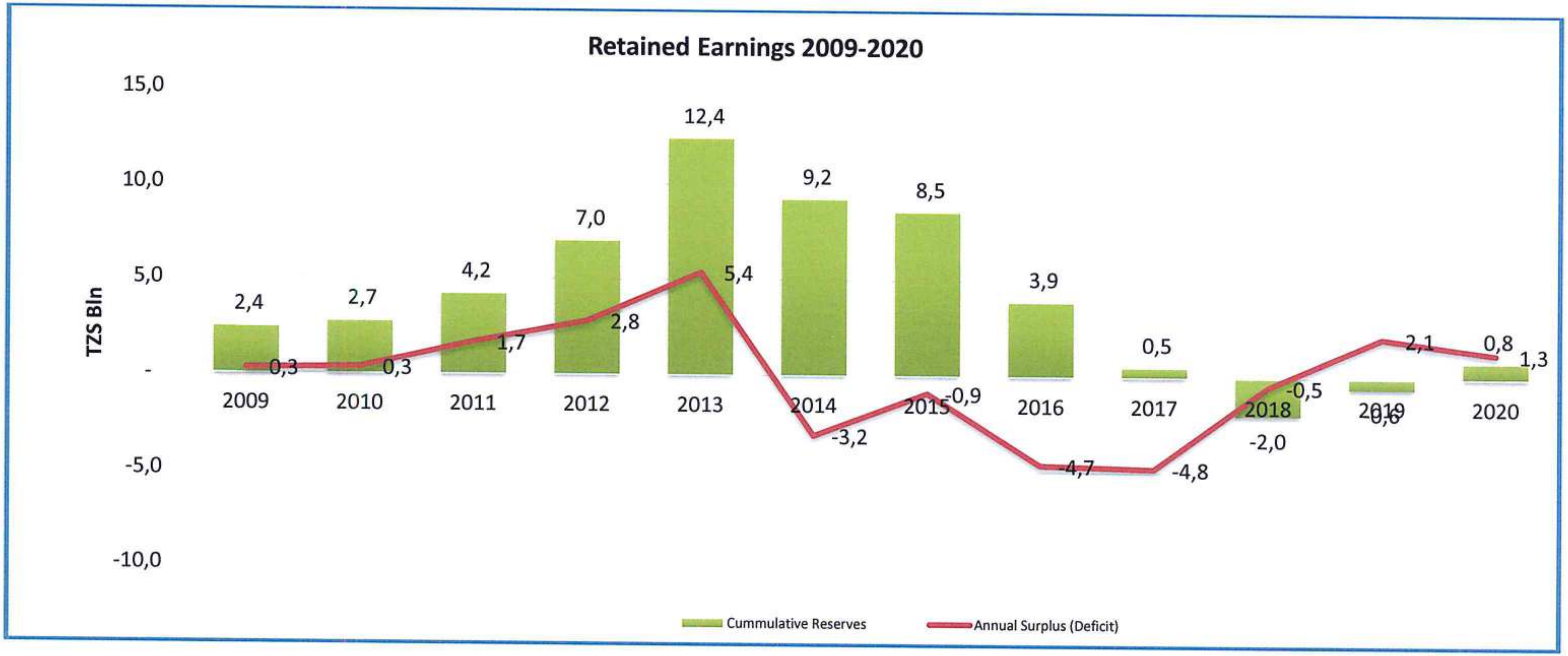
CCBRT's Mission

To become a healthcare social enterprise serving the community and the most vulnerable with accessible, specialized services and development programmes.

2. FINANCIAL HIGHLIGHTS

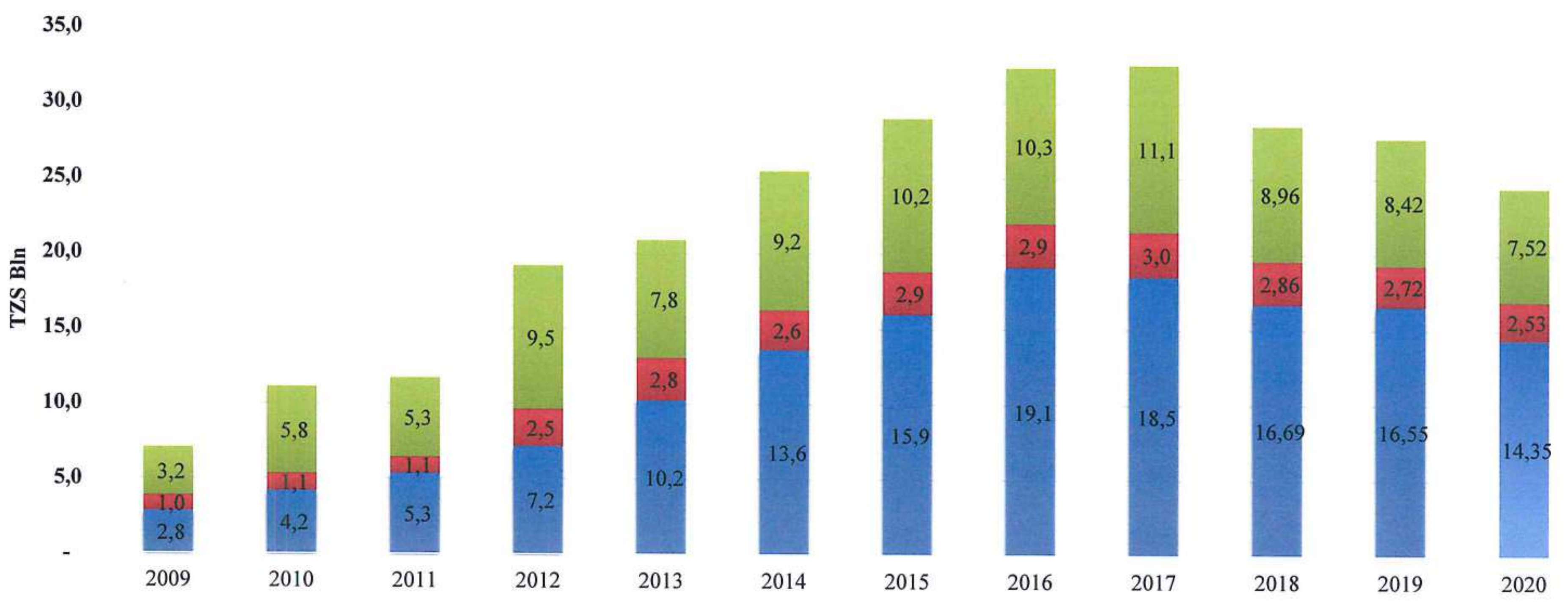


2. FINANCIAL HIGHLIGHTS (CONTINUED)



2. FINANCIAL HIGHLIGHTS (CONTINUED)

TREND ANALYSIS OF TOTAL OPERATING EXPENSES



3. SERVICE DELIVERY REVIEW

General statistics	2019	2020			
		CCBRT			
	Total	Standards	Private	Rural facilities /outreach	Total
PATIENTS SERVED					
ALL Patients served	65,397	67,671	25,894	2,794	96,359
NEW Patients served	45,596	33,623	10,547	1,466	45,636
Subsidized Patients served (Patients received services from standard)	46,702	67,671	-	2,794	70,465
Free Patients served (≤ 5 years patients, fistula patients, cleftlip/palate)	12,272	16,961	-	1,373	18,334
NEW					
New case Eye	171,403	133,586	32,210	-	165,796
New case Ortho	29,373	19,826	11,240	-	31,066
New case Clubfoot	808	782	18	38	838
New case Cleft lip / palate	359	591	2	NA	593
New case VVF	1775	3880	26	NA	3,906
New case P&O	1220	761	107	NA	868
New case Physio & Occupational therapy	6517	7238	984	NA	8,222
New case Burn	20	25	12	NA	37
New case seen Outpatient	703	NA	NA	652	652
New case seen in WIT(week of intensive training)	387	NA	NA	229	229
Total New Case	**212,565**	**166,689**	**44,599**	**919**	**212,207**

3. SERVICE DELIVERY REVIEW (CONTINUED)

General statistics	2019	2020			
		CCBRT			
	Total	Standards	Private	Rural facilities /outreach	Total
CONSULTATIONS					
Eye Consultations	72,072	48,424	16,184	96	64,704
Ortho Consultations	25,869	16,734	5,146	-	21,880
VVF consultations	517	484	1	-	485
Physiotherapy consultations & sessions-Only Dar	3,508	8,110	7873	NA	15,983
P&O consultations-Only Dar	189	20	9	NA	29
Outpatient clients consultations applicable only for Moshi	860	NA	NA	911	911
Club foot (Ponseti) Clients consultations	76	NA	NA	311	311
Bone deformity identified and referred for treatment	178	NA	NA	104	104
Total Consultations	**103,269**	**73,772**	**29,213**	**1,422**	**104,407**
OUTREACH TREATMENT					
Home visits Conducted	3,135	NA	NA	3,640	3,640
Home clients seen	863	NA	NA	858	858
Family supported through CBR(Rehabilitation)-Supportive units	3,879	1,300	NA	1,314	2,614
Supportive units clinics done/number of clinics done	839	120	NA	416	536
Supportive units visits done	2,104	120	NA	1,614	1734
NEW clients (unique) visited during the supportive units	472	323	NA	100	423
School Visits Conducted	52	NA	NA	-	-
School Children seen	168	NA	NA	-	-
Client seen in WIT	723	NA	NA	501	501
Total for CBR	**12,235**	**1,863**	**NA**	**8,443**	**10,306**
FOLLOW UP					
Seating clinic follow up	283	NA	NA	271	271
Total Follow up	**283**	**NA**	**NA**	**271**	**271**

3. SERVICE DELIVERY REVIEW (CONTINUED)

General statistics	2019	2020			
		CCBRT			
	Total	Standards	Private	Rural facilities /outreach	Total
SURGERIES					
Eye surgeries	6,101	3,911	1,468	-	5,379
Ortho Surgeries (excl. cleft lip /palate, clubfoot, tenotomy & reconstructive)	768	390	162	-	552
Cleft lip / palate surgeries	277	333	3	-	336
Clubfoot surgeries	145	86	5	86	177
Tenotomy surgeries	54	62	16	14	92
Reconstructive surgeries (excluding cleft lip/palate)	104	89	17	-	106
VVF Surgeries	670	458	-	35	493
VP Shunting/CT Scan	13	NA	NA	4	4
TOTAL Surgeries	**8,132**	**5,329**	**1,671**	**139**	**7,139**
DEVICES					
Total Refractions conducted	18,057	5,903	6,352	-	12,255
Total pts Assessed for Low Vision	832	2,947	163	-	3110
Total Glasses (spectacles) provided	9,511	3,262	4,172	-	7,434
Total Low Vision devices provided	141	32	-	-	32
Lenses provided	136	46	17	-	63
Frames provided	392	148	261	-	409
Total Optical	**29,069**	**12,338**	**10,965**	-	**23,303**
ASSISTIVE DEVICES					
Prosthetics and orthotics devices	601	1,104	-	NA	1104
Orthopedic devices	135	-	-	166	166
Special seats	-	14	-	-	14
Wheel chair	1,050	158	-	766	924
Artificial eyes	53	-	-	NA	-
Other devices	-	-	-	34	34
Total Assistive Devices Provided (prosthetics and orthotics, special seats and orthopaedic devices)	**1,839**	**1,276**	-	**966**	**2,242**

