MARIE STOPES TANZANIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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COMPANY INFORMATION

BOARD OF DIRECTORS	NAME	POSITION
	Margaret Ringo	Chairperson
	Simon Cooke	CEO
	Adeline Kimambo	Director
	Mariam Mwinyi	Director
	Nils Gade	Director
	Thomas Ellum	Director
CHIEF OFFICERS	Anil Tambay	Country Director
	Mark Irunde	Finance Director
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Plot number 421/422, Mwenge Kijitonyama Area P.O Box 7072 Dar es Salaam Tanzania.	
INDEPENDENT AUDITOR	PricewaterhouseCoopers Pemba House, 369 Toure Drive, Osterbay P. O Box 45, Dar es Salaam Tanzania	

MARIE STOPES TANZANIA LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present this report and the audited financial statements for the financial year ended 31 December 2018, which disclose the state of affairs of the Company.

1. INCORPORATION

Marie Stopes Tanzania Limited is a Company registered under the Companies Act No.12 of 2002 as a Company limited by guarantee and not having a share capital.

2. MISSION AND VISION STATEMENT

Marie Stopes Tanzania Limited's mission is "children by choice, not chance". It works in partnership with Marie Stopes International (MSI). Its operations rely mainly on charitable grants from donors based locally and internationally.

Marie Stopes Tanzania (MST), collaborating with the Government of Tanzania and other stakeholders, envisions a country with improved poverty status through access to affordable and sustainable integrated health services for all Tanzanians.

Marie Stopes Tanzania is a results-orientated Social Business, which uses modern management and marketing techniques to provide family planning, reproductive and sexual healthcare and allied services. MST's goal is to meet the needs of the underserved and dramatically improve access to and use of family planning and other reproductive health services. MST is part of Marie Stopes International's (MSI) Global Partnership, which operates in over 43 countries worldwide.

The primary responsibility of MST is to further MSI's partnership goal: THE PREVENTION OF UNWANTED BIRTHS and its mission of ensuring the individual's right to: CHILDREN BY CHOICE, NOT CHANCE.

3. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of provision of healthcare services.

4. DIRECTORS

The directors who held office during the year and at the date of this report are as follows:

Name	Position	Nationality	Age	Profession	Date of appointment /Resignation	Appointed /Resigned
Margaret Ringo	Chairperson	Tanzanian	55	Lawyer	30-Jun-2006	Appointed
Simon Cooke	CEO	British	51	Marketer	05-Mar-2015	Appointed
Adeline Kimambo	Director	Tanzanian	69	Medical Doctor	31-Mar-2005	Appointed
Mariam Mwinyi	Director	Tanzanian	49	Health Economist	31-Mar-2005	Appointed
Nils Gade	Director	German	58	Economist	17-May-2016	Appointed
Thomas Ellum	Director	British	34	International Development	05-Nov-2018	Resigned

In accordance with the Company's Articles of Association, no director is due for retirement by rotation.

5. DIRECTORS' INTEREST IN THE COMPANY

None of the directors have a direct interest to the Company in form of shareholding.

6 RESULTS FOR THE YEAR

The Company's financial performance is set out on page 10.

	2018 TZS'000	2017 TZS'000
(Deficit)/surplus for the year	(2,913,609)	461,395

7 CORPORATE GOVERNANCE

The Board of Directors of Marie Stopes Tanzania Limited is constituted by three local directors, one of whom is the Chairperson, and three directors represent Marie Stopes International. The Chairperson has the casting vote. The Board of Directors has a minimum of one annual meeting with additional meetings to deal with special resolutions. During the year ended 31 December 2018, the Board of Directors held three meetings.

8 MANAGEMENT

The Management of the Company is under the Country Director and is organized in the following departments.

- Human Resources and Administration;
- Health System and Management;
- Finance;
- Health Service; and
- Sales and Marketing.

9 FUTURE DEVELOPMENT PLANS

MST will continue to implement its mission – Children by Choice, not Chance. This will be achieved through scaling up delivery of high quality client – centered contraception and Post - Abortion Care services to as many women as possible, especially those who need it most. Addressing unmet needs for family planning will prevent unwanted pregnancies and will avert newborn and maternal deaths.

