

THE UNITED REPUBLIC OF TANZANIA NATIONAL AUDIT OFFICE



MUHIMBILI ORTHOPAEDIC INSTITUTE (MOI)

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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March 2024

AR/PA/MOI/2022/23



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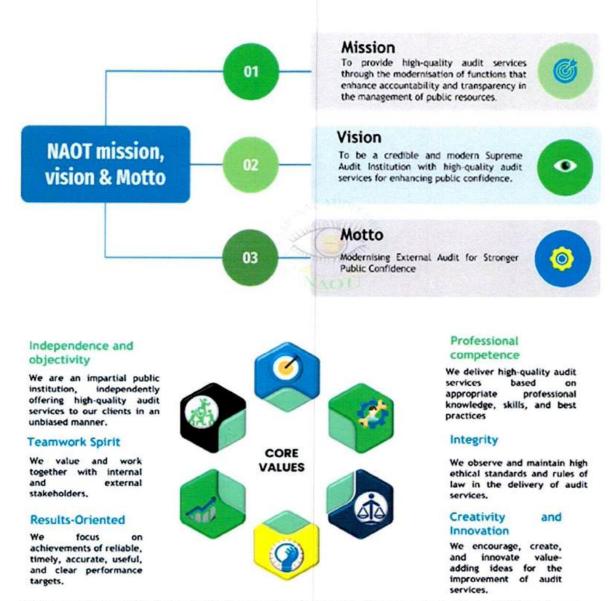
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About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418[R.E 2021]



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Abbreviations

CAG Controller and Auditor General

HDU High Dependency Unit
ICU Intensive Care Unit

IESBA International Ethics Standards Board for Accountants
IPSAS International Public Sector Accounting Standards

ISSAIs International Standard of Supreme Audit Institutions

MOI Muhimbili Orthopaedic Institute

MOHCDGEC Ministry of Health, Community Development, Gender, Elder and Children

MOI Muhimbili Orthopaedic Institute

MSD Medical Stores Department

MUHAS Muhimbili University of Health and Allied Science

NAO National Audit Office

NHIF National Health Insurance Fund

NBAA National Board of Accountants and Auditors

OT Orthopaedic and Trauma

PR Public Relations

TIB Tanzania Investment Bank

TPDF Tanzania People's Defense Force

TZS Tanzania Shillings

MRI Magnetic Resonance Imaging
CT Computed Tomographic
OPD Outpatient Department
J.K.T Jeshi la Kujenga Taifa

TANESCO Tanzania Electric Supply Company

DAWASA Dar -Es-Salaam Water Supply and Sanitation Authority

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson,
Board of Trustees,
Muhimbili Orthopaedic Institute,
P.O. Box 65474,
Dar es Salaam.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Qualified Opinion

I have audited the financial statements of Muhimbili Orthopaedic Institute ("MOI" or the "Institute"), which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the accompanying financial statements present fairly in all material respects, the financial position of the Muhimbili Orthopaedic Institute as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs) Accrual basis of accounting and in the manner required by the Public Finance Act, Cap. 348.

Basis for Qualified Opinion

1. Unsupported radiology investigation revenue

The Institute has recognized total revenue amounting to TZS 3,942,915,000 in the statement of financial performance earned from radiology investigating machines namely the Magnetic Resonance Imaging machine ("MRI"), CT-Scan, Angionsuite and X-Ray. Out of this amount, I was not availed with images for MRI and CT-Scan for the revenue amounting to TZS 378,000,000 recognized in the statement of financial performance. Furthermore, images for 35 patients for Angionsuite was missing.

Accordingly, I was unable to satisfy myself by alternative means on the completeness, existence and accuracy of revenue generated from radiology investigation machines.

2. Trade and other payables

(i) Out of TZS 8,487,887,000 of payroll liabilities recorded in the statement of financial position for the year ended 30 June 2023, the Institute has recognised TZS 3,487,695,000 relating to payable to Tanzania Revenue Authority ("TRA"). I circulated confirmations

to TRA and no response was received; I was not availed with information for carrying out alternative procedures.

- (ii) Out of TZS 22,439,113,844 of trade payables recorded in the statement of financial position, I selected a sample of TZS 18,777,951,183 and circulated confirmations. From the received confirmation, I identified a misstatement of TZS 221,926,773. Given the identified misstatement on the sampled population, management was unable to investigate nature and cause of identified misstatements and determine whether the entire population needs to be corrected, therefore I was unable to conclude on the remaining population of TZS 3,661,161,817 for Trade payables;
- (iii) I have not been availed with supporting schedule for a withholding tax payable of TZS 1,236,619,000; and
- (iv) From the sample selected for test of unrecorded liabilities, I identified unrecorded payables amounting to TZS 150,027,254 relating to staff related liabilities. Given the identified misstatements, management was unable to investigate the nature and cause of the identified misstatements from the reciprocal information hence I was unable to conclude on the accuracy and completeness of trade and other payables recorded in the statement of financial position.

3. Misstated and unreconciled inventory

Management has reported an inventory balance of TZS 3,565,682,000 in the statement of financial position. During the test of valuation on a selected sample amounting to TZS 929,599,733, I identified misstatements totalling TZS 59,623,925. The misstatements arose from the Institute incorrectly entering unit prices for the inventories, leading to an inaccurate valuation. This discrepancy was a result of manually recording unit prices into the system (E-Medical), rendering the provided valuation listing unreliable for conducting audit procedures.

I also noted an unexplained variance of TZS 54,148,000 between inventory value reported in the statement of financial position and the inventory listing provided.

Accordingly, I was unable to determine whether any adjustments might be necessary to inventory amounts shown in the statement of financial position.

4. Unreconciled medical and other expenses

Management has reported medical and other expenses amounting to TZS 7,667,700,000 in the statement of financial performance. I identified discrepancies amounting to TZS 91,007,000 in the supporting schedule for such expenses.

Accordingly, I was unable to determine whether any adjustments might be necessary to medical expenses amounts shown in the statement of financial performance.

I conducted my audit in accordance with International Standards of Supreme Audit Institutions ("ISSAIs"). My responsibilities under those standards are described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Muhimbili Orthopaedic Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Report by those charged with Governance, Statement of responsibility by those charged with Governance and Declaration of the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines 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, management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My 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 audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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 ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 [R.E 2021] requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap 410 [R.E 2022] requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services in the Muhimbili Orthopaedic Institute for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, except for the matters described below, procurement of goods, works and services of Muhimbili Orthopaedic Institute is generally in compliance with the requirements of the Public Procurement laws.

1. Delays in signing engagement contracts

I noted a violation of the Section 233 (1) of the Public Procurement Act, 2011 which sets the time limit of 28 days for signing a contract. The violation related to tenders with contract value of TZS 3,272,814,560 which were signed after the expiration of the 28-day time limit following the award date and the suppliers' signing and submission of letters of acceptance.

2. Late Submission of procurement implementation reports to PPRA

Contrary to Section 87 (2(C) of the PPA (CAP 410) which mandates the submission of monthly and quarterly procurement implementation reports to PPRA within seven days after the end of the respective month or quarter, a delay in submitting quarterly reports was observed. Additionally, evidence of the submission of monthly reports to the Public Procurement

Regulatory Authority (PPRA) was missing, despite that the Institute implemented procurement with the total value of TZS 8,901,181,859.71 during the year.

1.2.2 Compliance with the Budget Act and Other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Muhimbili Orthopaedic Institute for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Muhimbili Orthopaedic Institute is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

Charles E. Kichere

Controller and Auditor General,

Dodoma, United Republic of Tanzania.

March 2024

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

2.1 INTRODUCTION

In compliance with the Public Corporations Act, 1992 and the Tanzania Financial Reporting Standard No. 1 on Report by Those Charged with Governance and Section No. 12 of MOI Act No. 7 of 1996, the Trustees submit their report and financial statements of Muhimbili Orthopaedic Institute ("MOI" or "the Institute") for the year ended 30 June 2023.

2.2 ESTABLISHMENT

The Muhimbili Orthopaedic Institute (MOI) is an autonomous Institute established through an Act of Parliament No. 7 of 1996 with the main objectives of providing primary, secondary and tertiary care for preventive and curative health services in the fields of orthopaedics, traumatology and neurosurgery as well as being role model of efficient hospital management in Tanzania. The Institute is also involved in human resource development for the nation and also carries out research in these fields with a view of developing cost-effective ways of treatment of patients and reducing invalidity to members of the community. At the end of the year, the Institute has a bed capacity of 362 beds (2022:362 beds) as follows:

Name of the ward	2022/23	2021/22
Public wards	185	180
Paediatrics wards	80	80
Private wards	55	60
Intensive Care Unit (ICU)	AOT 19	19
High Dependency Unit (HDU)	16	16
Same Day Surgery (SDS)	7	7
Total	362	362

The Management of the Institute is based on a new Public-Private Mix concept geared towards performance improvement and self-sustainability.

2.3 VISION AND MISSION STATEMENTS OF THE INSTITUTE

Vision statement:

To be a leading institution in orthopaedics, neurosurgery and trauma management, training and research in Africa.

Mission statement:

To provide high quality, equitable, affordable, and accessible service on management of orthopaedics, trauma, neurosurgery, research and training.

2.4 PRINCIPAL ACTIVITIES

The Institute's principal activities are the provision of specialized medical care in the field of orthopaedic, trauma and neurosurgery, and teaching (MOI in association with Muhimbili University of Health and Allied Science (MUHAS) participates fully in teaching of neurosurgery, orthopaedics, traumatology, antitheology and intensive care) programs.

The main functions of the Institute are as provided under Section 4 of Establishment Act No. 7 of 1996 (RE 2002) as outlined below:

- a) To provide for hospital management conducive to self-sustainability on autonomous basis;
- To improve the basic services for all the diseases of the musculoskeletal system, accident; and neurosurgical cases providing cure celetal system, accident and neurosurgical cases providing cure and reduce disability incidence in the country.; To improve Orthopaedic/trauma service in through periphery partners through adequate training facilities;
- To produce the required personnel for the country in the field of Orthopaedics and Neurosurgery through appropriate trainings;
- d) To facilitate research activities in the field of Orthopaedics and Neurosurgery of a university institution standard;
- e) To reduce the number of referral patients outside the country; and
- f) To provide for consultancy, publication and general dissemination of materials produced in connection with the work and activities of the Institute.

The number of patients treated during the year was as follows:

	2022/23	2021/22
Constal substitute	41,979	27,038
General outpatients Private outpatients	167,914	160,246
General emergence	9,779	9,835
Total outpatients	219,672	197,119
General inpatients	6,780	6,577
Private inpatients	1,290	1,158
Intensive care unit (ICU)	530	875
Total inpatients	8,600	8,610
Number of surgeries performed		
General emergence	2,508	2,472
General elective	1,923	1,893
Private elective	3,033	2,748
Total surgeries	7,464	7,113

2.5 SERVICE PERFOMANCE

During the Financial Year 2022/23 the Institute provided medical services to 228,272 patients compared to 205,729 patients attended in 2021/22. The Institute provided super specialized and specialized services whereby 7,464 (2022: 7,125) patients were operated as follows:

Details	Number of	surgeries
	2023	2022
Total Hip replacement	188	175
Total knee replacement	172	150
HDC (ETV) +Spina Bifida	511	383
Athroscopy	319	151
Spine surgery	380	285
Brain tumor surgery	222	191
Transfeneroid	15	16
Angio OT	110	167
Aneurysim	15	6
Accetabular reconstruction	103	96
Scoliosis (Paediatric)	29	12
Others orthopaedic surgeries	5,400	5,493
Total surgeries during the year	7,464	7,125

2.6 THE INSTITUTE'S MAJOR SOURCES OF REVENUE

The Institute's major sources of revenue during the year under review were subventions from the Government for personnel and development expenditure and internally generated funds from medical services rendered by the Institute. These sources are categories into non exchange and exchange transaction. The main types of revenue from non-exchange transactions are transfers from Government and other donors and it also includes revenue from general patients for which the services and medical appliances are offered at a subsidized price. MOI's revenue from exchange transactions include mainly patient service revenue from the private inpatient service.

2.7 FUND FOR PROCUREMENT OF MRI AND CT SCAN MACHINE RECEIVED IN 2022/23

During the financial year 2022/23 the Institute received a total of TZS 4,410,000,000 for procurement of the Magnetic Resonance Imaging (MRI) and Computed Tomographic (CT scan) in order to strengthen the Super specialized medical services offered at MOI. The fund was a proceed of a soft loan given to the Government of the United Republic of Tanzania from International Monetary Fund (IMF). Procurement of these machines is done by the Ocean Road Cancer Institute which was given the responsibility of procuring MRI and CT Scan Machines for various hospitals.

2.8 OWNERSHIP AND CAPITAL STRUCTURE

Muhimbili Orthopaedic Institute is wholly owned by the Government of United Republic of Tanzania which has vested the control and management of the Institute to the Board of Trustees.

2.9 THE INSTITUTE'S PARENT MINISTRY

The Institute works under the Ministry of Health.

2.10 TRUSTEES

The Board of trustees is the principal policy making organ of the Institute vested with the power to govern and control the Institute. During the year under audit Institute had no effective Board of Trustee. However key Institute activities that require Board approval were excised by the Permanent Secretary of Ministry of Health as required by the law.

2.11 SECRETARY TO THE BOARD OF TRUSTEES

The Institute's Executive Director is the Secretary of the Board of Trustees.

2.12 CORPORATE GOVERNANCE

During the year under audit, the Institute had effective leadership that practiced clear division of responsibilities between an effective Board of Trustees and a professionally expert Executive Management that possess an appropriate balance of skills, experience, independence and knowledge.

Corporate Governance is the backbone to any organization's strategy and success. It provides a framework within which corporate objectives are set and performance monitored, as well as providing assurance to stakeholders. Governance has proven from time immemorial to be paramount to the success of any institution. Corporate governance continues to advance, with the focus currently being on environmental, social and governance (ESG) factors and the role of corporates in their attainment. The Code emphasizes the need for boards to adopt an ESG lens in guiding performance thereby promoting sustainable practices.

MOI has diversity in its board and hence it has ensured that the board is well equipped to the new advancement in Corporate Governance in respect to environmental, social and governance (ESG). MOI has ensured its services offerings are aligned with the global best practices on ESG.

Board operations and control

i. Principles on appointment of Board members

The chairperson of the Board of Trustee is appointed by the President of United Republic of Tanzania and not more than ten (10) Members and not less than eight (8) Members are appointed by Minister.

ii. Responsibilities of the Board

The Board of Trustees perform the following major roles in an organization.

- (a) To supervise the implementation of policies and objectives of and the overall management of the Institute in a way that ensures its proper performance;
- (b) To manage and administer on behalf of the institute all assets and properties movable of the opinion of the Board would promote the best interests of the institute;
- (c) To control the budget of the institute and to administer its funds and other assets;
- (d) To signify the acts of the institute by use of the common seal;
- (e) To appoint such employees of the institute as it may consider necessary;
- (f) On behalf of the institute, to receive gifts, donations, grants or other money;
- (g) To grant gratuities or other retirement allowances or benefits to the employees to the institute;
- (h) To establish and contribute to a superannuation fund for the employees of the institute and require employees of the institute to contribute to any superannuation fund so established and fix the amount and methods of payment of the contribution; and
- (i) To do any act for the purpose of achieving the functions of the institute.

Board evaluation typically examines these roles of the Board and the entailing responsibilities and assesses how effectively these are fulfilled by the Board.

iii. Structure of the Board

The board of trustees comprises of the following:

- (a) The chairperson of the Board of Trustee who is appointed by the President of United Republic of Tanzania;
- (b) Vice Chairperson appointed by Board Members; and
- (c) Not more than ten (10) Members appointed by Minister.

Members of the Board comprises persons with the following qualifications.

