



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 2024**

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March 2025

AR/PA/MOI/2023/24



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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.



### Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

### Teamwork Spirit

We value and work together with internal and external stakeholders.

### Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



### Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

### Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

### Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

© This audit report is intended to be used by Muhimbili Orthopaedic Institute and may form part of the annual general report, which once tabled to the National Assembly, becomes a public document; hence, its distribution may not be limited.

## TABLE OF CONTENTS

Abbreviations .....	iii
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL .....	1
2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024.....	6
3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024 .....	33
4.0 DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2024 .....	34
5.0 FINANCIAL STATEMENTS .....	35



## Abbreviations

CAG	Controller and Auditor General
CT	Computed Tomographic
DAWASA	Dar -Es-Salaam Water Supply and Sanitation Authority
HDU	High Dependency Unit
ICU	Intensive Care Unit
IESBA	International Ethics Standards Board for Accountants
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
J.K.T	Jeshi la Kujenga Taifa
MOHCDGEC	Ministry of Health, Community Development, Gender, Elder and Children
MOI	Muhimbili Orthopaedic Institute
MRI	Magnetic Resonance Imaging
MSD	Medical Stores Department
MUHAS	Muhimbili University of Health and Allied Science
NAO	National Audit Office
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
OPD	Outpatient Department
OT	Orthopaedic and Trauma
PR	Public Relations
TANESCO	Tanzania Electric Supply Company
TIB	Tanzania Investment Bank
TPDF	Tanzania People's Defense Force
TZS	Tanzania Shillings

## **1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL**

Board of Trustees  
Muhimbili Orthopaedic Institute (MOI)  
P.O Box 65474  
Dar es Salaam

### **1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

#### **Unqualified 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 2024, the statement of financial performance, statement of changes in net assets, 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, the accompanying financial statements present fairly in all material respects, the financial position of Muhimbili Orthopaedic Institute as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

#### **Basis for Opinion**

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further 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 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 (trustees), Statement of responsibility by those charged with Governance (trustees) and Declaration by the Head of Finance and 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 (trustees) 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; and
- 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 (trustees) 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 (trustees) 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 my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap. 418 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 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 the procurement of works, goods, and services in the Muhimbili Orthopaedic Institute for the financial year 2023/24 as per the Public Procurement laws.

#### **Conclusion**

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

#### **Procurement Outside the Nest system TZS 395,000,000**

On 06 July 2023, the Public Procurement Regulatory Authority (PPRA) announced that with effect from 1 July 2023, all public entities are required to use the NeST system, which undertakes the procurement process. However, the Institute entered into a Contract No. TR118/2023/2024/NC/19 worth TZS 395,000,000 with M/S Pacific Diagnostic outside the NeST system bypassing the mandated procurement process outlined in the Public Procurement Act (PPA) and Public Procurement Regulations (PPR). This non-compliance with the NeST system requirement compromises the transparency, accountability, and fairness of the procurement process.



### 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 Muhimbili Orthopaedic Institute for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

#### **Conclusion**

Based on the audit work performed, I state that the 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 2025





## 2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (TRUSTEES) FOR THE YEAR ENDED 30 JUNE 2024

### 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 (Trustees) 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 2024.

### 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 orthopedics, 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 carries out research in these fields with a view to developing cost-effective ways of treating patients and reducing invalidity among members of the community. At the end of the year, the Institute has a bed capacity of 348 beds (2023:362 beds) as follows:

Name of the ward	2023/24	2022/23
Public wards	180	180
Paediatrics wards	80	80
Private wards	46	60
Intensive Care Unit (ICU)	19	19
High Dependency Unit (HDU)	16	16
Same Day Surgery (SDS)	7	7
<b>Total</b>	<b>348</b>	<b>362</b>

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 the Muhimbili University of Health and Allied Science (MUHAS) participates fully in the teaching of neurosurgery, orthopaedics, traumatology, antituberculosis 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 an autonomous basis;
- b) To improve the basic services for all the diseases of the musculoskeletal system, accidents; and neurosurgical cases providing cure of the skeletal system, accident and neurosurgical cases providing cures and reducing disability incidence in the country.; To improve Orthopaedic/trauma service through periphery partners through adequate training facilities;
- c) To produce the required personnel for the country in the field of Orthopaedics and Neurosurgery through appropriate training;
- 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:

	2023/24	2022/23
General outpatients	41,593	41,979
Private outpatients	166,363	167,914
General emergency	8,561	9,779
<b>Total outpatients</b>	<b>216,517</b>	<b>219,672</b>
General inpatients	7,638	6,780
Private inpatients	1,291	1,290
Intensive care unit (ICU)	730	530
<b>Total inpatients</b>	<b>9,659</b>	<b>8,600</b>
<b>Number of surgeries performed</b>		
General emergency	2,925	2,508
General elective	2,693	1,923
Private elective	3,781	3,033
<b>Total surgeries</b>	<b>9,399</b>	<b>7,464</b>



## 2.5 SERVICE PERFORMANCE

During the Financial Year 2023/24 the Institute provided medical services to 226,176 patients (inpatient and outpatient) compared to 228,272 patients attended in 2022/23. The Institute provided super specialized and specialized services whereby 9,399 (2023: 7,464) patients were operated as follows:

Details	Number of surgeries	
	2023/24	2022/23
Total Hip replacement	226	188
Total knee replacement	212	172
HDC (ETV) +Spina Bifida	513	511
Arthroscopy	369	319
Spine surgery	448	380
Brain tumour surgery	224	222
Transferor	16	15
Angio OT	37	110
Aneurysm	18	15
Acetabular reconstruction	126	103
Scoliosis (Paediatric)	10	29
Others orthopaedic surgeries	7,200	5,400
<b>Total surgeries during the year</b>	<b>9,399</b>	<b>7,464</b>

## 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 categorized into non-exchange and exchange transactions. The main types of revenue from non-exchange transactions are transfers from the Government and other donors. MOI's revenue from exchange transactions includes mainly patient service revenue from the private inpatient service, and general patients for which the services and medical appliances are offered at a subsidized price.

## 2.7 FUND FOR RENOVATION OF TUMAINI BUILDING RECEIVED IN 2023/24

During the financial year 2023/24, the Institute received a total of TZS 1,500,000,000 (2022/2023 - TZS 4,410,000,000) for the purpose of renovation of the former Tumaini Hospital (TANESCO Building) to be used as New MOI OPD in order to improve MOI's capacity to attend outpatients.



## **2.8 OWNERSHIP AND CAPITAL STRUCTURE**

Muhimbili Orthopaedic Institute is wholly owned by the Government of the 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 Trustees. 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 for the new advancement in Corporate Governance in respect to environmental, social and governance (ESG). MOI has ensured its service 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 Trustees is appointed by the President of the United Republic of Tanzania and not more than 10 Members and not less than eight Members are appointed by the Minister.

ii. Responsibilities of the Board

The Board of Trustees performs 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 are appointed by the Minister.

Members of the Board comprise persons with the following qualifications.

- (a) Three persons who have acceptable academic qualifications and practical experience in medicine (Master of Medicine and above);
- (b) Four persons engaged in the Management of Institutions from the following fields (Law, Human Resource Management, Finance and planning, or Economics); and



- (c) Two 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 include:

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 the 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 ensures 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 interest as soon as he/she becomes aware that a subject to be discussed at a Board or Committee meeting may give rise to a conflict of interest.

vi. The 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 Sections 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 (Trustees) 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 (Trustees) are of the opinion that the financial statements of the Institute give a true and fair view of the Institute's state of financial affairs and of its operating results for the year ended.

viii. Rights of the Government and other stakeholders

According to paragraph 13 of the Board Charter, the Institute's stakeholders are the Government, including the Treasury Registrar, the Ministry responsible for health matters, the 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 interests and expectations 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 oversee the day-to-day management functions.

x. Ethics and social responsibility

The board of trustees has established a code of ethics and conduct which is enclosed in the board charter. According to the 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 the Institute.

xi. Risk management and internal control

According to the Muhimbili Orthopaedic Act (Cap 94 R.E 2002) section 6, The Board is required to ensure the 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

The tenure of the Institute's Board of Trustees is three years. The Chairperson of the Board of Trustees 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 in progress.

## 2.14 TRUSTEES' INTERESTS

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

- (a) Orthopedics 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 report 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	Gender	Appointment date	Age (Years)	Position	Qualification
1.	Dr. Mpoki Ulisubisya*	Male	02 December 2024			
2.	Prof Abel N. Makubi	Male	08 May 2023	49	Executive Director	Physician/ Cardiologist and Haematologist.
3.	Dr. Antony B. Assey	Male	22 August 2022	54	Director of Orthopaedics and Trauma	Master of Medicine OT Fellowship of OT & Spine.
4.	Dr. Laurent L. Mchome	Male	22 August 2022	47	Director of Neurosurgery/Acting Executive Director	Master of Medicine and Master of Science in Neurosurgery.
5.	Dr. Veronica R. Nyahende	Female	18 October 2022	48	Director of Finance and Planning	Master of Business Administration, Doctor of Management in Financial Management.
6.	Mr. Orest Mushi	Male	19 November 2021	54	Director of Administration and Human Resource Management	Master's in public administration.
7.	Mr. Fidelis Minja	Male	05 August 2022	49	Director of Nursing Services	Master of Nursing in Critical Care.
8.	Dr. Asha A. Abdulla	Female	22 August 2022	56	Director of Clinical Support Service	Master of Medicine.

\*On 02 December 2024 Dr. Mpoki Ulisubisya was appointed as the Executive Director of Muhimbili Orthopaedic Institute to replace the former Executive Director Prof Abel N. Makubi who was appointed as executive director for Benjamin Mkapa Hospital Dodoma on 18 June 2024.



## **2.15 EMPLOYEE'S WELFARE**

### **Management employees' relationship**

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

### **Retirement Benefits**

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

Moreover, the Institute shakes hands to retirees, relatives of deceased employees, and employees appointed by the Government to take charge at the managerial level without their initiation

### **Leave Passage**

Leave financial assistance continued to be provided to employees once every two years to assist employees in meeting traveling costs when proceeding with their annual leave.

### **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% of their basic salaries while the employer contributed the same percentage. Total NHIF payments rendered were TZS 498.6 million (2022/23: 443.0 million) under Note 27.

### **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 34 (2023: 49) staff were on training as follows:

Program	2024	2023
PhD	3	4
Master's degree	10	17
Bachelor's degrees	13	13
Diploma courses	10	15
Total	36	49

Various workshops, seminars, and short-term courses were conducted or financed and attended by 279 Institutes' employees. During the year the Institute spent TZS 129 million on staff training (2023: TZS 88 million) under note 28.

#### **Staff Performance Appraisal**

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

#### **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 is deducted from their monthly salaries through the Human Capital Management Information System (HCMIS). Furthermore, the Institute supports employees in the 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).

### **2.16 FIGHT AGAINST CORRUPTION**

The Institute Management is committed to fighting 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.



## 2.17 PERSONS WITH DISABILITIES AND GENDER BALANCE

### Persons with Disabilities

The Institute engages in the recruitment of individuals with disabilities for positions they can effectively fulfill. 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.

### 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 2024, the Institute had the following distribution of employees by gender:

Gender	Percentage		Number	
	2023/24	2022/23	2023/24	2022/23
Male	42%	41%	380	349
Female	58%	59%	533	499
Total	100%	100%	913	848

## 2.18 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 2024 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.	Financial risk: Patient's inability to pay for medical services. Seventy eight percent (78%) of patients received at MOI emergencies department are uninsured as a result Institute remain with huge unpaid medical bills.	The Institute to provide awareness to the public on importance of joining the Health Insurance Fund.  To seek government support and other sponsor for destitute patients.
2.	Market and competition risk: The Institute is currently facing competition 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.	Clinical risk The Institute is facing various risk regarding clinical risk like, hospital acquired infections to patients, Occupational infectious diseases to technical staff and insufficient protection of workers to radiations	Institute continues to improve its internal risk measures through: <ul style="list-style-type: none"> <li>➤ Provision of vaccine to its employees.</li> <li>➤ Holding clinical meeting discussions on better treatment provision.</li> <li>➤ Customer care about service provision</li> <li>➤ Set, shine, standardize, sort and sustain (5S) strategy for better cleanness.</li> </ul> Empower infection control unit. Presence of X ray leads and x ray partitions board and thermos luminescent dosimeter (TLD).
4.	Operational risk Breakdown/ default of machines/medical equipment and insufficient knowledge on repair and maintenance of medical equipment	<ul style="list-style-type: none"> <li>➤ To have preventive equipment maintenance plan.</li> <li>➤ Training of biomedical engineers and technicians.</li> </ul> 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.	<ul style="list-style-type: none"> <li>➤ Presence of Standard Operating Procedures (SOPS), guidelines and Institute Formulary.</li> </ul> In-house training of medical staff and attendance of Seminar and workshops.