10 RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders including beneficiaries.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the organizations systems are designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2018, and is of the opinion that they met the expected criteria.

11 SOLVENCY

The state of affairs of the Company as at 31 December 2018 is set out on page 11 to the financial statements.

As at 31 December 2018, the Company had net current liabilities of TZS 5,069,719,000 (2017: TZS 1,875,071,000). The directors are of the opinion that the Company is a going concern, as Marie Stopes International (MSI) has confirmed they will continue providing necessary financial and operational support to the Company in the foreseeable future and will not seek settlement of its outstanding balances until such time when the financial position improves.

12 EMPLOYEE WELFARE

Management/employee relationship

The relationship between employees and management continued to be good. Any complaints are resolved through discussions and employee morale is good.

Training

Human resource identification, recruitment and development continue under the established comprehensive resource management programme. A number of employees are undergoing external and in-house practical training at all levels of the Company.

13 GENDER PARITY

As at 31 December 2018 the Company had 372 employees, out of which 183 were female and 189 were male (2017: 204 female and 212 male).

14 RELATED PARTY TRANSACTIONS

Details of transactions and balances with related parties are included in note 16 of these financial statements.

15 SUBSEQUENT EVENTS

There are no material events that have occurred subsequent to 31 December 2018, which require disclosure in or adjustments to the financial statements.

16 AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment.

BY ORDER OF THE BOARD

Margaret Ringo
Chairperson
29/03/2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2018

The Companies Act, No. 12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No. 12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its deficit in accordance with International Financial Reporting Standards (IFRS). The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

Signed on behalf of the Board of Directors by:

Margaret Ringo	Nils Gade
Chairperson	Director
29/03/2019	29/03/19
Date	Date

MARIE STOPES TANZANIA LIMITED

DECLARATION OF THE HEAD OF FINANCE OF MARIE STOPES TANZANIA LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity 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 Board of Directors as under Statement of Directors' Responsibilities on an earlier page.

I, Anna Julius, being the Finance Lead of Marie Stopes Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2018 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements of Marie Stopes Tanzania Limited comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signature: ______________

Name: Anna Julius

Position: Finance Lead

NBAA Membership Number: GA 2896

Date: 29/03/2019

To the members of the Marie Stopes Tanzania Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Marie Stopes Tanzania Limited (the Company) as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

The financial statements of Marie Stopes Tanzania Limited as set out on pages 10 to 32 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in members' fund for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Other information

The directors are responsible for the other information. The other information comprises the Company information, Directors' Report, Statement of Directors' Responsibilities, and Declaration of the Head of Finance of Marie Stopes Tanzania on Financial Statements but does not include the financial statements and our auditor's report thereon.

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 identified above 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 on the other information, 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.

To the members of the Marie Stopes Tanzania Limited

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

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 judgement and maintain professional scepticism 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company to cease to continue as a going concern.
- 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 directors 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.

To the members of the Marie Stopes Tanzania Limited

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

D Libent

Delvina Libent, ACPA-PP
For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

Date: 30 March 2019

MARIE STOPES TANZANIA LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF COMPREHENSIVE INCOME

	Note	2018 TZS'000	2017 TZS'000
Revenue			
Grant income	5	**38,416,652**	31,642,994
Total services income	6	**3,179,395**	3,731,840
Other Income	7	**28,920**	74,663
		41,624,967	35,449,497
Expenses			
Direct expenses	8	**27,110,661**	21,932,072
Other service delivery expenses	10	**16,270,213**	11,669,205
Finance costs	11	**73,932**	91,765
Depreciation		**1,061,231**	1,268,072
Amortization		**22,539**	26,988
		44,538,576	34,988,102
(Deficit)/ Surplus for the year		**(2,913,609)**	461,395

