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C-SEMA

REPORTS AND FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2017



**C-SEMA
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

- 1 The Supervisory Board of Directors of C-Sema submit their report together with the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of C-Sema (the organisation).

2 RESULTS FOR THE YEAR

The financial results for the year are set out on page 5, 6 & 7 of the financial statements.

3 ORGANISATION GOVERNANCE (CORPORATE GOVERNANCE)

The Supervisory Board consists of five directors. The Board takes overall responsibility for the organisation, including the responsibility for identifying key risk areas, considering and monitoring decisions, considering significant financial matters and reviewing the performance of management plans and budgets. The Supervisory Board is also responsible for ensuring that comprehensive system of internal control policies and procedures is operative and for a compliance with sound corporate governance principles.

4 RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control system of the organisation. 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 safeguard of the organisation's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse condition; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the organisation's system is designed to provide the Supervisory Board with reasonable assurance that the procedures in place are operating effectively. The Supervisory Board assessed the internal control systems throughout the financial year ended 31 December 2017 and is of the opinion that they met accepted criteria.

5 SOLVENCY

The Supervisory Board confirms that applicable International Financial Reporting Standards (IFRS) have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

**C-SEMA
DIRECTORS' REPORT
FOR THE YEAR ENDED
31 DECEMBER 2017
(CONTINUED)**

6 ADMINISTRATION POLICIES AND FINANCIAL REGULATIONS

C-Sema has formal Financial and Administration policies approved by the Supervisory Board. These provide a solid basis for accountability and high standards within the Company.

7 EMPLOYEE WELFARE

Medical Assistance

All members of staff and their dependents are covered with a medical insurance facility.

Training

C-Sema organizes regular learning sessions aimed at enhancing staff skills and widening the understanding relevance of C-Sema work as well as for personal development.

Employment opportunities

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

Employees Benefit Plan

The Organization pays contributions to publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan.

Approved by the Supervisory Board and signed by:


Secretary of C-Sema's Supervisory Board

Date: 20.06.2018



**C-SEMA
DECLARATION OF THE FINANCE AND ADMINISTRATION FOR THE YEAR
ENDED 31. DECEMBER 2017**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act, No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance 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 / Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's financial position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Supervisory Board of as under Directors Responsibility statement on an earlier page.

I, Rahma Sawa being the Head of Finance and Administration of C-Sema hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December, 2017 have been prepared in compliance with International Financial Reporting Standards and Companies Act, No 12 of 2002.

I thus confirm that the financial statements of C-Sema for the year ended 31 December 2017 give a true and fair view of the financial position as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Rahma Sawa

Position: Finance and Administration

Date: 20.06.2018



**C-SEMA
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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AUDITORS' REPORT ON ACCOUNTING FOR THE YEAR ENDED 31ST DECEMBER, 2017

We have audited the statement of financial position, statement of Revenue and Expenditure and the statement of Cash flow of C-SEMA, for the year ended 31st December 2017. The financial statements are in agreement with the accounting records and we obtained the information and explanation we required.

Respective Responsibilities of Directors and Auditors

The organisation's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and International Public Sector Accounting Standards. Our responsibility is to form an independent opinion based on our audit on those statements and to report our opinion to you.

Basis of Our Opinion

We have conducted our audit in accordance with *International Standards on Auditing*. Those standards require that we plan and perform the audit to obtain reasonable assurance on whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

Matters affecting Opinion

In common with many organizations of similar sizes and organizations, the organisation's system of internal control and financial sustainability is dependent upon close involvement of the directors/owners. Where independent confirmation of the completeness of accounting records was therefore not available, we have accepted assurance from the directors/owners that all the organization's transactions have been reflected in the accounting records and adequately supported by relevant third party documents.. Also where independent confirmation of the future financial sustainability of the organisation is uncertain we have accepted assurances from the directors/owners that the organisation will be able to secure financial resources to enable it to continue working as a going concern in the foreseeable future.

Opinion

Except for the above, in our opinion, the financial statements give a true and fair view of the state of affairs of C-Sema and the results of their operations and cash flow for the period then ended in accordance with International Financial Reporting Standards for Small and Medium sized Enterprises (IFRS for SMEs)


MAZENGO A. KASILATI, FCPA 1586
MANAGING PARTNER



CSEMA

STATEMENT OF DIRECTORS' RESPONSIBILITIES

It is the Directors/Management's responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the business as at the end of the financial year and of the operating results of the business for that year. It is also required for the directors/management to ensure that the organisation keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the business. They are also responsible for safeguarding the assets of the organization or business.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the International Public Sectors Accounting Standards and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept 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 and in the manner required by the International Public Sectors Accounting Standards. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the business and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Hinga Joel Hinga

Chief Executive / Board Secretary

C - Sema



CSEMA

PRINCIPAL ACTIVITIES

The principal activity of C-sema is to deal with child protection in the area of child helpline. It serves as an active and effective organization advocating on children rights to education, basic needs and other related children matters by availing a reporting mechanism through which children, their guardians and interested people can report cases of children abuses, violence and other undesirable acts against children. C-Sema was incepted in the Year 2011 and began its operations in the same year.