## 2.19 CURRENT AND FUTURE DEVELOPMENT PLANS OF THE INSTITUTE

### CURRENT DEVELOPMENT PLANS

- Improvement on the provision of specialized services in neurosurgery, Orthopaedic and interventional radiology aiming to minimize (or zero) referral abroad in these services and be a medical tourism centre in East Africa and Africa.
- To conduct research and development activities in the field of Orthopaedics 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 hospital patient congestion and enable many patients to access health services.
- Construction of Building for the procured MRI and CT Scan machine
- Construction of Microbiology rooms and Installation of machines
- Establishment of a blood transfusion unit
- Reconstruction of MOI private wing II to be VIP Consultation rooms

### FUTURE DEVELOPMENT PLANS

To establish a teaching University in Area of Neurosurgery, Orthopaedic and Interventional radiology with a future aim to be the best University in these areas in Africa.

- Progressing with MOI phase IV which will include establishment of the state-of-the-art rehabilitation Centre at Mbwani Mpiji.
- Registration of MOI as a teaching institute under the National Council of Tanzania (NACTE),
- Accreditation of MOI laboratory under the International Organization for Standard (ISO).
- Construction of MOI New OPD
- Repair and Maintenance of Ex-Tumaini Hospital Building for establishment of OPD for Private patients
- To develop and update research and teaching policies in Orthopaedic, Neurosurgery and allied clinics services and disseminate findings to policy makers

In 2023/24, the Institute planned to implement the following:

- To continue improving on the provision of specialized services in neurosurgery, orthopaedic and interventional radiology aiming to minimize (or zero) referral abroad in these services and be a medical tourism centre in East Africa and Africa;
- To establish a teaching University in the area of neurosurgery, orthopedic and interventional radiology with the future aim to be the best University in these areas in Africa;
- Progressing with MOI Phase IV which will include the establishment of a state-of-the-art rehabilitation centre at Mbwani Mpiji;

- To conduct research and development activities in the fields of orthopaedics and neurosurgery of the University standard; publish and disseminate findings to policymakers and the scientific community;
- To strengthen mobile polyclinic services that will help to reduce hospital patient congestion and enable many patients access health services;
- Registration of MOI as a teaching Institute under the National Council for Technical Education (NACTE);
- Accreditation of MOI Laboratory under the International Organization for Standards (ISO).
- To develop and update research and teaching policies in Orthopaedic, Neurosurgery and Allied clinic services and disseminate findings to policymakers;
- Reconstruction of MOI Private Wing II to be VIP Consultation rooms.
- Construction of MOI New OPD;
- Repair and Maintenance of Tumaini Hospital Building for the 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.

## 2.20 SOLVENCY

The Board of Trustees 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 2024 is set out on page 42 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 Trustees has a reasonable expectation that The Institute will have adequate resources to continue in operational existence for the foreseeable future.

## 2.21 GOING CONCERN ASSUMPTION

As of 30 June 2024, the Institute's current liabilities exceeded current assets by TZS 24,802 million (2022/23: TZS 21,855 million) and reported a net deficit during the year of TZS 5,815 (2022/23: Surplus of TZS 11,157 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 its 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 (MOHCDEGEC) 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 2024, the Institute received TZS 19.6 billion for salary payments, TZS 577 million for other charges, and TZS 6.7 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) under note 23(a).

## 2.22 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 42 of the financial statements.

## 2.23 POLITICAL AND CHARITABLE DONATIONS

During the year, the Institute made charitable donations amounting to TZS 1,268 million (2023: TZS 1,166 million) as assistance to destitute patient's (decreased by 87%).

	2023/24 TZS '000	2022/23 TZS '000
Medicine/drugs investigation and consultation expenses to general patients (Note 18 and 19)	1,188,597	1,023,603
Food expenses to general patients (Note 29)	56,077	89,287
Surgical camp expenses (Note 27)	23,175	52,900
<b>Total</b>	<b>1,267,849</b>	<b>1,165,790</b>

The Institute did not make any political donation in the year under review (2023: Nil).

## 2.24 ENVIRONMENT 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.

## 2.25 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 2024, patient's revenue collection was TZS 41,024 million compared to budgeted patient revenue of TZS 34,115 million. Revenue collection from rendering services increased by 17% because there was increase in revenue that was collected mainly from credit institutions. Revenue earned by the Institute from rendering services was increased by 17% compared to the year 2022/23

mainly contributed by availability of medicine and improvement of services provided by MOI Community Pharmacy during the year. Other personal emoluments increased by TZS 4,836 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 refer to note 41 of the Financial Statements.

## 2.26 STRATEGIC OBJECTIVES

The Institute is in the fourth year of implementation of the strategic plan for the period covering 2023/24 to 2025/26. 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 2023/24 to 2025/26 focused on achieving seven objectives as follows:

- Having 780 human resource for health (Specialists, super specialists and Supporting services) by 2024;
- Development of Institutional capacity building for 485 staff by June 2024;
- Provision of specialized and super-specialized medical services in Orthopaedic and Trauma and Neurosurgery (OT/NS) and supporting services to patients by June 2024;
- Improved and Sustained Internal Medical Business Process and Customer Care by 2024;
- Strengthen Financial Management by June 2024; and
- Improve compliance with policy, laws and regulation and guidelines by June 2023 and Acquisition of state of Art Infrastructure by June 2024.

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 2023/24	Results during for the year 2022/23
Resource Management and Good Governance Enhanced	Training of Medical and Non-Medical Staff by 2024.	Having 20 qualified, specialized and super specialized human capital yearly.	11 - Nurses 6 - Staff in Allied Services.  3 - Non-Medical Staff trained in specialized in the year.	9 - Nurses 5 - Staff in Allied Services.  2 - Non-Medical Staff trained in specialized in the year.
	Recruitment of specialized Medical and Non-Medical staff by June 2024.	Having 120 newly employed medical and non-medical staff yearly.	26 employees were recruited and 10 were transferred in the year under review.	87 employees were recruited and 15 were transferred in the year under review.
	Training (Short course) and development by June 2024.	Training 4 Directors and Managers per year (to be selected by training plan).	4 Directors attended workshop in year under review.	6 Directors attended workshop in year under review.



Objective	Strategy	Key performance indicator (KPI)	Results during For the year 2023/24	Results during for the year 2022/23
	Exchange, Coaching and Exposure program by June 2024.	10 Specialist, managers, head of unit and Officers annually.	13 Specialists were engaged in different programs.	11 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 2024.	40 managerial staff and officers to attend workshop and Seminar annually.	270 staff attended workshop and seminar during the year.	65 staff attended workshop and seminar during the year.
	Human resource establishment and social welfare by June 2024.	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 40%.	The Institute incentive Scheme has Improved by 50%.
Specialized and super- specialized medical services enhanced and sustained	Clinical services improved by June 2024.	Average of 196,242 clinical patients attended per year.	226,176 clinical patients attended. (Clinics and EMD).	219,672 clinical patients attended. (Clinics and EMD).
	Diagnostic services improved by 2024.	Average of 113,169 laboratory investigations and 100,304 radiological examinations per year.	98,324 Laboratory Investigations and 47,384 radiological Examinations performed.	88,754 Laboratory Investigations and 47,580 radiological Examinations performed.
	Physiotherapy services improved by June 2024.	Average of 132,000 Physiotherapy session yearly.	291,773 Physiotherapy session.	159,720 Physiotherapy session.
Institutionalized Business process Enhanced and Sustained	OT/Workshop services improved by June 2024.	Average of 500 workshop appliances yearly.	708 workshop appliances.	605 workshop appliances.
	Pharmaceutical Services improved by June 2023.	Pharmaceutical services to 178,402 patients (average) per year.	226,176 Patients served with quality drugs and medical consumable for 2023/24.	215,866 Patients served with quality drugs and medical consumable for 2022/23.

Objective	Strategy	Key performance indicator (KPI)	Results during For the year 2023/24	Results during for the year 2022/23
	Orthopaedic and Trauma surgery improved by June 2023.	Average of 7,000 orthopaedic and Trauma surgery patients operated yearly.	5,795 orthopaedic and trauma Patients operated.	4,293 orthopaedic and trauma Patients operated.
	Neurosurgery operations Improved by June 2023.	Average of 2,735 neurosurgery operations yearly.	3,880 patients on neurosurgery Operations.	2,676 patients on neurosurgery Operations.
	Nursing services Improved by June 2023.	Average of 200,000 in and outpatients attended/ nursed per year.	203,849 in and outpatients attended/ nursed.	140,586 in and outpatients attended/ nursed.
	Anaesthesia services improved by June 2023.	Average of 7,000 anaesthetized patients per year.	11,196 anaesthetized patients.	7,464 anaesthetized patients.
	Paediatric services Improved by June 2023.	Average of 4,655 Paediatric patients operated per year.	896 Paediatric patients Operated.	495 Paediatric patients operated.
	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.

## 2.27 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)



## 2.28 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:-

- Government Ministries and Entities;
- Patients and Public;
- Other Hospitals;
- Employees;
- Media;
- Suppliers and other service providers;
- Health Training Institutions; and
- International organizations.

### a) Government Ministries and Entities

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

### b) 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.

### c) 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.

#### **d) 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.

#### **e) 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.

#### **f) 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.

#### **g) 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.

#### **h) 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.



#### **i) 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.

#### **j) 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.

### **2.29 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 fulfil its mission and responsibilities effectively.

#### **a) Financial resources**

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

#### **b) Human resources**

The Institute has highly qualified and specialized human capital. Presently, the Institute's staff composition includes five consultants, 27 super specialists, 42 specialists, 44 medical doctors, 99 nurses (holding degrees), 201 registered nurses, 1 Radiology scientist, 11 Radiographers, two Laboratory Scientists, 10 Laboratory Technologists, three 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 services 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 regulations. The National Health policies issued by the government aim at strengthening the role of the Institute in providing its services with professionalism, Integrity, and Ethics. Government policies have brought positive achievements to the Institute in offering super- specialized services in orthopaedic, traumatology and neurosurgery.

### **e) Natural resources**

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

### **f) Intellectual resources**

The Institute has 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 (2023/24: 226,176 patients 2022/23: 228,272 patients)

## **2.30 THE INSTITUTE OPERATING MODEL**

The Institute's Strategic purpose 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 include provision of hospital management conducive to self-sustainability on an 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 the provision of the operating activities, the Institute has the following resources; -

- (i) Human Resources: The Institute has 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).

Details	Number of surgeries	
	2023/24	2022/23
	226	188
Total knee replacement	212	172
HDC (ETV) +Spina Bifida	513	511
Arthroscopy	369	319
Spine surgery	448	380
Brain tumour surgery	224	222
Transfeneroid	16	15
Angio OT	37	110
Aneurysm	18	15
Acetabular reconstruction	126	103
Scoliosis (Paediatric)	10	29
Others orthopaedic surgeries	7,200	5,400
<b>Total surgeries during the year</b>	<b>9,399</b>	<b>7,464</b>

The Institute has managed to reduce the number of referral 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 surgery referrals has been reduced by 96% on Brain tumour excessive and intracranial haemorrhage surgeries. The provision of super specialized medical services in the country has improved.