STATEMENT OF FINANCIAL POSITION

	Note	2018 TZS'000	2017 TZS'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	4,413,840	4,110,262
Intangible assets	20	29,187	51,726
Total non-current assets		4,443,027	4,161,988
Current assets			
Inventories	12	1,965,719	891,679
Trade and other receivables	13	1,360,542	2,917,041
Cash and bank balances	17	1,708,599	1,494,541
Revenue grant receivable - local donors	15(b)	803,753	4,106,308
Total current assets		5,838,613	9,409,569
Total Assets		10,281,640	13,571,557
MEMBERS' FUND AND LIABILITIES			
Members' fund			
General fund - surplus		(626,692)	2,286,917
Current Liabilities			
Trade and other payables	18	3,036,921	2,833,815
Deferred revenue grants - related parties	15(a)	5,430,979	5,722,742
Deferred revenue grant - stock	15(c)	-	765,924
Deferred capital grants	15(d)	2,440,122	1,956,863
Deferred grants - others	15(e)	310	5,296
Total current liabilities		10,908,332	11,284,640
Total members' funds and liabilities		10,281,640	13,571,557

The financial statements on pages 10 to 32 were authorised and approved for issue by the Board of Directors on ____________________2019 and were signed on its behalf by:

29/03/19

Margaret Ringo
Chairperson

Nils Gade
Director

STATEMENT OF CHANGES IN MEMBERS' FUNDS

	General fund TZS'000
Year ended 31 December 2018	
As start of year	2,286,917
Deficit for the year	(2,913,609)
At end of year	**(626,692)**
Year ended 31 December 2017	
As start of year	1,825,522
Surplus for the year	461,395
At end of year	**2,286,917**

STATEMENT OF CASH FLOWS

	Note	2018 TZS'000	2017 TZS'000
Operating activities			
Net cash generated from operating activities	21	**1,597,914**	716,960
Investing activities			
Purchase of property, plant and equipment	19	**(1,383,856)**	(726,167)
Proceeds from disposal of property, plant and equipment		**-**	3,439
Net cash used in investing activities		**(1,383,856)**	(722,728)
Increase/ (decrease) in cash and cash equivalents		**214,058**	(5,768)
Movement in cash and cash equivalents			
At start of year		**1,494,541**	1,500,309
Increase/ (decrease)		**214,058**	(5,768)
At end of year	17	**1,708,599**	1,494,541

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Marie Stopes Tanzania Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Changes in accounting policy and disclosures

i. New and amended standards

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2018:

IFRS 9 – Financial instruments

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially had only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policy and disclosures *(continued)*

i. New and amended standards *(continued)*

IFRS 15 - Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under previous standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licences, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures

Management have made assessment on these new standards and none of them had a material effect on the company's financial statements.

ii. New standards and interpretations not yet adopted

IFRS 16 - Leases

IFRS 16, Leases. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policy and disclosures *(continued)*

ii. New standards and interpretations not yet adopted *(continued)*

IFRS 16 – Leases (continued)

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, 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.

The standard is effective for annual periods beginning on or after 1 January 2019.

c) Critical accounting judgements

In the process of applying the Company's accounting policies, the Company's management makes certain judgements that are continuously assessed based on prior experience and including expectations of future events that, under the circumstances are deemed to be reasonable as described below:

(i) Impairment provisions

Management carries out a regular review of the status of inventories, trade receivables and other financial assets to determine whether there is any indication that these assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, which is then recognised in the statement of comprehensive income.

In determining whether an impairment loss should be recognized in the statement of comprehensive income, management determines whether there is objective evidence that the assets are impaired and that the fair values have declined.

Management estimates of the required provisions are based on critical evaluation of the economic circumstances involved, historical experience and other factors that are considered to be relevant.

(ii) Property, plant and equipment, and intangible assets

Critical estimates are made by the management in determining depreciation/amortization rates and useful lives for property, plant and equipment, and intangible assets. The rates used are set out in the accounting policy under property, plant and equipment, and intangible assets.