3. SERVICE DELIVERY REVIEW (CONTINUED)

General statistics	2019	2020			
		CCBRT			
	Total	Standards	Private	Rural facilities /outreach	Total
CAPACITY BUILDING					
People Trained in Disability Inclusion	473	NA	NA	NA	NA
Newborns and Maternal Healthcare Professionals Trained	285	66	NA	NA	66
WIT Meetings Conducted	38	NA	NA	35	35
Ponseti clinics conducted	67	NA	NA	77	77
HBC Training	16	NA	NA	16	16
CHW Training	247	NA	NA	273	273
Parents trained on livelihood activities	133	NA	NA	39	39
Families received Milk goats	-	NA	NA	-	-
Families received Materials (Vifaa)	-	NA	NA	-	-
Total capacity building	**1,259**	**66**	**NA**	**440**	**506**
MH SERVICES					
Number of women attended Antenatal care first visit	41,535	NA	NA	20,968	20,968
Total Deliveries	81,078	NA	NA	39,665	39,665
Live Birth	81,062	NA	NA	39,646	39,646
Still Birth (FSB+MSB)	1,667	NA	NA	892	892
Neonatal Death	978	NA	NA	493	493
Maternal Death	64	NA	NA	31	31
Caesarean Sections	14,284	NA	NA	7,689	7,689
Instrumental Delivery (vacuum)	2,515	NA	NA	917	917

4. PERFORMANCE RESULTS FOR THE YEAR

The total income (revenue, grant income, other income, and finance income) decreased by 11% in 2020 with a total of TZS 25,662 million (2019: TZS 28,988 million). The decrease of revenue, where patient revenue declined by TZS 800 million and TZS 2.8 billion from Partners, has been mainly attributed by COVID-19 whereby patient revenue dropped by 40% between March and May 2020. Some of activities had to be postponed to 2021. Apart from that, the cash flow problem led to slow down in implementation of some of activities.

The statement of financial position shows that during the year 2020 total assets increased by 26% to TZS 104,051 million (2019: TZS 82,571 million). The increase is mainly attributed to an increase in the cash balance and property plant and equipment together with the final stage of the construction of the Maternity Hospital.

The profit for the year 2020 of TZS 1,254 million (2019: TZS 1,298 million) is reflected in the retained earnings account. The profit for the year is mainly attributed by the reduction in the operating costs following cost-reduction initiatives implemented during the year.

5. GOING CONCERN

The Governing Board Members confirm that applicable accounting standards have been followed and the financial statements have been prepared on a going concern basis. The Governing Board Members have reasonable expectation that CCBRT has adequate resources to continue with its operations for at least twelve months from the date of these financial statements. See Note 23 for additional disclosure on the going concern.

6. EMPLOYEE WELFARE

CCBRT has 377 staff at the end of 2020, with 249 staff working in the hospital (standard and private wing), 61 are working in the back office (support services such as finance, warehouse, procurement, HR, IT, marketing) and 67 employees working in development programmes and projects.

Out of the 377, a total of 189 are clinical trained staff including 37 doctors, 109 nurses and 43 para-medicals. 98% of the staff are Tanzanians. Out of the 9 non-Tanzanians, 5 are specialised clinicians.
Non-Clinical staff are 188 comprised of 60 people in support functions in the hospital (biomedical engineers, P&O and POP attendants, receptionists, cashiers, cleaners, laundry, social services, administrative etc), 61 working in the back office and 67 employees working in development programmes and projects

CCBRT promotes diversity and inclusion and aims to retain, attract and recruit staff who share the values and reflect the diverse community served; 57% of CCBRT's staff are female and over 6% of employees have disabilities. CCBRT has a female CEO and 50% of the executive management is female. In total 12 managers positions (41%) across the organisation are female lead.
In 2020 CCBRT also appointed the first women in its history to the governing board as well as a person with a disability.

COVID-19 also impacted CCBRT's business as there was a decrease in clients seeking services from CCBRT in the period April to July in 2020. This impacted the income for the organisation.
As a result, a restructuring for the Mabinti Centre was executed in July 2020, whereby contracts of 7 Mabinti staff members were not renewed and the centre was moved to the CCBRT compound.
As cost saving measure, CCBRT stopped in October 2020 with the daily transport of staff. As the department was dissolved, 3 staff members were retrenched, 2 other contracts were not renewed and 1 employee retired.
For the period July to December 2020, the executive management voluntary took a 30% cut on their salary.

Despite the pandemic and restriction on gatherings, 'learning' continued as CCBRT. In addition to the on-the-job technical trainings at the various departments and continuous education on COVID-19 measures, the CCBRT Academy conducted 19 courses in 2020 with a total of 900 participants. The concept of 'virtual learning' was introduced offering great opportunities for the future.

6. EMPLOYEE WELFARE (CONTINUED)

Furthermore, CCBRT hosted 56 interns from diverse training institutions for their practical internship in their respective field during the year under review.

Health and safety
The Organisation ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees by providing adequate and proper personal protective equipment, training and supervision as necessary. The Organisation also adheres to the regulations set by the Occupational Health and Safety Authority of Tanzania (OSHA).

Employees benefit plan
CCBRT pays contributions to the National Social Security Fund (NSSF) which is a pension plan and is mandatory.

7. PERSONS WITH DISABILITIES

CCBRT promotes disability inclusion in line with the Disability Act, 2010 across the organisation and has over 6% of staff employed with disabilities. Amongst staff and board members, these disabilities include physical disabilities on limbs, hearing impairments, visual impairments as well as people with albinism.
CCBRT pro-actively encourages people with disabilities to apply for available positions and staff participating in recruitment processes are trained to facilitate the process accordingly. As per CCBRT's diversity & inclusion policy training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Organisation continues and appropriate training is arranged. CCBRT contributes to Workers Compensation Form as per the national guidelines.

8. RESERVES

Retained earnings

The retained earnings is generated from accumulated profit over years. The purpose of retained earnings is to support or to reinvest in the business operations in cases of either shortage of funding or any expansion of business activities. Governing Board Members do not share any income and are not entitled to receive any benefits from the Organisation's resources.

Revaluation reserve

In 2019, the Organisation's buildings were revalued, where the measurement was Level 2. All other classes of assets (property and equipment) were carried out at cost model as per note 11 to the financial statements. The revaluation reserve generated is not available for distribution.

9. FUTURE DEVELOPMENTS

Maternity and New-born Hospital

In 2020, CCBRT continued with the construction of its future maternity and new-born facility with a tentative plan of accomplishing it in the year 2021.

10. CAPITAL STRUCTURE

The capital structure of CCBRT is created by grants/donations received for acquisition of fixed assets. The acquired assets are capitalised and funded through capital grant.

11. CORPORATE GOVERNANCE

The Governing Board has 12 members who are non-executive members that are not involved in the day-to-day running of the Organisation. The CEO who is Ex Officio and by virtue of her position is Secretary to the Board. The Governing Board Members' possess a sufficient breadth of experience to bring independent judgement to the decision-making of the Organisation's activities.

The Governing Board required to meet between two and four times per year. The Board delegated day-to-day management and running of the Organisation to the Chief Executive Officer who is assisted by the Hospital Executive Team (HEC).

Meeting of the Board of Directors held during the year

	Board of Directors	Governance, Remuneration and Nomination Committee	Finance, Audit and Risk Committee
Meetings held in the year 2020	4	3	5

12. GOVERNING BOARD MEMBERS

The Governing Board Members who held office during the year and to the date of this report, unless otherwise stated were:

Name	Nationality	Position	Year of appointment	Year of resignation
Dr Willibrod Slaa	Tanzanian	President	1994	
Dr Jim J. Yonazi	Tanzanian	Member	2019	
Mr Amon Mpanju	Tanzanian	Member	2020	
Mr Davith Kahwa	Tanzanian	Member	2019	June 2021
Mr Rupin Rajani	Tanzanian	Member	2020	
Mr Bernard Christiaanse	Dutch	Member	2020	
Ms Miranda Naiman	Tanzanian	Vice President	2020	
Mr Edwin Epp	Canadian	Member	2016	April 2021
Mrs Esther Kitoka	Tanzanian	Member	2020	
Ms Brenda Msangi	Tanzanian	Secretary / CEO Ex Officio	2019	
Dr Sabina Mugusi	Tanzanian	Member	2021	
Dr Redempta Mbatia	Tanzanian	Member	2021	
Dr Nelly Iteba	Tanzanian	Member	2021	
Mr Jonathan Sutton	Irish	Treasurer	2010	March 2020
Prof. Geoffrey Mmari	Tanzanian	Member	2007	January 2020

13. AUDITOR

KPMG has been appointed as auditor of CCBRT for the year ended 31 December 2020 and is eligible for re-appointment. The resolution to re-appoint KPMG for the next accounting year ending 31 December 2021 will be put in the forthcoming Board of Directors Meeting.

BY ORDER OF THE GOVERNING BOARD

CCBRT
P.O. Box 23310
Dar es Salaam
Tanzania

Dr Willibrod P. Slaa
President of the Board of CCBRT

29-10-2021
Date

Ms. Brenda Msangi
Secretary/ Chief Executive Officer

29-10-2021
Date

COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA (CCBRT)

WORD FROM THE PRESIDENT OF THE GOVERNING BOARD
FOR THE YEAR EDED 31 DECEMBER 2020

On behalf of the board of directors, we are very proud of the CCBRT fraternity for their zealous commitment throughout 2020. Amidst COVID-19 and the challenges that came with it, we remained competitive and adapted new ways of patient access to our services. Also, we maintained quality outcomes on all our services ensuring quality rehabilitative healthcare remains accessible to persons living with a disability. Of significance, we managed to complete the construction of the Maternal and Newborn Hospital that will offer subsidized care for patients referred from other health facilities with high-risk pregnancies or emergencies.

My gratitude goes out to all our stakeholders with whom their combined efforts came a long way in ensuring that CCBRT hospital continues to pursue its vision and mission. To all our patients, we are grateful for trusting and choosing our services throughout the year. The team that ensured our services remained accessible the management team, clinical team of doctors and nurses, support services network ranging from our cleaners, administrators, security team, on behalf of the entire Board of CCBRT, we are proud of you!

Special gratitude goes out to all our donors, who journeyed with us through the uncertainty that came with COVID-19. Your unwavering support and willingness to adapt to the unprecedented year was the reason we managed to sail through the year. We highly value your support, contributions and expertise and look forward to working together in the years ahead.