## 2.31 COMMENTARY TO THE FINANCIAL STATEMENTS

### Introduction

The financial statements for the financial year ended 30 June 2024 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.

### **Property and equipment**

Property and equipment stood at TZS 55.8 billion as at 30 June 2024 compared to TZS 57.6 billion as at 30 June 2023, a decrease of 3% is attributed to depreciation charge during the year amounting to 9,497 million and an increase in additional assets of TZS 7,643 million in comparison to 2023 where depreciation charge was only TZS 9,161 million.

### **Intangible assets and work in progress (intangible)**

Intangible assets stood at TZS 28.3 million (2023: TZS 118.4 million). The Institute's intangible assets are ACL data analysis tools, MOI Community Pharmacy Information System, Hospital Integrated Management System (MEDPRO) and e-medical system. There were no additions during the year under intangible assets.

### **Trade and other receivables**

Receivables decreased by 20%. This was mainly caused by the increase in the ECL provision as a result of changes from IPSAS 29 to IPSAS 41.

### **Prepayments and advances**

Prepayments and advances decreased by 85% in June 2024. This is due to receipt of equipment of Magnetic Resonance Imaging (MRI) and Computed Tomographic (CT-Scan) that was booked under advance payments amounting to TZS 4,788 million in the 2022/23 Financial Statement.

### **Trade and other payables**

Trade and other payables have increased by 20% from TZS 28.781 billion as at 30 June 2023 to TZS 34.55 billion as of 30 June 2024. This was mainly caused by the increase in patient deposits and an increase in procurement of goods and services on a credit basis to suppliers.

### **Accumulated surplus**

The Institute has reported accumulated surplus amounting to TZS 14,904 million for the year ended 30 June 2024. The difference is attributed by deficit of TZS 5,815 million reported during the year and effect of IPSAS 41 adoption.

### **Performance review**

During the year 2023/24, the Institute recorded total revenue amounting TZS 70,941 million (2022/23: TZS 53,374 million) and total expenses amounting TZS 76,757 million (2022/23: TZS 64,532 million) as a result the Institute has deficit of TZS 5,815 million (2022/23: Deficit of TZS 11,157 million). This is set out in the Statement of Financial Performance for the year ended 30 June 2024.



## **Revenue**

Revenue increase by TZS 17,567 million equivalents to 33%. The increase is due to increase in patients during the year hence increasing credit and cash collections, furthermore there were increase in donations from various institutes to TZS 2,669 million during the year.

## **Expenses**

Expenditure increased by TZS 12,225 million equivalents to 19% from TZS 64,531 million in 2022/23 to TZS 76,757 million for the year ended 30 June 2024. The increase is mainly attributed by increase of personal emoluments to 20% from TZS 12,703 million in 2022/23 to TZS 15,227 million in 2023/24, increase in salaries and wages by 13% from TZS 18,297 million in 2022/23 to TZS 20,689 million in 2023/24 and increase in medical expenses by 45% from TZS 7,668 million in 2022/23 to TZS 11,152 in 2023/24

## **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).

### **2.32 CAPITAL COMMITMENT**

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.

### **2.33 EVENTS AFTER THE 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.

### **2.34 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.

## **2.35 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 the Institute costs 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 upcountry.

During the year the Institute spent TZS 14.6 million (2023: TZS 38 million) in respect of Corporate Social Responsibilities as indicated in note 34 of the financial statements.

## **2.36 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.

## **2.37 SERIOUS PREJUDICIAL MATTERS**

During the period ended 30 June 2024, 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 (Trustees).

## **2.38 STATEMENT OF COMPLIANCE**

The Board of Trustees believes 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 a sound financial position. The Report by Those Charged with Governance (Trustees) 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



## 2.39 COMPLIANCE WITH LAWS AND REGULATIONS



During the period, the Institute observed compliance with applicable laws and regulations, policies, and guidelines which had an 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 a material impact on the Institute.

## 2.40 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).

## 2.41 AUDITORS

The Controller and Auditor General is the statutory auditor of the Muhimbili Orthopaedic 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 CAP 418. However, in accordance with section 33 of the same Act, M/S KPMG as authorized to carry out the audit of Muhimbili Orthopaedic Institute (MOI) for the financial year ended 30 June 2024 on behalf of the Controller and Auditor General.

  
.....  
Dr. Seif A. Shekalaghe  
Permanent Secretary  
.....  
Dr. Mpoki Ulisubisya  
Executive Director of the Institute

Date: .....

### 3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE (TRUSTEES) FOR THE YEAR ENDED 30 JUNE 2024

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. Seif A. Shekalaghe  
Permanent Secretary

  
.....  
Dr. Mpoki Ullisubisa  
Executive Director of the Institute

Date: .....

Date: .....



#### 4.0 DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2024

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, Augustine Stanslaus Karadoga, 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 2024 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 2024 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: Augustine Stanslaus Karadoga

Signature: 

Position: Director of Finance and Planning

NBAA Membership No: ACPA 2294

Date: 03/03/2025


## 5.0 FINANCIAL STATEMENTS


### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2023/24 TZS '000'	2022/23 TZS '000' Restated*	2021/22 TZS '000' Restated*
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	8	55,791,916	57,645,491	64,841,796
Intangible assets	9	28,309	118,452	240,514
Work in progress	10	73,800	73,800	73,800
Prepayments and advances	13	-	4,263,036	-
		<u>55,894,025</u>	<u>62,100,779</u>	<u>65,156,110</u>
<b>Current assets</b>				
Inventories	11	4,018,910	3,455,791	2,517,309
Trade and other receivables	12	4,907,423	6,106,454	8,682,366
Prepayments and advances	13	722,595	525,075	150,452
Bank and cash balances	14	2,936,952	2,260,194	1,590,809
		<u>12,585,880</u>	<u>12,347,514</u>	<u>12,940,936</u>
<b>TOTAL ASSETS</b>		<u>68,479,905</u>	<u>74,448,293</u>	<u>78,097,046</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Taxpayers' fund		5,135,450	5,135,450	5,135,450
Actuarial gain/ (loss)	32	(642,325)	(176,045)	-
Accumulated surplus		14,904,162	23,259,441	34,416,881
		<u>19,397,287</u>	<u>28,218,846</u>	<u>39,552,331</u>
<b>Non-current liabilities</b>				
Interest payable	16	8,607,797	9,296,422	10,122,770
Deferred capital grant	17 (b)	-	423,046	-
Terminal benefit payable	32	3,086,683	2,307,164	1,886,710
		<u>11,694,480</u>	<u>12,026,632</u>	<u>12,009,480</u>
<b>Current liabilities</b>				
Interest payable	16	1,289,812	964,073	826,349
Deferred revenue grant	17 (a)	1,547,676	4,457,676	47,676
Trade and other payables	15	34,550,650	28,781,066	25,661,210
		<u>37,388,138</u>	<u>34,202,815</u>	<u>26,535,235</u>
<b>Total liabilities</b>		<u>49,082,618</u>	<u>46,229,447</u>	<u>38,544,715</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>68,479,905</u>	<u>74,448,293</u>	<u>78,097,046</u>

\*The comparative information is restated on account of the correction of errors. Refer to note 38 in the financial statements.

Notes and related statements form part of these financial statements which were approved and authorised for issue by the Board of Trustees on .....2025 and were signed by:

  
Dr. Seif A. Shekalaghe  
Permanent Secretary

  
Dr. Mpoki Ulisubisya  
Executive Director

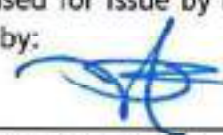


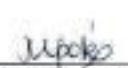
# STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023/24 TZS '000'	2022/23 TZS '000' Restated*
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>			
Government subventions	23(a)	27,529,963	18,935,296
Donation	24	2,669,140	79,614
Amortisation- capital grant	25(a)	423,046	51,954
<b>Total revenue from non-exchange transactions</b>		<b>30,622,149</b>	<b>19,066,864</b>
<b>Revenue from exchange transactions</b>			
General inpatient fees	18	5,831,002	5,285,702
General outpatient fees	19	2,196,627	1,386,551
Private inpatient	20	17,752,074	13,582,321
Private outpatient	21	8,337,821	7,892,364
Sales - MOI Community Pharmacy	22	5,587,396	5,884,404
Other income	25(b)	614,849	275,987
<b>Total revenue from exchange transactions</b>		<b>40,319,769</b>	<b>34,307,329</b>
<b>Total revenue</b>		<b>70,941,918</b>	<b>53,374,193</b>
<b>EXPENSES</b>			
Salaries and wages	26	20,689,821	18,297,269
Other personnel emoluments	27	15,227,823	12,703,129
Staff welfare and development expenses	28	361,013	697,810
Medical and other expenses	29	11,151,863	7,667,700
Administrative expenses	33	11,737,189	9,710,340
Depreciation and amortisation	30	9,587,212	9,283,379
Expected credit loss	12	7,978,002	6,172,006
Finance expenses	31	24,012	-
<b>Total expenses</b>		<b>76,756,935</b>	<b>64,531,633</b>
<b>Deficit for the year</b>		<b>(5,815,017)</b>	<b>(11,157,440)</b>

\*The comparative information is restated on account of correction of errors. Refer to note 39 to the financial statements.

Notes and related statements form part of these financial statements which were approved and authorised for issue by the Board of Trustees on ..... 2025 and were signed by:

  
Dr. Seif A. Shekalaghe  
Permanent Secretary

  
Dr. Mpoki Usubisya  
Executive Director

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Taxpayer's fund TZS '000'	Accumulated actuarial losses TZS '000'	Accumulated surplus TZS '000'	Total TZS '000'
Balance at 1 July 2022 as previously reported	5,135,450	-	16,849,486	21,984,936
Impact of correction of error	-	-	17,567,395	17,567,395
<b>Restated balance at 1 July 2022</b>	<b>5,135,450</b>	<b>-</b>	<b>34,416,881</b>	<b>39,552,331</b>
Loss on remeasurement of terminal benefit	-	(176,045)	-	(176,045)
	-	(176,045)	-	(176,045)
Deficit for the year	-	-	(11,157,440)	(11,157,440)
<b>At 30 June 2023</b>	<b>5,135,450</b>	<b>(176,045)</b>	<b>23,259,441</b>	<b>28,218,846</b>
At of 1 July 2023	5,135,450	(176,045)	23,259,441	28,218,846
Impact of adoption of IPSAS 41 (Note 40)	-	-	(2,554,793)	(2,554,793)
<b>At of 1 July 2023 (after IPSAS 41)</b>	<b>5,135,450</b>	<b>(176,045)</b>	<b>20,704,648</b>	<b>25,664,053</b>
Other comprehensive Income	-	-	-	-
Loss on remeasurement of terminal benefit	-	(466,280)	-	(466,280)
	-	(466,280)	-	(466,280)
Deficit for the year	-	-	(5,815,017)	(5,815,017)
Correction of prior year error	-	-	14,531	14,531
<b>At 30 June 2024</b>	<b>5,135,450</b>	<b>(642,325)</b>	<b>14,904,162</b>	<b>19,397,287</b>

Dr. Seif A. Shekalaghe  
Permanent Secretary

Dr. Mpoki Ullisubisya  
Executive Director


Date




# CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023/24 TZS '000	2022/23 TZS '000 *Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Government grants and subsidies	23(b)	23,119,963	18,935,296
Rendering of services- patient fee	35(i)	41,023,958	36,718,548
Other income	25(b)	613,517	270,722
Donation	24	2,669,140	79,614
		<b>67,426,578</b>	<b>56,004,180</b>
<b>Payments</b>			
Salaries and wages	26	20,689,821	18,297,269
Other personnel emoluments	27	15,227,823	12,703,129
Staff welfare and development expenses	28	361,013	697,810
Payments to suppliers	35(iv)	23,940,238	25,873,217
		<b>60,218,895</b>	<b>57,571,425</b>
<b>Net cash flows generated from / (used in) operating activities</b>		<b>7,207,683</b>	<b>(1,567,245)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property and equipment	8	(7,643,494)	(1,965,011)
Proceeds from disposal of property and equipment	25(b)	1,332	5,265
Receipt of income grant from the Government	17 (a)	1,500,000	4,410,000
Receipt of capital grant from the Government	17 (b)	-	475,000
<b>Net cash flows used in investing activities</b>		<b>(6,142,162)</b>	<b>2,925,254</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of interest	16	(872,575)	(688,624)
Injection of new loan		485,677	-
<b>Net cash flows generated from Financing activities</b>		<b>(386,898)</b>	<b>(688,624)</b>
<b>Increase in cash and cash equivalent for the year</b>		<b>678,623</b>	<b>669,385</b>
<b>Cash and cash equivalent at the beginning of the year</b>		<b>2,260,194</b>	<b>1,590,809</b>
<b>Cash and cash equivalent at the end of the year*</b>	14	<b>2,938,817</b>	<b>2,260,194</b>

\*The balance excludes impairment provision made during the year

  
Dr. Seif A. Shekalaghe  
Permanent Secretary

  
Dr. Mpoki Ulisubisya  
Executive Director

Date: .....