(iii) Operating lease commitments

The Company has entered into leases over its office premises. Management has determined that the Company has not obtained substantially all the risks and rewards of ownership of these premises, therefore the leases have been classified as operating leases and accounted for accordingly.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgements (continued)

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (The functional currency'), which is Tanzanian Shillings.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of comprehensive income.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in previous financial statements are recognised in the statement of comprehensive income in the year in which they arise.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for performance of services, in the ordinary course of business and is stated net of estimated customer returns, rebates and other similar allowances.

The Company recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the transaction have been resolved. The Company bases its estimates on historical results, taking into consideration the type of transaction and specifics of each arrangement.

Grant income

Grant income is recognized where there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period to match the grant on a systematic basis to costs that it is intended to compensate. Where the grant relates to an asset, income is recognised when the grant proceeds are receivable.

Clinic income

Clinic income is recognised at the time the service is rendered.

Other income

Other income is recognised when earned.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held on call net of Company borrowings, all of which have a maturity of less than 3 months and are available for use by the Company unless otherwise stated.

g) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

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 Company and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Leasehold improvement costs are related to refurbishment on leased clinic and office premises. The cost is amortized to the statement of comprehensive income for the year using straight line method over the remaining lease period or the expected economic useful life of the refurbished costs whichever is shorter.

Depreciation is calculated on a straight line basis, to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

Class	Rate
Land and buildings	2.5%
Leasehold improvements	Leasehold period
Medical equipment	20%
Motor vehicles	25%
IT Hardware	25%
Office furniture and equipment	20%
IT software	25%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining surplus/(deficit) for the year.

(h) Intangible assets

Computer software

Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives that are estimated to be 4 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Employee benefits

Employee entitlements

Employee entitlements to gratuity and long term service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the statement of financial position date.

The estimated monetary liability for employees' accrued annual leave entitlement at the statement of financial position date is recognised as an expense accrual.

Retirement benefit obligations

The Company and its employees contribute to the Parastatal Pension Fund (PPF), National Social Security Fund (NSSF) Zanzibar Social Security Fund (ZSSF), Local Authority Pension Fund (LAPF) and Public Service Pension Fund (PSPF), the statutory defined contribution schemes registered under the PPF Act, NSSF Act, ZSSF Act, LAPF Act and PSPF Act respectively. The Company's contributions to this defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate.

Workers Compensation Fund (WCF)

Workers Compensation Fund (WCF) is a social security scheme established by the government responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment.

Private entities are statutorily required to contribute 1% of monthly employees' earnings (wage bill) to the Fund. Monthly employees' earnings (wage bill) include basic salaries plus all fixed allowances which are regularly paid along with basic salaries. The contributions are part of Company's costs and are not deducted from salaries of the employees.

Once the payment has been effected by the Company to the Fund, there is no further obligation to the Company for any claim from the employee out of the occupational injuries suffered by them.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out (FIFO) basis and comprise all costs attributable to bringing the inventories to their current location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

k) Impairment of non-financial assets and intangible assets other than goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset or cash-generating unit (CGU) to which the asset has been allocated is tested for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Taxation

In 2011, the Company was granted charitable status from Tanzania Revenue Authority. For tax purpose Charitable status granted a Company an additional 25% tax deduction on grant income. Based on the nature of the Company's operations and its source of income, there is no material potential liability relating to current and deferred income tax expenses.

m) Financial instruments

Financial instruments are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

(i) Classification of the financial instrument:

The Company classifies its financial instruments into the following categories:

- Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost;
- Financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows

- Deposits held with banking institutions and trade and other receivables, and
- Trade and other liabilities were classified as at amortised cost.

(ii) Recognition and measurement:

Financial assets and financial liabilities are measured at amortised cost. Interest income, and exchange gains and losses on monetary items are recognised in profit or loss. Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(iii) Impairment:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are incurred earlier than under IAS 39.