- (a) Three (3) persons who have acceptable academic qualification and practical experience in medicine (Master of Medicine and above);
- (b) Four (4) persons engaged in the Management of Institutions from the following fields (Law, Human Resource Management, Finance and planning or Economics); and
- (c) Two (2) persons working in sister or collaborating Institutions or Institutions carrying on functions similar or allied to those of the Institute and representative of the Ministry of Health (MOH).

iv. Core guidelines used by the board of trustees includes:

The Board of trustee's instruments include the following;

- (a) Muhimbili Orthopaedic Institute Act (Cap 954 R.E 2002) and its regulations; and
- (b) Board Charter enclosed with assessment tool and Code of Ethics and Conduct
- (c) MOI Strategic Plan ("SP")

v. Independence of Board members

To enhance independence, the Board shall avail an environment that ensure the members are critical and independent of one another so as to promote independent and objective judgment. A member of the Board or Board Committee shall declare any conflict of interests as soon as he/she become aware that a subject to be discussed at a Board or Committee meeting may give rise to a conflict of interest.

vi. Principle on age limit for the Board members

The government has prescribed 70 years as the age limit for Board members.

vii. Governance and audit

According to Section 12 and 13 of Muhimbili Orthopaedic Institute Act Cap 94 R.E 2002, The board of Trustees is required to provide and keep proper books of accounts and records (financial statements). Those Charged with Governance accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), the Public Finance Act, Cap. 348, and NBAA's Technical Pronouncements. Therefore, Those Charged with Governance are of the opinion that the financial statements of the Institute give a true and fair view of the Institute's state of the financial affairs and of its operating results for the year ended.

viii. Rights of the Government and other stakeholders

According to paragraph 13 of Board Charter, the Institute's stakeholders are the Government including the Treasury Registrar, Ministry responsible for health matters, President's office public services management and good governance (PO-PSM and GG),

Public and private sectors, other private and public sector and donors therefore, the Board recognize, respect and protect the rights of the Government and other stakeholders. The board also provides the government with information as required by applicable laws and it gives due consideration to the legitimate interest and expectation of the institute stakeholders in its deliberations and decisions.

ix. Stakeholder relations

Effective governance of the Institute requires management to be involved in all significant decisions, and to be accountable to the Board. In so doing the Board shall not actively manage or involve in the management of the affairs of the Institute but shall oversees the day-to-day management functions.

x. Ethics and social responsibility

The board of trustee has established code of ethics and conduct which is enclose in board chatter. According to code of ethics and conduct, the board is required among other things to act with integrity, in ethical manner, professional manner, to maintain high ethical and moral character, with competence, use proper care, exercise independent professional judgment, maintain confidentiality and act in the best interest of Institute.

xi. Risk management and internal control

According to Muhimbili Orthopaedic Act (Cap 94 R.E 2002) section 6, The Board is required to ensure effectiveness of internal control and risk management to ensure that the company's operations are effective, that financial and other information is reliable, and that the company complies with the relevant regulations and operating principles this can be achieved by supervising the implementation of policies and objectives controlling the institute budget.

2.13 COMPOSITION OF THE BOARD OF TRUSTEES

The tenure of the Institute's Board of Trustees is three (3) years. The Chairperson of the Board of Trustee was appointed on 22 October 2018 and other members were appointed on 2 July 2019. The tenure of office of the Board Chairperson for the first term ended/expired on 21 October 2021 and he was re-appointed for the second term of three years with effect from 22 October 2021. The tenure of office of other Board Members ended on 1 July 2022 and the process of appointment of members is on progress.

The Board of Trustees comprises of eleven members and three (3) Board Committees (The Board Audit Committee, Clinical Service Committee and Finance Planning and Human Resource Management Committee). Previously the Board of Trustee had only one Board Committee that is Board Audit Committee. During the financial year 2021/22 on 23 December 2021 the two committees that are Clinical Service Committee and Finance planning and Human Resource Management Committee were added.

2.14 TRUSTEES' INTERESTS

None of the Trustees has a direct or indirect interest in the Institute. The Board of Trustee delegate its authority to the Management Team of the Institute, to undertake its day-to-day Institute activities.

2.15 MANAGEMENT OF THE INSTITUTE

The Institute's Organization structure was approved by the President of the United Republic of Tanzania on 04 July 2022. The approved Functions and Organization structure of MOI consists of six (6) directorates, eight (8) units and nineteen (19) sections.

The Organization structure was reorganised as follows:

- (a) Establishment of three new directorates namely Directorate of Orthopaedics and Trauma,
 Directorate of Neurosurgery and Directorate of Clinical Support Services;
- (b) Restructuring and renaming of the Directorate of Human Resource Development and Administration to Directorate of Administration and Human Resource Management. Moreover, the social welfare section was been transferred to Director of Nursing Services.
- (c) Restructuring of the Technical Directorate to Technical Services, Estate and Environment Management Unit;
- (d) Restructuring and renaming of the Directorate of Finance and Supplies to Directorate of Finance and planning;

- (e) Planning after transferring the responsibilities of Supplies to the Procurement unit; and
- (f) Establishment of two (2) new units which are Clinical research, Training and Consultancy unit and Clinical Audit and Quality Assurance.

Management of the Institute is under the leadership of the Executive Director and is organized in six (6) substantive directorates headed by Directors who are assisted by managers. The Directorates of MOI are as follows:

- (a) Orthopaedics and Trauma;
- (b) Neurosurgery;
- (c) Clinical Support Services;
- (d) Nursing Services;
- (e) Administration and Human Resource Management; and
- (f) Finance and Planning.

Management of MOI has independent units that reports directly to the Executive Director, these units are:

- (a) Informational Technology (IT) Unit;
- (b) Internal audit (IA) unit;
- (c) Procurement Management unit (PMU);
- (d) Legal Services Unit;
- (e) Public Relations (PR) unit;
- (f) Clinical Audit and Quality Assurance;
- (g) Technical Services, Estate and Environment Management Unit; and
- (h) Clinical research, Training and Consultancy unit

Head of Directorate (Directors) during the year under Audit up to the date of this report are as follows:

S/n	Name	Age (Years)	Position	Qualification	
1	Dr. Respicious B. Lwezimula *	53	Executive Director	Master of Medicine in Anaesthesiology & Master of Science in Epidemiology	
2	Dr. Antony B. Assey	54	Director of Orthopaedics and Trauma	Master of Medicine OT Fellowship of OT & Spine	
3	Dr. Laurent L. Mchome	47	Director of Neurosurgery	Master of Medicine and Master of Science in Neurosurgery	
4	Dr. Veronica R. Nyahende	48	Director of Finance and Planning	Master of Business Administration, Doctor of Management in Financial Management	
5	Mr. Orest Mushi	54	Director of Administration and Human Resource Management	Master's in public administration	
6	Mr. Fidelis Minja	49	Director of Nursing Services	Master of Nursing in Critical Care	
7	Dr. Asha A. Abdulla	56	Director of Clinical Support Service	Master of Medicine	
8	Prof. Abel N. Makubi	48	Executive Director	Physician/ Cardiologist and Haematologist	

* On 6 June 2023 Prof. Abel N. Makubi was appointed as the Executive Director of Muhimbili Orthopaedic Institute to replace the former Executive Director Dr. Respicious B. Lwezimula whose term expired during the year.

2.16 EMPLOYEE'S WELFARE

2.16.1 Management employees' relationship

The Institute continued to sustain harmonious relationship between the employees and management. To ensure harmonious working relations, two (2) Workers' Council meetings and three (3) joint meetings with workers union executive council were held to discuss Institute's operations and staff related matters. The relationship between the employees and management was good and there were no unresolved complaints.

2.16.2 Retirement Benefits

The Institute contributes to pension schemes administered by various Pension Funds (Currently PSSSF) on behalf of employees.

2.16.3 Leave Passage

Leave financial assistance continued to be provided to employees once in two years, to assist employees in meeting travelling cost when proceeding for their annual leave.

2.16.4 Medical assistance

The Institute provided health services to employees through the National Health Insurance Fund. In accordance with the requirements of National Health Insurance Act Number 9 of 1999, employees contributed 3% from their basic salaries while the employer contributed the same percentage.

2.16.5 Training and staff development

During the year, the Institute persisted in the implementation of its three-year training plan, aiming to keep its employees updated on developments in their respective professions. Training initiatives encompass both in-house programs and external opportunities, both domestic and through external institutions.

During the year under review 49 (2022: 72) staff were on training as follows:

2023	2022
4	4
17	37
13	16
15	15
49	72
	4 17 13 15

Various workshops, seminars and short-term courses were conducted or financed and attended by 65 Institutes' employees. During the year the Institute spent TZS 185 million on staff training (2022: TZS 80.57 million).

2.16.6 Staff Performance Appraisal

The Institute continued to set and evaluate staff job performance using Open Performance Appraisal System (OPRAS). From job performance review conducted during the reporting period, employees were given new annual targets which will be used for performance evaluation.

2.16.7 Financial Assistance to Staff

The Institute facilitates its employees to access loan services provided by financial institutions. Currently various employees have acquired loans from various institutions and loan repayment deducting from their monthly salaries through Human Capital Management Information System (HCMIS). Furthermore, the Institute supports employees in event of loss of their beloved family members.

The Institute continued to provide office space for the Institute Savings and Credit Cooperative Society (MOI SACCOS), which provides loans/credit to its members (MOI employees).

2.17 FIGHT AGAINST CORRUPTION

The Institute Management is committed to fight corruption. It has a code of ethics in place which has been communicated to all employees and all employees are required to comply.

The Institute maintains transparency in conducting its business and observes good governance principles, fair public services and maximum patient and other customer care. The Institute has a Tender Board and Procurement Management Unit which are mandated to ensure that there is transparency in all procurement transactions.

A specific Unit is in place to deal with handling of customers' complaints. Furthermore, the system is in place through which the Management gets feedback from patients regarding the quality of service. Client's concerns and suggestions are also collected through suggestion boxes which have been fitted in various places within the Institute compound.

2.18 PERSONS WITH DISABILITIES AND GENDER BALANCE

2.18.1 Persons with Disabilities

The Institute engages in the recruitment of individuals with disabilities for positions they can effectively fulfil. Comprehensive support is offered during the initial training phase. Moreover, opportunities for career progression are extended to each person with a disability as and when a suitable vacancy emerges within the organization. A comparable policy is in place for employees who may become disabled while in the Institute's employment, ensuring that they too have opportunities for advancement and continued professional development.

2.18.2 Gender Balance

The Institute ensures equal opportunities for all Tanzanians during the recruitment and appointment process, emphasizing that candidates are considered based on their qualifications, qualities, and abilities, irrespective of their gender.

As at 30 June 2023 the Institute had the following distribution of employees by gender:

	Percent	age	Numb	er
Gender	2022/23	2021/22	2022/23	2021/22
Male	41%	41%	349	318
Female	59%	59%	499	453
Total	100%	100%	848	771

2.19 RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Trustee accepts final responsibility for the risk management and internal control system of the Institute. 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 Institute's assets;
- Compliance with applicable laws and regulations;
- · The reliability of accounting records;
- Business sustainability under normal as well as conditions; and
- Responsible behaviours 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 Institute system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The internal control systems were assessed throughout the financial year ended 30 June 2023 and is of the opinion that they met accepted criteria. Assessment of risk and internal control were carried through internal audit.

Principal Risks and Uncertainties

The principal risks that may significantly affect the Institute's strategies, programs and development are:

S/n.	Description of risk	Mitigation
1.	medical services. Seventy eight percent (78%) of patients received at MOI emergences department are uninsured as a result Institute remain with huge unpaid medical bills	To seek government support and other sponsor for destitute patients.
2.	is currently facing competitions from other hospitals in and outside the country especially in the East African region. The Institutes is also facing competition over skilled/specialized personnel (brain drainage)	The Institute is focusing on improving services by ensuring required medical consumables, medical devices, implants and medicines are available and capacity building to the staff, on the other hand, the Institute is in the process of establishing the state of art rehabilitation Centre at Mbweni Mpiji and to enhance specialized interventional radiology procedures to avoid abroad patient's referral. The Institute has established the attractive motivation scheme to retain skilled/specialized personnel.
3.		Institute continues to improve its internal risk measures through: > Provision of vaccine to its employees. > Holding clinical meeting
4.	Operational risk Breakdown/ default of machines/medical equipment and insufficient knowledge on repair and maintenance of medical equipment	 To have preventive equipment maintenance plan. Training of biomedical engineers and technicians. To Improve engagement of user on maintenance contract
5.	Professional risk Medical staff are facing various professional risk like insufficient compliance of clinical services standards and Insufficient provision of sustainable internal medical services processes	Institute Formulary ➤ Inhouse training of medical staff and

2.20 CURRENT AND FUTURE DEVELOPMENT PLANS OF THE INSTITUTE

In 2022/23, the Institute planned to implement the following:

- To continue improving on provision of specialized services in neurosurgery, orthopedic and interventional radiology aiming to minimize (or zero) referral abroad in these services and be a medical tourism center in East Africa and Africa;
- To establish teaching University in area of neurosurgery, orthopedic and interventional radiology with future aim to be the best University in these areas in Africa;
- Progressing with MOI Phase IV which will include establishment of state of art rehabilitation centre at Mbweni Mpiji;
- To conduct research and development activities in the fields of orthopedics and neurosurgery of the University standard; publish and disseminate findings to policy makers and the scientific community;
- To strengthen mobile polyclinic services that will help to reduce the hospital patient congestion and enable many patients access health service;
- Registration of MOI as a teaching Institute under National Council for Technical Education (NACTE);
- Accreditation of MOI Laboratory under International Organization for Standard (ISO).
- To develop and update research and teaching policies in Orthopaedic, Neurosurgery and Allied clinics services and disseminate findings to policy makers;
- Reconstruction of MOI Private wing II to be VIP Consultation rooms.
- Construction of MOI New OPD;
- Repair and Maintenance of Tumaini Hospital Building for establishment of OPD for Private Patients:
- Construction of Building for the procured MRI and CT Scan Machine;
- Construction of Microbiology rooms and Installation of machines; and
- · Establishment of blood transfusion unit.

2.21 SOLVENCY

The Board of Trustee confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Institute's statement of financial position as at 30 June 2023 is set out on page 37 of the financial statements. The Institute requires financial support from the Government of the United Republic of Tanzania to pay for salaries and other charges in order to continue operating. The Board of Trustee has reasonable expectation that The Institute will have adequate resources to continue in operational existence for the foreseeable future.

2.22 GOING CONCERN ASSUMPTION

As of 30 June 2023, the Institute's current liabilities exceeded current assets by TZS 20,341 million (2021/22: TZS 16,343 million) and reported a net deficit during the year of TZS 6,310 (2021/22: Surplus of TZS 5,954 million).

The Board of Trustees confirms that the financial reporting standards have been adhered to,

and the financial statements have been prepared under the assumption of a going concern. There is a reasonable expectation that the Institute possesses the resources to continue operational existence for the foreseeable future, with ongoing financial support anticipated from the Government of the United Republic of Tanzania through various ministries and institutions, particularly the Ministry of Health.

Historically, the Ministry of Health, Community Development, Gender, Elders, and Children (MOHCDGEC) provided grants to MOI to cover principal payments to the National Health Insurance Fund (NHIF) related to a previous loan for the construction of MOI Building Phase III.

In 2023, the Institute received TZS 17.48 billion for salary payments, TZS 29 billion for other charges, and TZS 1.96 billion for development projects. Additionally, MOI received aid/donations from the Ministry of Health for medicines, with these funds being directed to the Medical Stores Department (MSD).

2.23 RELATED PARTY TRANSACTIONS AND BALANCES

During the year, in the normal course of operations of the Institute, various transactions with related parties occurred, details of transactions and balances are disclosed in Note 45 of the financial statements.

2.24 POLITICAL AND CHARITABLE DONATIONS

During the year, the Institute made charitable donations amounting to TZS 1,166 million (2022: TZS 1,146 million) as assistance to destitute patient's (increase by 13%).

VACI	2022/23	2021/22
	TZS '000	TZS '000
Medicine/drugs investigation and consultation exper	nses to	
general patients	1,023,603	984,087
Food expenses to general patients	89,287	133,932
Surgical camp expenses	52,900	27,900
Total	1,165,790	1,145,919

The Institute did not make any political donation in the year under review (2022: Nil).

2.25 ENVIROMENTAL CONSERVATION

The Institute implements government policies and directives on environmental conservation. The Institute monitors the impact of its operations on the environment, which is mainly use of power, water and the generation of waste. The Institute minimizes its impact through the better use of its premises and inbuilt facilities to ensure that there is proper waste management.

2.26 COMMENTARY TO THE BUDGET (PLAN) AGAINST ACTUAL RESULTS

The budget of the Institute is prepared on a cash basis. For the year ended 30 June 2023, patient's revenue collection was TZS 30,664 million compared to budgeted patient revenue of

20

TZS 35,064 million. Revenue collection from rendering services decreased by 7% because there was revenue that was not collected mainly from credit institutions. Revenue earned by the Institute from rendering services was increased by 13% compared to the year 2021/22 mainly contributed by availability of medicine and improvement of services provided by MOI Community Pharmacy during the year. Other personal emoluments increased by TZS 1,195 million when compared with budgeted expenses. More details about plan and actual results analysis during the year are disclosed in the Statements of Comparison between budget and actual page 42 and its supporting note 42 and Note 43 of the financial statements.