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STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 TZS	2016 TZS
Revenue			
Grant	3	575,625,792	417,481,000
Deferred Income		22,487,141	-
Total		<u>598,112,933</u>	<u>417,481,000</u>
Expenditure			
Operating expenses	4	636,427,849	348,090,777
Finance Expenses	5	1,477,901	823,000
Audit Fees		1,910,000	500,000
Depreciation Expenses	2	29,600,260	24,381,137
Total		<u>669,416,010</u>	<u>373,794,914</u>
Surplus/(Deficit)		(71,303,077)	43,686,086
Taxation			
Profit after tax		(71,303,077)	43,686,086
Gain on Disposal of share			8,343,280
Accumulated Funds b/d		66,757,481	14,728,115
Accumulated Funds c/d		<u>(4,545,596)</u>	<u>66,756,481</u>



CSEMA

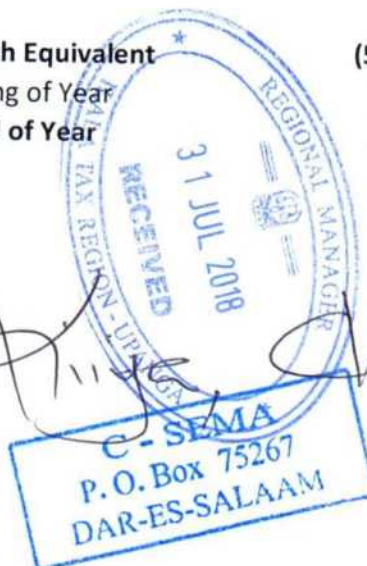
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Note	2017 TZS	2016 TZS
ASSETS			
Non –Current			
Property, Plant and Equipment	2	<u>67,721,736</u>	<u>77,418,894</u>
		<u>67,721,736</u>	<u>77,418,894</u>
Current Assets			
Taxation		1,766,800	
Cash and Bank		39,331,121	92,224,928
		<u>41,097,921</u>	<u>92,224,928</u>
TOTAL ASSETS		<u>108,819,657</u>	<u>169,643,822</u>
FUNDS & RESERVES			
General Funds		79,449,200	79,449,200
Deferred Income		-	22,487,141
Accumulated Fund		<u>(4,545,596)</u>	<u>66,757,481</u>
TOTAL FUNDS AND LIABILITIES		74,903,604	168,693,822
LIABILITIES			
Creditors and Accruals		33,916,053	950,000
TOTAL FUNDS & RESERVES AND LIABILITY		<u>108,819,657</u>	<u>169,643,822</u>

CSEMA
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 TZS	2016 TZS
Cash Flow from Operations		
Surplus/Deficit for the year	(71,303,077)	43,686,086
Adjustment for Non Cash Items		
Depreciation	29,600,260	24,381,137
Deferred Income	(22,487,141)	
Cash Flow before working capital changes	(64,189,958)	68,067,223
Decrease/(Increase) in accounts receivable		73,418,469
Decrease/(Increase) in Creditors and Accruals	32,966,053	500,000
Taxation Paid during the year	(1,766,800)	
Net Changes in Working Capital	31,199,253	73,918,469
Net Cash Flow from Operations	<u>(32,990,705)</u>	<u>141,985,692</u>
Cash Flow from Investing Activities		
Acquisition of Fixed Assets	(19,903,102)	(85,523,838)
Gain sales of share		8,343,280
Net Cash Flow from Investing Activities	(19,903,102)	(77,180,558)
Cash Flow from Financing Activities		
Proceeds from Grant		-
Deferred Income		(18,063,659)
Net Cash Flow from Financing activities		<u>(18,063,659)</u>
Increase/(Decrease) in Cash & Cash Equivalent	(52,893,807)	46,741,475
Cash & Cash Equivalent at beginning of Year	92,224,928	45,483,453
Cash & Cash Equivalent at the end of Year	<u>39,331,121</u>	<u>92,224,928</u>

King Joel King
Director



Rahma Mohamed Jauz, Finance and administration

CSEMA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

C-Sema is an organisation registered in Tanzania. The addresses of its registered office and principal place of business are; 17 Ocean Road, Sea View- Upanga, P.O Box 110132 University Hill, Dar es Salaam Tanzania. The principal activities of the company are described in the Principal Activities' section of this report.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Financial statements have been prepared in accordance with and comply with International Financial reporting Standards (IFRS).

