



THE MANGO TREE ORPHAN SUPPORT TRUST

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

*The Mango Tree Orphan Support Trust
Report and financial statements
For the year ended 31st March 2009*

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BACKGROUND

The Mango Tree Orphan Support Trust helps villages in southern Tanzania to look after the orphaned children and to provide them with the medical aid, food, education and training.

The Trust supports the orphans and their families in Kyela district of Southern Tanzania by:

- Providing each child eligible for primary school with uniforms, exercise books and stationery;
- Supporting the orphans who have passed the entrance examinations to secondary schools with fees, uniforms, books and stationery;
- Providing vocational training for orphans in tailoring, carpentry and masonry; and
- Regularly visiting and treating orphans in their homes for malaria by the nurses.

MANAGEMENT	William Fulton	-Chairman
	Andilile Ibrahim	-Programme Director and Secretary
	Patrick Ndaalio	-Honorary Treasurer

ADDRESS P.O. Box 455
Kyela

BANKERS Stanbic Bank Tanzania Limited
Mbeya Branch
Mbeya

NMB
Kyela Branch
P.O. Box 74
Kyela-Mbeya

NBC
Tukuyu Branch
P.O. Box 81
Tukuyu-Mbeya

STATEMENT OF THE MANAGEMENT COMMITTEE'S RESPONSIBILITIES

It is the responsibilities of the Management Committee to prepare financial statements for each financial year that give a true and fair view of the state of the Trust's affairs at the end of the financial year and of the surplus or deficit for that year. The Management Committee is responsible for ensuring that the Trust keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the organisation. They are also responsible for safeguarding the assets of the organisation

The Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards. The Management Committee is of the opinion that the financial statements give true and fair view of the state of the financial affairs of the Trust and of its operating results. The Management Committee further accepts responsibility for the maintenance of accounting records, which may be relied in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Auditors

The auditors, PKF Tanzania have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of PKF Tanzania as auditors of the Trust will be put to the forthcoming committee meeting.

Secretary
(Andilile Ibrahim)

Honorary Treasurer
(Patrick Ndaalio)

Chairman
(William Fulton)

Date

Date

Date

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF MANGO TREE ORPHANS SUPPORT TRUST**

We have audited the accompanying financial statements set out on pages 5 to 14 of Mango Tree Orphans Support Trust, which comprise the balance sheet as at 31 March 2009 and the income statement of income and expenditure for the year then ended, and a summary of significant accounting policies and other explanatory notes. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

Directors' responsibility for the Financial Statements

The Trust's Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, proper books of account have been kept and the financial statements, which are in agreement therewith give a true and fair view of the financial position of Mango Tree Orphan Support Trust as of 31 March 2009 and of its financial performance for the year then ended in accordance with International Financial Reporting Standards.

**PKF Tanzania
Certified Public Accountants
Dar-es-Salaam
Ref. PKF/_/09**

**Sujata Jaffer
Engagement Partner
.....2009**

INCOME AND EXPENDITURE STATEMENT
For the year ended 31st March 2009

Income	Note	2009 Tshs	2008 Tshs
Grants	1	833,555,924	636,230,667
Other income	2	<u>2,528,740</u>	<u>170,600</u>
		<u>836,084,664</u>	<u>636,401,267</u>
Orphan costs	3	557,150,918	427,287,798
Operating costs	4	<u>181,285,946</u>	<u>158,131,559</u>
Total expenditure		<u>738,436,864</u>	<u>585,419,357</u>
Surplus for the year		97,647,800	50,981,910
Accumulated surplus brought forward		<u>255,811,593</u>	<u>204,829,683</u>
Accumulated surplus at end of the year		<u>353,459,393</u>	<u>255,811,593</u>

The accounting policies on pages 7 to 8 and the notes on pages 9 to 14 form an integral part of the financial statements.

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BALANCE SHEET

	Note	2009 Tshs	2008 Tshs
ASSETS			
Non Current assets			
Property, plant and Equipment	5	<u>181,944,489</u>	<u>193,532,940</u>
Current assets			
Other receivables	6	2,162,740	4,654,323
Financial assets	7	140,000,000	-
Bank and cash balances	8	<u>93,427,109</u>	<u>61,833,130</u>
		<u>235,589,849</u>	<u>66,487,453</u>
Total assets		<u>417,534,338</u>	<u>260,020,393</u>
SURPLUS AND LIABILITIES			
Deferred income	9	57,657,345	-
Accumulated surplus		353,459,393	255,811,593
Audit fees payable		<u>6,417,600</u>	<u>4,208,800</u>
Total surplus and liabilities		<u>417,534,338</u>	<u>260,020,393</u>

The financial statements on pages 5 to 13 were approved by the Management on2009 and signed on its behalf by:

Secretary
(Andilile Ibrahim)

Honorary Treasurer
(Patrick Ndaalio)

Chairman
(William Fulton)

Date

Date

Date

The accounting policies on pages 7 to 8 and the notes on pages 9 and 14 form an integral part of the financial statements

Report of the Independent Auditor-page 4.