Controller and Auditor General

AR/PA/MOI/2023/24

STATEMENT OF COMPARISON OF BUDGET AND ACTUALS AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

	Original Budget TZS '000'	Adjustments TZS '000'	Final Budget TZS '000'	Actual Amounts on comparable basis TZS '000'	Difference of final budget vs actual TZS '000'	Variances (%)
<b>Receipts</b>						
Rendering of Services (Patient charges & other receipts)	34,114,910	-	34,114,910	41,023,958	6,909,048	20
Subvention from the government	20,945,958	-	20,945,958	23,119,963	2,174,005	10
Other receipts	928,709	-	928,709	3,282,657	2,353,948	253
	<b>55,989,577</b>	<b>-</b>	<b>55,989,577</b>	<b>67,416,578</b>	<b>11,437,001</b>	<b>20</b>
<b>Payments</b>						
Salaries and Wages	18,332,518	-	18,332,518	20,689,821	2,357,303	13
Other Personnel Emoluments, Staff welfare and development expenses	10,391,380	-	10,391,380	15,227,823	4,836,443	47
Supplier payments & other payments	450,000	-	450,000	361,013	(88,987)	(20)
Purchase of property and equipment	19,615,679	-	19,615,679	23,940,238	4,324,559	22
	<b>7,200,000</b>	<b>-</b>	<b>7,200,000</b>	<b>7,643,494</b>	<b>443,494</b>	<b>6</b>
	<b>55,989,577</b>	<b>-</b>	<b>55,989,577</b>	<b>67,862,389</b>	<b>11,872,812</b>	<b>21</b>
<b>Budget deficit</b>				<b>(435,811)</b>		

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 41 of these financial statements. Explanations on deviations is disclosed in note 42 of these financial statements

  
Dr. Self A. Shekälaghe  
Permanent Secretary

  
Dr. Mpoki Utisubisya  
Executive Director

Date: .....



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

### **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 (trustees).

### **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) accrual basis of accounting as issued by the International Public Sector Accounting Standards Board (IPSASB) and the manner required by the Public Finance Act, Cap. 348.

### **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.

### **3. REPORTING PERIOD**

The reporting period for these financial statements is the financial year of the Institute which runs from 1 July 2023 to 30 June 2024.

### **4. 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.

### **5. 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 a 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.

**e) Impairment of non-financial assets**

The Institute assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.



f) Going concern

Whether there are material uncertainties that may cast significant doubt on entity's ability to continue as a going concern is a matter of judgement management has to make. The financial statement have been prepared on a going concern basis. The trustees have assessed the entity's ability to continue as a going concern despite incurring losses during the year and being in a net liability position as of the reporting date. Refer to Note 48 where the management have assessed the going concern.

## 6. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED

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

IPSAS	Improvements/details of the new standards
IPSAS 41, Financial Instruments	<p>IPSAS 41 improves financial reporting for financial instruments, by:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p>Effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted.</p> <p><i>Refer to Note 39 where we have put a full disclosure on the adoption of IPSAS 41</i></p>
IPSAS 42, Social Benefits	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Recognizing expenses and liabilities for social benefits;</li> <li>• Measuring expenses and liabilities for social benefits;</li> <li>• Presenting information about social benefits in the financial statements; and</li> <li>• 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.</li> </ul> <p>Effective for annual periods beginning on or after 1 January 2023.</p>

(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.

IPSAS	Improvements/details of the new standards
IPSAS 43, Leases	<p>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.</p> <p>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.</p> <p>IPSAS 43 will replace IPSAS 13 for reporting periods beginning on or after 1 January 2025 with a retrospective application by default.</p>
IPSAS 49, concessionary leases and right of use assets in kind	<p>Issued to address accounting for concessionary leases (leases granted below market terms) and right of use assets received as in-kind contributions. The standard provides guidance on recognizing, measuring, and disclosing these transactions to ensure consistent and transparent reporting in the public sector.</p> <p>Effective for the period beginning on or after 1 January 2025 with earlier application permitted.</p>
Improvement to IPSAS 2023	<p>This annual update introduces amendments to align IPSAS with the latest changes in IFRS standards and address practical implementation issues. The improvements include clarifications, refinements, and update to enhance consistency and usability across multiple standards.</p> <p>Effective for the period beginning on or after 1 January 2025 with earlier application permitted.</p>
IPSAS 45, Property, Plant, and Equipment	<p>IPSAS 45, Property, Plant, and Equipment, will become effective on January 1, 2025, with earlier application permitted for entities that also apply IPSAS 43 (Leases), IPSAS 44 (Non-Current Assets Held for Sale and Discontinued Operations), and IPSAS 46 (Measurement) on or before its effective date.</p> <p><b>Scope Update:</b></p> <ul style="list-style-type: none"> <li>IPSAS 45 removes exclusions for heritage assets and includes them as property, plant, and equipment (PPE) when they meet recognition criteria.</li> <li>It provides specific characteristics to identify and measure heritage and infrastructure assets.</li> </ul>
IPSAS 46, Measurement	<p>IPSAS 46 consolidates guidance on measurement approaches across IPSAS standards. It introduces clarity on how commonly used measurement bases are to be applied in practice.</p> <p>IPSAS 46, titled Measurement, becomes effective on January 1, 2025, with earlier application permitted.</p>



IPSAS	Improvements/details of the new standards
IPSAS 47, Revenue	<p>IPSAS 47 consolidates and updates guidance for revenue recognition in public sector transactions, replacing IPSAS 9, IPSAS 11, and IPSAS 23. It introduces two accounting models based on whether a binding arrangement exists:</p> <ol style="list-style-type: none"> <li>1. Transactions with Binding Arrangements: <ul style="list-style-type: none"> <li>• Aligned with IFRS 15 but tailored for the public sector.</li> <li>• Introduces the concept of compliance obligations, which are broader than performance obligations under IFRS 15.</li> <li>• Includes third-party beneficiaries and public-sector-specific compliance criteria.</li> </ul> </li> <li>2. Transactions without Binding Arrangements: <ul style="list-style-type: none"> <li>• Extends principles from IPSAS 23 for non-exchange revenues, addressing taxes, grants, and donations.</li> <li>• Revenue is recognized based on enforceable obligations and resource inflows.</li> </ul> </li> </ol> <p>These models aim to improve consistency, transparency, and accountability in reporting public sector revenues.</p> <p>IPSAS 47 is effective from January 1, 2026, with earlier application permitted.</p>
IPSAS 48, Transfer expenses	<p>IPSAS 48 is effective for periods beginning on or after January 1, 2026, with earlier application permitted.</p> <p>This standard provides guidance on the accounting for transfer expenses, which occur when a transfer provider supplies resources to another entity without receiving anything of equal value in return. Such transactions are common in the public sector, including grants, subsidies, or other non-reciprocal transfers.</p>
IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations	<p>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:</p> <ul style="list-style-type: none"> <li>• Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and</li> <li>• Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</li> </ul> <p>IPSAS 44 will be effective for reporting periods beginning on or after 1 January 2025.</p>

## 7. 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.

#### 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;
- c. 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 and general inpatient services (i.e., revenue which is being generated from the patients that are being admitted at the hospital) and private and general 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).

### **(b) 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.

### **(c) 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	4.0
Motor vehicles	20.0
Medical equipment	12.5
Office and other equipment	25.0
Furniture and fittings	12.5
Intangible assets (see accounting policy 7 (d))	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.

#### **(d) 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.

#### **Amortization**

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.

#### **Derecognition**

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.

#### **(e) 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 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.

**(f) Inventories**

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.

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.

**(f) 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.

**(g) 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.

**(h) 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 that asset. 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.

**(i) 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.

**(j) 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. Medical expenses are measured at the fair value of the consideration paid or payable. Discounts, rebates, and similar adjustments are deducted when determining the cost.

**(k) 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.

## **(l) Employment benefits**

### **Short term employee benefit**

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

#### **i) 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.

#### **ii) 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.

## **(m) Financial instruments**

### **(i) Financial assets**

#### **Initial recognition and measurement**

Under IPSAS 41: Financial Instruments, the initial recognition and measurement of financial assets are as follows:



## Recognition

The Institute initial recognize financial assets in its books of account when the entity becomes a party to the contractual provision of the instrument.

## Criteria

The entity must assess the nature and purpose of the financial asset (e.g., held for trading, held-to-maturity) to classify it correctly upon initial recognition.

## Measurement

On initial recognition the financial assets are measured at fair value. Fair value typically equals the transaction price unless there is evidence to suggest otherwise.

## Classification

Financial assets within the scope of IPSAS 41 *Financial Instruments* 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

### **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

### (i) Non-derivative financial assets

#### Financial instruments and contract assets

The Institute recognises loss allowances for ECLs on:

- financial assets measured at amortised cost.
- debt investments measured at Fair Value (FV) through Net Assets; and
- contract assets.

The Institute measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables, cash and cash equivalent and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Institute considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Institute's historical experience and informed credit assessment and including forward-looking information.

The Institute assumes that the credit risk on a financial asset has increased significantly through the assessment of qualitative staging decisions such as the debtor's ability to pay up the full or partial amount and accuracy of quantitative staging criteria to stage 1, stage 2 and stage 3 based on days past due.

The Institute considers a financial asset to be in default when:

- the borrower/customer is unlikely to pay its credit obligations to the Institute in full, without recourse by the Institute to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

#### *Measurement of ECL's*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Institute in accordance with the contract and the cash flows that the Institute expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### *Credit-impaired financial assets*

At each reporting date, the Institute assesses whether financial assets carried at amortised cost and debt securities at FV Net Assets are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer or borrower;
- a breach of contract such as a default or being more than 91 days past due;
- the restructuring of a loan or advance by the Organisation on terms that the Organisation would not consider otherwise;
- it is probable that the customer/borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Institute measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Institute considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Organisation's historical experience and informed credit assessment and including forward-looking information.

### *Write-off*

The Institute directly reduce the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

### *ii) Non-financial assets*

At each reporting date, the Institute reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (GCUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **(ii) Financial liabilities**

### **Initial recognition and measurement**

A financial liability is recognized when an entity becomes a party to the contractual provision of the financial instrument. This typically occurs when a financial liability is created, transferred, or assumed.

Financial liabilities are initially recognized at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs, which is typically the transaction price (unless there is evident that this is not the market price). The fair value of a liability is the amount at which it could be settled in a transaction between willing parties. The Institute's financial liabilities include trade and other payables, loan and borrowings.

### **Subsequent measurement**

An entity shall classify all financial liabilities as subsequently measured at amortized cost except for

- Financial liabilities at fair value through surplus or deficit.
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- Financial guarantee contract.
- Commitments to provide a loan at a below market interest rate.
- Contingent consideration recognized by an acquirer in a public sector combination to which IPSAS 40 applies.

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 41. 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.

