

SIKIKI COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

SIKIKA COMPANY LIMITED

TABLE OF CONTENTS

PAGE

Company information	i
List of abbreviation	1
Report of the directors	2 - 10
Statement of directors' responsibility	11
Declaration of Head of Finance/Accounting	12
Independent auditors' report	13 - 15
Financial statements:	
Statement of surplus or deficit and other comprehensive income	16
Statement of financial position	17
Statement of changes in stakeholders' interest	18
Statement of cash flows	19
Notes to the financial statements	20 - 41

SIKIKI COMPANY LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2018

Registered Office

Sikika Company Limited
Plot No. 69, Ada Estate off Tunisia Road
Weverley Street, Kinondoni
P.O. Box 12183
Dar es Salaam
Tanzania

Auditors

Ernst & Young
4th Floor, Tanhouse
Plot 34/1 Ursino South
New Bagamoyo Road
P. O. Box 2475
Dar es Salaam, Tanzania

Bankers

Stanbic Bank Tanzania Limited
Head Office
99A Kinondoni Road, Kinondoni
P.O. Box 72647
Dar es Salaam

National Microfinance Bank
Oyster Plaza Branch
P.O. Box 9213
Dar es Salaam

Lawyers

Association of Tanzania Employers
SSTL Building, 1st Floor
P.O. Box 2971
Dar es Salaam

SIKIKI COMPANY LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2018

LIST OF ABBREVIATION

AIDS	Acquired Immuno Deficiency Syndrome
ALU	Artemether Lumeafantrine
ARVs	Antiretroviral
BRN	Big Results Now
CA	Constitutional Assembly Members
CD4	Cluster for differentiation 4
CHF	Community Health Fund
CHMT	Council Health Management Team
CIDA	Canada International Development Agency
CMT	Council Management Team
CSO	Civil Society Organization
CTC	Care and Treatment Centre
DED	District Executive Director
DHSB	District Health Service Board
DMO	District Medical Officer
FCS	Foundation for Civil Society
IBP	International Budget Partnership
IFRS	International Financial Reporting Standards
HFGCs	Health Services Governing Committees
HIV	Human Immunodeficiency Virus
HRH	Human Resources for Health
LGA	Local Government Authority
LHRC	Legal and Human Rights Centre
MACs	Multi Sectorial Aids Committees
MOHSW	Ministry of Health and Social Welfare
MSD	Medical Stores Department
MTR	Mid Term Review
OGP	Open Government Partnership
NBAA	National Board of Accountants and Auditors
PLHIV	People Living With HIV
PMO-RALG	Prime Minister Office Regional Administration Local Government
PPF	Parastatal Pension Fund
PSS	Pharmaceutical Service Section
SAM	Social Accountability Monitoring
SDC	Swiss Agency for Development and Cooperation
TACAIDS	Tanzania Commission for Aids
TFDA	Tanzania Food and Drugs Authority
TFRS No.1	Tanzania Financial Reporting Standards No. 1
YAV	Youth Action Volunteers

SIKIKI COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present this report and the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of Sikika Company Limited as at that date.

1. INCORPORATION

The Company was incorporated in Tanzania under Companies Act No. 12 of 2002 as a company limited by guarantee on 17 November 2009. The Company took over all activities of Youth Action Volunteers (YAV) with effect from 1st January 2010. Its certificate of incorporation is number 73691.

2. BACKGROUND

Sikika Company Limited is a non-governmental, non-political, non-religious and not for profit organization established in Tanzania under the Companies Act, No. 12 of 2002. It is working to ensure accountability and good governance of health sector resources by monitoring the planning, policy and budget processes.

Sikika works at both central and local government levels. Our partners include; the policy makers such the Ministry of Health Community Development, Gender Elderly and Children (MOHCDGEC), President Office -Regional Administration and Local Government (PO-RALG) and the Ministry of Finance and Planning. The services providers, such as the Local Government Authorities (LGAs), the Medical Stores Department and Tanzania Revenue Authority. The oversight bodies such as the councillors, National Audit Office and the Tanzania parliamentarian and their respective committees specifically the social services and public account. Others are media and civil societies and citizens as community representatives.

Sikika works in twenty (20) districts, which are in five geographic zones of Tanzania Mainland. The districts include Musoma Urban, Serengeti, Kasulu, Kigoma, Siha, Moshi Rural, Babati, Simanjiro, Singida Rural, Ikungi, Kondoa, Mpwapwa, Iringa, Kilolo, Chunya, Mbeya Urban, Chunya, Kilwa, Lindi Urban, Kinondoni and Temeke.

3. VISION

Sikika's vision is Quality Health Services for all.

4. MISSION

To enhance health and public finances systems through Social Accountability Monitoring and advocacy at all government levels.

5. OBJECTIVES AND GOALS

Sikika has two programmes. The health governance programme, which has three objectives, and the public finance programme, which has four objectives.

A. *Health Governance Programme*

Goal: Health Care Systems Strengthened

SIKIKA COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2018

5. OBJECTIVES AND GOALS (Continued)

Objectives

- Increased per capital health spending, pro poor financial protection and improved financial management at facility level
- Public health facilities are adequately staffed and professionally operated
- Improved availability and accessibility of health commodities

B. Public Finance Governance Programme

Goal: Sound Public Financial Management & Discipline

Objectives

- Improved forecasting, efficient and equitable collection of revenue.
- Public finances are planned and utilized in a more efficient, effective and transparent manner.
- Improved adherence to financial controls and effective oversight.
- Media and Civil Society freely monitor debate and critique government performance on PFM and cases of mismanagement of funds.

6. SUMMARY OF KEY ANNUAL ACTIVITIES AND OUTCOMES

In the reporting period the organisation was able to complete several activities in its two programs.