Dr. Willibrod P. Slaa
President of the Board of CCBRT

Date: 29-10-2021

COMPREHENSIVE COMMUNITY-BASED REHABILITATION IN TANZANIA
P.O. Box 23310
Dar es Salaam
Tanzania
CCBRT

COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA (CCBRT)

WORD FROM THE CEO
FOR THE YEAR ENDED 31 DECEMBER 2020

The year 2020 marked the midpoint of CCBRT's five-year (2018-2022) strategy and a peculiar year due to the COVID-19 pandemic. CCBRT's commitment to continue providing quality care to vulnerable people in the area of ophthalmology, orthopaedics, physical rehabilitation, plastic and reconstructive surgery, maternal and newborn health services remained unwavering amidst this unprecedented year.

Against all odds, CCBRT prevented 26,875 Disability Life Adjusted Years, conducted 115,107 consultations and 7,070 surgeries. New and alternative ways of working were adapted to reduce exposure to front line health workers and patients. Some of the main supporting activities to CCBRT's holistic fistula work such as outreaches, ambassador training and awareness-raising for patient mobilization had to be stopped to curb the risk of spread in light of national restrictions around COVID-19.

CCBRT development programs did not halt their activities in the face of COVID-19 and sorted alternative ways to reach communities and stakeholders in Tanzania's rehabilitation space. The Advocacy, Disability and Inclusion program launched the Scale-Up Family Planning project through which training to community health workers in two zones was conducted. Amidst COVID-19, CCBRT shared guidelines in formats friendly to persons living with disabilities communicating COVID-19 guidelines shared by the Ministry of Health and WHO guidelines. The House of Hope, Moshi, reached 2,714 clients through centre-based rehabilitation services, parent carer training, outreach services and centre-based rehabilitation provision. Out of total clients seen in 2020, House of Hope provided 800 new wheelchairs and other devices.

A big win in 2020 and of high significance was the completion of construction and significant equipping of the maternal and newborn wing at the end of the year - subsequently handed over to CCBRT in January 2021. This is an integral piece to the efforts by CCBRT to reduce maternal mortality & morbidity-building on its work with the Regional Health Medical Team (RHMT) in 23 sites around Dar es Salaam.

My extended gratitude to our patients who continued to trust and access our services throughout the year. I am extremely proud of the team of staff at CCBRT who displayed resilience, determination and adaptability, qualities that were needed in 2020.

CCBRT would have not touched the lives of vulnerable Tanzanians living with disabilities without the support from our committed donors. We value your support and flexibility throughout 2020, your commitment towards our vision and mission has been critical in ensuring accessible rehabilitative healthcare to vulnerable Tanzanians. *Asanteni sana* and we look to strengthening our partnerships in the coming years!.

CCBRT
P O Box 23310
Dar es Salaam
Tanzania

Ms. Brenda Msangi
Chief Executive Officer

Date: 29 - 10 - 2021

STATEMENT OF THE GOVERNING BOARD MEMBERS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2020

The Governing Board Members are responsible for the preparation of financial statements that give a true and fair view of Comprehensive Community Based Rehabilitation in Tanzania ("CCBRT" or " the Organisation") comprising the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, in accordance with the International Financial Reporting Standards.

The Governing Board Members are also responsible for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

As disclosed in note 23 to the financial statements, the Governing Board Members have made an assessment of the ability of the Organisation to continue as going concern and have no reason to believe that the business will not be a going concern at least for the next twelve months from the date of approval of these financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of the Comprehensive Community Based Rehabilitation in Tanzania, as identified in the first paragraph, were approved by the Governing Board Members on ...29-10-2021.............2021 and signed by:

CCBRT
P O Box 23310
Dar es Salaam
Tanzania

Dr. Willibrod P. Slaa	**Ms. Brenda Msangi**
President of the Board of CCBRT	**Secretary / Chief Executive Officer**
29-10-2021	29-10-2021
Date	**Date**

COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA

DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2020

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Accounting responsible for the preparation of financial statements of the Organisation concerned.

It is the duty of a Professional Accountant to assist the Governing Board Members to discharge the responsibility of preparing financial statements of an Organisation showing true and fair view of the Organisation position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Governing Board Members as under Statement of the Governing Board Members' Responsibilities on an earlier page.

I **Elly Festo**, being the Head of Finance for Comprehensive Community-Based Rehabilitation in Tanzania (CCBRT) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS).

I thus confirm that the financial statements of Comprehensive Community Based Rehabilitation in Tanzania (CCBRT) comply with applicable accouning standards as of that date and that they have been prepared based on properly maintained financial records.

Signed by: ____________________

Mr. Elly Festo
Chief Finance Officer
NBAA Membership No. ACPA 1969

Date: 29/10/2021

KPMG
Certified Public Accountants
2nd Floor, The Luminary
Haile Selassie Road, Masaki
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Dar es Salaam, Tanzania

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Internet www.kpmg.com/eastafrica

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BOARD MEMBERS OF THE COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA

Opinion

We have audited the financial statements of Comprehensive Community Based Rehabilitation in Tanzania ("the Organisation") set out on pages 22 to 61, which comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Comprehensive Community Based Rehabilitation in Tanzania as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Organisation in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

Emphasis of Matter - comparative information

We draw attention to Note 28 to the financial statements which describes that the Organisation corrected prior period errors and made retrospective adjustments to the comparative information in the accompanying financial statements. Consequently, the comparative information in the accompanying financial statements has been restated. Our opinion is not modified in respect of this matter

Other Matter relating to comparative information

The financial statements of Comprehensive Community Based Rehabilitation in Tanzania as at and for the year ended 31 December 2019, excluding the adjustments described in Note 28 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 13 October 2020.

As part of our audit of the financial statements as at and for the year ended 31 December 2020, we also audited the retrospective adjustments described in Note 28 to the financial statements that were applied to restate the comparative information.

We were not engaged to audit, review, or apply any procedures to the comparative information, other than with respect to the retrospective adjustments described in Note 28. Accordingly, we do not express an opinion or any other form of assurance on comparative information. However, in our opinion, the retrospective adjustments described in Note 28 to the financial statements are appropriate and have been properly applied.

Other Information

The Governing Board Members are responsible for the other information. The other information comprises the information included in the document titled *Comprehensive Community Based Rehabilitation in Tanzania (CCBRT) Annual Report and Financial Statements for the year ended 31 December 2020*, but does not include the financial statements and our auditor's report thereon.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BOARD MEMBERS OF THE COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA (CONTINUED)

Other Information (Continued)

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

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

Responsibilities of Governing Board Members for the Financial Statements

The Governing Board Members are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and for such internal control as the Governing Board Members determine 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, the Governing Board Members are responsible for assessing the Organisation'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 the Governing Board Members either intend to liquidate the Organisation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governing Board Members.

- Conclude on the appropriateness of the Governing Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BOARD MEMBERS OF THE COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG
Certified Public Accountants (T)

Signed by: CPA Alexander Njombe (ACPA 2714)
Dar es Salaam

Date...29 - 10 - ...2021

COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31 December 2020 TZS '000	Restated* 31 December 2019 TZS '000
Revenue from contract with customers	6	9,855,980	10,526,718
Grant income	5	13,345,587	15,322,507
Other income	7	2,070,833	2,109,464
Operating costs	8	(23,315,612)	(26,578,371)
Net operating income		1,956,788	1,380,318
Impairment on trade and other receivables	14	(263,406)	(685,366)
Finance income	9(b)	389,202	1,029,549
Finance cost	9(a)	(828,386)	(426,655)
Profit before income tax		**1,254,198**	**1,297,846**
Tax expense		-	-
Profit for the year		**1,254,198**	**1,297,846**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property and equipment	11	-	2,703,413
Other comprehensive income for the period, net of tax		-	**2,703,413**
Total comprehensive income for the year		**1,254,198**	**4,001,259**

* See Note 28

Notes and related statements forming part of these financial statements appear on pages 26 to 61.

Report of the auditor – Pages 19 to 21.

COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 TZS'000	Restated* 31 December 2019 TZS'000	Restated* 1 January 2019 TZS'000
ASSETS				
Non-current assets				
Property and equipment	11	81,570,634	63,996,775	46,114,180
Intangible assets	12	-	52,337	295,863
		81,570,634	64,049,112	46,410,043
Current assets				
Inventories	13	1,895,335	2,261,283	2,306,467
Trade and other receivables	14	2,725,911	3,680,223	1,975,854
Grants receivables	15	1,949,907	22,000	475,606
Cash and cash equivalents	16	15,909,146	12,558,835	7,839,403
		22,480,299	18,522,341	12,597,330
TOTAL ASSETS		**104,050,933**	**82,571,453**	**59,007,373**
RESERVES AND IABILITIES				
RESERVES				
(Accumulated loss)/ retained earnings		824,866	(559,215)	(1,982,141)
Revaluation reserve		3,646,017	3,775,900	1,197,567
Total reserve		4,470,883	3,216,685	(784,574)
LIABILITIES				
Non-current liabilities				
Capital grants	18	69,765,194	51,697,160	36,123,094
Deferred grant income	19	1,326,869	2,389,577	2,348,900
Borrowings	17	-	6,274,399	6,842,485
		71,092,063	60,361,136	45,314,479
Current liabilities				
Deferred grant income	19	16,500,931	12,359,570	10,252,096
Trade and other payable	20	5,683,178	5,288,325	4,225,372
Borrowings	17	6,303,878	1,345,737	-
		28,487,987	18,993,632	14,477,468
TOTAL LIABILITIES		99,580,050	79,354,768	59,791,947
TOTAL RESERVE AND LIABILITIES		**104,050,933**	**82,571,453**	**59,007,373**

* See Note 28

The financial statements on pages 22 to 61 were approved by the Governing Board Members on

29-10-2021 and signed by:

Dr. Willibrod P. Slaa
President of the Board of CCBRT

Ms. Brenda Msangi
Secretary / Chief Executive Officer

COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA * CCBRT P.O. Box 23310 Dar es Salaam Tanzania

Notes and related statements forming part of these financial statements appear on pages 26 to 61.
Report of the auditor – Pages 19 to 21.

COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	(Accumulated loss)/ Retained earnings	Revaluation reserve	Total
		TZS'000	TZS'000	TZS'000
Year ended 31 December 2020				
Balance at 1 January 2020		(559,215)	3,775,900	3,216,685
Profit for the year		1,254,198	-	1,254,198
Transfer of revaluation reserve		129,883	(129,883)	-
Balance at 31 December 2020		**824,866**	**3,646,017**	**4,470,883**
Year ended 31 December 2019				
Balance at 1 January 2019 as previously stated		1,554,409	1,197,567	2,751,976
Impact of correction of error	28	(3,536,550)	-	(3,536,550)
Restated balance as at 1 January 2019		(1,982,141)	1,197,567	(784,574)
Profit for the year		1,297,846	-	1,297,846
Revaluation – Property and equipment (Note 11)		-	2,703,413	2,703,413
Transfer of revaluation reserve		125,080	(125,080)	-
Balance at 31 December 2019		**(559,215)**	**3,775,900**	**3,216,685**

Notes and related statements forming part of these financial statements appear on pages 26 to 61.