2.27 STRATEGIC OBJECTIVES

The Institute is in the fourth year of implementation of the strategic plan for the period covering 2018/19 to 2022/23. This is a rolling plan which at every year-end is reviewed and updated to ensure that it is still appropriate and valid for the Institute to achieve its mission. The Institute strategic plan for 2018/19 to 2022/23 focused on achieving seven objectives as follows:

- Having 760 human resource for health (Specialists, super specialists and Supporting services) by 2023;
- Development of Institutional capacity building for 345 staff by June 2023;
- Provision of specialized and super-specialized medical services in Orthopaedic and Trauma and Neurosurgery (OT/NS) and supporting services to patients by June 2023;
- Improved and Sustained Internal Medical Business Process and Customer Care by 2023;
- Strengthen Financial Management by June 2023; and
- Improve compliance with policy, laws and regulation and guidelines by June 2023 and Acquisition of state of Art Infrastructure by June 2023.

The following are some of the achievements of the Institute for the year under review:

Objective	Strategy	Key performance indicator (KPI)	Results during For the year 2022/23	Results during for the year 2021/22
Having 760 human resource for health (Specialists, super specialists and Supporting services) by 2023	Training of Medical and Non- Medical Staff by 2023	Having 20 qualified, specialized and super specialized human capital yearly.	9 - Nurses 5 - Staff in Allied Services 2 - Non-Medical Staff trained in specialized in the year.	specialization in the year under review
	Recruitment of specialized Medical and Non- Medical staff by June 2023	Having 120 newly employed medical and non-medical staff yearly.	87 employees were recruited and 15 were transferred in the year under review.	6 employees transferred in year under review.

Objective	Strategy	Key performance indicator (KPI)	Results during For the year 2022/23	Results during for the year 2021/22
Development of Institution al capacity	Training (Short course) and development by June 2023.	Training 4 Directors and Managers per year (to be selected by training plan).	6 Directors attended workshop in year under review.	4 Directors attended workshop in year under review.
building for 300 staff by June 2023.	Exchange, Coaching and Exposure program by June2023.	10 Specialist, managers, head of unit and Officers annually.	11 Specialists were engaged in different programs	8 Specialists were engaged in exchange program whereby one specialist from MOI went to Egypt University and one Doctor from USA came to MOI
	Seminars and Workshops by June 2023.	40 managerial staff and officers to attend workshop and Seminar annually.	65 staff attended workshop and seminar during the year.	200 staff attended workshop and seminar during the year.
	Human resource establishment and social welfare by June 2023.	Career development administration and staff welfare services improved to all staff annually. Improve public awareness of MOI services by 25% annually.	The Institute incentive Scheme has Improved by 50%.	Scheme of Service for substantive post reviewed in financial year 2020/21 and approved on 1 July 2021.
Provision of specialized and super- specialized medical services	Clinical services improved by June 2023.	Average of 196,242 clinical patients attended per year.	219,672 clinical patients attended. (Clinics and EMD).	197,925 clinical patients attended. (Clinics and EMD).
in Orthopaedic and Trauma and Neurosurgery (OT/NS)	Diagnostic services improved by 2023	Average of 113,169 laboratory investigations and 100,304 radiological examinations per year.	88,754 Laboratory Investigatio ns and 42,374 radiological Examinatio ns performed.	63,358 Laboratory Investigations and 47,580 radiological Examinations performed.
	Physiotherapy services improved by June 2023.	Average of 132,000 Physiotherapy session yearly.	159,720 Physiotherapy session.	78,524 Physiotherapy session.
supporting ervices to patients by June 2023.	OT/Workshop services improved by June 2023.	Average of 500 workshop appliances yearly.	605 workshop appliances	411 workshop appliances

Objective	Strategy	Key performance indicator (KPI)	Results during For the year 2022/23	Results during for the year 2021/22
	Pharmaceutical Services improved by June 2023.	Pharmaceutical services to 178,402 patients (average) per year.	215,866 Patients served with quality drugs and medical consumable for 2022/23.	115,824 Patients served with quality drugs and medical consumable for 2021/22.
	Orthopaedic and Trauma surgery improved by June 2023.	Average of 7,000 orthopaedic and Trauma surgery patients operated yearly.	4,293 orthopaedic and trauma Patients operated.	5449 orthopaedic and trauma Patients operated.
	Neurosurgery operations improved by June 2023.	Average of 2,735 neurosurgery operations yearly.	2,676 patients on neurosurgery Operations.	3665 patients on neurosurgery Operations.
	Nursing services improved by June 2023.	Average of 200,000 in and outpatients attended/ nursed per year.	140,586 in and outpatients attended/ nursed.	205,693 in and outpatients attended/ nursed.
	Anaesthesia services improved by June 2023.	Average of 7,000 anaesthetized patients per year.	7,464 anaesthetized patients.	7113 anaesthetized patients.
	Paediatric services improved by June 2023.	Average of 4,655 Paediatric patients operated per year.	495 Paediatric patients operated	948 Paediatric patients operated
Strengthen Financial Management by June 2023.	Strengthen Internal control by June 2023.	Sustainable Cashless system, Sound Hospital management information system, proper hospital register established and adhered to (unifying patients' entry).	Hospital Management Information system (HMIS) E- Medical system in place	Hospital Management Information system (HMIS) in place E- Medical system
	Budget and budget control by June 2023.	Daily budget compliance avoiding emergence reallocation to unbudgeted activities.	80% compliance.	75% compliance.
	Efficient and effective revenue collection annually by June 2023.	10% increase of internal generated revenue annually.	0.96% Increase during the year due price changes and improvement of community pharmacy services.	0.96% Increase during the year due price changes and improvement of community pharmacy services.

2.28 KEY STRENGTHS

The following are the key strengths which assist the Institute in pursuing its objective;-

Existence of competent staff recruited based on the qualifications enshrined in schemes of service;

- Existence of Good organization structure.
- Existence of Financial contribution from Government to finance services of the Institute.
- Existence of Advanced Medical Equipment.

Availability of hospital facilities (fully equipped operating theatre, fully equipped Intensive Care Unit (ICU) and fully equipped High dependent nit (HDU)

2.29 RELATIONSHIP WITH STAKEHOLDERS

The Institute continued to maintain its relationship with the general public, local and international organizations. The stakeholders include individuals, groups, governmental authorities and development partners outlined below;-

- (i) Government Ministries and Entities;
- (ii) Patients and Public:
- (iii) Other Hospitals;
- (iv) Employees;
- (v) Media;
- (vi) Suppliers and other service providers;
- (vii) Health Training Institutions; and
- (viii) International organizations.

Government Ministries and Entities

The Institute continued to maintain its relationship with the Ministry of Finance and Ministry of Health as follows.

a) Ministry of Health

The Institute work under the Ministry of Health which has the responsibility of issuing health policies, laws, regulations, guidelines, circulars and directives that governs the institute. Board of Trustee members are appointed by the Minister for Health. The Ministry of Health is the vote/budget holder of the institute and is provided with MOI financial performance reports quarterly and annually.

The Ministry of Health provides medical equipment, devices, medicines and medical consumables to the Institute and also provides training of medical and paramedical personnel to enable the Institute to provide accessible, affordable, equitable and high-quality service with good customer care and reduction of referrals outside the country. MOI ensures compliance with policies, laws, regulations, guidelines, circulars and directives issued by the Ministry of Health.

b) Ministry of Finance

Ministry of Finance is a budget approving authority for the Institute, pays MOI employee salaries, provides funds for other charges and development, guarantee loans to the institute, and approves budget reallocation and disposal of asset. MOI ensures compliance with laws of the United Republic of Tanzania which requires the Institute to follow directives issued by the Ministry of Finance in order to realise value for money.

c) Patients and general public

The Institute continued to maintain its relationship with patients and public by providing accessible, affordable, equitable and high-quality services with good customer care, accurate, transparent, timely and reliable information and medical reports. Patients and general public contribute for medical services by paying fees, donating blood and other donations.

The Institute maintains conducive working environment for MOI employees in order to achieve the expectation of the patients and public of obtaining high-quality services and good customer care.

d) Other Hospitals

The Institute continued to maintain its relationship with other hospitals by conducting outreach programs, training consultations and collaboration. The Institute also provides effective and timely cross consultation and hospitality arrangements with timely, accurate and credible information.

The Institute has been visiting regional and zonal hospitals for capacity building and provision of super specialized medical services.

e) Employees

The Institute continued to provide conducive working environment to all employees by providing trainings, attractive remuneration and other kind of recognitions. MOI employees are motivated and hard working in providing medical services to patients. The Institute is maintaining harmonious relationship between employees and management by conducting workers' Council meetings and joint meetings with Workers Union Executive Council.

f) Media

The Institute continued to be transparent by providing accurate, timely and reliable information to stake holders. Medias link the Institute with general public by creating awareness of MOI services and advertisement of new products. The Institute is working with various media through public relation unit and ensures smooth accessibility of required information as and when needed.

g) Suppliers and other service providers

The Institute is maintaining good relationship with its suppliers and other service providers by having meetings to negotiate and discuss matters that affect both parties.

h) Health Training Institutions

Throughout the reporting period, the Institute has sustained its partnerships with health training institutions by offering training to students in Orthopaedic, Neurosurgery, Anaesthesia, and Radiology. Additionally, the Institute extends training and supervision to intern students from various training institutions. Annually, MOI creates training opportunities for interns by assigning specialists who guide and train them in various fields, including the operating theatre, laboratory, radiology, wards, ICU, and pharmacy for practical training. Furthermore, MOI actively contributes to employment opportunities for qualified medical students/professionals and supports research and publication initiatives.

i) International organizations

The Institute has continued to foster relationships with international organizations through the organization of international workshops, surgical camps, and exchange programs. These initiatives contribute significantly to the training and capacity building of MOI medical staff. Collaborations with international organizations have played a pivotal role in enhancing medical services at MOI, including the donation of implants and other essential medical consumables. MOI serves as a valuable platform for international organizations to conduct research activities, thereby contributing to the ongoing improvement of medical services provided by the Institute.

2.30 RESOURCES

The Institute effectively pursues its objectives through the utilization of a range of resources, encompassing both tangible and intangible assets that facilitate the execution of its duties. Key resources at the Institute's disposal include financial resources, human capital, the Institute's reputation and brand, compliance with government policies and regulations, natural resources, and intellectual assets. These combined resources contribute to the Institute's ability to fulfill its mission and responsibilities effectively.

a) Financial resources

The Institute being a Government Institution is provided with subventions for salaries and wages, development fund, other charges and call allowances annually. Moreover, the Institute is getting financial contribution due to public private mix.

b) Human Resources

The Institute has highly qualified and specialized human capital. Presently, the Institute's staff composition includes 5 consultants, 27 super specialists, 42 specialists, 44 medical doctors, 99 nurses (holding degrees), 201 registered nurses, 1 Radiology scientist, 11 Radiographers, 2 Laboratory Scientists, 10 Laboratory Technologists, 3 Orthotist/Prosthetists, and 6 Orthopaedic Technologists. This diverse and skilled team contributes to the Institute's ability to provide comprehensive and specialized healthcare services.

c) The Institute's reputation

The Institute has been providing super specialized service in the field of orthopaedic, traumatology and neurosurgery for several years which has increased customer's trust and confidence in services provided by MOI. Through Innovation, Leadership and good governance MOI has built a great brand reputation

d) Government policies and regulations

MOI under the Ministry of Health has been implementing government policies and regulation. The National Health policies issued by the government aim at strengthening the role of the Institute of providing its services with professionalism, Integrity and Ethically. Government policies has brought positive achievements to the Institute in offering super specialized service in orthopaedic, traumatology and neurosurgery.

e) Natural resources

Institute is strategically located near city center where it is easily accessible to the society and customers from Zanzibar and outside the Country. MOI is having buildings that are used for provision of services. Moreover, MOI has acquired land at Mbweni Mpiji where the Rehabilitation center is expected to be build.

f) Intellectual resources

The Institute is having qualified and specialized human capital that brings reputation to the Institutes and reliable customers from all over the country and outside the country. The number of patients attended each year has been increasing (2021/22: 205,729 patient 2020/21: 203,566 patient)

2.31 THE INSTITUTE OPERATING MODEL

The Institute's Strategic purposes is to provide specialized medical care in the field of orthopaedic, trauma and neurosurgery, and teaching (MOI in association with Muhimbili University of Health and Allied Science (MUHAS).

The operating activities of the Institute includes provision of hospital management conducive to self-sustainability on autonomous basis, improvement of the basic services for all the diseases of the musculoskeletal system, accident and neurosurgical cases providing cure celetal system, accident and neurosurgical cases providing cure and reduction of the rate of invalid people in the country, improvement of Orthopaedic/trauma service in the periphery through adequate training facilities, production of the required personnel for the country in the field of Orthopaedics and Neurosurgery through appropriate training and reduction of the number of referral patients outside the country.

In provision of the operating activities, the Institute is having the following resources;-

(i) Human Resources: The Institute is having qualified and specialized human capital in the field of Orthopaedics, Traumatology and Neurosurgery;

- (ii) Advanced Medical Equipments (Angiosuite, MRI and CT Scan Machine);
- (iii) Fully equipped Operating theatre;
- (iv) Fully equipped Intensive Care Unit (ICU);
- (v) Fully equipped High dependent Unit (HDU); and
- (vi) Financial Resource: Financial contribution from the Government and Its own internal revenue source (public private mix practice).

The institute provides medical services to public and private patients. During the financial year the Institute provided medical services to 228,272 patients (2022: 205,729 patients) and also performed 7,464 (2022: 7,125) super specialized and specialized operations as follows;

Details	Number of sur	Number of surgeries	
		2021/2	
	2022/23	2	
	188	175	
Total knee replacement	172	150	
HDC (ETV) +Spina Bifida	511	383	
Athroscopy	319	151	
Spine surgery	380	285	
Brain tumor surgery	222	191	
Transfeneroid	15	16	
Angio OT	110	167	
Aneurysim	15	6	
Accetabular reconstruction	103	96	
Scoliosis (Paediatric)	29	12	
Others orthopaedic surgeries	5,400	5,493	
Total surgeries during the year	7,464	7,125	

The Institute has managed to reduce number of referrals cases through capacity building in super specialized surgeries. In Orthopaedic surgeries referrals has been reduced by 99% specifically on total hip replacement, total knee replacement, arthroscopic joint surgeries, spine surgeries and scoliosis. In Brain surgeries referrals has been reduced by 96% on Brain tumor excessive and intracranial hemorrhage surgeries. Provision of super specialized medical services in the country has improved.

2.32 COMMENTARY TO THE FINANCIAL STATEMENTS

2.32.1 Introduction

The financial statements for the financial year ended 30 June 2023 provide a record of the Muhimbili Orthopaedic Institute (MOI) financial position, financial performance, change in net assets cash flows and notes to the financial statements.

2.32.2 Property and equipment

Property and equipment stood at TZS 47,674.34 million as at 30 June 2023 compared to TZS 50,023.83 million as at 30 June 2022, a decrease of 6.2% is attributed by depreciation charge during the year amounting to 4,314 million.

2.32.3 .Intangible assets and work in progress (intangible)

Intangible assets stood at TZS 118.45 million (2022: TZS 240.51 million). The Institute intangible assets are ACL data analysis tools, MOI Community Pharmacy Information System, Hospital Integrated Management System (MEDPRO) and e-medical system.

2.32.4 Trade and other receivables

Receivables (net of impairment) decreased from TZS 8,832.82 million as at 30 June 2022 to TZS 6,256.91 million as at 30 June 2023 which is a decrease of 28.7%. This was mainly caused by decrease of outstanding receivables (unpaid bills) from credit institution (insurance companies and other institutions).

2.32.5 Prepayments and advances

Prepayments and advances increased from TZS 150.45 million as at 30 June 2022 to TZS 4,788 .11 million as at 30 June 2023. This was mainly caused by advance payment to Ocean Road Cancer Institute for procurement of the Magnetic Resonance Imaging (MRI) and Computed Tomographic (CT-Scan) amounting to TZS 4,788 million.