Health Governance Program

In terms of outputs in the Health Governance Program, Sikika was able to complete the following activities; Advocacy for improved waiver and exemption services, Made consultative sessions with MPs basing on findings of the health sector budget analysis 2018/2019, and the analysis brief is available on Sikika' website. Study on Workload indicator for Staffing Need (WISN), to determine workload after removal health workers, with fake certificates, Assessment of the Health Training Institutions, Study to assess availability of nutritional services at health facilities (HRH, health commodities & budget), Civil Societies Organizations (CSOs) mapping study,

Study on tracking the availability of human resources for health, tracking of information on health commodities management, Monitoring the availability and accessibility of health commodities using mobile phones, and Analysis of availability of HIV/AIDS commodities at health facilities.

Outcomes

Sikika has expanded the scope of its programs' interventions to improve quality health services provisions in many parts of the country, by working in various health contexts. For instance; in Mbeya urban and Chunya districts, (CaPSAI Project) improved relationship between service providers and service users on family planning, in Mwanza Nyamagana Magu, and Ukerewe districts, (IMPACT Project) improved Reproductive Health, Maternal and Child Health Services, while the road safety project focusing on reducing traffic road accidents in Tanzania

SIKIKI COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2018

6. SUMMARY OF KEY ANNUAL ACTIVITIES AND OUTCOMES (Continued)

Sikika continues to improve its' networks on Health Systems Advocacy, by working in collaboration with the ACHEST from Uganda. The collaboration resulted into conducting a CSOs mapping intervention to determine the capacity of the CSOs on health System advocacy, (HSA). The aim being networking and selection of few CSOs that to be capacitated on advocacy skills for they can play a watch dog role in their respective communities, to improve health services provisions.

Public Finance Management Program

The organisation managed to complete studies on - (1) Analysis of effectiveness of the Government's policy to reduce unnecessary expenditures, (2) Study on PAC and LAAC, (3) Study on Tax Systems in Tanzania, raising voluntary tax compliance: (4) Taxpayer Knowledge and Education in Tanzania, and Sikika partly participated in reviewing the microfinance bill of 2018.

Outcomes

Sikika Unnecessary Expenditure report indicates a downward trend (reduction) in five out of the six budget items that are being monitored. This is a positive trend that the organisation, through its intervention, has contributed to.

Sikika has established a strategic collaboration with oversight committees of the parliament, through the office of Director of Parliamentary Committees Department. This is a channel to share our products on influencing effective oversight of public resources.

Field / district level advocacy

Social Accountability Monitoring, (SAM) is a core part of Sikika's mission, where it is one of the main vehicles through which we aim to make progress towards our vision.

In 2018 Sikika conducted SAM interventions in four districts, namely; Mpwapwa, Nyamagana, Chunya and Mbeya urban. The interventions brought together 3600 people (directly and indirectly) ranging from local government officials, citizens, councillors and other stakeholders. The purpose was to improve accountability, transparency and citizens' awareness in monitoring health service provision.

Social accountability outcomes

Improved infrastructures and construction of new health facilities. Through the central government program, we have seen for example in Kondo number of health centres has gone up from 3 to 7; ongoing rehabilitation of 3 health centres in Simanjiro. Sikika has partly contributed to this by identifying the problem through SAM interventions and the continuous follow ups on services availability at facilities level.

IMPACT-SAM intervention in Nyamagana district has trained -15, people, and conducted one field-monitoring visit. Noted on; increased use of existing and addition of new notice boards, improved infrastructure i.e. placenta pit, incinerator, patients' toilets, maternity wards, etc.

Improved relationship between service providers and service users. It's a results of Scorecard implementation through the CaPSAI project. For instance; Users are now active and regularly involved in health services outreach campaigns such as Mobile clinic at Kiwanja Mpaka.

SIKIKA COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2018

6. SUMMARY OF KEY ANNUAL ACTIVITIES AND OUTCOMES (Continued)

Improved reporting mechanisms at facility level from districts where Sikika operates. This is due to engagements with SAM team members and citizens, which enables us to get information from health facilities once available. For instance; SAM team members from Kondoa and Kigoma respectively reported on; improved health facilities infrastructures such as; expansion of health centre, construction of placenta pits, and renovation of patients' toilets.

Media Engagement

Sikika's social media engagement strategy; i.e. the use of; Facebook, Instagram, twitter, website, and YouTube, has tripled the organization's online reach for the year 2018 with a national and international following (audience).

The current social media metrics (statistics) are as follows; Twitter following 851 and 19,196 followers (earned almost 337.1K impressions), YouTube 11,555 viewers, Facebook over 2,381 people following our page (page is ranked 4.3 out of 5 Stars), Instagram over 850 followers, and Website 1,879 visitors.

In terms of relationship building with our partners; Sikika continues to enhance good working relationship with boundary partners, by sharing intervention plans (AWP-2018) with 14 districts, where Sikika is operating, namely; Mbeya, Kondoa, Simanjiro, Chunya, Mpwapwa, Babati, Kigoma, Kasulu, Kilwa, mara, Kilimanjaro, Lindi, Kilolo, Singida, Temeke, and Kinondoni. The organization received feedback from two districts of, Singida district council and Lindi municipal council.

Sikika also signed a Memorandum of Understanding (MoU) with the President Office - Regional Administration Local Government. This enables smooth implementation of our district/ local activities as well as create a formal channel through which the organization is able to share their evidence based advocacy points to help improve financial management of local funds and also different aspects of health services delivery.

7. COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the company who held office during the year and to the date of this report are:

Name	Position	Qualifications / Discipline	Nationality	Date of appointment
Halima Sharif	Chair person	Advocacy &Media Specialist	Tanzanian	19 January 2015
Anna Baliyima	Member	Tax Consultant, CPA (T)	Tanzanian	26 May 2015
Dr. Elihuruma Nangawe	Member	Health System Specialist	Tanzanian	13 March 2014
Dr Joseph Komwihangiro	Member	Public Health Specialist	Tanzanian	16 December 2013
Edward Furaha	Member	Business & Economic specialist	Tanzanian	June 2017

SIKIKI COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2018

8. CORPORATE GOVERNANCE

The Board of Directors consists of five directors and apart from the Executive Director, no other directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control, policies and procedures is operative and that sound corporate governance principles are complied with.

The Board met two times during the year in compliance with the Articles of Association requiring them to meet at least twice in a year. The Board delegates the day-to-day Company operational activities to the Executive Director who is assisted by management team. The management team is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, by acting as a medium of communication and coordination between all the various departments.

The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. The Board of Directors of the company did not have any Board sub-committees during the year.

9. CAPITAL STRUCTURE AND SHAREHOLDING

The Company is limited by guarantee entity hence it has no share capital.

10. MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors had 2 ordinary meetings during the year. The following is the attendance matrix for the Board meetings during the year.

Name	Position	Attendance
Halima Shariff	Chairperson	2
Dr Elihuruma Nangawe	Member	2
Anna Baliyima	Member	2
Joseph Komwihangiro	Member	1
Edward Furaha	Member	1
Irenei Kiria	Secretary	2

SIKIKI COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2018

11. MANAGEMENT

The key management staffs are listed below:

Name	Position
Irenei Kiria	Executive Director
Patrick Kinemo	Director of Programs
Beatrice Kitinde	Head of Finance department
Lilian Kallaghe	Head of Media & Communication department
Alice Monyo	Head of Program- Health Governance
Richard Msittu	Head of Field office
Atuswege Mwangomale	Head of Human Resources for Health department
Josephine Nyonyi	Head of department - Health Commodities

12. FUTURE DEVELOPMENT PLANS

In 2016 Sikika embarked on a new Strategic Plan 2016 - 2020. The strategic plan has two programmes, which are health governance and public finance management. Both programmes contribute to a core vision of quality health services for all.

The Strategic Plan provides broad guidance for the nature of interventions that Sikika will implement over the course of the five years. However, Sikika has also embarked on projects, whereas, together with the strategic plan activities, projects will be accommodated. For the year 2018, Sikika has already secured three projects which are funded by (i) the World Health Organisation (WHO) on use of Social Accountability to improve family planning services, (ii) the African Centre for Global Health and Social Transformation (ACHEST) on human resources for health and (iii) the Aga Khan Foundation (AKF) on social accountability monitoring. Fund raising is ongoing and more projects will be accommodated as they come in. Sikika plans to review the Strategic Plan.

13. RESULTS FOR THE YEAR AND POSITION

The results for the year are set out on page 16 of these financial statements and the Company's financial position is found on page 17.

SIKIKI COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2018

14. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control system 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.
- ▶ Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is depended 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 Company's system is 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 that ended 31 December 2018, and is of the opinion that they met the accepted criteria.

15. SOLVENCY

The Company's state of affairs at 31 December 2018 is set out on page 17 of these financial statements. The Board considers the Company to be solvent within the meaning ascribed by the Companies Act, 2002.

16. EMPLOYEES' WELFARE

Management and employees' relationship

There were continued good relations between employees and Management for the year 2018. There were no unresolved complaints received by management from the employees during the year.

Medical assistance

All members of staff with a maximum number of four beneficiaries (dependents) for each employee were availed medical insurance guaranteed by the Company. Currently, these services are provided by AAR Health Services (T) Limited.

Financial assistance to staff

House rent allowance advances are provided to all employees who have successfully completed probation as according to Sikika's policies.

SIKIKA COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2018

16. EMPLOYEES` WELFARE (Continued)

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the concerned applicant. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled persons should be identical to that of other employees.

17. GENDER

Sikika is an equal opportunity employer giving equal access to employment opportunities and ensures that the best available person is appointed to any position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability that does not impair ability to discharge duties.

18. ENVIRONMENTAL CONTROL PROGRAMME

The Company preserves the environment through tree planting within and outside its offices and is committed to making sure that all internal and external surroundings of its offices are clean. Management also encourages employees to recycle papers or print on both sides.

19. RELATED PARTY TRANSACTIONS

Details of related party transactions and balances are given in note 34 of the notes to the financial statements.

20. POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political and charitable donations.

21. PREJUDICIAL ISSUES

In the opinion of the directors, there are no serious unfavourable matters that can affect the Company.

22. CORPORATE SOCIAL RESPONSIBILITIES

The Company is a not for profit organisation whose activities contribute to the improvement of public welfare. It also encourages employees` initiatives on participating in corporate social responsibilities activities.

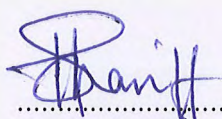
SIKIKI COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

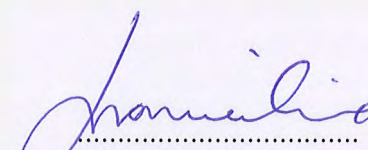
23. AUDITORS

Ernst & Young who are the external auditors of the Company, have expressed their willingness to continue in office and are eligible for re-appointment. A proposal to re-appoint Ernst & Young as the auditors will be put to the Board Meeting.