Report of the auditor – Pages 19 to 21.

COMPREHENSIVE COMMUNITY BASED REHABILITATION IN TANZANIA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31 December 2020 TZS '000	Restated* 31 December 2019 TZS '000
Cash flows from operating activities			
Profit for the year		1,254,198	1,297,846
Adjustments for:			
-Depreciation	11	2,119,386	2,097,384
-Amortisation of intangible asset	12	52,337	243,528
-Amortisation of capital grants	18	(1,625,211)	(1,646,296)
-Gain on disposal of property and equipment	7	-	(8,000)
-Impairment of inventories	13	93,087	-
-Impairment of trade receivables and other receivables	14	263,406	685,366
--Grant receivables written off		-	23,054
-Finance income	9(b)	(15,634)	(21,677)
-Finance cost	17	390,380	382,298
-Unrealised exchange differences		(342,150)	(139,688)
		2,189,799	**2,913,815**
Changes in:			
Inventories		272,861	45,184
Trade and other receivables		690,906	(2,389,737)
Grant receivables		(1,927,907)	430,552
Deferred grant income		22,771,898	19,368,513
Trade and other payables		394,853	1,062,953
Cash generated from operating activities		**24,392,410**	**21,431,280**
Interest received		15,634	21,677
Interest paid	17	(390,380)	(382,298)
Net cash generated from operating activities		**24,017,664**	**21,070,659**
Cash flows from investing activities			
Purchase of plant and equipment	11	(19,693,245)	(17,276,566)
Proceeds on disposal of plant and equipment		-	8,000
Net cash used in investing activities		**(19,693,245)**	**(17,268,566)**
Cash flows from financing activities			
Proceeds from borrowings	17	-	757,563
Repayment of borrowings – principal	17	(1,347,677)	-
Net cash (used in)/ generated from financing activities		**(1,347,677)**	**757,563**
Net increase in cash and cash equivalents		**2,976,742**	**4,559,656**
Cash and cash equivalents at 1 January		12,558,835	7,839,403
Effect of movements in exchange rates on cash held		373,569	159,776
Cash and cash equivalents at 31 December		**15,909,146**	**12,558,835**

* See Note 28

Notes and related statements forming part of these financial statements appear on pages 26 to 61.
Report of the auditor – Pages 19 to 21.

1. REPORTING ORGANISATION

Comprehensive Community Based Rehabilitation in Tanzania ("CCBRT" or "the Organisation") is a locally registered non-governmental organisation established in 1994 as a Society under the Societies Ordinance, 1954, CAP 337 R.E 2002. Subsequently, on 22 May 2018, CCBRT was issued with a Certificate of Compliance Number 00002071,which certify that CCBRT has duly complied with the terms and conditions of NGO under the Non-Governmental Organisation Act, 2002.

The address of its registered office and principal place of business are disclosed on page 1 under Organisation Information section.

These financial statements relates only to the Organisation as identified in the first paragraph. The principal activities of the Organisation are provision of accessible, specialised health services.

2. BASIS OF ACCOUNTING

(a) Statement of compliance

The Organisation's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except where fair value measurements have been applied.

(c) Functional and presentation currency

These financial statements are presented in Tanzanian Shillings (TZS), which is the Organisation's functional currency. All financial information presented in Tanzanian Shillings has been rounded to the nearest thousand (TZS '000), unless otherwise indicated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Significant estimates are made for:

i) Allowance for doubtful debts

The Organisation make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the receivables. The Organisation applies a simplified approach in calculating Expected Credit losses (ECLs). Therefore, the Organisation does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Organisation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Organisation analysed historical sales, receivables aging, and loss data for the past three years to determine the appropriate basis for developing its expected lifetime credit loss on the trade receivables portfolio.

2. BASIS OF ACCOUNTING (CONTINUED)

(d) Use of estimates and judgements (Continued)

ii) Impairment inventories

The Organisation reviews its stock holdings and assesses for impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of profit or loss, the Organisation assesses its inventory aging, the expected expiry dates on consumable and medicine stock as well as the demand for the stock items.

iii) Useful lives and residual values of property and equipment

The Organisation tests annually whether the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of property and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed.

iv) Going concern

Refer to Note 23 Going concern: whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern.

Further information about the critical judgements is included in the respective notes.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise.

a) New standards, amendments and interpretations

(i) Adoption of new standards or amendments

The Organisation has adopted the following new standards and amendments during the year ended 31 December 2020, including consequential amendments to other standards with the date of initial application by the Organisation being 1 January 2020.

Standard/ amendment	Effective for periods beginning on or after
• Definition of a Business (Amendments to IFRS 3)	1 January 2020
• Amendments to references to the Conceptual Framework in IFRS Standards	1 January 2020
• Amendments to IAS 1 and IAS 8 Definition of Material	1 January 2020
• Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020
• Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) New standards, amendments and interpretations (continued)

(ii) Forthcoming standards or amendments issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2020 and have not been applied in preparing these financial statements. The Organisation does not plan to adopt these standards early. The standards and amendments are not expected to have a significant impact on the financial statements of the Organisation. These are summarised below;

Standard/ amendment	Effective for periods beginning on or after
• IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
• Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
• Annual Improvements to IFRS Standards 2018-2020	1 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
• Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
• Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
• Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
• COVID-19-Related Rent Concessions beyond 30 June 2020 (Amendment to IFRS 16)	1 April 2021
• Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
• Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
• Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)	1 January 2023
• Sale or Contribution of Assets between an Investor and its Associate or part Venture (Amendments to IFRS 10 and IAS 28	Available for optional adoption/ effective date deferred Indefinitely

b) Income

i) Revenue from contract with customers

Patient service revenue is reported at the amount that reflects the consideration to which CCBRT expects to be entitled for providing patient care. These amounts are due from patients, third-party payors.

Generally, CCBRT bills the cash paying-patients before receipt of service and third-party payors are billed several days after the services are performed or shortly after discharge. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by CCBRT.
CCBRT measures the performance obligations from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and CCBRT does not believe it is required to provide additional services to the patient.

The transaction price is based on standard charges for services provided to patients, reduced by applicable contractual adjustments, discounts to under and uninsured patients. The estimates of contractual adjustments and discounts are based on contractual agreements and discount policy.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Income (continued)

i) Revenue from contract with customers (continued)

CCBRT has elected to apply the practical expedient allowed under *IFRS 15.4* for applying to a portfolio of contracts with similar characteristics. CCBRT accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for cash-paying patients and third-party payors revenue. Based on historical collection trends and other analysis, CCBRT has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

CCBRT has elected to apply the practical expedient allowed under *IFRS 15.63* for the financing component, as the period of time between the service being provided and the time that the patient pays for service is typically one year or less.

ii) Grant income

Donations are recognized once there is reasonable assurance that the Organisation will (a) comply with terms of the agreement(s); and b) there is reasonable assurance that the grant shall be received.

- *Donations related to revenue expenditures* are recognised in profit or loss on a systematic basis over the periods in which the Organisation recognises as expenses the related costs for which the grants are intended to compensate.

- *Donation related to depreciable assets (also known as capital grants)* are usually recognised in profit or loss (under amortisation of capital grant) over the periods and in the proportions in which depreciation expense on those assets is recognised.

- *Non-monetary donations* are recognised in the statement of profit or loss at the amount equal to the fair value at the date of recognition.

c) Finance income and cost

Interest income and expense for all interest-bearing financial instruments are recognised within 'finance income' or 'finance cost' respectively in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

However, general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, in respect of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Other income

Other income comprise of gain on disposal of property and equipment as well as refunds and other program income.

e) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Short term benefits includes salaries and allowances paid to the employees as per the Organisation remuneration policy.

Defined contribution plan

The Organisation makes statutory Contributions to the National Social Security Fund (NSSF). The Organisation's obligations in respect of contributions to such funds are 10% of the employees' gross emoluments. Contributions to these pension funds are recognised as an expense in the period the employees render the related services. The Organisation has neither a legal nor constructive obligations to pay further contributions if NSSF does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Organisation has no further payment obligations once the contributions have been remitted to the NSSF.

Termination benefits

Termination benefits are recognised as an expense in the year when it becomes payable. Termination benefits are determined in accordance with the local labour laws.

f) Operating costs

Operating costs in respect of goods and services is generally recognized in the statement of profit or loss at the time it is incurred.

g) Foreign currencies

Transactions in foreign currencies are translated to the functional currency (Tanzania shillings) at exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss under 'finance cost and income' in the period in which they arise.

h) Financial instruments

i) Recognition and initial measurement

The Organisation initially recognises loans and receivables and debt securities issued on the date when they originated. All other financial assets and financial liabilities are initially recognised on the trade date at which the Organisation becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (Continued)

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets – Business model assessment:

Financial assets are not reclassified subsequent to their initial recognition unless the Organisation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Organisation makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Organisation's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Organisation considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Organisation considers:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (Continued)

ii) Classification and subsequent measurement (Continued)

Financial assets – Business model assessment: (continued)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Organisation's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets

The Organisation derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Organisation neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (Continued)

iii) Derecognition (Continued)

Financial assets (Continued)

The Organisation enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Organisation derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Organisation also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial liabilities

The Organisation derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Organisation also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Organisation currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Impairment

i) Non-derivative financial assets

Financial instruments and contract assets

The Organisation recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Organisation measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Organisation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Organisation's historical experience and informed credit assessment and including forward-looking information.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Impairment (Continued)

i) Non-derivative financial assets (Continued)

The Organisation assumes that the credit risk on a financial asset has increased significantly if it is more than 92 days past due.

The Organisation considers a financial asset to be in default when:

- the borrower/customer is unlikely to pay its credit obligations to the Organisation in full, without recourse by the Organisation to actions such as realising security (if any is held); or
- the financial asset is more than 92 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECL's

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Organisation in accordance with the contract and the cash flows that the Organisation expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Organisation assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer or borrower;
- a breach of contract such as a default or being more than 92 days past due;
- the restructuring of a loan or advance by the Organisation on terms that the Organisation would not consider otherwise;
- it is probable that the customer/borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Organisation measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Organisation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Organisation's historical experience and informed credit assessment and including forward-looking information.