#### **(n) 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.



## 8. PROPERTY AND EQUIPMENT

	Land TZS'000	Buildings TZS'000	Work in Progress TZS'000	Medical equipment TZS'000	Office and other equipment TZS'000	Furniture and fittings TZS'000	Motor vehicles TZS'000	Total TZS'000
<b>Cost</b>								
At 01 July 2023	9,551,140	38,722,589	335,172	21,124,959	22,490,124	2,245,465	696,200	95,165,649
Additions	-	717,050	-	4,932,514	1,413,660	234,287	345,983	7,643,494
Disposal	-	-	-	-	-	-	(39,697)	(39,697)
Transfer	-	335,172	(335,172)	-	-	-	-	-
At 30 June 2024	9,551,140	39,774,811	-	26,057,473	23,903,784	2,479,752	1,002,486	102,769,446
<b>At 01 July 2023</b>	-	12,363,801	-	11,335,548	12,039,561	1,150,005	631,243	37,520,158
Charge for the year	-	1,542,927	-	2,333,806	5,249,478	275,899	94,959	9,497,069
Disposal	-	-	-	-	-	-	(39,697)	(39,697)
At 30 June 2024	-	13,906,728	-	13,669,354	17,289,039	1,425,904	686,505	46,977,530
<b>Net book value</b>								
At 30 June 2024	9,551,140	25,868,083	-	12,388,119	6,614,745	1,053,848	315,981	55,791,916

Work in progress (WIP) was transferred to Building after the completion of MRI, CT-Scan and its respective building.

	Land TZS'000	Buildings TZS'000	Work in Progress TZS'000	Medical equipment TZS'000	Office and other equipment TZS'000	Furniture and fittings TZS'000	Motor vehicles TZS'000	Total TZS'000
<b>Cost</b>								
At 01 July 2022	9,551,140	38,705,557	17,033	20,056,099	3,082,024	1,675,008	696,200	73,783,061
Restatement	-	-	-	-	19,109,749	555,036	-	19,664,785
At 01 July 2022 (restated)	9,551,140	38,705,557	17,033	20,056,099	22,191,773	2,230,044	696,200	93,447,846
Additions	-	-	335,171	1,172,567	431,503	25,770	-	1,965,011
Disposal	-	-	-	(103,707)	(133,152)	(10,349)	-	(247,208)
Transfer	-	17,032	(17,032)	-	-	-	-	-
At 30 June 2023	9,551,140	38,722,589	335,172	21,124,959	22,490,124	2,245,465	696,200	95,165,649
<b>Accumulated depreciation</b>								
At 01 July 2022	-	10,847,734	-	9,301,114	2,225,302	822,365	562,718	23,759,233
Restatement	-	-	-	-	4,777,437	69,380	-	4,846,817
At 01 July 2022 (restated)	-	10,847,734	-	9,301,114	7,002,739	891,745	562,718	28,606,050
Charge for the year	-	1,516,067	-	2,138,141	5,169,974	268,609	68,525	9,161,316
Disposal	-	-	-	(103,707)	(133,152)	(10,349)	-	(247,208)
At 30 June 2023	-	12,363,801	-	11,335,548	12,039,561	1,150,005	631,243	37,520,158
<b>Net book value</b>								
At 30 June 2023	9,551,140	26,358,788	335,172	9,789,411	10,450,563	1,095,460	64,957	57,645,491



The Institute has Property and equipment amounting to TZS 5,140 million (2023: TZS 4,546 million) which have been fully depreciated, but they are still in use by the Institute. These are classified as follows:

	2023/24	2022/23
	TZS '000	TZS'000
Motor vehicles	353,578	353,578
Medical equipment	2,788,978	2,321,188
Furniture and fittings	143,722	13,200
Office and other equipment	1,853,430	1,858,303
<b>Total</b>	<b>5,139,708</b>	<b>4,546,269</b>

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 (2023: None).

## 9. INTANGIBLE ASSETS

	2023/24	2022/23
	TZS '000	TZS'000
<b>Cost</b>		<b>Restated</b>
At 01 July	1,700,387	1,700,387
Additions during the year as previous reported	-	-
<b>At 30 June</b>	<b>1,700,387</b>	<b>1,700,387</b>
<b>Accumulated amortisation</b>		
At 01 July	1,581,935	1,459,873
Amortization for the year as reported	90,143	122,062
<b>At 30 June</b>	<b>1,672,078</b>	<b>1,581,935</b>
<b>Net book amount:</b>		
<b>At 30 June</b>	<b>28,309</b>	<b>118,452</b>

Intangible assets comprise software used by the Institute.

## 10. WORK IN PROGRESS - INTANGIBLE ASSETS

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

	2023/24	2022/23
	TZS '000	TZS'000
At 01 July	73,800	73,800
Addition during the year	-	-
At 30 June	<u>73,800</u>	<u>73,800</u>

During the reporting period, the project experienced a temporary suspension of several months due to funding constraints. However, funding has now been secured, and the project has resumed.

## 11. INVENTORIES

Medicines	755,393	541,735
Provision for impairment	(38,432)	(19,658)
Net amount	<u>716,961</u>	<u>522,077</u>
Medicines-community pharmacy	2,823,393	2,358,691
Provision for impairment	(38,750)	(16,171)
Net amount	<u>2,784,643</u>	<u>2,342,520</u>
Workshop material	50,035	64,634
Provision for impairment	-	-
Net amount	<u>50,035</u>	<u>64,634</u>
Theatre materials	183,515	143,463
Consumables	124,218	275,076
Printing and stationery	159,538	108,021
Net amount	<u>467,271</u>	<u>526,560</u>
Total	<u>4,018,910</u>	<u>3,455,791</u>

In 2024, Inventories of TZS 15,038 million (2023: TZS 9,998 million) were recognized as an expense during the year and included in cost of sales.



## 12. TRADE AND OTHER RECEIVABLES

### Receivables from exchange transactions

Trade receivables	33,282,390	24,078,452
Provision for impairment	(28,811,639)	(19,284,290)
<b>Net trade receivables</b>	<b>4,470,751</b>	<b>4,794,162</b>

Trade debtors - community pharmacy	2,150,299	2,040,348
Provision for impairment	(1,816,304)	(814,824)
<b>Net trade receivables</b>	<b>333,995</b>	<b>1,225,524</b>

<b>Total trade receivable</b>	<b>4,804,746</b>	<b>6,019,686</b>
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### Other receivables from non-exchange transactions

Other receivable	40,475	25,027
Staff imprest	62,202	61,741
<b>Net other receivables</b>	<b>102,677</b>	<b>86,768</b>

<b>TOTAL TRADE AND OTHER RECEIVABLE</b>	<b>4,907,423</b>	<b>6,106,454</b>
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*The movement on the expected credit losses is as follows:*

At the start of the year	20,092,406	13,920,400
Impact of adoption of new standard	2,553,180	-
Charge/(release)	7,982,357	6,172,006
	<b>30,627,943</b>	<b>20,092,406</b>

## 13. PREPAYMENTS AND ADVANCE

	2023/24 TZS '000	2022/23 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	722,595	511,904
Prepaid insurance	-	13,171
	<b>722,595</b>	<b>4,788,111</b>
<b>Classification</b>		
Current portion	722,595	511,904
Non-current portion*	-	4,276,207
	<b>722,595</b>	<b>4,788,111</b>

(\*) Non-current portion include advance payment to the supplier for advance payment for purchase of medical Equipments and medical consumables.

#### 14. CASH AND BANK BALANCES

	2023/24	2022/23
	TZS '000	TZS'000
BOT revenue account 9925262061	2,124,246	1,752,489
MOI imprest account-20910019831	-	-
NBC bank revenue collection account 041139000046	-	821
CRDB Revenue Collection Account- 0150911977100	-	-
NBC forex account (Samora) 012105019838	384,382	14,705
NMB 20910019829	24,657	6,492
NMB 2091100005	600	373,604
NMB 2091100007	124	8,179
NMB 2091100012	679	679
NMB 2091100026	51,816	781
Tanzania Commercial Bank 4202000023	350,964	100,635
TIB revenue collection account 004900000884801	1,349	1,349
Cash in hand	-	460
Impairment of cash	(1,865)	-
	<u>2,936,952</u>	<u>2,260,194</u>

*The movement on the expected credit losses is as follows:*

	2023/24	2022/23
	TZS '000	TZS'000
At the start of the year	-	-
Impact of adoption of new standard	1,613	-
Charge/ (release)	252	-
	<u>1,865</u>	<u>-</u>

#### 15. TRADE AND OTHER PAYABLES

	2023/24	2022/23
	TZS '000	TZS'000
		Restated
Trade creditors and accruals	27,569,025	22,370,660
Payroll liabilities	6,153,976	5,702,764
Patients' deposits	827,649	707,642
	<u>34,550,650</u>	<u>28,781,066</u>



## 16. INTEREST PAYABLE

	2023/24	2022/23
	TZS '000	Restated TZS'000
Interest payable to NHIF	<u>9,897,609</u>	<u>10,260,495</u>
<b>Classification</b>		
Current portion	1,289,812	964,073
Non-current portion	<u>8,607,797</u>	<u>9,296,422</u>
	<u>9,897,609</u>	<u>10,260,495</u>
<b>Movement of borrowing</b>		
At the start of the year	10,260,495	10,949,119
New loan issued	485,677	-
Interest repayment during the year	(872,575)	(688,624)
Interest charges during the year	24,012	-
Balance as at 30 June	<u>9,897,609</u>	<u>10,260,495</u>

During the year MOI received loan from National Health Insurance Fund (NHIF) a short-term loan of one year to facilitate them to acquire new machines. The interest and principal will be paid by MOI on monthly basis.

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 91 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. The principal amount has been settled by Ministry of Health (MOH) and is recognized as capital grant in the financial statement.

## 17. DEFERRED DEVELOPMENT GRANT

<b>(a) Revenue grant</b>		
At 1 July	4,457,676	47,676
Grant received during the year (*)	1,500,000	4,410,000
Amortization of grants during the year	(4,410,000)	-
Adjustment prior years	-	-
Deferred revenue balance at year end	<u>1,547,676</u>	<u>4,457,676</u>
<b>b) Capital grant</b>		
At 1 July	423,046	-
Grant received during the year	-	475,000
Amortization of grants during the year	(423,046)	(51,954)
Balance as at 30 June	<u>-</u>	<u>423,046</u>

(\*) The grant was received from Ministry of Health for renovation of new OPD at Tumaini Hospital Building.