BY ORDER OF THE BOARD


.....
Halima Shariff

Chairperson


.....
Irenei Kiria

Executive Director

Date: 28th May 2019

SIKIKI COMPANY LIMITED

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

The Company's Directors are responsible for the preparation of financial statements that give a true and fair view of Sikika Company Limited, comprising the statement of financial position at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

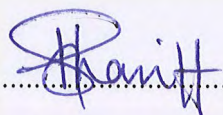
The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk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

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditors are 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 Sikika Company Limited, as identified in the first paragraph, were approved by the board of directors on 28th May 2019 and signed by:



Halima Shariff
Chairperson



Irenei Kiria
Executive Director

SIKIKI COMPANY LIMITED

DECLARATION OF HEAD OF FINANCE/ACCOUNTING 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 Statement of 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 position of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I Beatrice Kitinde being the head of Finance/Accounting of Sikika Company 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 comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by: _____

Name: Beatrice Kitinde

Position: Head of Finance Department

NBAA Membership No.: _____

**INDEPENDENT AUDITOR'S REPORT
To the shareholders of SIKIKA COMPANY LIMITED*****Opinion***

We have audited the financial statements of SIKIKA Company Limited (the "Company") set out on pages 16 to 41, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of SIKIKA Company Limited as at 31 December 2018, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Information included in the Company's 2018 Annual Report

The other information comprises the Company Information, Directors' Report, Statement of Directors' Responsibilities and the Declaration by a professional accountant. The other information does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

INDEPENDENT AUDITOR'S REPORT (Continued)
To the members of SIKIKA COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, 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 Company'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 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 Company's 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT (Continued)
To the member of SIKIKA COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- 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.

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, 2002 of Tanzania and for no other purposes.

As required by the Companies Act, 2002 of Tanzania, we report to you, based on our audit, that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- The Directors' Report is consistent with the financial statements;
- Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and,
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed by: Neema Kiure Mssusa (FCPA 1227)

Date: 30/05/ 2019

On behalf of Ernst & Young,
Certified Public Accountants
Dar es salaam.

SIKIKI COMPANY LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 TZS'000	2017 TZS'000
INCOME			
Grant income	4	1,935,390	1,653,794
Foreign exchange gain		33,475	41,562
		<u>1,968,865</u>	<u>1,695,356</u>
EXPENDITURE			
Department of health governance and finance	5	51,539	31,182
Human resource for health	6	132,249	141,784
Health commodities department	7	193,599	151,541
Department of revenue collection	8	618	-
Planning and budgeting department	9	47,275	33,571
Dodoma office running cost	10	85,428	148,850
Simanjiro office running cost	11	1,560	-
Kondoa office running cost	12	1,434	-
Program media and communication	13	157,175	213,416
Human resource and administration	14	366,336	395,039
Monitoring and evaluation department	15	191,529	238,933
Field offices	16	318,945	278,787
Institutional fee (12%)	17	156,618	-
Short-term project activities	18	14,415	-
Medium-term project activities	19	21,970	-
Institution fees	20	54,764	-
Travel and lodging	21	9,695	-
Events - Meetings	22	12,759	-
Periodic follow-up field monitoring	23	4,376	-
Office expenses	24	12,800	-
Program cost-AKFT	25	42,576	-
Program cost -Road safety	26	40,819	-
Miscellaneous amendment to traffic act	27	9,444	-
Depreciation	33	40,942	62,252
Total expenditure		<u>1,968,865</u>	<u>1,695,356</u>
Deficit for the period		-	-
<i>Other comprehensive income</i>		-	-
Total comprehensive income		<u>-</u>	<u>-</u>

SIKIKI COMPANY LIMITED

**STATEMENT OF FINANCIAL POSITIONS
FOR THE YEAR ENDED 31 DECEMBER 2018**

		2018 TZS'000	2017 TZS'000
	Notes		
ASSETS			
Non-current assets			
Property and Equipment	33	328,012	44,555
		<u>328,012</u>	<u>44,555</u>
Current assets			
Trade and other receivables	28	74,455	79,097
Cash and bank balances	29	878,150	946,754
		<u>952,605</u>	<u>1,025,851</u>
TOTAL ASSETS		<u><u>1,280,617</u></u>	<u><u>1,070,405</u></u>
RESERVES AND LIABILITIES			
General reserve		2,642	2,642
Translation reserve		-	-
		<u>2,642</u>	<u>2,642</u>
Non-current liabilities			
Deferred capital grant	30	328,012	44,555
		<u>328,012</u>	<u>44,555</u>
Current liabilities			
Trade and other payables	31	121,474	30,984
Deferred income grant	32	828,489	992,224
Total Liabilities		<u>949,963</u>	<u>1,023,208</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,280,617</u></u>	<u><u>1,070,405</u></u>

The financial statements on pages 16 to 41 were approved for issue by the Board of

Directors on and were signed on its behalf by:

Halima Shaniiff

Name

Shaniiff

Signature

28th May 2019

Date

Name

Frederic Kiria

Signature

Frederic Kiria

Date

28/05/19

SIKIKA COMPANY LIMITED

**STATEMENT OF CHANGES IN STAKEHOLDER'S INTEREST
FOR THE YEAR ENDED 31 DECEMBER 2018**

	General reserve TZS'000	Translation Reserve TZS'000	TOTAL TZS'000
At 1 January 2017	2,642	-	2,642
	-	-	-
Additions	-	-	-
As at 31 December 2018	<u>2,642</u>	<u>-</u>	<u>2,642</u>
At 1 January 2018	2,642	-	2,642
	-	-	-
Additions	-	-	-
Other comprehensive income	-	-	-
As at 31 December 2018	<u>2,642</u>	<u>-</u>	<u>2,642</u>

SIKIKA COMPANY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 TZS'000	2017 TZS'000
Cash flows from operating activities		
Surplus/(Deficit) for the year	-	-
<i>Adjustment for non cash items:</i>		
Depreciation and amortisation	40,942	62,252
	<u>40,942</u>	<u>62,252</u>
<i>Change in working capital items</i>		
Decrease in accounts receivable	4,642	29,928
Increase/(Decrease) Accounts payable	90,490	(41,839)
Deferred income grant	(163,735)	(190,792)
Cash used in operating activities	<u>(27,661)</u>	<u>(140,450)</u>
Cash flows from investing activities		
Purchase of property, and equipment	(324,400)	-
Movement in deferred capital grant	283,458	(62,253)
Cash utilised in investing activities	<u>(40,942)</u>	<u>(62,253)</u>
Net Decrease/Increase in cash and cash equivalents	<u>(68,603)</u>	<u>(202,704)</u>
Movement in cash and cash equivalents		
Cash and cash equivalent at the beginning of the year	946,754	1,149,458
Translation gain	-	-
Cash and cash equivalent at the end of the year	<u>878,150</u>	<u>946,754</u>

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. REPORTING ENTITY

Sikika Company Limited (the "Company") is a Company domiciled in Tanzania. The financial statements of the Company are for the year ended 31 December 2018.