Write-off

The gross carrying amount of a financial asset is written off when the Organisation has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Organisation has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For continuing customers, the Organisation individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Organisation expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Organisation's procedures for recovery of amounts due. Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Impairment (continued)

i) Non-derivative financial assets (continued)

Write-off (continued)

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Organisation on terms that the Organisation would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of customer or borrower;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortised cost	The Organisation considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.
	In assessing collective impairment, the Organisation used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.
	An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Organisation considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

ii) Non- financial assets

At each reporting date, the Organisation reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Property and equipment

Property and equipment are initially recognised at cost. Buildings are subsequently measured at revalued amount, based on valuations by external independent valuer, less depreciation. All other property and equipment are stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged in the statement of profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged in the statement of profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organisation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Assets are depreciated starting in the month they are put into use. Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Asset class	**Rate (%)**
Buildings	4
Tools and Machinery	12.5
Motor vehicles	25
Motorcycles and bicycles	25
Equipment	12.5
Furniture and Fittings	12.5
Computers	33.33

Capital Work in Progress

Construction on progress is initially recorded at historical cost at the date of a report which includes expenditure that is directly attributable to the construction of the Property and equipment. These are not depreciated until they become available for use/ ready for use.

k) Intangible assets

Cost incurred on computer software is initially accounted for at as an intangible asset and subsequently measured at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on straight line basis over the estimated useful life of four years. Costs incurred in maintaining computer software programmes are expensed as incurred.

l) Leases

At inception of a contract, the Organisation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Organisation uses the definition of a lease in *IFRS 16*.

Organisation as a lessee

At commencement or on modification of a contract that contains a lease component, the Organisation allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Leases (Continued)

The Organisation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to office premise.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Organisation's incremental borrowing rate. The Organisation uses its incremental borrowing rate as the discount rate.

The Organisation determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Organisation is reasonably certain to exercise, lease payments in an optional renewal period if the Organisation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Organisation is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Organisation's estimate of the amount expected to be payable under a residual value guarantee, if the Organisation changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Organisation presents right-of-use assets and its related lease liabilities in the statement of financial position.

Short term leases and leases of low value assets

The Organisation has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Organisation recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Inventories (continued)

Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation. Inventory value is stated net of provision for obsolescence. Obsolete, redundant and slow-moving inventories are identified on a regular basis and are written down to their estimated net realisable value. A provision is made for slow moving stocks and the related expense is recorded under operating costs.

n) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts repayable on demand. In the statement of financial position, bank overdrafts are included as borrowings under current liabilities.

o) Taxation

(i) Current income tax and deferred income tax

The Governing Board Members consider the Organisation to be exempt from income taxes based on the criteria in the Income Tax Regulations which accord this status to organisations that perform charitable activities and whose profit is within the required limits, or if higher is to be utilised for future charitable activities. The Income Tax Regulations require further an approval from the Commissioner of Income Tax for the Organisation to be granted a charitable organisation status. This application was made and approved by Commissioner for Domestic Revenue on 7th November 2007. Therefore, current income tax as well deferred income tax would not be applicable.

p) Capital grant

Donations received in the form of fixed assets are capitalised and credited to capital grant. Capital grants are amortised in the statement of profit or loss over the estimated useful lives of the assets concerned.

q) Deferred grant income

Deferred grants income represent an obligation to conduct donor funded activities per contractual commitments made between donors/development partners and the Organisation/the recipient, where funds have been transferred in advance or not transferred and such activities have not yet occurred.

The deferred grant income is a liability and represents a performance obligation. The deferred amount recorded on the recipient's statement of financial position generally represents the cash received in advance and/or contractual obligations, less the amount amortised for services performed to date.

r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Organisation has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Grant receivable

Grant receivable represents excess of expenditure over receipts for specific grant from donors and development partners. Grant receivables are initially recognised at fair value and subsequently measured at amortised cost based on actual amounts received from donors.

s) Trade and other receivables

Trade receivables are amounts due from customers for services rendered and medicine sold to patients in the ordinary course of business. Other receivables comprise of cash advances made to suppliers in the normal course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

t) Retained earnings

The retained earnings records the total of all accumulated profits and losses achieved by the Organisation since its inception.

At the end of each reporting period, all amounts recognized in the statement of profit and loss contributing to the profit or loss for that period are transferred into net assets and become part of the Organisation's retained earnings.

u) Provisions

Provisions are recognised when: the Organisation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

v) Related party transactions

The Organisation discloses the nature, volume and amounts outstanding at the end of each financial period from transactions with related parties, which include transactions with the Key Management Personnel.

w) Contingencies and commitments

Contingent liabilities are disclosed in the financial statements where there is a possible obligation, but payment is not probable, or the amount cannot be measured reliably. Contingent assets are disclosed where an inflow of economic benefits is probable. When the realization of income is virtually certain, then the related asset is recognized as appropriate. Commitments are disclosed in respect to the obligation of the Organisation to external entities that arises in connection with the legal contracts executed by the Organisation.

x) Subsequent events

An event that occurs after a reporting period, but before the financial statements have been issued or are available to be issued that provides new information about a condition that did not exist on the balance sheet date are disclosed in the financial statements. However, events that provides additional information about pre-existing conditions that existed on the balance sheet date are adjusted in the financial statements.

4. FINANCIAL RISK MANAGEMENT POLICIES

The Organisation's activities expose it to a variety of financial risks, namely market risk, credit risk and liquidity risk. The Organisation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Organisation does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Governing Board Members. The Governing Board 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 and capital management risk.

Market risk

(i) Foreign exchange risk

The Entity enters into contracts denominated in foreign currencies especially in United States Dollar (USD) and Euro (EUR) mainly for purchases of hospital equipment, supplies and medicine. In addition, the Entity has assets denominated in foreign currencies. As a result, the Entity is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. Exposure to foreign currency risk is mitigated by the fact that most of the income and capital grants are negotiated and contracted in foreign currencies and foreign currency assets and liabilities are normally settled within a short period of time.

Management's policy to manage foreign exchange risk is to maintain foreign currency bank accounts which act as a natural hedge for payment.

Exposure to currency risk for foreign denominated amounts in the following classes of financial instruments is as depicted in the schedule below.

31 December 2020	**USD**	**EUR**	**Total**
	TZS '000	**TZS '000**	**TZS '000**
Trade payables	(416,904)	-	(416,904)
Borrowings	(6,303,878)	-	(6,303,878)
Cash and cash equivalents	3,269,183	11,815,580	15,084,763
Net exposure	**(3,451,599)**	**11,815,580**	**8,363,981**

31 December 2019	**USD**	**EUR**	**Total**
	TZS '000	**TZS '000**	**TZS '000**
Trade payables	(396,017)	-	(396,017)
Borrowings	(6,862,573)	-	(6,862,573)
Cash and cash equivalents	1,173,452	10,967,363	12,140,815
Net exposure	**(6,085,138)**	**10,967,363**	**4,882,225**

Disclosure around market risk also relates to sensitivity analysis of the type of market risk – currency risk, showing how the income profit or loss and equity would have been affected by reasonably possible changes in the relevant risk variable at the year-end date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast incomes and expenditures.

4. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Market risk (Continued)

(i) Foreign exchange risk (Continued)

A sensitivity analysis in relation to net exposure for 5% strengthening of the USD and EUR against TZS is provided below:

	USD	EUR	Total
31 December 2020	**TZS '000**	**TZS '000**	**TZS '000**
Increase/(decrease) in profit or loss	(172,580)	590,779	418,199
Increase/(decrease) in equity	(172,580)	590,779	418,199

	USD	EUR	Total
31 December 2019	**TZS '000**	**TZS '000**	**TZS '000**
Increase/(decrease) in profit or loss	(304,257)	548,368	244,111
Increase/(decrease) in equity	(304,257)	548,368	244,111

The following significant exchange rates have been applied.

	Year-end spot rate		Average rate	
	2020	**2019**	**2020**	**2019**
USD/ TZS	2,298	2,289	2,294	2,285
EUR/TZS	2,821	2,570	2,695	2,592

(ii) Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Organisation's borrowings. The Organisation is not exposed to interest rate risk as at year end due to fixed rate of interest on borrowings.

Credit risk

Credit risk is the risk of financial loss to the Organisation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Organisation's trade and other receivables and cash at bank balances. The Organisation's exposure to credit risk is influenced mainly by the individual characteristics of a particular Party to the financial instruments. The exposure to credit risk is monitored on an on-going basis.

The Organisation has established a credit policy under which each new customer is analysed individually for creditworthiness before the Organisation's standard payment terms and conditions and service delivery mode are offered. Other debtors are not having standard credit characteristics; they differ depending on whether they are normal debtors, "governed by specific debtor terms" or the creditworthiness of Organisation from which they are receivable.

Credit risk is managed by the Chief Finance Officer, except for credit risk relating to trade receivables. The Entity Billing manager assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

The amount that best represents the Organisation's maximum exposure to credit risk is the carrying value of its financial assets in the statement of financial position.

No collateral is held for any of the above assets. The Organisation grade the credit quality of the receivables based on internal ratings in accordance with limits set by Board. Trade receivables are within the approved credit limits and no receivables have had their terms renegotiated.

4. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (continued)

Expected *credit* losses (ECLs):

The Organisation applies a simplified approach in calculating ECLs. The Organisation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Organisation considers reasonable and supportable information that is relevant and available without undue cost or effort applicable for the Organisation.

This includes both quantitative and qualitative information and analysis, based on the Organisation's historical experience and informed credit assessment and including forward-looking information where applicable.

31 December 2020	Total TZS'000	Fully performing TZS'000	Past due TZS'000	Impaired TZS'000
Trade receivables (Note 14) – gross	1,895,998	1,311,279	255,965	328,754
Training centre receivable	13,224	13,224	-	-
Amount due from Kupona Foundation	2,770,171	-	-	2,770,171
Cash at bank	15,891,032	15,891,032	-	-
	20,570,425	**17,215,535**	**255,965**	**3,098,925**
31 December 2019				
Trade receivables (Note 14) – gross	1,930,870	1,271,812	352,141	306,917
Amount due from Kupona Foundation	2,770,171	-	-	2,770,171
Cash at bank	12,537,632	12,537,632	-	-
	17,238,673	**13,809,444**	**352,141**	**3,077,088**

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low.

The debts that are past due are not impaired and continue to be paid. Management is actively following these debts. The debts that are impaired have been fully provided for. However, management is actively following up recovery of the impaired debts.

Movement in the provision of Trade and other receivables is as follows;

	2020 TZS'000	2019 TZS'000
At start of the year	3,077,088	2,947,063
Impairment written off	(241,569)	(406,626)
Increase in impairment	263,406	536,651
At 31 December	**3,098,925**	**3,077,088**

4. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (continued)

Expected *credit* losses (ECLs) (continued):

Cash at bank balances
There is no independent credit rating for banks operating in Tanzania. However, the Organisation banks with reputable multinational and local banks. In the view of the members, risk of non-performance by the counterparties is not significant. At 31 December 2020, the held at banks by type of counterparty was as follows:

Cash at bank analysis	2020 TZS'000	2019 TZS'000
Bank of Africa	14,611,797	11,889,688
Azania Bank Limited	397,968	264,247
NMB Bank Plc	1,184	1,677
NBC Bank Limited	379,127	203,186
Stanbic Bank	8,714	64,300
Barclays Bank Tanzania Limited	31,621	114,002
CRDB Bank	459,652	-
MIC Tigo Pesa	500	447
Vodacom M pesa	469	85
Total cash at bank	**15,891,032**	**12,537,632**

Trade receivables:
The Organisation's trade receivables mainly relate to receivables from medical insurance companies. The Organisation mainly accepts medical insurance from NHIF, AAR, Jubilee, Strategies, and other insurance companies in Tanzania. Management carries out an individual impairment assessment for these receivables due to small numbers of counterparties. The factors that are considered in assessing impairment for each customer's balance individually include:

(a) financial difficulties of the counterparty;
(b) consistent failure by the counterparty to settle the amount due on time;
(c) adverse market conditions affecting the counterparty;
(d) Historical experience in dealing with the insurance organisation including change in the purchase behaviour; and
(e) The impact of the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their balances. The Organisation takes into account factors such as GDP and the inflation rate in Tanzania to be the most relevant factors, and accordingly adjusts expected credit losses based on expected changes in these factors.