CASH FLOW STATEMENT

	Notes	2008 TShs	2007 TShs
Operating activities			
Cash generated from operating activities	10	<u>197,262,966</u>	<u>81,343,828</u>
Investing activities			
Purchas of fixed assets		(25,668,992)	(91,641,413)
Purchase of financial assets		<u>(140,000,000)</u>	-
Net cash used in investing activities		<u>(165,668,992)</u>	<u>(91,641,413)</u>
Net increase		<u>31,593,974</u>	<u>(10,297,585)</u>
Movement in cash and cash equivalents			
At start of year		61,833,130	72,130,715
Increase/(decrease) during the year		<u>31,593,974</u>	<u>(10,297,585)</u>
At end of year	8	<u>93,427,104</u>	<u>61,833,130</u>

The accounting policies on pages 7 to 8 and the notes on pages 9 and 14 form an integral part of the financial statements

Report of the Independent Auditor-page 4.

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below:

a) Basis of accounting

The financial statements are prepared in accordance with the International Financial Reporting Standards.

b) Income

Income comprise mainly of donations received and is recognized on cash basis.

c) Properties and equipment

Properties and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation.

On other assets depreciation is calculated on straight-line method to write off the cost of each asset to its residual value over its estimated useful life using the following rates:

Asset category	Rate (%)
Buildings	2.0
Tools	12.5
Motor Vehicles	25.0
Motor Bikes	25.0
Computers	33.3
Furniture and office Equipment	12.5
Library Books	33.3

d) Foreign currency translation

Transactions in foreign currency during the year are converted into Tanzania Shillings at rates ruling on the date of transaction. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Tanzania Shillings at rates ruling on the balance sheet date. The resulting differences from conversion and translation are dealt with in the income and expenditure statement.

e) Accounting for Leases

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit & loss account on a straight-line basis over the period of the lease.

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

f) Financial assets

Financial assets represent a fixed deposit which falls into the held-to-maturity category. This financial asset has a fixed or determinable payments and fixed maturity where the management have the positive intent and ability to hold to maturity. Charges in the carrying amount are recognised in the income statement.

g) Deferred income

Income received from Donors for postponed activities are deferred to the following fiscal year. These shall be used to finance the implementation of the postponed activities in the next fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

	2009	2008
	Tshs	Tshs
1 DONATIONS		
The Mango Tree Orphan Support Programme	658,457,156	569,125,790
Other charitable Trusts	<u>175,098,768</u>	<u>67,104,877</u>
	<u>833,555,924</u>	<u>636,401,267</u>
2 OTHER INCOME		
Miscellaneous Income	726,000	170,600
Interest on fixed deposit	<u>1,802,740</u>	<u>-</u>
	<u>2,528,740</u>	<u>170,600</u>
3 Orphans Costs		
3.1 Staff costs		
Salaries	<u>41,954,783</u>	<u>20,478,155</u>
3.2 Orphans Support Expenditure		
Primary school students costs	96,775,915	125,815,150
Secondary school students costs	210,620,019	139,347,300
Vocational Training Students costs	39,666,430	21,050,430
College & University Students costs	29,002,300	12,734,700
Health and Medical Help Costs	92,675,643	82,534,363
Other Welfare Costs	12,934,028	7,049,550
Village Volunteer costs	<u>33,521,800</u>	<u>18,278,150</u>
	<u>515,196,135</u>	<u>406,809,643</u>
Total Orphan costs	<u>557,150,918</u>	<u>427,287,798</u>
4 Operating costs		
Salaries and Wages	56,281,465	43,362,598
Medical bills	1,406,000	426,850
Special Staff Support	1,960,000	800,000
Office Rent	138,000	695,000
Water Rates	1,024,200	153,500
NC. Maintenance and Repairs	1,176,100	439,850
Other Operating Costs	539,400	1,697,000
Office and Nutrition Centre Electricity	2,641,794	1,851,417
Motor Maintenance, Fuel and Lubricants	30,462,573	28,727,964
Motor and Buildings Insurance	3,290,500	3,574,475
Travelling	14,241,400	14,269,727
Telephone/Post/Facsimile	8,327,850	8,477,950
Guest Accommodation/Hotels	1,402,150	1,829,350
Print, Photo, Stationery	4,587,750	4,953,705
Office Repairs and Renewals	2,085,000	421,400
Laundry and Cleaning Materials	310,300	251,900
Garden care	1,051,700	290,500
Bank Charges	2,308,726	1,225,282
Audit fees	7,797,800	4,320,000
Depreciation	37,257,438	33,107,441
Training Costs	2,197,300	6,929,000
Staff Uniforms/Clothing Costs	<u>798,500</u>	<u>326,650</u>
Total Operating costs	<u>181,285,946</u>	<u>158,131,559</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT – 31ST MARCH 2009