The Company recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Financial instruments (continued)

(iii) Impairment (continued):

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(iv) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Company has transferred substantially all risks and rewards of ownership, or when the Company has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

n) Provisions and contingencies

Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when and only when it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

o) Leases

Leases under which substantial risks and benefits of ownership of the assets are effectively retained by the lessor are classified as operating leases. Obligation incurred under operating leases are charged to the statement of comprehensive income in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

Any contingent rents are expensed in the period they are incurred.

p) Deferred revenue grants

Deferred revenue grants represent the revenues received from donors but not utilized at the end of reporting period.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk. The Company's overall risk management programme seeks to minimise potential adverse effect on the Company's financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions, and services offered. The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees and stake holders understand their roles and obligations.

A description of the significant risk factors is given below together with risk management policies applicable

(a) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from grants receivable/received, purchases, assets and liabilities denominated in currencies other than the functional currency of the Company, primarily with respect to Tanzania shillings.

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

As at 31 December 2018, if the Tanzanian shilling weakened/strengthened by 10% against the US dollar with all other variables held constant, change in loss for the year would have been TZS 15.2 million lower/higher mainly as a result of foreign exchange gains/losses on translation of US dollar denominated payables, receivables and cash.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. The amount that best represents the Company's maximum exposure to credit risk at 31 December 2018 is made up as follows:

	2018 TZS' 000	2017 TZS' 000
Cash at bank (note 17)	**1,706,008**	1,492,215
Trade and other receivables (excluding prepayments) (note 13)	**918,508**	2,137,763
	2,624,516	3,629,978

Trade and other receivables comprise a large and widespread customer base and Company performs ongoing credit evaluations on the financial conditions of its clients. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment.

The carrying amount of financial assets represents the maximum credit exposure.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts already recognised.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Company 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/donors.

The table below analyses the company'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
At 31 December 2018		
Trade payables (excluding statutory liabilities)- Note 18	1,164,366	-
At 31 December 2017		
Trade payables (excluding statutory liabilities)- Note 18	663,724	-

4 GOING CONCERN

The Company is a charitable organization registered in Tanzania and works in partnership with Marie Stopes International (MSI). The Company relies largely on charitable donations from donors based locally and internationally to finance its operations. During the year ended 31 December 2018 the Company realised a deficit of TZS 2,913,609,000 (2017: surplus of TZS 461,395,000) and as at 31 December 2018 the Company had a members' fund balance of TZS 626,692,000 (2017: TZS 2,286,917,000) and net current liabilities of TZS 5,069,719,000 (2017: TZS 1,875,071,000). The financial statements have been prepared on a going concern basis, the validity of which depends on continued financial support from the funding partners, and Marie Stopes International (MSI).

		2018 TZS'000	2017 TZS'000
5	**GRANT INCOME**		
	Deferred revenue grants released (MSI)	**28,407,801**	18,813,060
	Deferred revenue grants released (Local donors)	**3,782,805**	6,375,396
	Deferred revenue grants released (Grant in kind)	**6,226,046**	6,454,538
		38,416,652	31,642,994
6	**TOTAL SERVICE INCOME**		
	Consultation	**882,805**	1,091,862
	Lab tests	**749,991**	975,273
	Sale of drugs	**865,828**	1,911,161
	Other service income	**680,771**	(246,456)
		3,179,395	3,731,840
7	**OTHER INCOME**		
	Sundry income	**11,054**	74,235
	Unclaimed liabilities	**2,251**	(3,011)
	Refund from vehicle insurer	**15,615**	-
	Profit on disposal of plant and equipment	**-**	3,439
		28,920	74,663
8	**DIRECT EXPENSES**		
	Employee costs (Note 9)	**15,300,530**	13,074,060
	Per diem and other travel costs (Local and International)	**5,818,761**	5,535,083
	Motor vehicle fuel costs	**471,297**	349,373
	Auditors' remuneration	**44,977**	42,660
	Operating lease rentals	**375,921**	316,515
	Motor vehicle repairs and maintenance	**875,351**	699,907
	Office stationary and consumables	**202,642**	232,282
	IT costs	**394,076**	6,475
	Security expenses	**173,266**	166,171
	Postage and communication	**193,140**	131,506
	Electricity and water expense	**114,132**	88,013
	Vehicle and hire costs	**533,798**	283,350
	Provision for bad debts	**47,894**	20,701
	Donations	**-**	230
	Region office support costs	**39,260**	38,562
	Cleaning and housekeeping	**97,682**	61,005
	IT support and maintenance	**86,079**	56,423
	Legal and professional fees	**1,177,392**	(36,767)
	Research monitoring and evaluation	**620,811**	67,327
	Other operating expenses	**543,652**	799,196
		27,110,661	21,932,072