The below table provides an analysis of receivable balance as at the year-end per counterparty.

	Outstanding balance	
Counter party	**2020 TZS '000**	**2019 TZS '000**
National Health Insurance Fund	1,515,354	1,347,850
AAR Insurance Tanzania	168,920	247,309
Strategis Insurance Tanzania	113,178	129,392
The Jubilee Insurance Company Tanzania	68,366	49,443
Resolution Health (East Africa Limited)	-	29,140
Other Health Insurance Providers	30,180	127,736
Kupona Foundation	2,770,171	2,770,171
Project Management Institute	13,224	-
	4,679,393	**4,701,041**

4. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (continued)

Expected *credit* losses (ECLs): (continued)

Trade receivables: (continued)

Below is the ageing profile of trade receivables indicating past due and current receivables:

	2020 TZS '000	2019 TZS '000
Past due 0 – 30 days	1,653,256	17,507
Past due 31 – 60 days	44,074	601,345
Past due 61 – 90 days	59,640	652,960
Past due 91 – 120 days	29,173	105,264
Past due > 120 days	2,893,250	3,323,965
	4,679,393	**4,701,041**

The above classification reflects the timing at which the respective customers in the database made payments. This does not necessarily imply consistency of payments from the respective customers based on the contractual terms.

Other receivables:

Other receivables include the amounts due from Kupona Foundation (USA) and receivable from training centre.

Management performed an impairment assessment on these balances by considering historical experience and concluded that the identified impairment loss was material which was recognised accordingly.

Liquidity risk

Liquidity risk is the risk that the Organisation will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from various development partners.

The table below analyses the Organisation's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

	Less than 1 year TZS '000	Between 1 and 5 years TZS '000	Over 5 years TZS '000
At 31 December 2020:			
Trade and other payables**	3,932,502	-	-
Bank borrowings	6,303,878	-	-
	10,236,380	-	-
At 31 December 2019:			
Trade and other payables**	4,306,366	-	-
Bank borrowings	588,174	6,274,399	-
Bank Overdraft	757,563	-	-
	5,652,103	**6,274,399**	-

**Trade and other payables do not include withholding taxes, advance income and other employment/staff related deductions amounting to TZS 1,750,676,000 (2019: TZS 981,959,000).

4. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Capital risk management

The Organisation's objectives when managing capital is to safeguard its ability to continue as a going concern in order to; (i) ensure a continued support and reinvestment into the business operations in case of either shortage of funding or any expansion of the business activities; and (ii) to maintain an optimal capital structure to reduce the cost of capital.

The Organisation monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less the Organisation's own cash and cash equivalents after adjusting for donor funds assigned to specific projects. Total capital is calculated as reserves plus net debt. The gearing ratios at 31 December 2020 and 2019 were as follows:

	2020 TZS'000	2019 TZS'000
Total borrowings (Note 17)	6,303,878	7,620,136
Add: cash and cash equivalents deficit adjusted for donor funds	380,781	2,462,935
Net debt	6,684,659	10,083,071
Total reserves	4,470,883	3,216,685
Total capital	11,155,542	13,299,756
Gearing ratio	**59.9%**	**75.8%**

5. GRANT INCOME

	2020 TZS'000	Restated* 2019 TZS'000
Grants-Donors (note 5(a))	12,734,846	14,720,941
In-Kind Donations (note 5(b))	305,814	411,956
Program Incomes	159,471	-
Other Donations	145,456	189,610
Total grants and donations	**13,345,587**	**15,322,507**

5. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

	2020 TZS'000	Restated* 2019 TZS'000
(a) Grants-Donors		
Danish International Development Agency (DANIDA)	3,702,129	5,040,187
Global Affairs Canada (GAC)	170,225	183,075
Christian Blind Mission (CBM)	2,629,720	2,709,998
Irish Aid	1,830,738	2,042,318
Fistula Foundation	1,365,111	987,376
Vodafone Foundation-USAID	256,524	501,055
Light for the World (Belgium Directorate General for Development Cooperation) (LftW-DGD)	247,725	343,528
Porticus	163,557	228,403
Johnson & Johnson (J & J)	691,770	
Kupona Foundation	14,074	348,407
Wheelchair Support	40,060	2,372
WISE	423,146	506,856
Miracle feet	136,350	110,688
MIC Tanzania Limited	110,004	109,979
LaVelle	-	28,512
Grand Challenges Canada	-	72,208
The Charitable Foundation (TCF)	18,268	17,976
Vodacom Tanzania Foundation	-	81,479
CEFA	20,030	101,770
Laerdal Foundation	12,632	116,895
Australian High Commission Direct Aid Programme	8,331	-
KfW	141,838	49,010
EngenderHealth	143,172	-
Community Action for People with Disabilities in Africa (CAPDA)	44,114	220
Special Fund for Disabled-International Committee of the Red Cross (SFD-ICRC)	36,855	825
Amref Health Africa UK	-	125,401
Figo Covid'19	5,712	-
UNICEF	22,838	-
Amref	121,916	-
Vicenza	-	5,319
The international Foundation	12,892	39,986
Rehabilitation international	15,643	162,690
Humanitarian grand challenger	158,210	226,781
Dorothea Haus Ross Foundation	-	44,109
Equinor	36,277	74,522
EHFK	-	253
EDHR	87,880	36,935
Spider	60,791	182,380
McLain Association	407	16,669
Providing Comprehensive Treatment to Women with Fistula in Tanzania	-	222,759
Smile Train	5,907	-
	12,734,846	**14,720,941**

* See Note 28

5. REVENUE (CONTINUED)

(b) Donation in kind	2020 TZS'000	2019 TZS '000
Other Donors-Medicines and other consumable materials	295,457	83,909
Government-Medicines and other consumable materials	10,357	328,047
	305,814	**411,956**

6. REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue from hospital service	9,855,980	10,526,718
	9,855,980	**10,526,718**

7. OTHER INCOME

Amortisation of capital grant (note 18)	1,625,211	1,646,296
Refunds	62,909	-
Gain on disposal of property, plant and equipment	-	8,000
Other programme income	382,713	455,168
	2,070,833	**2,109,464**

8. OPERATING COSTS

Employee benefit expenses (note 10)	14,351,938	16,552,786
Cost of consumables	2,562,307	2,732,959
Patients' subsidies and individual aid	568,290	694,845
Clearing and forwarding costs	124,726	102,255
Depreciation expenses (note 11)	2,119,386	2,097,384
Amortisation expense (note 12)	52,337	243,528
Training	167,274	680,844
Consultancy	1,456,167	864,916
*Short term lease	15,659	54,645
Premises and utility costs	568,698	637,195
Repairs and maintenance	116,236	292,601
Security charges	161,478	229,742
Audit fee – current year	234,078	280,038
Legal fee	41,148	54,512
Communication and advertisement	57,272	265,244
General and Administration expenses	410,771	432,532
Transport and motor vehicles expenses	253,491	287,315
Grant Receivable Write off	-	23,054
Bank charges	54,356	51,976
	23,315,612	**26,578,371**

*The Organisation had entered into a short-term lease agreement for Mabinti office premise in 2019, the agreement was not renewed in after the expiry period because the said office was relocated to the CCBRT compound in 2020.

9. FINANCE INCOME AND COST

	2020 TZS '000	2019 TZS '000
a) Finance costs		
Interest expense on bank loan	(344,131)	(347,979)
Interest expense on overdraft facility	(46,232)	(34,319)
Net foreign exchange loss	(438,023)	(44,357)
	(828,386)	**(426,655)**
b) Finance income		
Interest income on call deposits	15,634	21,677
Net exchange gains	373,568	1,007,872
	389,202	**1,029,549**
	(439,184)	**602,894**

10. EMPLOYMENT BENEFIT EXPENSES

	2020 TZS '000	2019 TZS '000
Salaries and wages	12,414,910	13,156,053
Social security funds contributions	1,507,842	2,557,214
Other staff benefits	429,186	839,519
	14,351,938	**16,552,786**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

11. PROPERTY AND EQUIPMENT

	Buildings TZS'000	Motor vehicles TZS'000	Motorcycles & bicycles TZS'000	Equipment TZS'000	Computers TZS'000	Furniture & fittings TZS'000	Tools and machinery TZS'000	Capital work in-progress TZS'000	Total TZS'000
Year ended 31 December 2020									
Opening net book value	16,178,059	-	-	1,809,310	280,807	320,218	2,407,354	43,001,027	63,996,775
Additions	-	-	-	96,025	56,553	-	319,115	19,221,552	19,693,245
Depreciation charge	(875,125)	-	-	(503,304)	(167,361)	(109,698)	(463,898)	-	(2,119,386)
Closing net book value	**15,302,934**	-	-	**1,402,031**	**169,999**	**210,520**	**2,262,571**	**62,222,579**	**81,570,634**
At 31 December 2020									
Cost/ valuation	18,639,882	1,021,064	18,132	5,835,793	1,652,972	1,113,911	3,809,932	62,222,579	94,314,265
Accumulated depreciation	(3,336,948)	(1,021,064)	(18,132)	(4,433,762)	(1,482,973)	(903,391)	(1,547,361)	-	(12,743,631)
Net book value	**15,302,934**	-	-	**1,402,031**	**169,999**	**210,520**	**2,262,571**	**62,222,579**	**81,570,634**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

11. PROPERTY AND EQUIPMENT (CONTINUED)

	Buildings TZS'000	Motor vehicles TZS'000	Motorcycles & bicycles TZS'000	Equipment TZS'000	Computers TZS'000	Furniture & fittings TZS'000	Tools and machinery TZS'000	Capital work in-progress TZS'000	Total TZS'000
Year ended 31 December 2019									
Opening net book value	12,659,586	-	-	2,319,232	376,509	405,773	2,439,152	27,913,928	46,114,180
Transfers	1,357,382	-	-	-	-	-	-	(1,357,382)	-
Additions	291,931	-	-	56,466	69,674	33,371	380,643	16,444,481	17,276,566
Revaluation	2,703,413	-	-	-	-	-	-	-	2,703,413
Depreciation charge	(834,253)	-	-	(566,389)	(165,376)	(118,926)	(412,440)	-	(2,097,384)
Disposals and write-off									
- Cost	-	(31,011)	-	-	-	-	-	-	(31,011)
- Accumulated depreciation	-	31,011	-	-	-	-	-	-	31,011
Closing net book value	**16,178,059**	-	-	**1,809,309**	**280,807**	**320,218**	**2,407,355**	**43,001,027**	**63,996,775**
At 31 December 2019									
Cost/ valuation	18,639,882	1,021,064	18,132	5,739,768	1,596,419	1,113,911	3,490,817	43,001,027	74,621,020
Accumulated depreciation	(2,461,823)	(1,021,064)	(18,132)	(3,930,458)	(1,315,612)	(793,693)	(1,083,463)	-	(10,624,245)
Net book value	**16,178,059**	-	-	**1,809,310**	**280,807**	**320,218**	**2,407,354**	**43,001,027**	**63,996,775**

(i) In 1997, the members of CCBRT set up a Trusteeship – the registered Trustees of Comprehensive Community Based Rehabilitation in Tanzania – to be the legal holder to the land title deed on which the Organisation's hospital facilities have been constructed. The Trustees have granted the Organisation the rights over the use of the land under the registered plot number 1490/1 – Msasani, Dar es Salaam and plot number 145-H-VII – Kaloleni, Moshi for their hospital activities which are charitable in nature. Currently, the Ogranisation is finalising the process of transferring the land from the Trusteeship.