Cost	Building Tshs	Computer Tshs	Furniture & Office Equipment Tshs	Motor Vehicles Tshs	Motor Bikes Tshs	Library Books Tshs	Total Tshs
At 1 st April 2008	135,496,298	1,420,000	29,187,530	38,924,457	19,957,200	33,935,590	258,921,075
Additions	<u>12,036,192</u>	<u>3,305,500</u>	<u>1,803,850</u>	<u>-</u>	<u>-</u>	<u>8,523,450</u>	<u>25,668,992</u>
At 31st March 2009	<u>147,532,490</u>	<u>4,725,500</u>	<u>30,991,380</u>	<u>38,924,457</u>	<u>19,957,200</u>	<u>42,459,040</u>	<u>284,590,067</u>
Depreciation							
1 st April 2008	7,164,384	472,860	10,101,848	29,179,708	7,168,789	11,300,551	65,388,135
Charge for the year	<u>2,950,650</u>	<u>1,573,592</u>	<u>3,873,923</u>	<u>9,731,114</u>	<u>4,989,300</u>	<u>14,138,860</u>	<u>37,257,438</u>
At 31st March 2009	<u>10,115,034</u>	<u>2,046,452</u>	<u>13,975,771</u>	<u>38,910,822</u>	<u>12,158,089</u>	<u>25,439,411</u>	<u>102,645,573</u>
Net Book Value							
At 31st March 2009	<u>137,417,456</u>	<u>2,679,049</u>	<u>17,015,610</u>	<u>13,635</u>	<u>7,799,111</u>	<u>17,019,629</u>	<u>181,944,489</u>

The pre-operating lease rental for land has not been classified separately as required by IAS 17 as it is immaterial and therefore total costs of land and buildings have been treated as a single unit for the purpose of the lease classification.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 (B) PROPERTY, PLANT AND EQUIPMENT – 31ST MARCH 2008

Cost	Building	Computer	Furniture & Office Equipment	Motor Vehicles	Motor Bikes	Library Books	Total
Opening Balance 1 April 2007	106,016,118	6,457,770	19,342,980	35,070,564	9,490,000	-	176,377,432
Additional during the year	29,480,180	1,420,000	9,844,550	3,853,893	13,107,200	33,935,590	91,641,413
Disposals	-	<u>6,457,770</u>	-	-	<u>2,640,000</u>	-	<u>9,097,770</u>
At 31st March 2008	<u>135,496,298</u>	<u>1,420,000</u>	<u>29,187,530</u>	<u>38,924,457</u>	<u>19,957,200</u>	<u>33,935,590</u>	<u>258,921,075</u>
Depreciation							
Accumulated Depreciation 1 April 2007	4,454,458	6,202,523	6,453,402	19,448,594	4,819,489	-	41,378,465
On disposals	-	6,457,770	-	-	2,640,000	-	9,097,770
Depreciation for the year	<u>2,709,926</u>	<u>728,107</u>	<u>3,648,441</u>	<u>9,731,114</u>	<u>4,989,300</u>	<u>11,300,551</u>	<u>33,107,439</u>
At 31st March 2008	<u>7,164,384</u>	<u>472,860</u>	<u>10,101,843</u>	<u>29,179,708</u>	<u>7,168,789</u>	<u>11,300,551</u>	<u>65,388,135</u>
Net Book Value							
At 31st March 2008	<u>128,331,914</u>	<u>947,140</u>	<u>19,085,687</u>	<u>9,744,749</u>	<u>12,788,411</u>	<u>22,635,039</u>	<u>193,532,940</u>

The pre-operating lease rental for land has not been classified separately as required by IAS 17 as it is immaterial and therefore total costs of land and buildings have been treated as a single unit for the purpose of the lease classification.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2009	2008
	Tshs	Tshs
6. OTHER RECEIVABLES		
Interest receivable on fixed deposit	1,802,740	-
Prepayment	360,000	4,654,323
At the end of the year	<u>2,162,740</u>	<u>4,654,323</u>
7. FINANCIAL ASSETS		
<u>Financial assets comprise:</u>		
Fixed deposits	-	-
At start of the year		
Additions	140,000,000	-
At the end of the year	<u>140,000,000</u>	<u>-</u>
8 CASH AND BANK BALANCES		
Cash at bank	92,554,843	61,693,265
Cash in Hand	872,265	139,865
	<u>93,427,108</u>	<u>61,833,130</u>
9 DEFERRED INCOME		
Walter Reed	47,584,139	-
PACT	10,073,205	-
At the end of the year	<u>57,657,345</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2009 Tshs	2008 Tshs
10. Cash generated from operations		
Surplus for the year	97,647,800	50,981,910
Adjustments for:		
Depreciation	37,257,438	33,107,441
Changes in working capital:		
- Other receivables	2,491,583	(4,454,323)
- Deferred income	57,657,345	-
- Audit fees payable	<u>2,208,800</u>	<u>1,708,800</u>
Cash generated from operations	<u>197,262,966</u>	<u>81,343,828</u>

11. CURRENCY

The financial statements are presented in Tanzania Shillings.

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