2. BASIS OF ACCOUNTING

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2002.

b) Basis of measurement

The financial statements are prepared on the historical cost basis except for the financial instruments at fair value through profit or loss, which are measured at fair value.

The methods used to measure fair value are discussed further in note 22.

c) Functional and presentation currency

These financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional currency.

d) Use of estimates and judgement

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, 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.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below.

Impairment losses on receivables

The Company reviews its receivables to assess impairment regularly. In determining whether an impairment loss should be recorded in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a receivable balance, before a decrease can be identified with an individual balance.

SIKIKA COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2018

2. BASIS OF ACCOUNTING (Continued)

e) Use of estimates and judgement (Continued)

Impairment losses on receivables (Continued)

This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in the Company, or national or local economic conditions that correlate with defaults on assets in the Company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

Property and equipment, leased premises refurbishments and intangible assets

Critical estimates are made by the Directors in determining the useful lives of property and equipment, leased premises refurbishment and intangible assets as well as their residual values.

Taxes

The Company is subjected to several taxes and levies by the government and quasi-government regulatory bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax /levies payable with outmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

Measurement of fair value

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

(i) Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The Company does not have financial instruments under level 1.

(ii) Level 2: Inputs other than quoted prices included within level 1 that are observable either directly or indirectly or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. This category includes trade and other receivables, bank balance, trade and other payable whose carrying values approximate their fair values due to their short-term nature.

(iii) Level 3: Inputs that are unobservable. This category includes instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on their valuation. The Company does not have financial instruments under level 3.

SIKIKI COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Grants that impose specific future performance or time conditions are recognised as income only when the performance conditions are met or such time has elapsed. Unconditional grants are recognised as income when they are awarded.

In 2018, revenues recorded by the Company came in the form of grants from its donors.

b) Foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates 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 items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss in the period in which they arise.

c) Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

SIKIKI COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Financial instruments (Continued)

(i) Non-derivative financial assets (Continued)

The Company has the following non-derivative financial assets: loans and receivables, cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

(ii) Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities: trade payable and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Founder contribution

Founder contribution are classified as equity.

d) Property and equipment

(i) Recognition and measurement

Items of property and equipment are stated at cost less accumulated and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalised as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

SIKIKI COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Property and equipment (Continued)

(i) Recognition and measurement (Continued)

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

(ii) Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The annual rates for the estimated useful lives for the current and comparative periods are as follows:

Class	Rate
Office furniture	12.50%
Office and electrical equipments	17.50%
Motor vehicles	25.00%
Computer equipments	33.33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Land is not depreciated.

e) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

SIKIKI COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment (Continued)

(ii) Financial assets (Continued)

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(iii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

SIKIKI COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment (Continued)

(iv) Non-financial asset (Continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 amortization, if no impairment loss had been recognised.

f) Employee benefits

(i) Defined Contribution plans

The Company makes statutory Contributions to the National Social Security Fund (NSSF) and Parastatal Pension Funds (PPF). The Company's obligations in respect of NSSF and PPF are 10% and 10% respectively of the employees' gross emoluments.

Contributions to these pension funds are recognised as an expense in the period the employees render the related services.

(ii) Termination benefit

Termination benefits are recognised as an expense in the year when it becomes payable. Termination benefits are determined in accordance with the Tanzanian Labour Law.

(iii) Short term benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

g) Grants

The Company initially recognises grants as deferred income at fair value if there is reasonable assurance that the grant will be received and the Company will comply with the conditions associated with the grant. They are then recognised in profit or loss as other income on a systematic basis in the period which the expenses are recognised. Grants for fixed assets are recognised in a systematic basis over the useful life of the asset.

SIKIKI COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

i) Operating lease payments

Lease payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

j) Finance income and expenses

Finance income comprises interest income on funds invested and/or bank account, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, changes in fair value of financial assets at fair value through profit or loss. Borrowing costs relating to qualifying assets are capitalized; all other borrowing costs are recognised in profit or loss using the effective interest method.

k) Income tax

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Sikika is considered as a charitable organisation as per the approval from Commissioner for Domestic Revenue dated 7 September 2012 and therefore is exempted from the corporation tax on income or surplus.

SIKIKA COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Relevant new standards, amendments and interpretations issued but not yet effective and not early adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2016 and have not been applied in preparing these financial statements. None of those are expected to have a significant effect on the financial statements of the Company except for:

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company. The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors.