11. PROPERTY AND EQUIPMENT (CONTINUED)

(ii) The Organisation's buildings were revalued on 31 March 2019 by independent professional valuers, J&B property Management Consultants (T) limited. Level 2 fair values for buildings were derived using depreciated replacement cost method. The revaluation surplus was credited to the revaluation reserve account. The most significant input into this valuation approach is the market rate per square metre. The three different fair value measurements are:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

12. INTANGIBLE ASSETS

	2020 TZS '000	2019 TZS '000
At start of year	52,337	295,864
Amortisation charge	(52,337)	(243,527)
	-	**52,337**

13. INVENTORIES

	2020 TZS '000	2019 TZS '000
Medical Consumables	1,100,422	811,056
Non-Medical Consumable	37,231	-
Medicine	294,983	333,960
Optical Devices and Consumables	476,622	531,601
ICT Stocked Items	12,082	-
Finished Spectacles	7,798	-
Handcraft Items	42,266	81,431
Rehabilitative material	-	447,458
Office Stationery and Consumables	5,678	65,423
Raw Material (CBT)	9,534	-
Mabinti WIP (CBT)	11,452	-
Provision for obsolete inventories	(102,733)	(9,646)
	1,895,335	**2,261,283**

The amount of inventories recognised as expense and charged to the cost of consumables during the year is TZS 2,437,981,000 (2019 – TZS 2,715,012,000). In addition, inventories have been reduced by TZS 93,087,000 (2019: Nil) as a result of the increase in provision for obsolete and slow-moving inventories. This write-down was recognised as an expense during the year 2020.

14. TRADE AND OTHER RECEIVABLES

	2020 TZS '000	2019 TZS '000
Trade receivables	1,895,998	1,930,870
Training centre receivables	13,224	-
Due from Kupona Foundation	2,770,171	2,770,171
Less: provision for impairment losses	(3,098,925)	(3,077,088)
Trade receivables and Other receivables – net	**1,580,468**	**1,623,953**
Prepayments	716,537	1,632,278
Advances and imprest balances	162,420	157,506
Refund receivable	481,839	481,839
Impairment provision	(215,353)	(215,353)
	2,725,911	**3,680,223**

Movement on the provision for financial assets as follows:

At 1 January	3,077,088	2,947,063.00
Charged to profit and loss	263,406	536,651
Write offs	(241,569)	(406,626)
At 31 December	**3,098,925**	**3,077,088**

Movement on provision for non-financial assets

At 1 January	215,353	66,638
Charged to profit and loss	-	148,715
Write offs	-	-
At 31 December	**215,353**	**215,353**

15. GRANT RECEIVABLES

31 December 2020	**TZS '000**
CBM 3736	214,196
Canadian Academy of Psychologists in Disability Assessment (CAPDA)	740
Tigo	5
DANIDA	1,621,679
Engender Health	113,287
	1,949,907

31 December 2019	**Restated* TZS '000**
SPIDER	12,497
CEFA	9,503
	22,000

* See Note 28.

16. CASH AND CASH EQUIVALENTS

	2020 TZS '000	2019 TZS '000
Cash at bank	15,891,032	12,537,632
Cash in-hand	18,114	21,203
	15,909,146	**12,558,835**

17. BORROWINGS

	2020 TZS '000	2019 TZS '000
Non-Current		
Bank borrowings	-	6,274,399
	-	6,274,399
Current		
Bank overdraft	-	757,563
Bank borrowings	6,303,878	588,174
Total borrowings	**6,303,878**	**7,620,136**

Reconciliation of movements of borrowings to cash flows arising from financing activities

	2020	2019
At 1 January	7,620,136	6,842,485
Proceeds from borrowings	-	757,563
Interest expenses	390,380	382,298
Repayment of interest	(390,380)	(382,298)
Repayment of principal	(1,347,677)	-
Unrealised exchange loss	31,419	20,088
At 31 December	**6,303,878**	**7,620,136**

Bank borrowings comprise of a secured USD 3 million long-term bank loan taken to finance the construction of the new CCBRT Private Clinic. The loan is secured by a legal mortgage over a portion of landed property described under Certificate of Title No. 47430, Plot No. 1409/1, Msasani Area in Kinondoni Municipality, Dar es Salaam and a mortgage guarantee valued at TZS 4,097 million. The property is in the name of the Registered Trustees of Comprehensive Community-Based Rehabilitation in Tanzania. The Trustees have granted the Organisation the right over the use of the land for its charitable activities.

Originally the loan facility had a term of 5 years and later during the month of July 2020, the loan was restructured by extending repayment terms to 8 years and increase the interest rate to 6.5% p.a. Following negotiations between management and the bank, the rate of interest was actually charged at the rate of 5%. During the transfer of loan to CRDB in March 2021, the bank reinstated the rate of interest at 6.5% in the computation of final settlement.

Borrowing covenants

The Organisation did not submit its semi-annual management accounts within 30 days after 30 June 2020 and 31 December 2020 as stipulated in the conditions and warranties of the team loan from Bank of Africa (BOA). In addition, the Organisation did not submit its audited accounts for the year ended 31 December 2020 within 120 days after the end of such accounting period. As such, para 5.18 of the loan agreement, grant the right to the bank to recall the loan facility in the when borrow do not adhere to one or more conditions and warranties attached with the loan. As at reporting period, there is no actions taken by the lender as a result of the breaching the loan covenant. Consequently, the loan balance as at 31 December 2020 have been classified as current liabilities as per the requirements of International Accounting Standards (IAS) 1.74.

Restructuring of loan after the reporting period

On 17 February 2021, the Organisation had signed re-financing agreement with CRDB Bank to take-over the existing term loan from Bank of Africa. Therefore, CRDB Bank reinstated some of the existing loan covenants as well as conditions as per the below:

Amount of loan taken-over: USD 3,000,000

Repayment period: 120 months from take-over date including 12-month's grace period for repayment of principal

Interest: fixed interest rate of 7% per annum

Collateral: first ranking legal mortgage over a landed property described under Certificate of Title No. 47430, Plot No. 1409/1, Msasani, Dar es salaam

Financial covenants: None

18. CAPITAL GRANTS

	2020 TZS '000	2019 TZS '000
At 1 January	51,697,160	36,123,094
Additions	19,693,245	17,220,362
Amortisation charge (note 7)	(1,625,211)	(1,646,296)
At 31 December	**69,765,194**	**51,697,160**

19. DEFERRED GRANTS INCOME

31 December 2020		**TZS '000**
192	192 - CBM 3833	29,510
196	CBM-COVID	15,128
114	CBM Germany	1,139,571
117	AMREF	57,472
123	Humanitarian Grand Challenges	119,830
131	UNICEF	22,578
113	WISE	58,263
205	CBM Canada-TZS	11,564
205.1	CBM Canada-TZMO	23,364
248	Porticus	77,528
206.1	SPIDER	37,686
447	Fistula Foundation	150,198
447.1	Fistula Foundation	344,665
210	Australian High Commission Direct Aid Programme (DAP)	16,106
430.1	J&J	490,858
506.1	J&J	251,805
441	CEFA	24,858
243.2	ICRC - Support for Rehabilitation Services CCBRT	125,437
263	TCF	139,923
253	Smile Train	11,492
254	Smile Train	28,805
254.1	Smile Train	862
513	EIDHR (European Union for Democracy & Human Rights)	11,872
409	Laerdal Foundation	39,081
426	DFATD/GAC	2,521,301
245	DANIDA	2,875
416	KfW	11,149,664
417	EHfK	730,243
262.2	Miracle Feet	6,198
144	CBM Switzerland	91,097
235	LFTW	97,966
		17,827,800

Current liability	16,500,931
Non-current liability	1,326,869
	17,827,800

19. DEFERRED GRANTS INCOME (CONTINUED)

31 December 2019		Restated* TZS '000
114	CBM Germany	837,814
117	AMREF	44,067
118	The International Foundation	13,978
119	Rehabilitation International	4,309
811	CAPDA	18,373
123	Humanitarian Grand Challenges	10,009
113	WISE	149,670
204	Equinor Tanzania AS	37,046
446	Fistula Foundation19	219,190
144	CBM Switzerland	90,680
427	J&J Mabinti 2018	14,015
506	J&J obstetric fistula treatment	153,602
248	Porticus	5
433	VICENZA	3,456
210	Australian High Commission Direct Aid Programme (DAP)	98,351
243.2	ICRC - Support for Rehabilitation Services CCBRT	80,397
111	WILD GANZEN	75,530
263	TCF	347,596
513	EIDHR (European Union for Democracy & Human Rights)	34,846
409	Laerdal Foundation	51,547
426	DFATD/GAC	171,756
416	KfW	7,955,045
417	EHfK	1,598,895
422	Vodafone USAID	2,438,345
422.1	Vodafone Foundation	219,240
262	Miracle Feet	19,738
262.1	Miracle Feet	27,971
235	LFTW	33,676
		14,749,147
Current liability		12,359,570
Non-current liability		2,389,577
		14,749,147

* See Note 28.

20. TRADE AND OTHER PAYABLES

	2020 TZS '000	2019 TZS '000
Trade payables	3,586,944	3,501,340
Staff related liabilities	204,547	621,018
Accruals	183,573	630,595
Mabinti Shop	-	81,431
Statutory liabilities	1,273,392	45,284
Advance payments-costs sharing from patients	272,737	234,226
Due to Kupona Foundation	161,985	174,431
	5,683,178	**5,288,325**

21. CAPITAL COMMITTMENTS

	2020 TZS '000	2019 TZS '000
Capital expenditure committed and contracted for	6,040,434	33,830,902
	6,040,434	**33,830,902**

The capital commitment relates to the construction of Maternity and New-born Hospital.

22. RELATED PARTY TRANSACTION AND BALANCES

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Organisation, directly or indirectly, including any director of the Organisation as well as Hospital Executive Committee.