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis of accounting. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Financial Statements are presented in Tanzanian shillings (TZS).

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

2.3 Revenue recognition

Revenue Grant is represented by proceeds of contract grant received from Investing Children and Society (ICS) which is the donor organization.

2.4 Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into Tanzanian shillings at the rate of exchange prevailing at the reporting date. Transactions during the year are translated at the rates prevailing at the date of the transaction. Gains and losses on exchange are dealt with in the excess or deficit.

2.5 Leases

Rental payable under operating leases is charged to the statement of comprehensive incomes on a straight line basis over the term of the relevant leases.

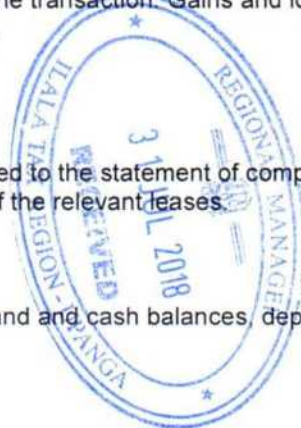
2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash balances, deposit held at call with banks and bank overdrafts.

2.7 Property, plant and equipment.

Other fixed assets, furniture and fittings, computer and office equipment and motor vehicles are stated at historical costs less accumulated depreciation and impairment. The organisation had no own Property and Equipments only were rented in kind from the directors.

Depreciation is recognized so as to write off the costs less the assets residual value using the straight line method. The estimated useful lives, residual value and depreciation



methods are reviewed each year and the effect of any changes in estimates accounted for on a prospective basis.

The gains or loss arising on the disposal or retirement of an item of the property, plant and Equipment is determined as the difference between the sales proceeds including insurance recovery and the carrying amount of the assets and is recognized in excess or deficit.

2.8

Financial

Instruments

2.8.1 Financial

assets

All financial assets are recognized and derecognized on trade date when the organization becomes part to the contractual provisions of the instrument and are initially measured at fair value plus transaction costs.

2.8.1.2 Grant/Fund

receivables

Grant receivables have fixed or determinable payments that are not quoted in an active market.

2.8.1.3

Impairment

of

financial

assets.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Grants/Fund receivables are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the organization's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the grant/Fund receivables is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in excess or deficit.

2.9 Financial liabilities

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of contractual arrangement.

Financial liabilities including borrowing are initially measured at fair value net of transaction costs and are subsequently measured at amortized costs using the effective interest method, with interest expenses recognized on an effective yield basis.

2.9.1 Bank borrowing

Interest bearing bank loans and overdrafts are recorded at the amount received, net of direct issued costs. Finance charges including premium payable on settlement or redemption are accounted for on accrual basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2.11 Retirement benefit obligation

The organization did not make statutory contributions to the National Social Security Fund (NSSF) as it did not have personnel qualifying and eligible for NSSF. Normally the organization's obligation in respect of these contributions is 10% of the employees' gross emoluments. The organization's contribution is charged to the statement of revenue and expenditure in the period to which it relates.

2.12 Comparatives

Financial statements have been prepared with comparative figures.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

" The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the organization's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below. These estimates are based on management's best knowledge of current events and actions they may undertake in the future but the actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are regularly reviewed and revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods.

The areas of critical judgments and key sources of estimation uncertainty are as set out below:

Property, plant and equipment

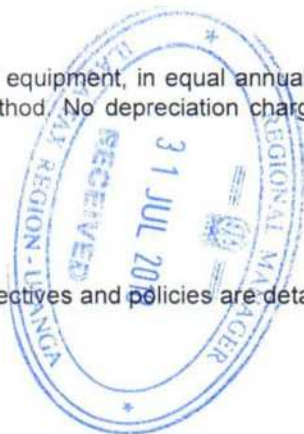
Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. Csema had no own Property, and Equipment in use during the year. The Property and Equipments used such as Office, furniture, computers and other office equipments were rented in kind from the Directors

Depreciation

Depreciation is calculated to write off the cost of equipment, in equal annual instalments over their estimated useful lives using the straight line method. No depreciation charged during the year as there were no owned fixed assets.