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 TZS'000	2017 TZS'000
4 GRANT INCOME		
Amortization of deferred grant	1,922,207	1,591,542
Amortization of capital grant	40,942	62,252
	<u>1,963,149</u>	<u>1,653,794</u>
5 DEPARTMENT OF HEALTH GOVERNANCE AND FINANCE		
Brief design and production of health budget	2,860	-
Brief designing-Budget Disbursement	5,400	-
Consultancy fee	26,825	-
Data collection	2,004	-
Field data collection 10 Districts	-	2,097
Intern - HGF	1,500	-
Orientation for DCs in 10 Districts	-	6,378
Production of policy brief	-	266
Program cost - HGF	-	22,441
Publishing report on waiver and exemption	5,700	-
Radio Program	250	-
Reprinting the budget guide 2012	7,000	-
	<u>51,539</u>	<u>31,182</u>
6 HUMAN RESOURCE FOR HEALTH		
Advocate for improved data management	10,287	-
Assessment of capacity of health care workers	31,255	-
Consultancy fee	-	14,177
Dialog with MOHCDGEC and PO-RALG	-	-
Intern - HRH	-	1,500
Program cost - HRH	61,657	126,107
Publishing of WISN report	1,050	-
Study on nutritional services	28,000	-
	<u>132,249</u>	<u>141,784</u>
7 HEALTH COMMODITIES DEPARTMENT		
Activity coordination and communication	-	510
Analysis on availability of HIV AIDS commodities	37,450	-
Brief designing and production	-	400
Database management	2,591	3,047
Intern- HC	3,500	500
Monthly transport allowance for data collection	-	7,660
Printing stakeholders meeting report	-	3,304
Program cost-HC	109,934	136,120
Survey to assess challenges faced	40,124	-
	<u>193,599</u>	<u>151,541</u>

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	TZS'000	TZS'000
8 DEPARTMENT OF REVENUE COLLECTION		
Session with MOF TRA PO-RALG on tax system	618	-
9 PLANNING AND BUDGETING DEPARTMENT		
Analysis on effectiveness of government policy	1,391	-
Program Cost -Planning and Budgeting	45,884	33,571
	47,275	33,571
10 DODOMA OFFICE RUNNING COST		
Communications (Postage telephone internet)	8,132	11,492
Electricity	1,250	9,549
Fibre optic cable Internet and communication	378	6,514
Field office administrative support	5,545	-
Field Office Admin Program Cost	52,275	72,725
Garbage Disposal Cleaning items and upkeep	61	561
Mobile transactional Charges	6	346
Office and compound cleaning	3,105	2,368
Office Drinking Water Tea & Coffee	688	868
Office maintenance	-	2,277
Office rent	2,966	16,468
Office Security	9,000	10,350
Office stationaries	228	740
Transport (Taxi, motorcycles etc.)	432	-
Vehicle & Motorbike - tracking charges	60	4,147
Vehicle maintenance	-	8,676
Water Bills	1,302	1,770
	85,428	148,850
11 SIMANJIRO OFFICE RUNNING COST		
Office Rent (Electricity, Water and Security)	1,560	-
12 KONDOA OFFICE RUNNING COST		
Communication (Postage, telephone and internet)	94	-
Office Rent (Electricity, Water and Security)	1,200	-
Vehicle Fuel	140	-
	1,434	-

SIKIKI COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 TZS'000	2017 TZS'000
13 PROGRAM MEDIA AND COMMUNICATION		
Intern - MEDIA	-	500
Media engagement/Press conferences	5,062	-
Print Media Engagement	10,313	3,973
Program cost - MEDIA	139,981	180,565
Program cost - MEDIA & CSOs	-	28,378
Sikika Library and Documentation	500	-
Social Media Strategies	1,319	-
	<u>157,175</u>	<u>213,416</u>
14 HUMAN RESOURCE AND ADMINISTRATION		
a) Staff support costs	14,854	305
b) Program Running Cost - Dar		
Accounting Software Improvement	4,188	2,841
Audit Fee	22,450	23,685
Bank Charges	5,887	7,550
Communication and internet	44,989	22,397
Electricity	7,609	9,063
Gabbage Disposal & Cleaning items +upkeep	819	467
Legal Fees and Associated Costs	153	267
Office and compound cleaning	3,923	3,775
Office Equipment Repair and Maintenance	3,222	3,707
Office Refreshment	2,648	2,731
Office Rent	21,625	39,125
Office Security	24,273	28,171
Program stationaries and printing	2,196	1,957
Trainings and Capacity Building	658	947
Vehicle fuel	16,599	-
Vehicle insurance & fees	17,633	14,372
Vehicle Repairs and Maintenance	26,459	45,999
Vehicle Security-U-Track	7,831	3,966
Water Bills	1,023	797
	<u>214,185</u>	<u>211,817</u>
c) Program Cost - HR and Administration	<u>137,297</u>	<u>182,917</u>
Total	<u>366,336</u>	<u>395,039</u>
15 MONITORING AND EVALUATION DEPARTMENT		
Board of Directors Meeting	2,605	1,433
Coordination of Rapid Response	18,596	3,678
Development Partners Meeting	771	8,482
Editing expenses	-	1,311
Interns -M&E	5,000	10,206
Program Cost-M&E	164,557	213,823
	<u>191,529</u>	<u>238,933</u>

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 TZS'000	2017 TZS'000
16 FIELD OFFICES		
Field Office Program Cost	131,669	192,979
a) Temeke District-SAM	50,592	-
b) Chunya		
Venue hiring	2,220	-
Stationeries	1,525	-
Food and refreshment	570	-
Telephone & communication	40	-
P A System hiring	70	-
Community Public Addressing	479	-
Transportation cost	21,670	-
Participants Food & refreshment	3,393	-
Periderm and accommodations	16,888	-
Vehicle hiring	11,250	-
Fuel	2,673	-
Radio program	3,929	-
Printing cost -communication materials	294	-
Office rent	2,263	-
	67,263	-
c) Mbeya		
Venue hiring	2,370	-
Stationeries	1,569	-
Food and refreshment	555	-
Telephone & communication	305	-
P A System hiring	169	-
Community Public Addressing	194	-
Transportation cost	19,185	-
Participants Food & refreshment	6,075	-
Periderm and accommodations	19,350	-
Vehicle hiring	11,250	-
Fuel	2,329	-
Radio program	3,615	-
Office rent	2,455	-
	69,421	-