NOTES (CONTINUED)

		2018 TZS'000	2017 TZS'000
9	**EMPLOYEE COST**		
	Salary and wages	**10,628,186**	9,182,431
	Skills and development levy	**-**	348,024
	Employers contribution to NSSF	**907,083**	452,703
	Workers compensation	**92,894**	84,083
	Leave allowance and other benefits	**1,036,593**	342,677
	Bonus payments	**493,115**	1,257,321
	Redundancy, cessation, Severance payments	**413,722**	357,715
	General training costs	**1,351,731**	692,862
	General recruitment costs	**212,671**	234,580
	Consultancy costs	**157,616**	102,187
	Other staff costs	**6,919**	19,477
		15,300,530	13,074,060
10	**OTHER SERVICE DELIVERY EXPENSES**		
	Publishing and Printing	**13,541,097**	9,854,350
	Documentation of Success Stories	**786,696**	973,155
	Support Philanthropic Events	**1,942,420**	841,700
		16,270,213	11,669,205
11	**FINANCE COST**		
	Bank charges	**73,688**	84,358
	Other financial cost	**244**	7,407
		73,932	91,765
12	**INVENTORIES**		
	Drugs and medical supplies	**1,965,719**	891,679
13	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**984,731**	2,113,908
	Less: Impairment of trade receivables	**(87,220)**	(58,411)
	Net trade receivables	**897,511**	2,055,497
	Prepayments	**368,855**	712,000
	Work advances	**20,997**	82,266
	Deposits and other receivables	**73,179**	67,278
		1,360,542	2,917,041
	Movement in impairment of trade receivables		
	At start of year	**58,411**	37,710
	Increase in provision	**28,809**	20,701
	At end of year	**87,220**	58,411

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value. 82% (2017: 90%) of the outstanding trade receivables are held by five customers. This represents a significant concentration of credit risk. The directors have made a provision for the portion of the receivable whose recovery is in doubt.

The carrying amounts of the Company's trade and other receivables are denominated in the Tanzanian Shillings.
The other classes within trade and other receivables do not contain impaired assets.
The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

14 TAXATION

The Company was granted a charitable entity status in 2011. However Company is required to file their annual return with the authority.

15 DEFERRED REVENUE GRANTS

	2018 TZS'000	2017 TZS'000
(a) Related Parties		
At the beginning of the year	**5,722,742**	2,005,031
Adjustment	**(14,032)**	18,028
Cash received during the year (Note 16(a))	**25,554,821**	19,502,275
Revenue grants recognised during the year (Note16 (c))	**(27,365,488)**	(17,158,532)
Net payments (on behalf of)/made by MST(Note 16(b))	**1,532,936**	1,355,940
At the end of the year	**5,430,979**	5,722,742
(b) Revenue grant -Local Donors		
At the beginning of the year	**(4,106,308)**	2,850,140
Reclassification to Capital Grant (Note 15(d))	**-**	(3,248,880)
Reclassification to Revenue Grant (Note 15(e))	**-**	(7)
Reclassification from Grant in kind (Note15 (c))	**1,397,199**	-
Adjustment	**-**	11,211
Revenue grants received during the year	**6,068,497**	4,123,397
Revenue grants recognised during the year	**(5,473,809)**	(6,022,886)
Net cash receipt on behalf of MSI	**1,310,668**	(1,819,283)
At the end of the year	**(803,753)**	(4,106,308)
(c) Grant in kind - stock		
At the beginning of the year	**765,924**	763,142
Adjustments	**231**	83
Stock received during the year	**6,857,907**	5,972,515
Revenue recognised during the year	**(6,226,863)**	(6,454,538)
Reclassification to Local Donors (Note 15(b))	**(1,397,199)**	-
Net stock inflows	**-**	484,722
At the end of the year	**-**	765,924