2.32.6 Trade and other payables

Trade and other payables have increased by 11% from TZS 28,561.09 as at 30 June 2022 to TZS 31,680.95 million as at 30 June 2023. This was mainly caused by increase of patient deposits and increase in procurement of goods and services on credit basis to suppliers.

2.32.7 Accumulated surplus

The Institute has reported accumulated surplus amounting TZS 10,538.86 million for year ended 30 June 2023 while for year ended 30 June 2022 the Institute reported accumulated surplus amounting to TZS 16,849.49 million. The difference is attributed by deficit of TZS 6,311 million reported during the year.

2.32.8 Performance review

During the year 2022/23, the Institute recorded total revenue amounting TZS 53,374.19 million (2021/22: TZS 61,951.96 million) and total expenses amounting TZS 59,684.82 million (2021/22: TZS 55,998.23 million) as a result the Institute has deficit of TZS 6,310.62 million (2021/22: Surplus of TZS 5,953.73 million). This is set out in the Statement of Financial Performance for the year ended 30 June 2023.

a) Revenue

Revenue decreased by 8,577.77 million equivalent to 14% from TZS 61,951.96 million in 30 June 2022 to TZS 53,374.19 million in the year ended 30 June 2023. The decrease is mainly attributed by decrease of amortization of development grant and donations.

b) Expenditure

Expenditure increased by TZS 3,686.58 million equivalent to 7% from TZS 55,998.23 million in 2021/22 to TZS 59,684.82 million for the year ended 30 June 2023. The increase is mainly attributed by increase of personal emoluments by TZS 2,498 million from TZS 10,205.57 million in 2021/22 to TZS 12,703.13 million in 2022/23. Furthermore, there was an increase of salaries and wages from TZS 16,190.26 million in 2021/22 to TZS 18,297.27 million in 2022/23 as the result of transfers in and hire of new employees totalling to 151 employees.

2.33 TAXATION

The income of the Institute has been exempted from taxation under paragraph 1.b of the Second Schedule as read together with Section 10 of Income Tax Act Cap. 332 (R.E 2019).

2.34 CAPITAL COMMITMENTS

During the year, the Institute continued with the construction of MOI Phase IV, which includes the development of a Rehabilitation Centre at Mbweni Mpiji. Management successfully completed the preparation of the plan for the Rehabilitation Centre. Currently, the Institute is actively seeking funds to support and finance the upcoming construction activities.

2.35 EVENTS AFTER REPORTING PERIOD

At the signing of the financial statements, management was not aware of any other matter or circumstances that need to be disclosed arising since the reporting date, not otherwise dealt with in the financial statements which significantly affect the financial position of the Institute and the results of its operations.

2.36 FIDUCIARY RESPONSIBILITY

The Board of Trustees as stewards of public trust always acted for the good of the Institute rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken without placing the Institute under unnecessary risk.

2.37 CORPORATE SOCIAL RESPONSIBILITIES

During the financial year under audit, the Institute implemented various activities in executing its corporate social responsibilities. Some of the activities are mentioned here below:

Treating at Institute's cost children with hydrocephalus and spina bifida disease: Bearing
the cost of consultation, medicine, operations, food and ward accommodation. Also, the
Institute provided food for the parents or guardians who escorted these children; and

 The Institute borne the cost of treatment for destitute patients: This included consultation, medicine, operation, food, ward accommodation and fare to their respective domicile's upcountry.

During the year the Institute spent TZS 38 million (2022: Nil) in respect of Cooperate Social Responsibilities as indicated in note 34 of the financial statements.

2.38 SURPLUS AND RESERVES

The surplus and reserves of the Institute are not available for distribution. Such surplus and reserves whenever they are available are exclusively and wholly used for financing future operations and development of the Institute.

2.39 SERIOUS PREJUDICIAL MATTERS

During the period ended 30 June 2023, there were no serious prejudicial matters to report on as required by the Tanzania Financial Reporting Standard No 1: Report by Those Charged with Governance.

2.40 STATEMENT OF COMPLIANCE

The Board of Trustees believe that the Institute has adequate financial resources to continue in operation for the foreseeable future and accordingly the Board of Trustee report and financial statements have been prepared on a going concern basis. The Board of Trustees have satisfied themselves that the Institute is in sound financial position. The Report by Those Charged with Governance is prepared in compliance with the new Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021. The financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs) as issued by the International Public Sector Accounting

2.41 COMPLIANCE WITH LAWS AND REGULATIONS

During the period, the Institute observed compliance to applicable laws and regulations, policies and guidelines which have impact on the Institute's operations. These include The Income Tax Act and The Public Procurement Act, and its regulations and other applicable laws and the Trustees are not aware of non-compliance that would have material impact to the Institute.

2.42 RESPONSIBILITY OF THE AUDITOR

The Controller and Auditor General (CAG) has a statutory responsibility to report to the stakeholders as to whether, in his opinion, the financial statements of the Corporation present fairly the financial position, financial performance and cash flows for the year ended in accordance with the International Public Sector Accounting Standards (IPSASs) and the Tanzania Financial Reporting Standard (TFRS 1).

2.43 AUDITORS

The Controller and Auditor General is the statutory auditor of the Muhimbili Orthopedic Institute (MOI) by virtue of Article 143 of the Constitution of the United Republic of Tanzania, and as amplified in section 10 of the Public Audit Act (No. 11) of 2008. However, in accordance with section 33 of the same Act, M/S KPMG were authorized to carry out the audit of Muhimbili Orthopedic Institute (MOI) for the financial year ended 30 June 2023 on behalf of the Controller and Auditor General.

Dr. John A. K. Jingu Permanent Secretary

Date: 22.03.2024

Prof. Abel N. Makubi

Executive Director of the Institute

Date: 22.03.2029

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

The Act establishing the Institute, Muhimbili Orthopaedic Institute Act number 7 of 1996 (CAP 94 R.E. 2002) requires the Board of Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Institute as at the end of the financial year and of its surplus or deficit. The Act also requires the Board of Trustees to ensure that the Institute keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Institute. The Act also bestows the Board of Trustees with the responsibility for safeguarding the assets of the Institute.

The Board of Trustees accept its responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and the requirements of the Act. The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Institute and of its financial performance in accordance with International Public Sector Accounting Standards.

The Board of Trustees further accept its responsibility for the maintenance of accounting records that have been relied upon in the preparation of these financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement. To enable the Trustees to meet these responsibilities they have set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Institute and all employees are required to maintain the highest ethical standards in ensuring the Institute's activities are conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Institute is on identifying, assessing, managing and monitoring all known risks across the Institute. While operating risk cannot be fully eliminated, the Institute endeavours to minimise it by ensuring the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Trustees are of the opinion, based on the information and explanations given by Management that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

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

Dr. John A. K. Jingu Permanent Secretary

Date: 22,03.2029

Prof. Abel N. Makubi

Executive Director of the Institute

Date: 22.03.2024

4.0 DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2023

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

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

I, Dr. Veronica Robert Nyahende, being the Director of Finance and Planning of the Institute hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 30 June 2023 have been prepared in compliance with applicable Accounting Standards and other statutory requirements.

I thus confirm that the financial statements of Muhimbili Orthopaedic Institute (MOI) as at 30 June 2023 comply with International Public Sector Accounting Standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Name: Dr. Veronica Robert Nyahende Signature:

Position: Director of Finance and Planning

NBAA Membership No: ACPA 1567

Date 22 03 , 2024

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		2022/23	2021/22	2020/21
*	Notes	TZS '000'	TZS '000'	TZS '000'
ASSETS			Restated*	Restated*
Non-current assets				
Property and equipment	9	47,674,340	50,023,828	43,463,524
Intangible assets	10	118,452	240,514	92,348
Work in progress	11	73,800	73,800	14,760
Prepayments and advances	14	4,263,036	SECTION AND ADDRESS OF THE PROPERTY OF THE PRO	
# # # # # # # # # # # # # # # # # # #		52,129,628	50,338,142	43,570,632
Current assets				
Inventories	12	3,455,791	2,517,309	1,407,082
Trade and other receivables	13	6,256,908	8,832,820	6,314,909
Prepayments and advances	14	525,075	150,452	1,684,193
Bank and cash balances	15	2,260,194	1,590,809	4,193,452
		12,497,968	13,091,390	13,599,636
TOTAL ASSETS	Ī	64,627,596	63,429,532	57,170,268
EQUITY AND LIABILITIES		Washington Co.		27,170,200
EQUITY				
Taxpayers' fund		5,135,450	5,135,450	5,135,450
Fair value loss	33	(176,045)	-, 100, 100	3,133,430
Accumulated surplus		10,538,863	16,849,486	10,895,760
	1. 1	15,498,268	21,984,936	16,031,210
Non-current liabilities		44 34	21,701,750	10,031,210
Interest payable	17	9,296,422	10,122,770	10,729,859
Deferred capital grant	18 (b)	423,046	10,122,770	10,727,037
Terminal benefit payable	33	2,307,164	1,886,710	0
		12,026,632	12,009,480	10,729,859
Current liabilities	Ť	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	12,007,100	10,727,037
Interest payable	17	964,073	826,349	826,349
Deferred revenue grant	18 (a)	4,457,676	47,676	2,485,401
Trade and other payables	16	31,680,947	28,561,091	27,097,449
	, -	37,102,696	29,435,116	30,409,199
Total liabilities		49,129,328	41,444,596	41,139,058
TOTAL EQUITY AND LIABILITIES	1	The state of the s	CALL LAND CONTRACT OF CALL LAND CONTRACT OF CONTRACT OF CALL LAND	7
	-	64,627,596	63,429,532	57,170,268

^{*} See note 41 for restatement.

Dr. John A K. Singu Permanent Secretary Prof. Abel N. Makubi Executive Director

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/23 TZS '000'	2021/22 TZS '000' Restated*
REVENUE			
Revenue from non-exchange transactions			
General inpatient fees	19	5,285,702	4,525,545
General outpatient fees	20	1,386,551	1,409,960
Government subventions	24	18,935,296	18,085,259
Donation	25	79,614	9,904,540
Other income	26(a)	51,954	3,553,337
Total revenue from non-exchange transactions		25,739,117	37,478,641
Revenue from exchange transactions			
Private inpatient	21	13,582,321	12,510,350
Private outpatient	22	7,892,364	7,026,719
Sales - MOI Community Pharmacy	23	5,884,404	4,706,435
Other income	26(b)	275,987	229,815
Total revenue from exchange transactions	7000	27,635,076	24,473,319
Total revenue	1500	53,374,193	61,951,960
EXPENSES			
Salaries and wages	27	18,297,269	16,190,263
Other personnel emoluments	28	12,703,129	10,205,570
Staff welfare and development expenses	29	697,810	1,107,290
Medical and other expenses	30	7,667,700	9,522,986
Administrative expenses	34	9,710,341	8,446,782
Depreciation and amortisation	31	4,436,561	4,521,423
Impairment losses		6,172,006	5,784,662
Finance expenses	32		219,258
Total expenses		59,684,816	55,998,234
(Deficit)/ surplus for the year		(6,310,623)	5,953,726

^{*} See Note 41 for restatement

Notes and related statements form part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Taxpayer's	Fair value	Accumulated cumulated	Total
¥	,000, SZL	LZS ,000,	Accumulated surplus	,000, SZL
At of 1 July 2021, as previously reported	5,135,450	×	11,478,183	16,613,633
Impact of correction of errors*	*	1	(582,423)	(582,423)
Restated balance at 1 July 2021	5,135,450	•	10,895,760	16,031,210
Surplus for the year	•	•	5,953,726	5,953,726
At 30 June 2022 (restated)	5,135,450		16,849,486	21,984,936
At of 1 July 2022 Other comprehensive Income	5,135,450		16,849,486	21,984,936
Loss on remeasurement of terminal benefit		(176,045)		(176,045)
	1	(176,045)	*	(176,045)
Deficit for the year	The state of the s		(6,310,623)	(6,310,623)
At 30 June 2023	5,135,450	(176,045)	10,538,863	15,498,268

^{*} See note 41 for restatement

Notes and related statements form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/23 TZS '000	2021/22 TZS '000 *Restated
CASH FLOWS FROM OPERATING ACTIVITIES Receipts			Restated
Government grants and subsidies	24	18,935,296	18,085,259
Rendering of services- patient fee	35	30,490,473	22,274,665
Other income	36	270,722	229,815
Donation	37	79,614	347,967
	_	49,776,105	40,937,706
Payments			
Salaries and wages	27	18,297,269	16,190,263
Other personnel emoluments	28	12,703,129	10,205,570
Staff welfare and development expenses	29	697,810	1,107,290
Payments to suppliers	38	19,645,142	14,594,132
		51,343,350	42,097,255
Net cash flows used in operating activities	-	(1,567,245)	(1,159,549)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of intangible assets	10	Y-49	(270,677)
Purchases of property and equipment	9	(1,965,011)	(1,402,642)
Purchases of WIP	11		(59,040)
Proceeds from disposal of property and equipment	26(b) _	5,265	
Net cash flows used in investing activities		(1,959,746)	(1,732,359)
CASH FLOWS FROM FINANCING ACTIVITIES	TITTO		
Receipts of capital grant from the Government	18 (b)	475,000	2
Receipts of income grant from the Government	18 (a)	4,410,000	1,115,612
Interest payments to NHIF	17	(688,624)	(826,347)
Net cash flows generated from Financing activities	-	4,196,376	289,265
Increase/(decrease) in cash and cash equivalent			
for the year		669,385	(2,602,643)
Cash and cash equivalent at the beginning of the year	_	1,590,809	4,193,452
Cash and cash equivalent at the end of the year	15 _	2,260,194	1,590,809

^{*} See Note 41 for restatement

Notes and related statements form part of these financial statements.

RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/DEFICIT FOR THE YEAR ENDED 30 JUNE 2023

	2022/23	2021/22
Notes	TZS '000	TZS '000
		*Restated
(Deficit)/ surplus for the year	(6,310,623)	5,953,726
Adjustment for:		
Depreciation 9	4,314,499	4,398,912
Gain on sale of property and equipment	(5,265)	9
Amortisation intangible asset	122,062	122,511
Increase in provision for receivables	6,172,006	5,784,662
Amortisation of capital grant 18(a) (51,954)	
Interest cost on terminal benefit 33		*
Current service costs 33	79,816	1,886,710
Provision for obsolete stock	(34,297)	42,908
Interest on borrowing 17	7 -	219,258
Release of revenue grants 18(b) -	(3,553,337)
Addition non-monetary	•	(9,556,573)
	4,542,837	5,298,777
Changes in:		
- Prepayments and advances	(4,637,659)	1,533,741
- Inventories	(904, 185)	(1,153,135)
- Trade and other receivables	(3,596,094)	(8,302,573)
- Terminal benefit payable	(92,000)	
- Trade and other payable	3,119,856	1,463,641
Net cash flows generated used in operating activities	(1,567,245)	(1,159,549)

STATEMENT OF COMPARISON OF BUDGET AND ACTUALS AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

Variances (%)	(13)	100	92	ľ	25		(31)	
Difference of final budget vs actual TZS '000'	(4,404,003)	905,934	(3,179,380)	(899,347)	(2,652,889)	38,954	3,134,989	
Actual Amounts on comparable basis TZS '000'	30,664,467	18,935,296	49,950,099	(18,297,269)	(13,400,939)	(19,808,606)	(1,965,011)	(3,521,726)
Final Budget TZS '000'	35,064,170	18,029,362	53,093,532	(17,397,922)	(10,748,050)	(19,847,560)	(53,093,532)	
Adjustments TZS '000'	· ·				T.			
Original Budget TZS '000'	35,064,170	18,029,362	53,093,532	(17,397,922)	(10,748,050)	(19,847,560)	(53,093,532)	
Receipts	Rendering of Services (Patient charges & other receipts) Subvention from the	government Other receipts		Payments Salaries and Wages Other Personnel Emoluments, staff welfare and development	expenses Supplier payments & other	payments Purchase of property and	equipment	Budget deficit

above is prepared on the same basis as the budget. Additional information about the budget and a reconciliation of amounts as per the above statement and actual amounts are disclosed in note 42 of these financial statements. Explanations on deviations is The budget and financial statements are prepared on different basis. The statement of comparison of budget and actual amounts disclosed in note 43 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

The Institute was established on 17 June 1996 under Act No. 7 of 1996 of the Parliament. It operates as an autonomous body within the framework of the Ministry of Health (MoH) of the United Republic of Tanzania. The address of its registered office is: Muhimbili Orthopaedic Institute, PO Box 65474, Dar es Salaam, Kalenga Street/Muhimbili Complex. The principal activities of the Institute are described under the report by those charged with governance.