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 TZS'000	2017 TZS'000
16 FIELD OFFICES (Continued)		
d) Kigoma		
Transport	-	3,678
Per diem	-	6,700
Accommodation	-	19,039
Printing and stationaries	-	2,141
Communication	-	50
Meals	-	5,048
Venue hire	-	1,040
Journalist	-	120
	<u>-</u>	<u>37,816</u>
e) Kilwa		
Transport	-	4,822
Per diem	-	6,670
Accommodation	-	24,878
Printing and stationaries	-	6,936
Communication	-	1,570
Meals	-	1,913
Venue hire	-	74
	<u>-</u>	<u>46,863</u>
f) Kilolo		
Transport - Fuel cost	-	310
Per diem	-	500
Communication	-	20
	<u>-</u>	<u>830</u>
g) Babati		
Transport - Fuel cost	-	50
Per diem	-	150
Accommodation	-	80
Communication	-	20
	<u>-</u>	<u>300</u>
TOTAL FIELD OFFICES COST	<u>318,945</u>	<u>278,787</u>
17 INSTITUTIONAL FEE (12%)		
Institutional fee (12%)	33,160	-
Personnel	114,033	-
CAPSAI Program Cost	880	-
Internet charges	5,312	-
Management Support Cost	3,233	-
	<u>156,618</u>	<u>-</u>

SIKIKA COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 TZS'000	2017 TZS'000
18 SHORT-TERM PROJECT ACTIVITIES		
Mapping of CSOs and Partners	4,320	-
Monthly Meetings	526	-
Data Collection analysis and report writ	6,656	-
Dissemination of Workload Indicators (WI	2,913	-
	<u>14,415</u>	<u>-</u>
19 MEDIUM-TERM PROJECT ACTIVITIES		
Assessment of capacity of Health Institutes	<u>21,970</u>	<u>-</u>
20 INSTITUTION FEES		
Achest Program Cost	<u>54,764</u>	<u>-</u>
21 TRAVEL AND LODGING		
Staff cost during SAM implementation	<u>9,695</u>	<u>-</u>
22 EVENTS - MEETINGS		
Community Meetings for Selecting SAM Tea	40	-
Introduction Meeting with Councillors	958	-
First Stakeholders Meeting	869	-
Training and Analysis	9,197	-
Stakeholders Feedback Meeting	1,695	-
	<u>12,759</u>	<u>-</u>
23 PERIODIC FOLLOW-UP FIELD MONITORING		
Field visits and community meetings	<u>4,376</u>	<u>-</u>
24 OFFICE EXPENSES		
Office Expenses	<u>12,800</u>	<u>-</u>
25 PROGRAM COST-AKFT		
Program Cost-AKFT	<u>42,576</u>	<u>-</u>
26 PROGRAM COST -ROAD SAFETY		
Program Cost Road Safety	<u>40,819</u>	<u>-</u>
27 MISCELLANEOUS AMENDMENT TO TRAFFIC ACT		
Project Initiation to Key stakeholders	44	
Steering Coalition domestic meetings	1,993	
Cost benefit analysis on road safety	7,000	
Consultative session with policy makers	51	
Forum with Key stakeholders	356	
	<u>9,444</u>	<u>-</u>

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 TZS'000	2017 TZS'000
28 TRADE AND OTHER RECEIVABLES		
Prepayments	67,816	74,089
Fund receivable	6,087	-
Staff Receivable	24	784
Other receivable	528	4,224
	<u>74,455</u>	<u>79,097</u>
29 CASH AND BANK BALANCES		
Stanbic bank - TZS account	109,038	390,381
Stanbic bank - US\$ Account	523,769	555,989
NMB bank- TZS account	100,048	-
NMB bank- US\$ account	144,930	-
Petty Cash - Dar	365	135
Petty Cash - Dodoma	-	249
	<u>878,150</u>	<u>946,754</u>
30 DEFERRED CAPITAL GRANT		
At January	44,555	106,807
Funds received during the year		
- CAPSAI	2,656	-
- ACHEST	1,328	-
- DANIDA	320,416	-
	<u>368,954</u>	<u>106,807</u>
Amortisation of grant	(40,942)	(62,252)
As at December	<u>328,012</u>	<u>44,555</u>
31 TRADE AND OTHER PAYABLE		
Accrued expenses	96,616	8,935
Accrued audit fees	22,510	21,845
SSW Payable	1,530	160
Loan board recovery	478	-
Workers Compensation Fund	32	-
Staff payable	308	44
	<u>121,474</u>	<u>30,984</u>
32 DEFERRED INCOME GRANT		
At 1 January	992,224	1,183,017
Funds received during the year		
- CAPSAI	326,028	-
- ACHEST	135,153	-
- DANIDA	1,115,743	-
- ROAD SAFETY	80,923	-
- AGAKHAN FOUNDATION	72,866	1,396,862
Miscellaneous	-	3,888
Amortisation of grant	(1,922,207)	(1,591,542)
As at December	<u>828,489</u>	<u>992,224</u>

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

33. PROPERTY AND EQUIPMENT

	Office and electrical equipment	computer and accessories	Office furniture	Motor vehicles	Land	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost/Valuation						
At 01 January 2017	225,078	201,959	39,165	650,776	-	1,116,977
Additions	-	-	-	-	-	-
As at 31 December 2017	225,078	201,959	39,165	650,776	-	1,116,977
At 1 January 2018	225,078	201,959	39,165	650,776	-	1,116,977
Additions		3,984		157,636	162,780	324,400
As at 31 December 2018	225,078	205,942	39,165	808,412	162,780	1,441,377
<u>Accumulated depreciation</u>						
At 1 January 2017	190,301	169,366	26,711	623,793	-	1,010,170
Charge for the year	15,366	15,622	4,282	26,983	-	62,252
As at 31 December 2017	205,667	184,987	30,993	650,776	-	1,072,423