# 18. GENERAL INPATIENT FEES

	2023/24 TZS '000	2022/23 TZS'000
<b>Accommodation</b>		
Accommodation charges	325,561	291,179
ICU charges	630,456	637,436
Management charges	610,033	429,311
<b>Sub total</b>	<b>1,566,050</b>	<b>1,357,926</b>
<b>Consultation charges</b>		
Consultation charges	49,277	72,605
<b>Sub total</b>	<b>49,277</b>	<b>72,605</b>
<b>Other investigations</b>		
ECG charges	5,255	5,025
Laboratory charges	268,481	304,111
<b>Sub total</b>	<b>273,736</b>	<b>309,136</b>
<b>Sales of medicine and medical appliances</b>		
Pharmacy sales	1,638,473	1,576,630
Orthopaedic appliances	335	1,230
<b>Sub total</b>	<b>1,638,808</b>	<b>1,577,860</b>
<b>Other services</b>		
Physiotherapy charges	28,080	22,107
P.O.P private charges	3,686	3,127
Dressing charges	47,670	34,126
Last office charges	7,200	5,370
Medical report general	250	457
<b>Sub total</b>	<b>86,886</b>	<b>65,187</b>
<b>Radiology investigation charges</b>		
Imaging charges	296,240	354,764
X - rays charges	92,657	139,481
<b>Sub total</b>	<b>388,897</b>	<b>494,245</b>
<b>Theatre</b>		
Operation charges	1,827,348	1,408,743
<b>Sub total</b>	<b>1,827,348</b>	<b>1,408,743</b>
<b>Grand total</b>	<b>5,831,002</b>	<b>5,285,702</b>



## 19. GENERAL OUTPATIENT FEES

	2023/24 TZS '000	2022/23 TZS'000
<b>Consultation charges</b>		
Consultation charges	313,873	285,980
<b>Investigation</b>		
ECG charges	13,075	9,515
Laboratory charges	315,417	170,572
<b>Sub total</b>	<u>328,492</u>	<u>180,087</u>
<b>Radiology investigation charge</b>		
Imaging charges	626,275	397,200
X-rays charges	213,225	160,336
<b>Sub total</b>	<u>839,500</u>	<u>557,536</u>
<b>Other services</b>		
Physiotherapy charges	34,695	34,531
P.O.P private charges	30,402	19,203
Dressing charges	25,938	16,954
Medical report charges	10,354	14,537
Emergency charges	234,295	185,175
<b>Sub total</b>	<u>335,684</u>	<u>270,400</u>
<b>Sales of medicine and medical appliances</b>		
Pharmacy sales	361,887	72,350
Orthopaedic appliances	17,191	20,198
<b>Sub total</b>	<u>379,078</u>	<u>92,548</u>
<b>Grand total</b>	<u>2,196,627</u>	<u>1,386,551</u>

## 20. PRIVATE INPATIENT FEES

	2023/24 TZS '000	2022/23 TZS'000
<b>Accommodation</b>		
Accommodation charges	4,620,940	4,013,394
Nursing care charges	373,600	319,199
<b>Sub total</b>	<b>4,994,540</b>	<b>4,332,593</b>
<b>Consultation charges</b>		
Consultation charges	385,458	286,308
<b>Sub total</b>	<b>385,458</b>	<b>286,308</b>
<b>Investigation</b>		
ECG charges	7,850	7,315
Laboratory charges	300,774	240,872
<b>Sub total</b>	<b>308,624</b>	<b>248,187</b>
<b>Sales of medicine and medical appliances</b>		
Orthopaedic appliances	2,630	22,734
Pharmacy sales	1,810,663	651,326
<b>Sub total</b>	<b>1,813,293</b>	<b>674,060</b>
<b>Other services</b>		
Dressing charges	113,165	84,174
Last office charges	690	435
Physiotherapy charges	147,224	97,307
P.O.P charges	1,491	1,481
Miscellaneous income	-	-
Medical report charges	3,030	1,240
<b>Sub total</b>	<b>265,600</b>	<b>184,637</b>
<b>Radiology investigation charges</b>		
Imaging charges	256,685	252,981
X - rays charges	82,140	87,688
<b>Sub total</b>	<b>338,825</b>	<b>340,669</b>
<b>Theatre</b>		
Operation charges	9,645,734	7,515,867
<b>Sub total</b>	<b>9,645,734</b>	<b>7,515,867</b>
<b>Grand total</b>	<b>17,752,074</b>	<b>13,582,321</b>



## 21. PRIVATE OUTPATIENT FEES

	2023/24 TZS '000	2022/23 TZS'000
<b>Consultation</b>		
Consultation charges	2,467,972	2,603,590
<b>Sub total</b>	<b>2,467,972</b>	<b>2,603,590</b>
<b>Other investigations</b>		
ECG charges	68,600	41,735
Laboratory charges	689,879	365,317
<b>Sub total</b>	<b>758,479</b>	<b>407,052</b>
<b>Radiology investigation charges</b>		
Imaging charges	2,481,682	2,225,715
X-rays charges	553,969	527,827
<b>Sub total</b>	<b>3,035,651</b>	<b>2,753,542</b>
<b>Sales of medicine and medical appliances</b>		
Pharmacy sales	238,686	224,236
Orthopaedic appliances	320,561	251,290
<b>Sub total</b>	<b>559,247</b>	<b>475,526</b>
<b>Others services</b>		
Dressing charges	65,355	49,960
P.O.P charges	11,854	11,816
Physiotherapy charges	1,300,747	1,472,735
Emergence charges	20,844	7,375
<b>Sub total</b>	<b>1,398,800</b>	<b>1,541,886</b>
<b>Medical Report Private charges</b>	<b>117,672</b>	<b>110,768</b>
<b>Grand total</b>	<b>8,337,821</b>	<b>7,892,364</b>

## 22. COMMUNITY PHARMACY SALES

Sales of implants	719,413	551,696
Sales of medicine and medical device	4,867,983	5,332,708
<b>Total</b>	<b>5,587,396</b>	<b>5,884,404</b>

### 23. (a) SUBVENTION FROM MINISTRY OF HEALTH

	2023/24 TZS '000	2022/23 TZS'000
Grants for call allowances	203,184	174,168
Grants for other charges	577,748	474,970
Development grant	6,755,983	-
Salary grant	19,697,061	17,482,139
Grant for medicine-MSD	295,987	804,019
	<u>27,529,963</u>	<u>18,935,296</u>

### (b) SUBVENTION FROM MINISTRY OF HEALTH

Less: Recurrent Amortised Grants (Note 17(a))	4,410,000	-
	<u>23,119,963</u>	<u>18,935,296</u>

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.

### 24. DONATIONS

	2023/24 TZS '000	2022/23 TZS'000
St Roch Group	1,916,919	-
Medical Store Department	10,300	-
Charity Vision	418,950	-
AO Alliance	10,894	-
Sign Fracture Care International	56,207	-
Aerson Solution	5,164	-
Deric 2000 Co. Ltd	6,000	-
Insignia Ltd	10,022	-
Lifeline Pharmacy Limited	3,000	-
Astra Pharma Ltd	1,860	-
Nyota Foundation	5,650	-
Sciex Limited	6,563	-
Femur study	107,690	47,967
Muhimbili national hospital	12,514	-
Neuroptic Inc	2,507	-
Mega We Care	2,599	-
NMB Bank Plc	89,352	-
Donation others	2,949	31,647
	<u>2,669,140</u>	<u>79,614</u>



## 25. OTHER INCOME

	2023/24 TZS '000	2022/23 TZS'000
<b>(a) Other income from non-exchange transactions</b>		
Released revenue grant (see note 17 (a))	-	-
Amortisation of capital grant (see note 17 (b))	423,046	51,954
	<u>423,046</u>	<u>51,954</u>
<b>(b) Other income from exchange transactions</b>		
Afya Cup Contribution	-	13,500
Canteen Rental Fees	79,814	63,740
Conference Hall Rental Charges	-	2,600
Proceeds on Disposal of Assets	1,332	5,265
Hiring of ambulance	-	-
Miscellaneous Income	114,340	110,388
MOI Marathon Revenue	21,781	45,736
Neurotrauma Training Fees	45,247	7,000
Research & Training Fees	88,319	27,118
Sterilization Charges	-	640
Symposium – Health Sector	13,800	-
Weil Cornell Neurosurgery Project	250,216	-
	<u>614,849</u>	<u>275,987</u>

## 26. SALARIES AND WAGES

Government employee(subvention)	19,697,061	17,039,475
Contracted employee (internal sources)	992,760	1,257,794
	<u>20,689,821</u>	<u>18,297,269</u>

Government employee subvention include the following.

	2023/24 TZS '000	2022/23 TZS'000
Salaries	16,621,992	14,307,500
PSSF	2,493,299	2,215,115
NHIF	498,660	443,023
WCF	83,110	73,837
	<u>19,697,061</u>	<u>17,039,475</u>

**27. OTHER PERSONEL EMOLUMENTS**

	2023/24 TZS '000	2022/23 TZS'000
Honorarium allowances	6,544,350	6,130,650
Call allowances	1,963,375	1,462,626
Femur Study Expenses	115,546	39,787
Night allowance	618,795	462,845
Private clinics allowance	496,866	399,310
Surgical camp allowance	23,175	52,900
Electricity allowance	36,630	53,885
Fuel allowance	201,716	183,443
Housing allowance	1,423,850	1,354,725
Telephone	90,579	102,035
Acting allowance	-	6,609
Leave in lieu	36,060	51,749
Extra-duty	2,413,598	1,311,410
Leave travel	190,232	145,422
Overtime	472,262	599,528
Sitting allowance	384,200	32,120
Special allowance	33,920	118,785
Subsistence allowance	51,513	44,015
Teaching allowance	30,240	33,760
Tender allowances	28,116	39,750
Uniform allowance	72,800	77,775
	<u>15,227,823</u>	<u>12,703,129</u>

**28. STAFF WELFARE AND DEVELOPMENT EXPENSES**

Staff training expenses	128,597	88,548
Staff treatments expenses	24,814	47,015
Burial expenses	12,570	36,320
Staff allowances	-	26,120
Tuition fee	16,792	5,613
Other Allowance for Contracted Staff	178,240	494,194
	<u>361,013</u>	<u>697,810</u>



## 29. MEDICAL AND OTHER EXPENSES

	2023/24	2022/23
	TZS '000	TZS'000
Laundry services	253,556	374,279
Medicine expenses	3,111,707	2,196,159
Medicine - community pharmacy	4,388,885	3,920,780
Theatre material expenses	2,944,657	732,960
Workshop expenses	182,089	82,466
General patients' food expenses	56,077	89,287
Private inpatients investigation expenses	17,271	124,955
Private ward food expenses	197,621	146,814
Special consultation expenses	-	-
	<u>11,151,863</u>	<u>7,667,700</u>

## 30. DEPRECIATION AND AMORTIZATION

	2023/24	2022/23
	TZS '000	Restated TZS'000
Depreciation (see note 8)	9,497,069	9,161,317
Amortization (see note 9)	90,143	122,062
	<u>9,587,212</u>	<u>9,283,379</u>

## 31. FINANCE EXPENSES

Interest expenses (see note 16)	24,012	-
	<u>24,012</u>	<u>-</u>

## 32. TERMINAL BENEFIT PAYABLE

Opening balance	2,307,164	1,886,710
Included in surplus or deficit:		
Restatement	-	-
Interest cost	343,412	256,593
Current service cost	44,146	79,816
Included in Net assets		
Actuarial loss	466,280	176,045
Benefit paid during the year	(74,319)	(92,000)
	<u>3,086,683</u>	<u>2,307,164</u>

The present value of the accrued liability in respect of the terminal benefit scheme as at 30 June 2024 was TZS 3.1 billion (2023: TZS 2.3 billion).

#### Actuarial gain/(loss) reserve

	2023/24	2022/23
Opening balance	(176,045)	-
Loss during the year	(466,280)	(176,045)
Closing balance	<u>(642,325)</u>	<u>(176,045)</u>

#### Actuarial Assumptions

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

- Discount rate of 15.38% 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 2024 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 Base	Scenario 2: TZS'000 +1% Discount rate	Scenario 3: -1% Discount rate
Discount rate	15.38%	15.88%	14.88%
Closing Obligation	3,086,683	2,944,051	3,242,824

#### 33. ADMINISTRATIVE EXPENSES

	2023/24 TZS '000	2022/23 TZS'000
Disposable expenses	4,232,568	2,503,480
Electricity	849,734	765,817
Printing and stationery	517,860	437,732
Seminar and conference	87,325	185,547
Debt collection expenses	40,953	1,000



	2023/24 TZS '000	2022/23 TZS'000
Conference facilities	96,105	-
Auditors' remuneration	366,300	389,400
Repair and Maintenance	859,869	865,700
Water expenses	139,344	133,874
Communication and Information	306,864	271,781
Fuel, oil and lubricants	229,260	154,206
Cleaning and sanitation expenses	312,163	247,242
Security expenses	300,728	289,017
Hospitality supplies and services	107,693	105,166
Consultancy and other professional fees	44,191	107,130
Freight forwarding and clearing charges	71,821	27,134
Terminal benefits	387,558	336,409
Concession expenses	120,661	553,595
Furniture for key management personnel	58,000	82,000
Travelling expenses	1,614,380	1,392,560
Corporate social responsibility	14,670	38,900
Meal expenses	233,226	121,781
Insurance expenses	61,619	59,719
Expired inventory	37,925	50,712
Worker's day expenses	11,900	5,400
Bank charges expenses	3,085	4,110
Destitute patients' assistance	11,963	5,500
Investigation expenses	205,713	102,347
Training (anaesthesia course)	-	20,520
Workers council expenses	49,027	107,325
Adhoc committee expenses	20,083	260,287
Recruitment expenses	5,007	35,670
MOI marathon expenses	2,875	33,817
Computer accessories expenses	-	31,651
Weil Cornell Neurosurgery Project Expenses	254,251	-
Other Expenses	69,787	(17,605)
Exchange loss	11,920	1,416
Withholding Tax Expenses	761	-
	<u>11,737,189</u>	<u>9,710,340</u>