		2018 TZS'000	2017 TZS'000
15	**(d) Deferred Capital Grant**		
	At the beginning of the year	**1,956,863**	-
	Reclassification from Local Donors (Note 15(b))	-	3,248,880
	Capital revenue received during the year	-	715,021
	Revenue recognised during the year - related parties	**602,209**	(1,654,528)
	Adjustments	**(118,950)**	-
	Revenue recognised during the year - local donors	-	(352,510)
		2,440,122	1,956,863
	(e) Deferred grant -Others		
	At the beginning of the year	5,296	-
	Reclassification from Local Donors (Note 15(b))	-	7
	Capital revenue received during the year	73,934	5,289
	Other outflows	(78,920)	-
		310	5,296

16 **RELATED PARTY TRANSACTIONS AND BALANCES**

The company is closely related with other organizations that are under Marie Stopes International (MSI). Marie Stopes Tanzania (MST) obtains funds from MSI for operational costs and running of the hospital. Below is the summary of transactions with related parties.

	2018	2017
(a) Cash received (Note 15 (a))	**25,554,821**	19,502,275
(b) Net payments made by/(on behalf) of MST		
Marie Stopes International	**1,506,363**	1,362,255
Marie Stopes South Africa	**26,573**	-
Marie Stopes Kenya	-	80
Marie Stopes Zimbabwe	-	(4,455)
Marie Stopes Madagascar	-	584
Marie Stopes Malawi	-	(8,368)
Marie Stopes Uganda	-	245
Marie Stopes Zambia	-	6,724
Marie Stopes Seira Leone	-	(1,015)
Marie Stopes Nigeria	-	(110)
	1,532,936	1,355,940
(c) Grant income recognized (Note 15 (a))	**27,365,488**	17,158,532

(d) Key management compensation

Key management includes the Board of Directors (Executive and non-executive) and members of the company management. The compensation paid or payable to key management personnel is as shown below

	2018 TZS'000	2017 TZS'000
Key management compensation	**1,214,646**	1,073,339

16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(e)Due to/(from) related parties

	2018 TZS'000	2017 TZS'000
Marie Stopes South Africa	3,378	(29,951)
Marie Stopes Australia	-	443
Maries Stopes Bangladesh	-	13,208
Marie Stopes Malawi	-	(8,979)
Marie Stopes Uganda	-	(953)
Marie Stopes Nigeria	-	(5,096)
Marie Stopes International	(5,434,357)	5,754,070
	(5,430,979)	5,722,742

17 CASH AND BANK BALANCES

	2018 TZS'000	2017 TZS'000
Cash on hand	2,591	2,326
Cash at bank	1,706,008	1,492,215
	1,708,599	1,494,541

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the above.
The company is not exposed to credit risk on cash and bank balances as these are held with sound financial institutions.
The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies:

	2018 TZS'000	2017 TZS'000
Tanzania Shillings	1,589,907	1,330,874
US Dollars	118,692	163,667
	1,708,599	1,494,541

18 TRADE AND OTHER PAYABLES

	2018 TZS'000	2017 TZS'000
Trade payables	1,164,366	663,724
Accruals	144,776	87,350
Other payables	1,727,779	2,082,741
	3,036,921	2,833,815

In the opinion of the directors, the carrying amounts of the trade and other payables approximate to their fair value.
The carrying amounts of the company's trade and other payables are denominated in Tanzania Shillings.