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

33. PROPERTY AND EQUIPMENT

	Office and electrical equipment TZS'000	computer and accessories TZS'000	Office furniture TZS'000	Motor vehicles TZS'000	Land TZS'000	Tot TZS'00
Cost/Valuation						
At 01 January 2017	225,078	201,959	39,165	650,776	-	1,116,97
Additions	-	-	-	-	-	-
As at 31 December 2017	225,078	201,959	39,165	650,776	-	1,116,97
At 1 January 2018	225,078	201,959	39,165	650,776	-	1,116,97
Additions		3,984		157,636	162,780	324,40
As at 31 December 2018	225,078	205,942	39,165	808,412	162,780	1,441,37
Accumulated depreciation						
At 1 January 2017	190,301	169,366	26,711	623,793	-	1,010,17
Charge for the year	15,366	15,622	4,282	26,983	-	62,25
As at 31 December 2017	205,667	184,987	30,993	650,776	-	1,072,42
At 1 January 2018	205,667	184,987	30,993	650,776	-	1,072,42
Charge for the year	6,173	14,190	4,159	16,420	-	40,94
As at 31 December 2018	211,840	199,178	35,151	667,196	-	1,113,36
NET BOOK VALUE						
At 31 December, 2018	13,238	6,765	4,014	141,215	162,780	328,01
At 31 December, 2017	19,411	16,971	8,173	-	-	44,55

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2018

34. RELATED PARTY TRANSACTIONS

Related party transactions during the year comprise of transactions between the Company and directors and key management personnel. Key management personnel and directors comprise of the following;

	2018 TZS	2017 TZS
Salary and benefits to key management personnel	137,862,000	29,044,594
Allowance to directors	-	-

35. FINANCIAL INSTRUMENT - FAIR VALUE AND RISK MANAGEMENT

The Company is exposed to the following risks from its use of financial instruments:

- Liquidity risk
- Market risk
- Credit risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's Directors have overall responsibility of the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk adherence to limits. Management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Liquidity risk

Liquidity risk is the risk that Sikika will not be able to meet its financial obligations as they fall due. Sikika's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damaging Sikika's reputation.

SIKIKI COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

35. FINANCIAL INSTRUMENT - FAIR VALUE AND RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

Sikika monitors its exposure to liquidity risk using 5-year strategic plan, annual work plan and budget. Sikika's exposure to liquidity risk is considered low due to existence of sufficient cash and bank balances with relatively low amounts payable and to the fact that it has entered into a commitment agreement with donors whereby each donor committed to disburse funds immediately after receiving reports from Sikika.

The Company has a policy not to utilise debt or overdraft facilities.

Maturity profile of non-derivative financial liabilities based on the contractual cash flows and excluding impact of netting is as follows:

	Carrying amount	Contractual cash flows	Within 1 year
2018:			
Trade and other payable	121,474,000	30,984,000	30,984,000
2017:			
Trade and other payable	30,984,000	30,984,000	30,984,000

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect Sikika's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk on financial assets and liabilities that are denominated in a currency other than the respective functional currency of the Company (Tanzanian Shillings - TZS). The other currency in which Company's transacts are US Dollars (USD).

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL INSTRUMENT - FAIR VALUE AND RISK MANAGEMENT (Continued)

Currency risk (Continued)

Exposure to currency risk for foreign denominated amounts in the following classes of financial instruments;

	2018	2017
	TZS	TZS
Cash and cash equivalents	878,150,000	946,754,000
Audit fee payable	(30,000,000)	(20,000,000)
Net exposure	<u>848,150,000</u>	<u>926,754,000</u>

The rate of exchange as at 31 December 2018 is USD 1 = TZS 2,238.00 strengthening of USD against Tzs by 10% means that the rate of exchange will move to USD 1 = TZS 2,461.8.00.

The rate of exchange as at 31 December 2017 is USD 1 = TZS 2,152.00 strengthening of USD against Tzs by 10% means that the rate of exchange will move to USD 1 = TZS 2,3676.00.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's balances receivable and money maintained in bank accounts.

The company has no material credit risk exposure.

Fair value measurement

The company has not disclosed the fair value information of financial assets and liabilities because their respective carrying amount reasonably approximates their respective fair values.

The company has not disclosed valuation techniques of measuring fair values because of reason stated above.

36. INCOME TAX

Sikika is a company limited by guarantee and not having a share capital. Sikika is considered as a charitable organisation as per the approval from Commissioner for Domestic Revenue dated 7 September 2012 and therefore is exempted from the corporation tax on income or surplus.

SIKIKI COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

37. COMMITMENTS AND CONTINGENT LIABILITIES

The directors confirm that there was no commitment and contingent liabilities as at 31 December 2018 (2017: NIL).

38. OPERATING LEASES

Company has leased office space from other companies. As at the year-end the Company had leasing commitment and incurred lease expenses as follows:

	2018 Tzs	2017 Tzs
<i><u>Lease commitment:</u></i>		
Office Space payable in one year	21,625,000	12,765,603
Office space payable two to five years	-	-
	<u>21,625,000</u>	<u>12,765,603</u>
<i><u>Lease expense**</u></i>		
Dodoma	2,966,000	8,340,000
Kondoa	1,200,000	1,200,000
Siha	-	363,500
Kilolo	-	-
Simanjiro	1,560,000	6,564,000
Dar es salaam	21,625,000	39,124,814
	<u>27,351,000</u>	<u>55,592,314</u>

**The amount is included within department expenses in the statement of profit or loss and other comprehensive income.

39. COMPARATIVES

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