2. STATEMENT OF COMPLIANCE

The Institute's financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB).

3. BASIS OF ACCOUNTING

The financial statements are prepared on an accrual basis. Items in financial statements have been reported on historical cost basis, except where fair value measurements have been applied and specified as such in the accounting policies. The cash flows statement is prepared using the direct method.

4. REPORTING PERIOD

The reporting period for these financial statements is the financial year of the Institute which runs from 1 July 2022 to 30 June 2023.

5. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements of the Institute are measured using the currency of the primary economic environment in which the Institute operates ("the functional currency"). These financial statements are presented in Tanzania Shillings (TZS), which is the Institute's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimated and underlying assumptions are reviewed on an going basis. Revision to estimates are recognised prospectively.

Significant estimates are made up of:

a) Residual value and useful life of property and equipment

The Institute depreciates its assets over their estimated useful lives taking into account residual values, which, following the adoption of IPSAS 17 property, plant and equipment, are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programs all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b) Impairment losses on receivables

The Institute reviews its debtors' balances to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of financial performance, the Institute makes judgements using estimates based on historical loss experience for its debtors. It is on this basis that management has determined the risk of recoverability based on days outstanding.

c) Impairment losses on inventory

The Institute reviews its stock holdings and assess for impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of financial. Performance, the Institute assesses its inventory by assessing expiry dates on consumable/medicine stock.

d) Actuarial valuation of defined benefit obligation

The present value of the defined benefit pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, position of an employee and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

7. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED

(i) New and revised IPSAS mandatorily effective at the end of the reporting period

There were no new or revised IPSAS were mandatorily effective and adopted by the Institute as at the end of the reporting period.

(ii) Standards and interpretations in issue but not yet effective

At the reporting date, the following new and/or revised accounting standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements. The Institute has not yet assessed the impact of these changes on their financial statements when they become effective.

IPSAS IPSAS 41, Financial Instruments	 Improvements/details of the new standards IPSAS 41 improves financial reporting for financial instruments, by: Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held. Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
	Effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted.
IPSAS 42, Social Benefits	The standard provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment. It seeks to improve the relevance, faithful representativeness, and comparability of the information that a reporting entity provides in its financial statements about social benefits. To accomplish this, IPSAS 42 establishes principles and requirements for: Recognizing expenses and liabilities for social benefits; Measuring expenses and liabilities for social benefits; Presenting information about social benefits in the financial statements; and Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity. Effective for annual periods beginning on or after 1 January 2023.

IPSAS	
IPSAS 43, Leases	While the IPSASB has retained the IPSAS 13's finance lease/operating lease distinction for lessors, the distinction is no longer relevant for lessees. All lease contracts, including rental contracts, will be recognised on the statement of financial position of the lessees, with some exceptions in limited circumstances.
	For lessees, IPSAS 43 introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13, Leases. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13.
	IPSAS 43 will replace IPSAS 13 for reporting periods beginning on or after 1 January 2025 with a retrospective application by default.
IPSAS 44, Non- Current Assets Held for Sale and Discontinued Operations	 IPSAS 44 specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be: Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
	IPSAS 44 will be effective for reporting periods beginning on or after 1 January 2025.

8. SIGNIFICANT ACCOUNTING POLICIES

The Institute financial statements are prepared and presented in compliance with accrual basis IPSASs. The significant accounting policies outlined below have been consistently applied throughout the year.

(a) Revenue

i) Revenue from non-exchange transactions

Revenue from non-exchange transactions occurs when the Institute receives resources and provides no or nominal consideration directly in return. The main types of revenue from non-exchange transactions are transfers from Government and other donors. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

MOI's revenue from non-exchange transactions include transfers (whether cash or noncash), include grants, debt forgiveness, fines, bequests, gifts, donations, goods and services in-kind, and the off-market portion of concessionary loans received. It also includes revenue from general patients for which the services and medical appliances are offered at a subsidized price which is not approximately equal to the fair value of the services and medical appliance.

Recognition

An inflow of resource from non-exchange transaction is recognized as an asset shall be recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As the Institute satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it shall reduce the carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction. When the Institute recognizes an increase in net assets as a result of a non-exchange transaction, it recognizes revenue. If it has recognized liability in respect of the inflow of resource arising from non-exchange transaction, when the liability is subsequently reduced, because a condition is satisfied, it recognizes revenue.

For contribution in kind, revenue is recognised when all the following criteria are met:

- a. The asset or service has been received or consumed by the entity;
- b. The asset or service can be measured reliably;
- It is probable that the entity will receive the future economic benefits associated with the asset or service; and
- d. The fair value of the asset or service can be reasonably determined.

Measurement

Revenue from non-exchange transactions is measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, a grant liability is recognized instead of revenue.

ii) Revenue from exchange transaction

Exchange transactions are transactions in which one entity receives assets or services or has liabilities extinguished and directly gives approximately equal value (primarily in the form of cash, goods, service or use of assets) to another entity in exchange. Revenue is measure at the fair value of the consideration received or receivable and is recognized only when it is probable that the economic benefit or service potential associated with the transaction will flow to the entity.

MOI's revenue from exchange transactions include mainly patient service revenue from the private inpatient services (i.e., revenue which is being generated from the patients that are being admitted at the hospital) and private outpatient services (Revenue which is being generated from healthcare consultation, procedure, treatment, or other service that is administered without an overnight stay in a hospital or medical facility. This also includes diagnostic, investigative and treatment facilities).

(a) Foreign currency translation

Transactions and balances

Transactions in foreign currencies are translated to the functional currency (Tanzanian Shillings) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at year end, denominated in foreign currencies at the reporting date, are translated into functional currency (Tanzania shillings) at the rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

(b) Property and equipment

Property and equipment are tangible assets which the Institute holds for its own use, and which expected to be used for more than one year. Property and equipment include Medical equipment, land and building, motor vehicles, office equipment and furniture.

Recognition and measurement

All categories of property and equipment are initially recorded at cost. Cost includes expenditures that is directly attributable to the acquisition of the asset. Where an asset is acquired for nil or nominal consideration the asset is initially recognized as fair value, when fair value can be reliably determined, and a credit recognized as income in the statement of financial performance. Subsequently stated at historical cost less depreciation and any accumulated impairment losses.

Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Institute and the cost can be measured reliably. All other repairs and maintenance costs are charged to the statement of financial performance during the financial year in which they are incurred.

Depreciation

Depreciation is calculated using straight-line method to write down the cost of each asset to its residual value over its estimated useful life. The annual rates of depreciation which have been consistently applied are:

Description	× (-)	Rate (%)
Buildings	The state of the s	4.0
Motor vehicles		20.0
Medical equipment	NACH	12.5
Office and other equipment		25.0
Furniture and fittings		12.5
Intangible assets (see accounting	g policy 8 (c))	33.33

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognized.

The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end.

(c) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over its useful life:

Currently, the Institute's intangible assets comprise of application software which are amortised on straight line basis over a period of 3 years.

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

(d) Impairment of assets

The Institute assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Institute makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating unit's fair value less costs tosell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(e) Provisions

Provisions are recognised when the Institute has a present obligation (legal or constructive) as a result of a past event in which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(f) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on First -In-First- Out (FIFO) basis and includes transport and handling costs. Full provision is made in the accounts for all excess, obsolete and damaged inventories. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(g) Advance payments

Advance include cash advance made to suppliers in the normal course of business. Advance payments are recognized initially at fair value and subsequently measured at fair values.

(h) Receivables from exchange and non-exchange transactions

Trade receivable includes amounts due from customers for service rendered and medicines sold to patients in the ordinary course of business. Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment. Provision is made when there is objective evidence that the Institute will not be able to collect the debts. Bad debts are written off when identified.

(i) Trade payables and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Payables are initially recognized as fair value and subsequently measured at amortized cost using the effective cost method. Accruals are recognised when incurred through either enjoyment of services on credit and/or receiving of goods supplied on credit.

(j) Borrowing

Borrowing is recognized initially at fair value, net of transactions cost incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of financial performance over the period of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction cost of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

Borrowing costs are costs and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset is capitalized as part of the cost of thatasset. The commencement, suspension and cessation of capitalization and the amount of borrowing costs eligible for capitalization is determined in accordance with IPSAS 5 Borrowing costs.

(k) Cash and cash equivalents

Cash and cash equivalents balance in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less from the date of acquisition, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(I) Medical and other expenses

Medical and other expenses in respect of medicines, goods and services are generally recognized in the statement of financial performance at the time it is incurred.

(m) Finance cost and income

Interest income and expenses for all interest-bearing financial instruments are recognized within finance income or finance cost respectively in the statement of financial performance using the effective interest method.

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

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

(n) Employment benefits

i. Short term employee benefit

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

ii. Define contribution plan

The Institute's employees are members of the state-owned pension schemes; namely Public Service Social Security Fund (PSSSF). The Institute contributes to the schemes 15% of gross salary for each employee and the employee contributes 5%. The Institute's contributions to the fund are charged to the statement of financial performance in the year to which they relate.

iii. Defined benefit plan

The Institute has an unfunded non-contributory employee gratuity arrangement for its permanent and pensionable employees (the "Arrangement"), which provides for lump sum payments to its employees on their retirement at the age of between 55 and 60 years or those allowed to retire early or who die while in service, based on length of service and salary at retirement and qualifies as a defined benefit plan. Payments to the retired employees are made from the Institute's internally generated funds.

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately. The Institute recognizes all actuarial gains and losses arising from defined benefit plans immediately as reserves in statement of changes in net assets and all expenses related to defined benefit plans in employee benefit expense in statement of financial performance.

(o) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Institute determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Institute commits to purchase or sell the asset. The Institute's financial assets include cash; trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. The Institute classifies financial assets as subsequently measures at amortized cost, fair value through net asset/equity or fair value through surplus or deficit on the basis of:

- The entity's management model for financial assets; and
- · The contractual cash flow characteristics of the financial year.

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

A financial asset is measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flow that
 are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through net assets/equity if both of the following conditions are met:

- The financial asset is held within a management model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and
- The contractual term of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus and deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with changes in fair value recognized in surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Institute has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees cost that

are an integral part of the effective interest rate. The loses arising from impairment are recognized in surplus or deficit.

Derecognition

The Institute derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

The rights to receive cash flows from the asset have expired or is waived The Institute has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

The Institute has transferred substantially all the risks and rewards of the asset; or

The Institute has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of financial assets

The Institute assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

- Debtors or a group of debtors are experiencing significant financial difficulty;
- Default or delinquency in interest or principal payments;
- · The probability that debtors will enter bankruptcy or other financial reorganization; and
- data indicates a measurable decrease in estimated future cash flows (e.g., changesin arrears or economic conditions that correlate with defaults)

For financial assets carried at amortized cost, the Institute first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Institute determines that no objective evidence of impairment exists for an individually financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value

of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery, and all collateral has been realized or transferred to the Institute. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event Index to notes to the financial statements occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in surplus or deficit.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Institute determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs. The Institute's financial liabilities include trade and other payables, loan and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Institute, that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29. Gains or losses on liabilities held for trading are recognized in surplus or deficit.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations without any deduction for transaction costs.

(p) Impairment of non-financial assets

The Institute assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Institute makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an assets or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(q) Work in Progress (WIP)

Construction on progress is initially recorded at historical cost at the date of a report which includes expenditure that is directly attributable to the construction of the items IPSAS 17. These are not depreciated until they become available for use as intended by the University management.

9. PROPERTY AND EQUIPMENT

	Land	Buildings	Work in Progress	Medical equipment	Office and other equipment	Furniture and fittings	Motor vehicles	Total
Cost	73 000	000 571	200 67	200	200	200	200	
At 01July 2022 Restatement	9,551,140	38,705,557	17,033	20,056,099	3,081,326	1,675,008	696,200	73,782,363
At 01 July 2022 (restated)	9,551,140	38,705,557	17,033	20,056,099	3,082,024	1,675,008	696,200	73,783,061
Additions	٠	(90)	335,171	1,172,567	431,503	25,770		1,965,011
Disposal		•	٠	(103,707)	(133, 152)	(10,349)	4	(247,208)
Transfer		17,032	(17,032)		•	*	•	
At 30 June 2023	9,551,140	38,722,589	335,172	21,124,959	3,380,375	1,690,429	696,200	75,500,864
Accumulated depreciation	iation		K.					
At 01 July2022	3:	10,847,734		9,301,114	2,225,302	822,365	562,718	23,759,233
Charge for the year	•	1,516,067		2,138,141	392,537	199,229	68,525	4,314,499
Disposal				(103,707)	(133,152)	(10,349)	•	(247,208)
At 30 June 2023	•	12,363,801		11,335,548	2,484,687	1,011,245	631,243	27,826,524
Net book value								
At 30 June 2023	9,551,140	26,358,788	335,172	9,789,411	895,688	679,184	64,957	47,674,340

Work in progress (WIP) relates to construction of building for MRI and CT Scan machines, Outpatient department areas (OPD area) which at the end of the year 2022/23 was not complete.

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MUHIMBILI ORTHOPAEDIC INSTITUTE (MOI)

.21) (63,450) - (979,387)
(177,00)

The Institute has Property and equipment amounting to TZS 4,546 million (2022: TZS 4,266 million) which have been fully depreciated but they are still in use by the Institute. These are classified as follows:

	2022/23	2021/22
	TZS '000	TZS'000
Motor vehicles	353,578	353,578
Medical equipment	2,321,188	3,044,585
Furniture and fittings	13,200	140,832
Office and other equipment	1,858,303	726,950
Total	4,546,269	4,265,945

The Institute is required to measure the residual value of all items of property and equipment. Management does not expect a residual value for these assets, because they will be utilized for their entire economic lives and do not have a significant scrap value.

None of the Institute's property and equipment has been held as a security against liabilities (2022: None).

10. INTANGIBLE ASSETS

TO: INTANOIDEE ADDETS		
	2022/23	2021/22
	TZS '000	TZS'000
Cost		
At 01 July	1,700,387	1,429,710
Additions during the year as previous reported	*	250,000
Addition as restated	<u> </u>	20,677
At 30 June	1,700,387	1,700,387
Accumulated amortisation		
At 01 July	1,459,873	1,359,874
Restatement	<u></u>	(22,512)
As at 01 July (restated)	1,459,873	1,337,362
Amortization for the year as reported	122,062	117,038
Amortization for the year as restated	<u>.</u>	5,473
At 30 June	1,581,935	1,459,873
Net book amount:	1) <u></u>	2===
At 30 June	118,452	240,514

Intangible assets comprise software used by the Institute.

11. WORK IN PROGRES-INTANGIBLE ASSETS

Controller and Auditor General

Work in progress relates to electronic appointment system (EAS) which will be used by patients to enable them to make appointments with doctors electronically.

	2022/23	2021/22
	TZS '000	TZS'000
At 01 July	73,800	14,760
Addition during the year		59,040
At 30 June	73,800	73,800
12. INVENTORIES		17
	2022/23	2021/22
	TZS '000	TZS'000
		*Restated
Medicines	541,735	642,736
Provision for impairment	(19,658)	(47,728)
Net amount	522,077	595,008
Medicines-community pharmacy	2,358,691	1,204,540
Provision for impairment	(16, 171)	(22,398)
Net amount	2,342,520	1,182,142
Theatre materials	143,463	347,360
Workshop material	64,634	72,215
Consumables	275,076	218,533
Printing and stationery	108,021	102,051
Net amount	591,194	740,159
Total	3,455,791	2,517,309
13. TRADE AND OTHER RECEIVABLES		
Receivables from exchange transactions		
Trade receivables	24,222,199	21,227,172
Provision for impairment	(19,277,582)	(13,652,429)
Net trade receivables	4,944,617	7,574,743
Trade debtors - community pharmacy	2,040,348	1,525,122
Provision for impairment	(814,824)	(267,971)
Net trade receivables	1,225,524	1,257,151
Total trade receivable	6,170,141	8,831,894
Other receivables from non-exchange transactions	N. ————————————————————————————————————	
Other receivable	25,027	(*
Staff imprest	61,740	926
	6,256,908	8,832,820

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AR/PA/MOI/2022/23

14. PREPAYMENTS AND ADVANCE

	2022/23	2021/22
	TZS '000	TZS'000
		Restated
Prepayment for purchase of MRI and C-Scan	4,248,208	
Prepayment for building in respect of MRI and C-Scan	14,828	
Advances to suppliers	511,904	139,453
Prepaid insurance	13,171	10,999
	4,788,111	150,452
Classification		
Current portion	525,075	150,452
Non-current portion*	4,263,036	-
	4,788,111	150,452

^(*) Non-current portion include advance payment to the supplier for advance payment for purchase of fixed assets and deposit to Ocean Road Cancer Institute for procurement of MRI and C-Scan. Due to the nature of the advance which is capital in nature.