The following table summarises remuneration paid to the Hospital Executive Committee:

	2020 TZS '000	2019 TZS '000
Salaries	1,180,449	1,317,020
Short-term benefits	497,774	714,352
Post-employment retirement benefits	118,045	131,702
	1,796,268	**2,163,074**

23. GOING CONCERN

As at 31 December 2020, the Organisation's current liabilities exceeded its current assets by TZS 6,008 million (2019: TZS 471 million). The net current liability was partly due to reclassification of loan balance of TZS 5,075 million to current liability because of breaching loan covenants with the Bank of Africa as stipulated under Note 17. Therefore, the following measures have been taken by the management and the Governing Board to enhance the financial strength of the Organisation:

- The Organisation has signed the service level agreement with the Government of United Republic of Tanzania (through the Ministry of Health, Community Development, Gender, Elderly and Children) in 2020. The Government is willing to provide financial assistance to cover salary costs for approximately 68 employees (which is equivalent to TZS 808 million) in the financial year 2022/23.

- On January 2021, the Organisation has entered into re-financing agreement with CRDB Bank to take-over the existing term loan from the Bank of Africa. Under the new re-financing agreement, CRDB had provided more relaxed terms such granting a grace period of 12 months up to March 2022 for repayment of loan principal amount). This measure will prolong repayment of the loan and as such the total amount repayable up to September 2022 is TZS 442 million (which is a reduction from the current liability of TZS 6,304 million as at 31 December 2020).

- The Organisation has secured several projects which are expected to be implemented in 2021 and beyond. The total secured fund amount to TZS 21.8 billion to cover Operations as well as capital expenditure for 2021 to 2023. In addition, the Organisation has TZS 6.4 billion as pipeline projects in which based on the current conversion rate as well as historical conversion rate management is reasonably certain that pipeline projects will be converted. In September 2021 NMB bank organised a marathon with the sole aim of collecting TZS 250 million for CCBRT in order to fund fistula treatment. As a result, the event had managed to raise TZS 400 million which is above the target.

- Also, the Organisation has projected internal revenue growth over the next 24 months up to December 2022. The projected revenue has taken into account the current expansion of the new maternal hospital wing, increased number of operating hours for the private clinic, expanding theatre service by focusing on orthopaedics, gynaecology, and ENT surgeries.

23. GOING CONCERN (CONTINUED)

- Staff benefits reductions for Executive officers. The Organisation has implemented costs cutting measure around staff benefits which includes housing and school fees. This measure is expected to reduce the staff costs by TZS 600 million.

- Restricted budget for capital spending to the tune of TZS 213 million using CCBRT's own fund. This approach will reduce pressure on the available funds to be spend on the long term assets.

- Approval by the Governing Board for use of an overdraft facility worth TZS 1 billion in case management experience cash shortages.

- Based on the financial results for the 8 months period ended 31 August 2021, the management has recorded cash balance of TZS 1.3 billion and net current asset position of TZS 49 million. We have performed sensitivity analysis by applying a haircut of 10% of the projected cash inflows and noted that the CCBRT will still have a positive cash position.

Based on these factors, the Governing Board Members have a reasonable expectation that the Organisation has and will have adequate resources to continue in operational existence for a foreseeable future.

24. FAIR VALUE MEASUREMENTS

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy (see note below the second table).

31 December 2020	Carrying amount TZS'000	Amortized cost financial assets TZS'000	Amortized cost financial liabilities TZS'000
Financial assets not measured at fair value			
Trade receivables (Note 14) – net of impairment	1,567,244	1,567,244	-
Training centre receivables	13,224	13,224	-
Cash at bank	15,891,032	15,891,032	-
	17,471,500	**17,471,500**	**-**
Financial liabilities not measured at fair value			
Trade and other payables	3,932,502	-	3,932,502
Borrowings	6,303,878	-	6,303,878
	10,236,380	**-**	**10,236,380**

24. FAIR VALUE MEASUREMENTS (CONTINUED)

31 December 2019	Carrying amount	Amortized cost financial assets	Amortized cost financial liabilities
	TZS'000	TZS'000	TZS'000
Financial assets not measured at fair value			
Trade receivables (Note 14) – net of impairment	1,623,953	1,623,953	-
Cash at bank	12,537,632	12,537,632	-
	14,161,585	**14,161,585**	-
Financial liabilities not measured at fair value			
Trade and other payables	4,306,366	-	4,306,366
Borrowings	7,620,136	-	7,620,136
	11,926,502	-	**11,926,502**

When measuring the fair value of an asset or liability, the Organisation uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:-

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observed for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs).

If the input used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Organisation has not disclosed the fair values of financial instruments such as borrowings, short-term receivables and payables, because their carrying amounts are a reasonable approximation of the fair values due to their short-term nature, loans have interest rate approximate to the market rate hence they are presented under "Financial assets/ liabilities not measured at fair value".

25. COMPERATIVES

Certain comparative amount in the statement of financial statements has been restated, reclassified or re-presented, to conform with changes in presentation in the current year.

26. ULTIMATE HOLDING ORGANISATION

On 22 May 2019, Comprehensive Community Based Rehabilitation in Tanzania (CCBRT) was issued with a Certificate of Compliance with terms and conditions of NGOs under Non-Governmental Organisation Act, 2002. Prior to that, CCBRT was registered as a Society under the Societies Ordinance, 1954, CAP 337 R.E 2002. CCBRT is under the stewardship of the Governing Board Members.

27. SUBSEQUENT EVENTS

The Governing Board Members are not aware of any events after the reporting period which require adjustment or disclosure in the financial statements other than those already disclosed in these financial statements.

28. ADJUSTMENT ON PRIOR YEAR COMPARATIVE INFORMATION

During the year, the following were adjusted with respect to previous accounting period(s):

i. The Organisation had recognised grant income receivable from the government amounting to TZS 4,299,795,000. IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* requires the government grant to be recognised only when there is reasonable assurance that the entity will comply with the conditions attached to the grant and the grant will be received. The Organisation recognised grant income while there is still discussion going on with the government on the imposed conditions for disbursing the funds. At the time of recognition, the possibility that the grant will be received was remote.

ii. Grant receivables and deferred grant income from other donors were recognised upon signing of the grant agreement contrary to the recognition criteria under IAS 20.

The following table summarise impacts of the Organisation's financial statements:

Statement of financial position as at 1 January 2019

	As previously reported TZS'000	Adjustments TZS'000	As restated TZS'000
ASSETS			
Non-current assets			
Grant receivables	23,094,822	(23,094,822)	-
	69,504,865	**(23,094,822)**	**46,410,043**
Current assets			
Grants receivables	11,001,574	(10,525,968)	475,606
	23,123,298	(10,525,968)	12,597,330
TOTAL ASSETS	**92,628,163**	**(33,620,790)**	**59,007,373**
RESERVES AND LIABILITIES			
RESERVES			
Retained earnings / (accumulated loss)	1,554,409	(3,536,550)	(1,982,141)
Total reserve	**2,751,976**	**(3,536,550)**	**(784,574)**
LIABILITIES			
Non-current liabilities			
Deferred grant income	23,554,335	(21,205,435)	2,348,900
	66,519,914	**(21,205,435)**	**45,314,479**
Current liabilities			
Deferred grant income	19,130,901	(8,878,805)	10,252,096
	23,356,273	(8,878,805)	14,477,468
TOTAL LIABILITIES	**89,876,187**	**(30,084,240)**	**59,791,947**
TOTAL RESERVE AND LIABILITIES	**92,628,163**	**(33,620,790)**	**59,007,373**

28. ADJUSTMENT ON PRIOR YEAR COMPARATIVE INFORMATION (CONTINUED)

Statement of financial position as at 31 December 2019

	As previously reported TZS'000	Adjustments TZS'000	As restated TZS'000
ASSETS			
Non-current assets			
Grant receivables	10,743,611	(10,743,611)	-
	74,792,723	**(10,743,611)**	**64,049,112**
Current assets			
Grants receivables	22,555,354	(22,533,354)	22,000
	41,055,695	(22,533,354)	18,522,341
TOTAL ASSETS	**115,848,418**	**(33,276,965)**	**82,571,453**
RESERVES AND LIABILITIES			
RESERVES			
Retained earnings/(accumulated loss)	3,740,579	(4,299,794)	(559,215)
Total reserve	**7,516,479**	**(4,299,794)**	**3,216,685**
LIABILITIES			
Non-current liabilities			
Deferred grant income	6,443,817	(4,054,240)	2,389,577
	64,415,376	(4,054,240)	60,361,136
Current liabilities			
Deferred grant income	37,282,501	(24,922,931)	12,359,570
	43,916,563	(24,922,931)	18,993,632
TOTAL LIABILITIES	108,331,939	(28,977,171)	79,354,768
TOTAL RESERVE AND LIABILITIES	**115,848,418**	**(33,276,965)**	**82,571,453**

28. ADJUSTMENT ON PRIOR YEAR COMPARATIVE INFORMATION (CONTINUED)

Statement of profit or loss and other comprehensive income for the year ended 31 December 2019

	As previously reported TZS '000	Adjustments TZS '000	As restated TZS '000
Grant income	16,085,751	(763,244)	15,322,507
Net operating income	2,143,562	(763,244)	1,380,318
Profit before income tax	**2,061,090**	**(763,244)**	**1,297,846**
Profit for the year	**2,061,090**	**(763,244)**	**1,297,846**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Total comprehensive income for the year	**4,764,503**	**(763,244)**	**4,001,259**

There is no impact on the total operating, investing or financing cash flows for the year ended 31 December 2020.

28. CONTINGENT ASSETS

CCBRT has a Memorandum of Understanding (MoU) with the government of Tanzania which was signed in 2013 whereby the government had agreed to pay recurrent costs based on the approved annual budget in respect of maintenance and staffing of the Medical Centre. As per the MoU, the government agreed to remit salary allocation as a block grant to CCBRT on monthly in advance based on CCBRT's annual budget which is approved by the Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDEC) (previously known as Ministry of Health and Social Welfare).

The government had since been paying part of the staff costs based (as a lock grant) on the pre-approved budget and the government salary scale. The payments were made to CCBRT who were in turn paying the respective staff based on salary as per their employment contracts. In the year 2014, the government of Tanzania issued new directives which requires CCBRT to submit names and other particulars of the beneficiaries for direct remittance of their salaries instead of remitting the block amount to the CCBRT. CCBRT does not agree with the modality as it is contrary to the MoU. The government had therefore decided to stop funding effectively from March 2015 and had not remitted any fund with respect to staff cost since then.

CCBRT continues to engage the Government in honouring its obligation under the MoU which was signed in 2013 and the Governing board believes that a minimum claim of TZS 4,299,795,000 will likely to be settled by the Government. There is no grant income and its related receivables balance (related to the aforesaid government assistance) which have been recognised in the financial statements during the year, as the receipt of the government grant is not virtually certain as it is dependent on the outcome of the discussion and negotiations with the Government.