19 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2018

	Land and buildings	Leasehold improvements	Medical equipment	Motor vehicles	Office furniture and equipment	IT equipment	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost							
At start of year	2,026,750	287,012	1,437,388	5,234,116	650,295	561,904	10,197,465
Additions	120,190	46,585	-	1,217,081	-	-	1,383,856
Adjustments	(19,047)	-	-	-	-	-	(19,047)
At end of year	**2,127,893**	**333,597**	**1,437,388**	**6,451,197**	**650,295**	**561,904**	**11,562,274**
Depreciation							
At start of year	527,841	50,069	875,031	3,548,666	595,029	490,567	6,087,203
Charge for the year	183,125	50,761	165,414	616,220	21,185	24,526	1,061,231
At end of year	**710,966**	**100,830**	**1,040,445**	**4,164,886**	**616,214**	**515,093**	**7,148,434**
Net book value	**1,416,927**	**232,767**	**396,943**	**2,286,311**	**34,081**	**46,811**	**4,413,840**

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 31 December 2017

	Land and buildings	Leasehold improvements	Medical equipment	Motor vehicles	Office furniture and equipment	IT equipment	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost							
At start of the year	1,938,183	207,028	976,271	5,291,814	650,295	498,905	9,562,496
Additions	88,567	79,984	461,117	33,500	-	62,999	726,167
Disposals	-	-	-	(91,198)	-	-	(91,198)
At end of year	**2,026,750**	**287,012**	**1,437,388**	**5,234,116**	**650,295**	**561,904**	**10,197,465**
Depreciation							
At start of year	395,588	21,658	726,050	2,753,332	545,931	467,770	4,910,329
Disposal	-	-	-	(91,198)	-	-	(91,198)
Charge for the year	132,253	28,411	148,981	886,532	49,098	22,797	1,268,072
At end of year	**527,841**	**50,069**	**875,031**	**3,548,666**	**595,029**	**490,567**	**6,087,203**
Net book value	**1,498,909**	**236,943**	**562,357**	**1,685,450**	**55,266**	**71,337**	**4,110,262**

20 INTANGIBLE ASSETS - COMPUTER SOFTWARE

	2018 TZS'000	2017 TZS'000
Cost		
At start of year	108,139	108,139
At end of year	108,139	108,139
Amortization		
At start of year	56,413	29,424
Charge for the year	22,539	26,989
At end of year	78,952	56,413
Net book value	29,187	51,726

21 CASH GENERATED FROM OPERATIONS

Reconciliation of deficit for the year to cash generated from operations:

	2018 TZS'000	2017 TZS'000
(Deficit)/surplus for the year	(2,913,609)	461,395
Adjustments for:		
Depreciation on property, plant and equipment (Note 19)	1,061,231	1,268,072
Amortisation of intangible assets (Note 20)	22,539	26,988
Profit on disposal of plant and equipment	-	(3,439)
Effect of reclassification and adjustments (Note19)	19,047	
Changes in working capital:		
- inventories	(1,074,040)	(61,467)
- trade and other receivables	1,556,499	(986,309)
- deferred grant stock	(765,924)	2,782
- deferred revenue grants - related parties	(291,763)	3,717,712
- deferred capital grants	483,259	1,956,863
- deferred grants - others	(4,986)	5,296
- Revenue grant receivable - local donors	3,302,555	(6,956,448)
- trade and other payables	203,106	1,285,515
Cash generated from operations	1,597,914	716,960

24 COMMITMENTS

Operating lease commitments - as a lessee

The Company leases various outlets and warehouses under non-cancellable operating lease. The lease terms are between 1 and 10 years and the majority of the lease agreements are renewable at the end of the lease period at market rates.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 TZS'000	2017 TZS'000
Not later than 1 year	-	191,018
Later than 1 year and not later than 5 years	202,878	78,764
Later than 5 years	414,540	-
	617,418	269,782

25 CONTINGENT LIABILITIES

As at the reporting date, the directors are not aware of any contingency liability that has to be disclosed in these financial statements

26 SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affected the financial position of Company and the results of its operations.

27 MEMBERS' INTEREST

The Company is incorporated in Tanzania under the Companies Act 2002 as a Company Limited by Guarantee. The members are Margaret Ringo, Nils Gade, and Marie Stopes International (represented by John Lotspeich). In the event of the Company being wound up, every member of the company undertakes to contribute to the deficit of the Company by an amount not exceeding TZS 5,000.