4.FINANCIAL RISK MANAGEMENT POLICIES

" The organisation's financial risk management objectives and policies are detailed below:



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

4.1 Foreign exchange risk

The organization is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro since it receives grants in Euro currency.

The organization's expenses are principally incurred in Tanzanian Shillings (TZS). The organization does not enter into a large number of formal hedging transactions in respect of these transactions. Volatility in the exchange rate of Euro against TZS would make the organization's costs and results less predictable than when exchange rates are more stable.



2. PROPERTY, PLANTS AND EQUIPMENTS MOVEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2017

Particulars	ICT & Office Equipment	Furniture & Fittings	Computer	LEASE HOLD	Total
	TSHS	TSHS	TSHS	TSHS	TSHS
At the beginning of the Period	<u>110,120,341</u>	<u>2,464,547</u>	<u>4,700,000</u>	<u>3,984,000</u>	<u>121,268,888</u>
Addition During the Year		<u>6,580,000</u>	<u>13,323,102</u>		<u>19,903,102</u>
At the end of the Period					
Cost/Valuation As 31.12.2017	<u>110,120,341</u>	<u>9,044,547</u>	<u>18,023,102</u>	<u>3,984,000</u>	<u>141,171,990</u>
AT THE BEGINNING OF THE PERIOD	36,620,720	1,082,273	4,653,000	1,494,000	43,849,994
Additions During the Year	22,024,068	1,130,568	5,947,624	498,000	29,600,260
Accumulated Depreciation As At 31.12.2017	58,644,789	2,212,842	10,600,624	1,992,000	73,450,254
NET BOOK VALUE AS AT 31.12.2017	<u>51,475,552</u>	<u>6,831,706</u>	<u>7,422,478</u>	<u>1,992,000</u>	<u>67,721,736</u>
NET BOOK VALUE AS AT 31.12.2016	<u>73,499,621</u>	<u>1,382,274</u>	<u>47,000</u>	<u>2,490,000</u>	<u>77,418,894</u>



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3	Revenue	2017 TZS	2016 TZS
	Grant from UNDEF		115,500,000
	Grant from OAK	211,470,000	-
	R4C	-	16,800,000
	UNICEF	238,101,864	178,081,000
	MILICOM	-	25,200,000
	IN KIND	-	56,700,000
	SPONSORED TRIPS	56,023,968	
	FUND RAISING	70,029,960	
	Deffered Grants	22,487,141	
	CIO Award		25,200,000
	Total	598,112,933	417,481,000
4	General & Administrative Expenses	2,017 TZS	2016 TZS
	Workshops and Seminars	3,757,000	40,062,000
	Travel & Accomodation	28,449,000	18,532,000
	Volunteer allowances zanzibar	480,000	21,210,000
	Training	3,608,200	9,380,000
	Salaries & Wages	113,520,000	42,570,000
	Office Rent	11,215,000	-
	Electricity and water	-	125,000
	Telephone & Communication	1,200,000	34,464,600
	stationaries	5,436,000	17,475,450
	Happy and Sad Boxes publicity	-	-
	Transport-Happy & Sad Initiative	-	480,000
	Staff breakfast	1,680,000	-
	national VAC lunch	-	-
	office cleaning	1,440,000	476,000
	Volunteers allowance - Focal Persons	25,200,000	49,628,000
	Repair & Maintenance	240,000	830,582
	Office Renovation	-	-
	Transport-Local	740,000	16,189,670
	Consultancy	22,500,000	5,550,000
	Office expenses	2,927,500	2,600,000
	Field works Allowance	19,786,000	1,390,000
	Postal box rental	35,400	12,000
	Event food	-	6,930,000
	Garbage collection	-	443,000
	General publicity	1,535,000	4,287,000
	SDL	-	2,022,075



CSEMA

Insurance	2,040,832	300,000
Board meeting	800,000	320,000
Days of African child	70,029,960	68,500,000
NSSF	1,584,000	4,257,000
Postage	-	56,400
NGO Fee	150,000	
BRELA	510,000	
Child Online Protection Portal Lunch	6,020,000	
Malezi Survey Zanzibar	6,416,800	
Partner Sponsored Trip	56,023,968	
SMS Cost	8,100,000	
Outstanding from Interlink Travel 2016	2,901,325	
UNICEF Contracted Bitz IT for ICT upgrade	238,101,864	
Total	<u>636,427,849</u>	<u>348,090,777</u>

5 Finance expenses	2017	2016
	TZS	TZS
Bank charges	1,477,901	823,000
Total	<u>1,477,901</u>	<u>823,000</u>