15. CASH AND BANK BALANCES

	2022/23 TZS '000	2021/22 TZS'000
BOT revenue account 9925262061	1,752,489	1,405,450
MOI imprest account-20910019831	-	(273)
NBC bank revenue collection account 041139000046	821	225
NBC forex account (Samora) 012105019838	14,705	15,624
NMB 20910019829	6,492	15,614
NMB 2091100005	373,604	21
NMB 2091100007	8,179	40,429
NMB 2091100012	679	679
NMB 2091100026	781	88,337
Tanzania Commercial Bank 4202000023	100,635	22,434
TIB revenue collection account 004900000884801	1,349	1,349
Cash in hand	460	920
	2,260,194	1,590,809
16. TRADE AND OTHER PAYABLES		
	2022/23	2021/22
	TZS '000	TZS'000
		Restated
Trade creditors and accruals	22,439,113	19,172,577
Payroll liabilities	8,487,887	8,689,792
Patients deposits	753,947	698,722
	31,680,947	28,561,091

17. INTEREST PAYABLE

	2022/23	2021/22
	TZS '000	Restated TZS'000
Interest payable to NHIF	10,260,495	10,949,119
Classification		
Current portion	964,073	826,349
Non-current portion	9,296,422	10,122,770
	10,260,495	10,949,119
Movement of interest		- W-sautonaa
At the start of the year	10,949,119	11,556,208
Interest repayment during the year	(688,624)	(826,347)
Interest charges during the year	(-)	219,258
Balance as at 30 June	10,260,495	10,949,119

Interest payable to National Health Insurance Fund (NHIF) relates to loan advanced for construction of MOI Building Phase III. The project is funded through a government grant allocated to MOI, as per the agreement involving the Ministry of Finance, Ministry of Health, Community Development, Gender, Elders, and Children (MOHCDGEC), and NHIF. According to the contract terms, MOI is obligated to cover the interest payments, while MOHCDGEC is responsible for settling the principal loan amount to NHIF.

Following the negotiations between the Institute and NHIF concerning interest payments, an agreement was successfully reached on 20 October 2020. According to this agreement, MOI is now obligated to make monthly payments of TZS 68.8 million on interest. The terms of the agreement specify that the Institute will be making monthly interest payments, and the payment period was extended for 15 years up to December 2034.

18. DEFFERED DEVELOPMENT GRANT

	2022/23	2021/22
	TZS '000	TZS'000
(a) Revenue grant		
At 1 July	47,676	2,485,401
Grant received during the year (*)	4,410,000	1,115,612
Revenue grant releases during the year		(3,325,988)
Adjustment prior years		(227, 349)
Deferred revenue balance at year end	4,457,676	47,676
b) Capital grant		
At 1 July	(4)	
Grant received during the year	475,000	
Amortization of grants during the year	(51,954)	-
Balance as at 30 June	423,046	

(*) The grant was received from the Ministry of Health for procuring MRI and CT-Scan machines.

19. GENERAL INPATIENT FEES

	2022/23	2021/22
	TZS '000	Restated TZS'000
Accommodation		
Accommodation charges	291,179	286,819
ICU charges	637,436	457,930
Management charges	429,311	469,965
Sub total	1,357,926	1,214,714
Consultation charges		# (#)
Consultation charges	72,605	10,298
Sub total	72,605	10,298
Other investigations		
ECG charges	5,025	4,026
Laboratory charges	304,111	136,997
Sub total	309,136	141,023
Sales of medicine and medical appliances		
Pharmacy sales	1,576,630	1,315,303
Orthopaedic appliances	1,230	2,465
Sub total	1,577,860	1,317,768
Other services		
Physiotherapy charges	3,127	4,550
P.O.P private charges	34,126	33,734
Dressing charges	5,370	2,119
Last office charges	457	5
Medical report general	22,107	14,164
Sub total	65,187	54,567
Radiology investigation charges		
Imaging charges	354,764	263,276
X - rays charges	139,481_	113,563
Sub total	494,245	376,839
Theatre		
Operation charges	1,408,743	1,410,336
Sub total	1,408,743	1,410,336
Grand total	5,285,702	4,525,545

20. GENERAL OUTPATIENT FEES

	2022/23	2021/22
	TZS '000	Restated TZS'000
Consultation charges	125 000	125 000
Consultation charges	285,980	302,438
on but satisfy on a gov	203,700	302,430
Investigation		
ECG charges	9,515	6,895
Laboratory charges	170,572	136,333
Sub total	180,087	143,228
Radiology investigation charge		
Imaging charges	397,200	387,388
X-rays charges	160,336	197,151
Sub total	557,536	584,539
Other services		
Physiotherapy charges	34,531	75
P.O.P private charges	19,203	23,459
Dressing charges	16,954	17,252
Medical report charges	14,537	12,949
Emergence charges	185,175	260,219
Sub total	270,400	313,954
Sales of medicine and medical appliances		
Pharmacy sales	72,350	57,594
Orthopaedic appliances	20,198	8,207
Sub total	92,548	65,801
Grand total	1,386,551	1,409,960

21. PRIVATE INPATIENT FEES

	2022/23	2021/22
		Restated
A common debies	TZS '000	TZS'000
Accommodation		
Accommodation charges	4,013,394	4,256,027
Nursing care charges	319,199	318,426
Sub total	4,332,593	4,574,453
Consultation charges		
Anaesthesia consultation charges	1,985	6,810
Consultation charges	284,323	259,299
Sub total	286,308	266,109
Investigation		
ECG charges	7,315	24,674
Laboratory charges	240,872	141,562
Sub total	248,187	166,236
Sales of medicine and medical appliances		
Orthopaedic appliances	22,734	25,753
Pharmacy sales	651,326	666,723
Sub total	674,060	692,476
Other services		
Dressing charges	84,174	80,919
Last office charges	435	125
Physiotherapy charges	97,307	82,461
P.O.P charges	1,481	1,464
Miscellaneous income	.,	500
Medical report charges	1,240	
Sub total	184,637	165,469
Radiology investigation charges		
Imaging charges	252,981	248,369
X - rays charges	87,688	93,071
Sub total	340,669	341,440
Theatre		
Operation charges	7,515,867	6,304,167
Grand total	13,582,321	12,510,350
one and a salant	15,502,521	.2,510,550

2022/23 2021/22 Restated	22. PRIVATE OUTPATIENT FEES		
TZS '000 Consultation Consultation		2022/23	2021/22
Consultation Consultation Consultation charges Sub total Other investigations ECG charges ECG charges Laboratory charges Sub total Radiology investigation charges Imaging charges Sub total Sales of medicine and medical appliances Pharmacy sales Orthopaedic appliances Orthopaedic appliances Dressing charges Others services Dressing charges Dressing charges 11,816 3,543 Physiotherapy charges 11,472,735 Sub total Radiology investigation charges Imaging charges 2,225,715 2,267,979 2,7697,245 Sales of medicine and medical appliances Pharmacy sales Orthopaedic appliances Orthopaedic appliances Dressing charges 124,236 97,359 Orthopaedic appliances 151,290 150,379 Sub total Others services Dressing charges 11,816 3,543 Physiotherapy charges 11,816 3,543 Physiotherapy charges 11,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES Sales of implants Sales of medicine and medical device 5,332,708 4,279,417		TZS '000	
Consultation charges 2,603,590 2,300,034 Sub total 2,603,590 2,300,034 Other investigations ECG charges 41,735 82,810 Laboratory charges 365,317 247,852 Sub total 407,052 330,662 Radiology investigation charges Imaging charges 2,225,715 2,267,979 429,266 Sub total 2,753,542 2,697,245 249,266 Sub total 2,753,542 2,697,245 24,236 97,359 97,359 251,290 150,379 150,379 251,290 150,379 251,290 150,379 247,738 2	Consultation		TZS'000
Sub total 2,603,590 2,300,034		2 (02 500	2 200 024
Other investigations ECG charges 41,735 82,810 Laboratory charges 365,317 247,852 Sub total 407,052 330,662 Radiology investigation charges 2,225,715 2,267,979 X-rays charges 527,827 429,266 Sub total 2,753,542 2,697,245 Sales of medicine and medical appliances 224,236 97,359 Orthopaedic appliances 251,290 150,379 Sub total 475,526 247,738 Others services 251,290 150,379 Dressing charges 49,960 36,326 P.O.P charges 11,816 3,543 Physiotherapy charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES Sales of implants 5332,708 4,279,417	Charles and the analysis of the company of the comp		
ECG charges 41,735 82,810 Laboratory charges 365,317 247,852 Sub total 407,052 330,662 Radiology investigation charges Imaging charges 2,225,715 2,267,979 X-rays charges 527,827 429,266 Sub total 2,753,542 2,697,245 Sales of medicine and medical appliances 224,236 97,359 Orthopaedic appliances 251,290 150,379 Sub total 475,526 247,738 Others services 11,816 3,543 Pp.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 5,332,708 4,279,417	Sub total	2,603,590	2,300,034
ECG charges 41,735 82,810 Laboratory charges 365,317 247,852 Sub total 407,052 330,662 Radiology investigation charges Imaging charges 2,225,715 2,267,979 X-rays charges 527,827 429,266 Sub total 2,753,542 2,697,245 Sales of medicine and medical appliances 224,236 97,359 Orthopaedic appliances 251,290 150,379 Sub total 475,526 247,738 Others services 11,816 3,543 Pp.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 5,332,708 4,279,417	Other investigations		
Laboratory charges 365,317 247,852 Sub total 407,052 330,662 Radiology investigation charges 2,225,715 2,267,979 Imaging charges 2,225,715 2,267,979 X-rays charges 527,827 429,266 Sub total 2,753,542 2,697,245 Sales of medicine and medical appliances 224,236 97,359 Orthopaedic appliances 251,290 150,379 Sub total 475,526 247,738 Others services 97,375 247,738 Dressing charges 49,960 36,326 P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417		41.735	82.810
Sub total 407,052 330,662 Radiology investigation charges Imaging charges 2,225,715 2,267,979 X-rays charges 527,827 429,266 Sub total 2,225,715 2,267,979 Sales of medicine and medical appliances Pharmacy sales 224,236 97,359 Orthopaedic appliances 251,290 150,379 Sub total 49,960 36,326 P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Laboratory charges		HOLAVED PALACEA
Imaging charges 2,225,715 2,267,979 X-rays charges 527,827 429,266 Sub total 2,753,542 2,697,245 Sales of medicine and medical appliances 224,236 97,359 Orthopaedic appliances 251,290 150,379 Sub total 475,526 247,738 Others services 200,00 36,326 Proof,0.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Sub total		
X-rays charges 527,827 429,266 Sub total 2,753,542 2,697,245 Sales of medicine and medical appliances Pharmacy sales 224,236 97,359 Orthopaedic appliances 251,290 150,379 Sub total 475,526 247,738 Others services Dressing charges 49,960 36,326 P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Radiology investigation charges		
X-rays charges 527,827 429,266 Sub total 2,753,542 2,697,245 Sales of medicine and medical appliances 224,236 97,359 Orthopaedic appliances 251,290 150,379 Sub total 475,526 247,738 Others services 251,290 36,326 P.O.P charges 49,960 36,326 P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Imaging charges	2,225,715	2,267,979
Sales of medicine and medical appliances Pharmacy sales Orthopaedic appliances 224,236 97,359 Orthopaedic appliances 251,290 150,379 Sub total 475,526 247,738 Others services Dressing charges P.O.P charges 11,816 3,543 Physiotherapy charges 11,472,735 1,312,431 Emergence charges 7,375 Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES Sales of implants Sales of medicine and medical device 5,332,708 4,279,417	X-rays charges		
Pharmacy sales 224,236 97,359 Orthopaedic appliances 251,290 150,379 Sub total 475,526 247,738 Others services 251,290 247,738 Others services 247,738 Dressing charges 49,960 36,326 P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Sub total	2,753,542	
Orthopaedic appliances 251,290 150,379 Sub total 475,526 247,738 Others services 251,290 150,379 Others services 49,960 36,326 P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Sales of medicine and medical appliances		
Sub total 475,526 247,738 Others services Uncolspan="3">49,960 36,326 P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Pharmacy sales	224,236	97,359
Sub total 475,526 247,738 Others services Dressing charges 49,960 36,326 P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Orthopaedic appliances		150,379
Dressing charges 49,960 36,326 P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Sub total	475,526	247,738
P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Others services	The second second	
P.O.P charges 11,816 3,543 Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Dressing charges	49.960	36.326
Physiotherapy charges 1,472,735 1,312,431 Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	P.O.P charges	Land Comment	
Emergence charges 7,375 - Sub total 1,541,886 1,352,300 Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Physiotherapy charges		
Medical Report Private charges 110,768 98,740 Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Emergence charges		•
Grand total 7,892,364 7,026,719 23. COMMUNITY PHARMACY SALES 551,696 427,018 Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Sub total	1,541,886	1,352,300
23. COMMUNITY PHARMACY SALES Sales of implants Sales of medicine and medical device 551,696 427,018 5,332,708 4,279,417	Medical Report Private charges	110,768	98,740
Sales of implants 551,696 427,018 Sales of medicine and medical device 5,332,708 4,279,417	Grand total	7,892,364	7,026,719
Sales of medicine and medical device 5,332,708 4,279,417	23. COMMUNITY PHARMACY SALES		
Sales of medicine and medical device 5,332,708 4,279,417	Sales of implants	551,696	427,018
	Sales of medicine and medical device	2001 2000 2000 2000 2000 2000 2000 2000	

24. SUBVENTION FROM MINISTRY OF HEALTH

	2022/23	2021/22
	TZS '000	TZS'000
Grants for call allowances	174,168	156,244
Grants for other charges	474,970	567,435
Development grant		1,000,000
Donation salary grant	17,482,139	15,740,318
Grant for medicine-MSD	804,019	582,762
Donation training	72	38,500
	18,935,296	18,085,259

Government subvention include salaries paid by the Ministry of Health on behalf of Muhimbili Orthopaedic Institute (MOI) and call allowances paid to the interns and medicines.