### 34. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/DEFICIT FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023/24 TZS '000	2022/23 TZS '000 *Restated
<b>Deficit for the year</b>		<b>(5,815,017)</b>	<b>(11,157,440)</b>
<b>Adjustment for:</b>			
Depreciation	8	9,497,069	9,161,316
Gain on sale of property and equipment		(1,332)	(5,265)
Amortisation intangible asset	9	90,143	122,062
Increase in provision for receivables		(7,980,492)	(6,172,006)
Amortisation of capital grant	17(b)	(423,046)	(51,954)
Release of revenue grant	17(a)	(4,410,000)	-
Interest cost on terminal benefit	32	343,412	256,593
Current service costs	32	44,146	79,816
Provision for obsolete stock	11	(77,182)	(35,829)
Impact of correction of IPSAS 41	14	(2,540,262)	-
Interest on borrowing	16	24,012	-
		<b>(11,248,549)</b>	<b>(7,802,707)</b>
<b>Changes in:</b>			
- Prepayments and advances	13	4,065,516	(4,637,659)
- Inventories		(485,937)	(902,653)
- Trade and other receivables		9,181,388	8,747,918
- Terminal benefit payable		(74,319)	(92,000)
- Trade and other payable	15	5,769,584	3,119,856
<b>Net cash flows generated from / (used in) operating activities</b>		<b>7,207,683</b>	<b>(1,567,245)</b>

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

#### i) CASH RECEIVED FROM RENDERING SERVICES (PATIENTS FEES)

	2023/24 TZS '000	2022/23 TZS '000
Patient revenue (see note 18-21)	34,117,524	28,146,938
Revenue from community pharmacy (see note 22)	5,587,396	5,884,404
	<b>39,704,920</b>	<b>34,031,342</b>
<b>Change in working capital</b>		
Patient deposits (Note 15)	120,007	55,225
Receivable from patient fee (Note 12)	307,502	2,600,354
Receivable from community pharmacy debtors (Note 12)	891,529	31,627
	<b>1,319,038</b>	<b>2,687,206</b>
<b>Actual cash received</b>	<b>41,023,958</b>	<b>36,718,548</b>



## ii) OTHER INCOME

Other income (see note 25(b))	613,517	270,722
<b>Non-cash items</b>		
Gain on sale of property and equipment	1,332	5,262
<b>Actual cash received</b>	<b>614,849</b>	<b>275,984</b>

## iii) DONATION

	2023/24 TZS '000	2022/23 TZS'000
Cash from donation	2,669,140	79,614
<b>Actual cash received</b>	<b>2,669,140</b>	<b>79,614</b>

## iv) PAYMENTS TO SUPPLIERS

	2023/24 TZS '000	2022/23 TZS'000
Medical and other expenses (see note 29)	11,151,863	7,667,700
Administrative expenses (see note 33)	11,737,189	9,710,340
	<b>22,889,052</b>	<b>17,378,040</b>
<b>Changes in working in capital</b>		
Inventory (Note 11)	563,119	938,482
Trade and other payables (Note 15)	(5,649,577)	(3,204,754)
Terminal benefit (Note 32)	(779,519)	(420,454)
Prepayments and advances (Note 13)	344,484	4,637,659
	<b>(5,521,493)</b>	<b>1,950,933</b>
<b>Non-cash items</b>		
Provision for inventory (Note 11)	77,182	35,829
Provision for receivable (Note 12)	6,107,939	6,172,006
Interest cost on terminal benefit (Note 32)	343,412	256,593
Current service costs (Note 32)	44,146	79,816
	<b>6,572,679</b>	<b>6,544,244</b>
<b>Actual cash paid</b>	<b>23,940,238</b>	<b>25,873,217</b>

## 36. 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
- 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 amount that best represents the Institute's maximum exposure to credit risk at 30 June 2024 and 30 June 2023 is the carrying value of its financial assets in the statement of financial position.

### *Credit quality analysis*

The following tables set out information about the credit quality of financial assets measured at amortised cost. No collateral is held for any of these assets. The carrying amount of the financial assets represents the maximum credit exposure. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts



As at 30 June 2024, the maximum exposure to credit risk was as follows:

	PD				
Trade receivables	Ranges	Stage 1	Stage 2	Stage 3	Total
		TZS'000	TZS'000	TZS'000	TZS'000
As at 30 June 2024					
Government		5,459,962	1,607,754	16,381,249	23,448,965
Private		486,598	257,615	764,716	1,508,929
Individual		1,903	3,041	8,319,552	8,324,496
Community pharmacy		627,029	214,741	1,308,529	2,150,299
Gross carrying amount		6,575,492	2,083,151	26,774,046	35,432,689
Loss rate		35%	77%	100%	86%
Loss allowances		2,294,459	1,600,405	26,733,078	30,627,942

Impairment losses (including reversals of impairment losses or impairment gains) recognised in surplus, or deficit are as follows,

	2023/24	2022/23
Impairment loss on		
Trade receivables	30,627,943	22,650,193
Cash and cash equivalent	1, 865	1,613
	30,629,808	22,651,806

#### Cash and cash equivalents

The Institute held cash and cash equivalent of TZS 2.9 billion (2023: TZS 2.3 billion). The cash and cash equivalent are held with banks which are rated AA- to AA+, based on rating Bank if Tanzania ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Government considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The amount of impairment allowance at 30 June 2024 is TZS 1.9 million (2023: NIL) under Note 14.

Movement of impairment is indicated in the table below: -

The movement in the allowance for impairment in respect of financial assets during the year was as follows.

Impairment loss on	Balance at 1 July 2023 per IPSAS 29 TZS '000'	Adjustment in initial application of IPSAS 41 TZS '000'	Balance at 1 July 2023 per IPSAS 41 TZS '000'	Impairment loss recognised TZS '000'	Balance at 30 June 2024 TZS '000'
Cash and cash equivalent	-	1,613	1,613	252	1,865
Trade and other receivables	20,087,799	2,553,180	22,650,193	7,977,750	30,627,943
Impairment loss on	Balance at 1 July 2022 per IPSAS 29 TZS '000'	Adjustment in initial application of IPSAS 41 TZS '000'	Balance at 1 July 2023 per IPSAS 41 TZS '000'	Impairment loss recognised TZS '000'	Balance at 30 June 2023 TZS '000'
Cash and cash equivalent	-	-	-	-	-
Trade and other receivables	13,915,793	-	13,915,793	6,172,006	20,087,799

The fair values of trade and other receivables (excluding prepayments and statutory deposits - if applicable) approximate their carrying values

#### Expected credit losses

The Institute has three types of financial assets that are subject to IPSAS 41 impairment requirements (Expected credit losses):

- Trade and other receivables
- Cash and cash equivalents

The following are the assumptions used to determine the expected credit losses

- Loss rate has been derived from yearly aging analysis for the historical period of 5 years.
- Portfolio has been segmented into receivables from government, individuals + private sector entities.
- An exposure is considered to be in default for a receivable from the government if it is outstanding for more than 360 days.



- An exposure is considered to be in default for a receivable from the individual and private it is outstanding for more than 90 days.
- The Expected Credit Loss (ECL) for the community pharmacy has been calculated using the loss rates established for the Institute, as there is only one customer, making it impractical to develop a separate ECL model. Since the sole customer is NHIF, and NHIF is also the largest debtor in the Institute's main operations, the loss rates from those operations are considered representative for the pharmacy. Additionally, the pharmacy's data has been merged with data for the main business to incorporate the impact for NHIF which is also the main debtor for the main operations.
- Management has assessed that due to the nature of receivable from NHIF, it is expected to have some amounts under the default category due to rejections which does not necessarily mean the entire receivable to be categorised under the worst bucket. For individual and private most of the receivables are entirely under default category hence categorisation based on the worst bucket does not have impact.
- LGD has been considered to be 100% due to unavailability of data.
- EAD has been considered to be outstanding balance as at the reporting date.

#### Consideration for the macro-economic variables

The receivables are short term in nature, furthermore from the analysis of macro-economic variables, there seem not to be a direct correlation of NPL to the portfolio. The Institute takes into account factors such as Gross Domestic Product (GDP) and the Inflation rate in Tanzania to be the most relevant factors, and accordingly adjusts expected credit losses based on expected changes in these factors.

#### 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 enters transaction denominated in foreign currencies which exposed it to foreign exchange risk arising from various currency exposures.

The summary of quantitative data about Institute's exposure to currency risks as reported to management of the Institute on its risk management policy is as follows:

	2023/24 TZS'000	2023/24 USD	2022/23 USD	2022/23 TZS'000
Cash and bank balance	384,383	157,049	306,501	14,705
Trade and other payables	(1,319,062)	(512,378)	(512,378)	(1,319,062)
<b>Net exposure</b>	<b>(934,679)</b>	<b>(355,329)</b>	<b>(205,877)</b>	<b>(1,304,357)</b>

A reasonably possible 10% strengthening (weakening) of the foreign currencies against Tanzanian shillings at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected net assets/equity and surplus or deficit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	USD TZS '000	Total TZS '000
<b>2024/23</b>		
Increase/(decrease) in surplus or deficit	(93,468)	(93,468)
Increase/(decrease) in net assets	(93,468)	(93,468)
<b>2023/22</b>		
Increase/(decrease) in surplus or deficit	(130,436)	(130,436)
Increase/(decrease) in net assets	(130,436)	(130,436)

### 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 36.6 billion as at 30 June 2024. (2023: TZS 30.67 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.



		Contractual obligation			
	Carrying amount TZS '000	0-3 months TZS '000	6-12 months TZS '000	Above 12 months TZS '000	Total TZS '000
<b>As at 30 June 2024</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,938,817	2,938,817	-	-	2,938,817
Trade and other receivables (net)	4,907,423	4,907,423	-	-	4,907,423
	<u>7,846,240</u>	<u>7,846,240</u>	<u>-</u>	<u>-</u>	<u>7,846,240</u>
<b>Financial liabilities</b>					
Trade and other payables	(34,550,650)	(34,550,650)	-	-	(34,550,650)
Interest Payable - NHIF	(9,897,609)	-	(1,289,812)	(8,607,797)	(9,897,609)
	<u>(44,448,259)</u>	<u>(34,550,650)</u>	<u>(1,289,812)</u>	<u>(8,607,797)</u>	<u>(44,448,259)</u>
<b>Liquidity risk gap</b>	<u>(36,602,019)</u>	<u>(26,704,410)</u>	<u>(1,289,812)</u>	<u>(8,607,797)</u>	<u>(36,602,019)</u>
<b>As at 30 June 2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,260,194	2,260,194	-	-	2,260,194
Trade and other receivables (net)	6,106,454	6,106,454	-	-	6,106,454
	<u>8,366,648</u>	<u>8,366,648</u>	<u>-</u>	<u>-</u>	<u>8,366,648</u>
Trade and other payables	(28,781,066)	(28,781,066)	-	-	(28,781,066)
Interest Payable - NHIF	(10,260,495)	-	(964,073)	(9,296,422)	(10,260,495)
	<u>(39,041,561)</u>	<u>(28,781,066)</u>	<u>(964,073)</u>	<u>(9,296,422)</u>	<u>(39,041,561)</u>
<b>Liquidity risk gap</b>	<u>(30,674,913)</u>	<u>(20,414,418)</u>	<u>(964,073)</u>	<u>(9,296,422)</u>	<u>(30,674,913)</u>