25. DONATIONS

	2022/23	2021/22
	TZS '000	TZS'000
Fracture Care International		6,456
MOI social welfare unit		9,990
Mellody pharm		1,543
Mwananyamala hospital	2	10,134
Tanzania occupation health service (OSHA)		1,019
Bretty and belleys		7,222
Good Samaritan		4,103
Umoja pharmaceutical ltd	¥	1,680
Anudha limited	2	250
Chanika health centre	-	2,400
Goodman pharma		1,200
Smarth tech. Solution	-	3,942
Femur study	47,967	48,726
Muhimbili national hospital	.,,,	9,499,770
Jovast informatics		250,000
Vodacom		56,105
Donations others	31,647	
A SOMEONIC CONTROL OF	79,614	9,904,540

26. OTHER INCOME		
	2022/23	2021/22
	TZS '000	TZS'000
(a) Other in the form and the second		
(a) Other income from non-exchange transactions		
Released revenue grant (see note 18 (a)	-	3,553,337
Amortisation of capital grant (see note 18 (b)	51,954	
	51,954	3,553,337
(b) Other income from exchange transactions		
Afya Cup Contribution	13,500	-
Canteen Rental Fees	63,740	43,847
Conference Hall Rental Charges	2,600	
Gain on Disposal of Assets	5,265	-
Hiring of ambulance		68,061
Miscellaneous Income	110,388	117,907
MOI Marathon Revenue	45,736	18
Neurotrauma Training Fees	7,000	1940
Research & Training Fees	27,118	11集11
Sterilization Charges	640	-
	275,987	229,815
- X		
27. SALARIES AND WAGES Government employee(subvention)	17,482,139	15,740,318
Contracted employee (internal sources)	815,130	449,945
contracted employee (internat sources)	18,297,269	16,190,263
	10,277,207	10,170,203
28. OTHER PERSONEL EMOLUMENTS	2022/23	
	TZS '000	2021/22 TZS'000
	123 000	123 000
Honorarium allowances	6,130,650	4,367,235
Call allowances	1,462,626	1,333,969
Study expenses	39,787	80,886
Night allowance	462,845	427,490
Private clinics allowance	399,310	311,287
Surgical camp allowance	52,900	27,900
Electricity allowance	53,885	46,200
Fuel allowance	183,443	64,581
Housing allowance	1,354,725	1,344,733
Telephone	102,035	49,254
Acting allowance	6,609	90,032

	CONSCIONADO MESTOLA	
	2022/23	2021/22
was vari	TZS '000	TZS'000
Extra-duty	1,311,410	1,124,865
	2022/23	2021/22
	TZS '000	TZS'000
Leave in lieu	51,749	16,514
Leave travel	145,422	135,900
Overtime	599,528	522,014
Sitting allowance	32,120	3 8 0
Special allowance	118,785	119,566
Subsistence allowance	44,015	28,119
Teaching allowance	33,760	34,560
Tender allowances	39,750	10,875
Uniform allowance	77,775	69,590
	12,703,129	10,205,570
29. STAFF WELFARE AND DEVELOPMENT EXPENSES		
Staff training expenses	88,548	39,686
Staff treatments expenses	47,015	7,746
Burial expenses	36,320	36,143
Staff allowances	520,314	1,023,715
Tuition fee	5,613	
Naco	697,810	1,107,290
30. MEDICAL AND OTHER EXPENSES		
	2022/22	0.5579000
	2022/23	2021/22 Restated
	TZS '000	TZS'000
Laundry services	374,279	372,451
Medicine expenses	1,935,820	2,233,123
Medicine - community pharmacy	4,181,119	3,858,780
Theatre material expenses	732,960	2,645,537
Workshop expenses	82,466	90,832
General patients food expenses	89,287	207,148
Private inpatients investigation expenses	124,955	
Private ward food expenses	146,814	115,107
Special consultation expenses		8
	7,667,700	9,522,986

31. DEPRECIATION AND AMORTISATION		
	2022/23	2021/22
	TZS '000	Restated TZS'000
Depreciation (see note 9)	4,314,499	4,398,912
Amortization (see note 10)	122,062	122,511
	4,436,561	4,521,423
32. FINANCE EXPENSES		
	2022/23	2021/22
	TZS '000	TZS'000
Interest expenses (see note 17)	•1	219,258
		219,258
33. TERMINAL BENEFIT PAYABLE		
Opening balance	1,886,710	3,579,765
Included in surplus or deficit:		1, 5
Restatement	2	(1,693,055)
Interest cost	256,593	.,,,,,,,,,
Current service cost	79,816	-
Included in OCI		
Actuarial loss(gain)	176,045	
Benefit paid during the year	(92,000)	<u>.</u>
	2,307,164	1,886,710
	(4	

The present value of the accrued liability in respect of the terminal benefit scheme as at 30 June 2023 was TZS 2.3 billion (2022: TZS 1.8 billion).

Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

- · Discount rate of 13.6% per annum;
- Pre-retirement mortality A1949-1952;
- · Withdrawals, Retrenchment At a rate consistent with similar arrangements; and
- Retirement age 60 years, assumed that 10% of the members retired early at age 55

Sensitivity Analysis

The Actuarial liability estimated, as 30 June 2023 is mainly sensitive to the financial assumption used, which are discount rate. The table below provide a sensitivity analysis, showing how the defined benefit obligation would have been affected by the change of 1% in the relevant actuarial assumption:

	Scenario 1: TZS '000	Scenario 2: TZS'000	Scenario 3:
	Base	+1% Discount rate	-1% Discount rate
Discount rate	13.6%	14.6%	12.6%
Closing Obligation	2,307,164	2,160,048	2,468,673
34. ADMINISTRATIVE EXPENSES			
		2022/22	
		2022/23	2021/22 Restated
		TZS '000	TZS'000
Disposable expenses		2,503,480	1,542,507
Electricity		765,817	816,002
Printing and stationery		437,732	395,500
Seminar and conference		185,547	90,953
Debt collection expenses		1,000	6,000
Board of trustee's expenses	- Lillians	HU. E.	208,520
Auditors' remuneration	× (+	389,400	140,204
Repair and Maintenance	The state of	865,700	774,800
Water expenses		133,874	74,221
Communication and information	NAC	271,781	334,500
Fuel, oil and lubricants		154,206	65,590
Cleaning and sanitation expenses		247,242	229,658
Security expenses		289,017	206,865
Hospitality supplies and services		105,166	22,082
Consultancy and other professional fee		107,130	52,231
Freight forwarding and clearing charge	es	27,134	22,845
Terminal benefits		336,409	1,886,710
Concession expenses		553,595	491,804
Furniture for key management person	nel	82,000	14,000
Travelling expenses		1,374,955	485,369
Corporate social responsibility		38,900	
Meal expenses		121,782	82,590
Insurance expenses		59,719	13,297
Expired inventory		50,712	42,908
Worker's day expenses		5,400	15,605
Bank charges expenses		4,110	2,507
Destitute patients' assistance		5,500	27,510

	2022/23	2021/22
	TZS '000	Restated TZS'000
Investigation expenses	102,347	2,378
Training (anaesthesia course)	20,520	78,579
Workers council expenses	107,325	44,564
Adhoc committee expenses	260,287	00000000000000000000000000000000000000
Recruitment expenses	35,670	-
MOI marathon expenses	33,817	55,267
Computer accessories expenses	31,651	
Other Expenses	-	195,102
Exchange loss	1,416	26,114
	9,710,341	8,446,782

RECONCILIATION OF THE CASH RECEIPTS & PAYMENT AND REVENUE EARNED & EXPENSES INCURRED

35. CASH RECEIVED FROM RENDERING SERVICES (PATIENTS FEES)

Controller and Auditor General

	2022/23	2021/22
	TZS '000	TZS'000
Patient revenue (see note19-22)	28,146,938	25,472,574
Revenue from community pharmacy (see note 23)	5,884,404	4,706,435
	34,031,342	30,179,009
Change in working in capital	e	
Patient deposits	55,225	398,229
Receivable from patient fee	(3,080,868)	(7,603,489)
Receivable from community pharmacy debtors	(515,226)	(699,084)
	(3,540,869)	(7,904,344)
Actual cash received	30,490,473	22,274,665
36. OTHER INCOME		
Other income (see note 26(b))	275,987	229,815
	275,987	229,815
Non-cash items	Application - Application	dicherio • con revo.
Gain on sale of property and equipment	(5,265)	
Actual cash received	270,722	229,815
37. DONATION		
Other income (see note 25)	79,614	9,904,540
	79,614	9,904,540
Non-cash items		
Gain on sale of property and equipment	=	(9,556,573)
Actual cash received	79,614	347,967
		72

AR/PA/MOI/2022/23

38. PAYMENTS TO SUPPLIERS

	Service action of the Service
2022/23	2021/22
TZS '000	TZS'000
(7,667,700)	(9,522,986)
(9,710,341)_	(8,446,782)
(17,378,041)	(17,969,768)
(904, 185)	(1,153,135)
3,064,631	1,065,412
(92,000)	-
(4,637,659)	1,533,741
(2,569,213)	1,446,018
(34,297)	42,908
256,593	
79,816	1,886,710
302,112	1,929,618
(19,645,142)	14,594,132
	(7,667,700) (9,710,341) (17,378,041) (904,185) 3,064,631 (92,000) (4,637,659) (2,569,213) (34,297) 256,593 79,816 302,112

39. FINANCIAL RISK MANAGEMENT

Risk is an inherent feature of the activities of any entity. The Institute endeavours to manage risk by having in place appropriate functional structures, systems and procedures. These structures, systems and procedures evolve continuously in response to changes in the environment in which the Institute operates. The following are the main types of financial risks the Institute is exposed to in the course of executing its operations:

- · Credit risk;
- Currency risk; and
- Liquidity risk

a) Credit risk

Credit risk is the risk of financial loss to the Institute if counterparties to financial instruments fail to meet their contractual obligations. The risk principally arises from the Institute's trade and other receivables as well as cash and cash equivalents.

The Institute has a significant credit risk due to services issued on credit to Insurance institutions such as NHIF through claims rejections. The Institute mitigates the other credit risks by maintaining cash and cash equivalents with reputable financial institutions; and recovering staff debts in terms of the applicable regulations directly from the employee's salary and/or pension. Furthermore, cash paying patients are required to pay their bills before the services are rendered.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. The amount that best represents the Institute's maximum exposure to credit risk at 30 June 2023 and 30 June 2022 is the carrying value of its financial assets in the statement of financial position.

No collateral is held for any of these assets. The carrying amount of the financial assets represents the maximum credit exposure.

As at 30 June 2023, the maximum exposure to credit risk was as follows:

	Neither past due nor	Past due but not	Past due and	
	impaired	impaired	impaired	Total
	TZS'000	TZS'000	TZS'000	TZS'000
As at 30 June 2023				
Cash and cash equivalents	2,260,194	-	•	2,260,194
Trade and other receivables	6,218,133		20,131,181	26,349,314
Maximum exposure to credit				
risk	8,478,327		20,131,181	28,609,508
As at 30 June 2022	4 500 000			4 500 000
Cash and cash equivalents	1,590,809		42.044.042	1,590,809
Trade and other receivables	8,788,358	4	13,964,862	22,753,220
Maximum exposure to credit			12.041.040	2424422
risk	10,379,167	-	13,964,862	24,344,029
Movement of impairment is ind	icated in the tabl	e below:-		
	- Andrew		2023	2022
			TZS'000	TZS'000
At 1 July			13,920,400	8,135,738
Increase in provision			6,172,006	5,784,662
As at 30 June			20,092,406	13,920,400

b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Institute's operations utilize functional currency; hence no currency risk is expected.

c) Liquidity risk

Liquidity risk is the risk that the Institute faces by not having adequate funds to settle day to day obligations as they fall due. The Institute has a prudent liquidity risk management through which it maintains sufficient cash to cover committed credit facilities received, working capital as well as capital project requirements. Liquidity risk management by the Institute includes proper fund planning and close monitoring by the Directorate of Finance and Supplies.

Management faces challenges in liquidating NHIF interest payments and paying main suppliers as liabilities fall due.

The Institute faced a negative liquidity gap of TZS 33.4 billion as at 30 June 2023. (2022: TZS 28.9 billion).

Liquidity risk is the risk that the Institute faces by not having adequate funds to settle day to day obligations as they fall due. The Institute has a prudent liquidity risk management through which it maintains sufficient cash to cover committed credit facilities received, working capital.

The table below is an undiscounted cash flow analysis for both financial assets and financial liabilities that are presented in the statements of financial position according to their contractual maturities at the statement of financial position date.

		Co	ntractual oblig	ation	
		3-6	6-12	Above 12	
	0-3 months	months	months	months	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
As at 30 June 2023					
Financial assets		0.1			
Cash and cash					2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
equivalents	2,260,194	The state of the s	Well -	heli	2,260,194
Trade and other		350	1 X		4 254 222
receivables (net)	6,256,908	- A-C-	3/10		6,256,908
	8,517,102		71011	•	8,517,102
Trade and other payables	31,680,947			-	31,680,947
Interest Payable - NHIF	31,000,747	15.71	964,073	9,296,422	10,260,495
meerese rayable rum	31,680,947	-	964,073	9,296,422	41,941,442
Liquidity risk gap	(23,163,845)		(964,073)	(9,296,422)	(33,424,340)
As at 30 June 2022					
Financial assets	4 500 000				4 500 900
Cash and cash equivalents	1,590,809	-		5.50	1,590,809
Trade and other	8,832,820				8,832,820
eceivables (net)	10,423,629				10,423,629
	10,423,629	-			10,423,027
Trade and other payables	28,561,091	2		((4)	28,561,091
Interest Payable - NHIF			826,349	10,122,770	10,949,119
	28,561,091	¥	826,349	10,122,770	39,510,210
Liquidity risk gap	(18,137,462)		(826,349)	(10,122,770)	(29,086,581)

40. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

Set out below, is a comparison by class of the carrying amounts and fair value of the Institute's financial instruments.

2023

	Carrying amounts 2022/23 TZS'000	Fair values 2022/23 TZS'000
Financial assets	.25 355	122 000
Cash and cash equivalent	2,260,194	2,260,194
Trade and other receivable	6,256,908	6,256,908
	8,517,102	8,517,102
Financial liabilities		
Trade and other payable	31,680,947	31,680,947
Interest payable - NHIF	10,260,495	10,260,495
	41,941,442	41,941,442

Carrying values of the financial instruments approximates the fair values no adjustments needed.

2021/22	Carrying amounts	Fair values
	2021/22	2021/22
	TZS'000	TZS'000
Financial assets		
Cash and cash equivalent	1,590,809	1,590,809
Trade and other receivable	8,789,284	8,789,284
	10,380,093	10,380,093
Financial liabilities		
Trade and other payable	28,561,091	28,561,091
Interest payable - NHIF	10,949,119	10,949,119
Commission from American Type of State Commission (Commission Commission Comm	39,510,210	39,510,210

Carrying values of the financial instruments approximates the fair values no adjustments needed.

b) Financial instruments by category

30 June 2023 Financial assets	Carrying amount TZS'000	Loans and receivables TZS'000	Financial liabilities amortized cost TZS'000
Cash and cash equivalent	2,260,194	2,260,194	
Trade and other receivable	6,256,908	6,256,908	
	8,517,102	8,517,102	-
Financial liabilities Trade and other payable Interest payable - NHIF	31,680,947 10,260,495 41,941,442		31,680,947 10,260,495 41,941,442
30 June 2022 Financial assets	Carrying amount TZS'000	Loans and receivables TZS'000	Financial liabilities amortized cost TZS'000
Cash and cash equivalent	1,590,809	1,590,809	2∰3
Trade and other receivable	8,832,820	8,832,820	
	10,423,629	10,423,629	
Financial liabilities Trade and other payable Interest payable - NHIF	28,561,091 10,949,119 39,510,210	-	28,561,091 10,949,119 39,510,210

c) Fair value hierarchy and measurement

The table below shows an analysis of the financial instruments at a fair value by level of the fair value hierarchy. The financial instruments are grouped into levels 1 to 3 based on the degree to which fair value is observable.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) active markets for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e.as a price) or indirectly (i.e., derived from prices); and

	Level 1 TZS '000	Level 2 TZS '000	Level 3 TZS'000	Total TZS '000
As at 30 June 2023	123 000	125 000	123 000	125 000
Financial assets				
Cash and cash equivalent		2,260,194	-	2,260,194
Trade and other receivable	-	6,256,908	- II	6,256,908
	-	8,517,102		8,517,102
Financial liabilities				
Trade and other payable	12	31,680,947	12	31,680,947
Interest payable - NHIF		10,260,495	. .	10,260,495
	-	41,941,442	-	41,941,442
Financial assets				
Cash and cash equivalent	-	1,590,809	-	1,590,809
Trade and other receivable	W	8,832,820	-	8,832,820
		10,423,629		10,423,629
Financial liabilities				
Trade and other payables	21	28,561,091	2	28,561,091
Interest payable - NHIF		10,949,119	-	10,949,119
100.1 5	-	39,510,210	140	39,510,210

41. RESTATEMENT

Management noted errors in the prior years (2022 and 2021) financial statements and the errors have been corrected by restating each of the affected financial statement items for prior periods. Errors noted include:

Note Details of errors:

- Incorrect computation of the depreciation expenses for property and equipment which resulted to overstatement of property and equipment and understatement deprecation.
- 2 Untimely recognition of intangible assets resulting in understatement of intangible assets and its related amortisation.
- 3 Unrecognised revenue which resulted to understatement of trade and other receivable.
- Non-allocation of prepayment and advances which resulted to overstatement of prepayments and advances to suppliers.
- Unrecognised trade and other payables which resulted to understatement of trade and other payables.
- 6 Unrecorded inventory issuance which resulted to overstatement of inventory and understatement of medical expenses.
- Double booked of trade and other payables includes fair value of terminal benefit which resulted to overstatement of trade and other payables.

The errors have been corrected by restating each of the affected financial statement line items for the prior period. The following tables summarize the impacts on the Institute's financial statements. The errors have been corrected retrospectively by restating each of the affected financial statement line items for prior years. The following tables summaries the impacts on the Institute's financial statements.

STATEMENT OF FINANCIAL POSITION

2022 TZS' 000		Impac	t of correction of error	
	Note	As previously reported	Reported Adjustments	As restated
As at 1 July 2021		reported	Adjustments	As restated
ASSETS				
Non-current assets				
Property and equipment	9	43,502,538	(39,014)	43,463,524
Intangible assets	10	69,836	22,512	92,348
Work in progress		14,760		14,760
		43,587,134	(16,502)	43,570,632
Current assets				
Inventories	12	1,407,082		1,407,082
Trade and other receivables	13	6,396,640	(81,731)	6,314,909
Prepayments and advances	14	1,684,193		1,684,193
Bank and cash balances	_	4,193,452		4,193,452
		13,681,367	(81,731)	13,599,636
TOTAL ASSETS	-	57,268,501	(98,233)	57,170,268
RESERVES AND LIABILITIES Reserves				
Taxpayer's fund		5,135,450	~	5,135,450
Retained earnings	- 1	11,478,183	(582,423)	10,895,760
	1	16,613,633	(582,423)	16,031,210
Non-current liabilities				
Interest payable	2	8,870,575	1,859,284	10,729,859
		8,870,575	1,859,284	10,729,859
Current liabilities				
Interest payable	17	2,685,633	(1,859,284)	826,349
Deferred development grant	18	2,485,402	(1)	2,485,401
Trade and other payables	16	26,613,258	484,191	27,097,449
to a planting growth. In the planting for a state of the		31,784,293	(1,375,094)	30,409,199
TOTAL RESERVES AND LIABILITIES	-	57,268,501	(98,233)	57,170,268

STATEMENT OF FINANCIAL POSITION

2023 TZS' 000		Impac	t of correction of err	or
	Note	As previously	Reported	2000 W
		reported	Adjustments	As restated
As at 1 July 2022				
ASSETS				
Non-current assets				
Property and equipment	9	50,062,144	(38,316)	50,023,828
Intangible assets	10	202,798	37,716	240,514
Work in progress		73,800		73,800
		50,338,742	(600)	50,338,142
Current assets				
Inventories	12	2,517,193	116	2,517,309
Trade and other receivables	13	8,660,751	172,069	8,832,820
Prepayments and advances	14	167,458	(17,006)	150,452
Bank and cash balances	N2	1,590,809		1,590,809
		12,936,211	155,179	13,091,390
TOTAL ASSETS	-	63,274,953	154,579	63,429,532
RESERVES AND LIABILITIES				
Reserves				
		July 1		
Taxpayer's fund	172	5,135,450	2	5,135,450
Retained earnings	2	15,244,549	1,604,937	16,849,486
		20,379,999	1,604,937	21,984,936
		VACIL		
Non-current liabilities	47	0.040.404		
Interest payable	17	8,263,486	1,859,284	10,122,770
Terminal benefit	33 _	0 262 406	1,886,710	1,886,710
		8,263,486	3,745,994	12,009,480
Current liabilities				
Interest payable	17	2,685,633	(1,859,284)	826,349
Deferred development grant	18	275,025	(227,349)	47,676
Trade and other payables	16	31,670,810	(3,109,719)	28,561,091
constructive and a second of the first transfer on the second of the sec		34,631,468	(5,196,352)	29,435,116
TOTAL RESERVES AND LIABILITIES	_	63,274,953	154,579	63,429,532

STATEMENT OF FINANCIAL PERFORMANCE

TZS' 000		Impac	t of correction of erro	or
	Note	As previously	Reported	
2022		reported	Adjustments	As restated
Revenue				
Revenue from non-exchange transactions				
General inpatient	19	4,253,018	272,527	4,525,545
General outpatient	20	1,398,620	11,340	1,409,960
Government subventions		18,085,259	*	18,085,259
Donation		9,904,540		9,904,540
Released grant income	18	3,325,988	227,349	3,553,337
Revenue from exchange transactions				
Private inpatient	21	12,426,969	83,381	12,510,350
Private outpatient	22	7,006,852	19,867	7,026,719
Sales -MOI Community Pharmacy		4,706,435		4,706,435
Other Income		229,815		229,815
		61,337,496	614,464	61,951,960
Expenses		AL 1442/1		.,,,
Salaries and wages		16,190,263		16,190,263
Other personel emoluments		10,205,570		10,205,570
Staff welfare and development	1	10,203,570		1,107,290
expenses		1,107,290	•	
Medical and other expenses	30	9,449,770	73,216	9,522,986
Administrative expenses	34	10,130,763	(1,683,981)	8,446,782
Depreciation and amortisation	31	4,515,950	5,473	4,521,423
Impairment losses	13	5,752,266	32,396	5,784,662
Finance expenses		219,258	<u> </u>	219,258
		57,571,130	(1,572,896)	55,998,234
surplus for the year		3,766,366	2,187,360	5,953,726
CASH FLOW STATEMENT				
TZS' 000		Im	pact of correction of	arror
123 000		As previou	-	ELLOI
		repor		As restated
Net cash flow from operating activitie	s	(1,214,0	009) (38,361)	(1,252,370)
Net cash flows from investing activitie		(1,711,6		(1,673,319)
Net cash flows from financing activities		323,		323,046
Net decrease in cash and cash equivalents		(2,602,6	45) 2	(2,602,643)
2000 BC000 250 DE 2000				

42. BUDGET AGAINST ACTUAL EXPENDITURES

The budget is approved on a cash basis classified by nature. The approved budget covered the period from 1 July 2022 to 30 June 2023. The financial statements and budget documents are prepared for the same period. The Institute prepared its budget on cash basis and the financial statements were prepared on IPSAS accrual basis as such adjustments are necessary to harmonize the financial statements with the budget.

A reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and the actual amounts in the statement of financial performance for the period ended 30 June 2023 is presented below:

	2022/23
	TZS '000
Budget deficit	(3,521,726)
Depreciation	(4,314,499)
Gain on sale of property and equipment	(5,265)
Amortisation intangible asset	(122,062)
Increase in provision for receivables	(6,172,006)
Amortisation of capital grant	51,954
Interest cost on terminal benefit	(256,593)
Current service costs	(79,816)
Provision for obsolete stock	34,297
Changes in:	
-Prepayments and Advances	4,637,659
-Inventories	904,185
-Trade and other receivables	3,596,094
- Terminal benefit payable	92,000
- Trade and other payable	(3,119,856)
Purchases of property and equipment	1,965,011
Deficit per statement of financial performance	(6,310,623)

43. EXPLANATIONS OF DIFFERENCES BETWEEN ACTUAL AND BUDGETED AMOUNTS

(i) Rendering of services (Patients charges and other receipts)

Actual cash collection from rendering services decreased by 13% because more medical services were offered to credit Institution during the year. At the end of the year there was outstanding balances with credit Institution which were not yet collected.

(ii) Subvention from Government

Subvention from the Government increased by 5% because Government paid salary arrears to the employees amounting TZS 497 million.

(iii) Other Receipts

During the year the Institute collected TZS 318 million equalling to 100% from miscellaneous income which was not budgeted for.

(iv) Salaries and wages

Salaries and wages paid to employees during the year Increased by TZS 899 million equalling to 5%, this was attributed transfer of employees from other Government Organizations to the Institute.

(v) Other Personnel Emoluments

Other personnel emoluments increased by TZS 2.65 billion equalling to 25 % due to transfer of employees from other Government Organizations to the Institute and recruitment of new employees.

(vi) Supplies payments and other payments

Supplier payments was spent less than budgeted amount by TZS 39 million due to decrease in actual cash collection.

(vii) Purchase of property and equipment

Purchase of property and equipment decreased by 621% due to decrease in cash collected during the year.

44. RELATED PARTY TRANSACTIONS AND BALANCES

Identification of related parties

Parties are related if one party has the ability to control the other party and exercise significant influence over the party in making financial and operating decisions. In the normal course of business, several transactions are entered into with related parties.

The Institute related parties are the Ministry of Health (MoH), Institute's Board of Trustee and key management personnel. The Nature of the relationship with the Institute is as follows:

a) Directors' remuneration interest

The total remuneration paid to individual Directors, which comprised Directors fees and sitting allowances were as follows:

	2022/23 TZS'000	2021/22 TZS'000
Prof.Charles A. Mkonyi	S 2 0	9,825
Ms. Deodatha Makani		14940
Dr Amaani K. Malima	3*	12,146
Mr. Charles Bieda	č.	18,889
Dr. Pilly Chillo		9,700
Dr. Tuhuma Tuli	< E	7,850
Dr. Petronilla J. Ngiloi		8,050
Dr.Luijisyo Mwakaluka	,	8,000
Mr. Francis Kayichile	3 5	15,538
Dr. Respicious L. Boniface		8,850
CPA Agnes Kuhenga		4,450
CPA Augustino Mbogela	38	4,450
Mr David Mwankenja	-	1,947
Dr Mabula J. Kasubi	12	150
Mr Alfred Mkombo	121	150
		124,935
b) Balance due to related parties		
National Health Insurance Fund (NHIF)	10,122,770	10,949,119
TANESCO	3,326,184	2,881,908
SUMA J.K.T	297,909	103,424
Muhimbili National Hospital	216,203	203,245
DAWASA	21,956	23,223
	13,985,022	14,160,919

c) Key management personnel

The key management personnel, as defined by IPSAS 20 Related Party Disclosures, are all directors or members of the governing body of the entity: and other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity.

Key management short term and long-term benefits which were paid included salaries, allowances and social security contributions as detailed below:

	2022/23 TZS'000	2021/22 TZS'000
Salaries and wages	1,730,868	1,522,854
Honorarium allowances	860,654	302,395
Employer social scheme contributions (Pension and Health Insurance)	259,630	274,114
Call allowances	70,460	52,584
Private clinic allowances	38,280	21,390
Housing allowances	222,650	221,238
Acting allowances		77,413
Responsibility allowances	249,389	276,579
Special allowances	1,470	5,130
Overtime allowances	3,940	5,561
Telephone allowances	69,890	39,210
Extra duty allowances	177,842	92,500
Leave allowances	8,692	5,012
Electricity allowances	23,300	36,200
Fuels allowances	159,900	54,000
Surgical camp allowances	4,125	2,825
Teaching allowances	14,720	7,680
-	3,895,810	2,996,685
d) Balances due from related parties		
Ministry of Health (MoH)	1,011,350	906,081
National Health Insurance Fund (NHIF)	2,033,240	3,914,023
Workers Compensation Fund	1,278,151	989,965
Revolution Government of Zanzibar	1,187,785	2,319,088
J.K.T	22,312	16,650
Tanzania Peoples Defence Force (TPDF)	3,088,708	1,581,764
TANESCO	36,884	33,934
SUMA J.K.T	17,121	14,932
Salary Arrears Ministry of Finance	<u></u>	456,611
	8,675,551	10,233,048

e) Transactions with related parties

			2023 TZS '000'			2022 TZS '000'	22 000,
Goods/Services received	Name of	Total transaction amount	Amount	Payable	Total transaction amount	Amount	Payable
Medical services provided to patients sponsored by	cilling		han	Dalaire		Daid	Dalaire
WOH	MOH	105,269	3.83	105,269	104,798	() (6)	104,798
Medical services provided to NHIF Members	NHIF	16,793,267	9,643,764	7,149,503	14,346,385	7,893,512	6,452,873
Medical services provided to Workers Compensation							
Fund Members	WCF	3,487,087	640,570	2,846,517	968,543	134,356	834,187
Medical services provided to patients sponsored by							
Revolution Government of Zanzibar	SMZ	1,349,935	1,089,428	260,507	1,910,160	391,142	1,519,018
Medical services provided to J.K.T Staff	J.K.T	37,058	35,190	1,868	328,097	320,569	7,528
Medical services provided to Tanzania Peoples							
Defence Force (TPDF)	TPDF	2,232,450	350,000	1,882,450	1,884,130	389,937	1,494,193
Medical services provided to TANESCO Staff	TANESCO	2,950	2,950	•	533	20,000	(19,467)
	SUMA						
Medical services provided to SUMA J.K.T	JKT	15,039	1,004	14,035	14,932	E	14,932
Salary Arrears Ministry of Finance	MOF	40,645	40,645		456,611		456,611
Donation for Other Charges	MOI	474,969	474,969		567,434	567,434	A P
Donation for Call Allowance	MOI	174,168	174,168	,	156,244	156,244	
Donation for Salary Grant	MOI	17,482,139	17,482,139	£	15,796,150	15,796,150	ï
Donation for Development	MOI	•	•	٠	3,485,401	3,485,401	15 4 13
Donation for Training	MOI		•	*	38,500		38,500
IMF Covid Fund	MOI	3	2	ż	840,587	•	840,587
Interest for the loan for construction of MOI Phase III							
Building	MOI	826,348	688,624	137,724	826,348	826,348	
Electricity bills - TANESCO	MOI	765,816	115,940	649,876	820,793	438,363	382,430
Security Charges - SUMA JKT	MOI	277,105	61,935	215,170	165,478	62,054	103,424
Gabbage Collection - Muhimbili National Hospital	MOI	21,120		21,120	23,040	•	23,040
Water bills - DAWASCO	MOI	119,176	110,092	9,084	64,870	54,427	10,443
		44,204,541	30,911,418	13,293,123	42,799,034	30,535,937	12,263,097

45. COMMITMENT AND CONTINGENT LIABILITIES

Contract claims

On June 18, 2019, the Institute received interest claims totaling TZS 1,543,674,522 from MS Beijing Construction Engineering Co. Ltd. These claims were related to delayed payments for certified work and the postponed valuation and certification of completed construction work pertaining to the construction of Muhimbili Orthopaedic Institute phase III. However, the Institute believes that MS Beijing Construction Engineering Co. Ltd did not fulfil its contractual obligations, thus not entitled to the interest being claimed against the Institute.

46. TAX

The income of the Institute has been exempted from taxation under paragraph 1.b of the Second Schedule as read together with Section 10 of Income Tax Act CAP 332 (R.E 2019)

47. CAPITAL COMMITMENTS

During the year, the Institute continued with the construction of MOI Phase IV, which includes the development of a Rehabilitation Centre at Mbweni Mpiji. Management successfully completed the preparation of the plan for the Rehabilitation Centre. Currently, the Institute is actively seeking funds to support and finance the upcoming construction activities.

48. COMPARATIVE FIGURES

Where necessary comparative figures have been reclassified and adjusted to conform to changes in presentation in the current year. See note 41 for restatement made during the year.

49. EVENTS AFTER REPORTING PERIOD

At the signing of the financial statements, except of subsequent events disclosed in Note (50) the management was not aware of any other matter or circumstances that need to be disclosed arising since the reporting date, not otherwise dealt with in the financial statements which significantly affect the financial position of the Institute and the results of its operations.

50. GOING CONCERN

As of 30 June 2023, the Institute's current liabilities exceeded current assets by TZS 20,341 million (2021/22: TZS 16,343 million) and reported a net deficit of TZS 6,310 (2021/22: Surplus of TZS 5,954 million).

The Board of Trustees confirms that the financial reporting standards have been adhered to, and the financial statements have been prepared under the assumption of a going concern. There is a reasonable expectation that the Institute possesses the resources to continue operational existence for the foreseeable future, with ongoing financial support anticipated from the Government of the United Republic of Tanzania through various ministries and institutions, particularly the Ministry of Health.

The Government of Tanzania, through its health sector strategic plan for July 2021 to June 2026, is committed to strengthening health systems and providing continued financial support for both specialized and super-specialized medical services.

Historically, the Ministry of Health, Community Development, Gender, Elders, and Children (MOHCDGEC) provided grants to MOI to cover principal payments to the National Health Insurance Fund (NHIF) related to a previous loan for the construction of MOI Building Phase III.

In 2023, the Institute received TZS 17.48 billion for salary payments, TZS 29 billion for other charges, and TZS 1.96 billion for development projects. Additionally, MOI received aid/donations from the Ministry of Health for medicines, with these funds being directed to the Medical Stores Department (MSD).

Subsequent to year ended the government of Tanzania under the Ministry of Health provided the following to institute, whereas the engagement team was able to verify the amount received, this included TZS 8.24 billion for salary payments, TZS 247 million for other charges, and TZS 68 million for call allowance. Additionally, MOI received aid/donations from the Ministry of Health for medicines, with these funds being directed to the Medical Stores Department (MSD) amount to TZS 183.44 million