### 37. 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.

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

2024	Carrying amounts TZS'000	Equivalent to fair value TZS'000
<b>Financial assets</b>		
Cash and cash equivalent	2,936,952	2,936,952
Trade and other receivable (net)	4,907,423	4,907,423
	<u>7,844,375</u>	<u>7,844,375</u>
<b>Financial liabilities</b>		
Trade and other payable	34,550,650	34,550,650
Interest payable - NHIF	9,897,609	9,897,609
	<u>44,448,259</u>	<u>44,448,259</u>
<b>2023</b>	<b>Carrying amounts</b>	<b>Equivalent to fair value</b>
<b>Financial assets</b>		
Cash and cash equivalent	2,260,194	2,260,194
Trade and other receivable (net)	6,106,454	6,106,454
	<u>8,366,648</u>	<u>8,366,648</u>
<b>Financial liabilities</b>		
Trade and other payable	28,781,066	28,781,066
Interest payable - NHIF	10,260,495	10,260,495
	<u>39,041,561</u>	<u>39,041,561</u>

b) Financial instruments by category

	Carrying amount TZS'000	Amortized cost TZS'000	Financial liabilities amortized cost TZS'000
<b>30 June 2024</b>			
<b>Financial assets</b>			
Cash and cash equivalent	2,936,952	2,936,952	-
Trade and other receivable (net)	4,907,423	4,907,423	-
	<u>7,844,375</u>	<u>7,844,375</u>	<u>-</u>
<b>Financial liabilities</b>			
Trade and other payable	34,525,371	-	34,525,371
Interest payable - NHIF	9,897,609	-	9,897,609
	<u>44,422,980</u>	<u>-</u>	<u>44,422,980</u>



30 June 2023	Carrying amount TZS'000	Loans and receivables TZS'000	Financial liabilities amortized cost TZS'000
<b>Financial assets</b>			
Cash and cash equivalent	-	2,260,194	-
Trade and other receivable (net)	-	6,106,454	-
	-	<b>8,366,648</b>	-
<b>Financial liabilities</b>			
Trade and other payable	31,680,947	-	31,680,947
Interest payable - NHIF	10,260,495	-	10,260,495
	<b>41,941,442</b>	-	<b>41,941,442</b>

### 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

At the end of the reporting period, the Institute did not have financial assets or liability measured at fair value on recurring basis.

The amortized cost of the financial instruments is an approximate of fair value due to either short-term nature or that their related interest rates approximate to the industry rates.

### 38. RESTATED COMPARATIVE FIGURES FOR PRIOR YEARS

Management noted errors in the prior years (2023 and 2022) financial statements and the errors have been corrected by restating each of the affected financial statement items for prior periods. Errors noted include:

Note to the FS	Details of errors:
9	Non-recognition of the Institute assets in the financial statements which results to understatement of Property, plant and equipment balance
16	Difference between amounts recorded in the trade and other payables and the creditor reconciliation statements
13	Difference between amounts recorded in trade and other receivables and debtor reconciliation statements

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

		Impact of correction of error		
	Note	As previously reported	Reported Adjustments	As restated
<b>As at 1 July 2022</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	8	50,023,828	14,817,968	64,841,796
Intangible assets	9	240,514	-	240,514
Work in progress	10	73,800	-	73,800
		<u>50,338,142</u>	<u>14,817,968</u>	<u>65,156,110</u>
<b>Current assets</b>				
Inventories	11	2,517,309	-	2,517,309
Trade and other receivables	12	8,832,820	(150,454)	8,682,366
Prepayments and advances	13	150,452	-	150,452
Bank and cash balances	14	1,590,809	-	1,590,809
		<u>13,091,390</u>	<u>(150,454)</u>	<u>12,940,936</u>
<b>TOTAL ASSETS</b>		<u><b>63,429,532</b></u>	<u><b>14,667,514</b></u>	<u><b>78,097,046</b></u>
<b>RESERVES AND LIABILITIES</b>				
Taxpayer's fund		5,135,450	-	5,135,450
Actuarial gain/ (loss)	32	(176,045)	-	(176,045)
Accumulated surplus		<u>16,849,486</u>	<u>17,567,395</u>	<u>34,592,926</u>
		<u><b>21,984,936</b></u>	<u><b>17,567,395</b></u>	<u><b>39,552,331</b></u>
<b>Non-current liabilities</b>				
Interest payable	16	10,122,770	-	10,122,770
Terminal benefit	32	1,886,710	-	1,886,710
		<u>12,009,480</u>	<u>-</u>	<u>12,009,480</u>
<b>Current liabilities</b>				
Interest payable	16	826,349	-	826,349
Deferred revenue grant	17 (a)	47,676	-	47,676
Trade and other payables	15	28,561,091	(2,899,881)	25,661,210
		<u>29,435,116</u>	<u>(2,899,881)</u>	<u>26,535,235</u>
<b>TOTAL LIABILITIES</b>		<u><b>41,444,596</b></u>	<u><b>(2,899,881)</b></u>	<u><b>38,544,715</b></u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><b>63,429,532</b></u>	<u><b>14,667,514</b></u>	<u><b>78,097,046</b></u>



# STATEMENT OF FINANCIAL POSITION

2023 TZS' 000

		Impact of correction of error		
	Note	As previously reported	Reported Adjustments	As restated
<b>As at 1 July 2023</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	8	47,674,340	9,971,151	57,645,491
Intangible assets	9	118,452	-	118,452
Work in progress	10	73,800	-	73,800
Prepayments and advances	13	4,263,036	-	4,263,036
		<u>52,129,628</u>	<u>9,971,151</u>	<u>62,100,779</u>
<b>Current assets</b>				
Inventories	11	3,455,791	-	3,455,791
Trade and other receivables	12	6,256,908	(150,454)	6,106,454
Prepayments and advances	13	525,075	-	525,075
Bank and cash balances	14	2,260,194	-	2,260,194
		<u>12,497,968</u>	<u>(150,454)</u>	<u>12,347,514</u>
<b>TOTAL ASSETS</b>		<u>64,627,596</u>	<u>9,820,697</u>	<u>74,448,293</u>
<b>RESERVES AND LIABILITIES</b>				
Reserves		5,135,450	-	5,135,450
Taxpayer's fund	32	(176,045)	-	(176,045)
Retained earnings		<u>10,538,863</u>	<u>12,720,578</u>	<u>23,259,441</u>
		<u>15,498,268</u>	<u>12,720,578</u>	<u>28,218,846</u>
<b>Non-current liabilities</b>				
Deferred capital grant	17 (b)	423,046	-	423,046
Interest payable	16	9,296,422	-	9,296,422
Terminal benefit	32	2,307,164	-	2,307,164
		<u>12,026,632</u>	<u>-</u>	<u>12,026,632</u>
<b>Current liabilities</b>				
Interest payable	16	964,073	-	964,073
Deferred revenue grant	17 (a)	4,457,676	-	4,457,676
Trade and other payables	15	31,680,947	(2,899,881)	28,781,066
		<u>37,102,696</u>	<u>(2,899,881)</u>	<u>34,202,815</u>
		<u>49,129,328</u>	<u>(2,899,881)</u>	<u>46,229,447</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u>64,627,596</u>	<u>9,820,697</u>	<u>74,448,293</u>

# STATEMENT OF FINANCIAL PERFORMANCE

TZS' 000

		Impact of correction of error		
	Note	As previously reported	Reported Adjustments	As restated
<b>2022/23</b>				
<b>Revenue</b>				
<b>Revenue from non-exchange transactions</b>				
Government subventions	23	18,935,296	-	18,935,296
Donation	24	79,614	-	79,614
Amortisation- capital grant	25(a)	51,954	-	51,954
		<b>19,066,864</b>	<b>-</b>	<b>19,066,864</b>
<b>Revenue from exchange transactions</b>				
General inpatient fees	18	5,285,702	-	5,285,702
General outpatient fees	19	1,386,551	-	1,386,551
Private inpatient	20	13,582,321	-	13,582,321
Private outpatient	21	7,892,364	-	7,892,364
Sales -MOI Community Pharmacy	22	5,884,404	-	5,884,404
Other Income	25(b)	275,987	-	275,987
		<b>34,307,329</b>	<b>-</b>	<b>34,307,329</b>
<b>Total revenue</b>		<b>53,374,193</b>	<b>-</b>	<b>53,374,193</b>
<b>Expenses</b>				
Salaries and wages	26	18,297,269	-	18,297,269
Other personnel emoluments	27	12,703,129	-	12,703,129
Staff welfare and development expenses	28	697,810	-	697,810
Medical and other expenses	29	7,667,700	-	7,667,700
Administrative expenses	33	9,710,340	-	9,710,340
Depreciation and amortisation	30	4,436,562	4,846,817	9,283,379
Impairment losses	12	6,172,006	-	6,172,006
Finance expenses	31	-	-	-
		<b>59,684,816</b>	<b>4,846,817</b>	<b>64,531,633</b>
<b>Deficit for the year</b>		<b>(6,310,623)</b>	<b>(4,846,817)</b>	<b>(11,157,440)</b>



## CASH FLOW STATEMENT

2023 TZS' 000

	Note	Impact of correction of error		
		As previously reported	Reported Adjustments	As restated
As at 1 July 2023				
Receipts				
Rendering of services- patient fee		30,490,473	6,228,075	36,718,548
Other receipts		19,285,632	-	19,285,632
		<u>49,776,105</u>	<u>6,228,075</u>	<u>56,004,180</u>
Payments				
Payments to suppliers		(19,645,142)	(6,228,075)	(25,873,217)
Other payments		(31,698,208)	-	(31,698,208)
		<u>(51,343,350)</u>	<u>(6,228,075)</u>	<u>(57,571,425)</u>
Net cash generated from operating activities		(1,567,245)	-	(1,567,245)
Net cash generated from investing activities		2,925,254	-	2,925,254
Net cash flows used in financing activities		(688,624)	-	(688,624)
		<u>669,385</u>		<u>669,385</u>

## 39. ADOPTION OF IPSAS 41

### Introduction

Effective 1 July 2023 the entity adopted *IPSAS 41: Financial Instruments*, which replaces *IPSAS 29: Financial Instruments: Recognition and Measurement*. IPSAS 41 introduces new requirements for the classification, measurement, impairment, and derecognition of financial instruments. The adoption of this standard has been applied retrospectively, with transitional adjustments recognized in the opening balance of retained surplus (or equivalent equity) as of 1 July 2023.

### Transition

Changes in accounting policies resulting from the adoption of IPSAS 41 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IPSAS 41 are recognised in accumulated deficit and reserves as at 1 July 2023. Accordingly, the information presented for the year ended and as at 30 June 2023 does not reflect the requirements of IPSAS 41 and therefore is not comparable to the information presented for the year ended and as at 30 June 2024 under IPSAS 41.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the management model within which a financial asset is held.

### Classification and measurement

IPSAS 41 contains a new classification and measurement approach for financial assets that reflects the management model in which assets are managed and their cash flow characteristics.

IPSAS 41 contains three principal classification categories for financial assets: measured at amortised cost, fair value through net assets/equity and fair value through surplus or deficit. The standard eliminates the existing IPSAS 29 categories of held to maturity, loans and receivables and available for sale.

IPSAS 41 largely retains the existing requirements in IPSAS 29 for the classification of financial liabilities.

### Impairment

IPSAS 41 replaced the 'incurred loss' model in IPSAS 29 with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.



The new impairment model applies to financial assets measured at amortised cost or fair value through net assets/equity. Under IPSAS 41, loss allowances is measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables without a significant financing component.

### Summary of impact

The following table shows the original measurement categories under IPSAS 29 and the new measurement categories under IPSAS 41 for each class of the Institute's financial assets and financial liabilities as at 1 July 2023

Type/name	Original classification under IPSAS 29	New classification under IPSAS 41	Original carrying amount under IPSAS 29	Original carrying amount under IPSAS 41
<b>Financial assets</b>			<b>TZS ('000)</b>	<b>TZS ('000)</b>
Cash and cash equivalent	Loans and receivables	Amortised cost	2,260,194	2,258,581
Trade Receivables	Loans and receivables	Amortised cost	6,170,141	3,616,961
<b>Total financial assets</b>			<b>8,430,335</b>	<b>5,875,542</b>
<b>Financial liabilities</b>				
Payables and accruals	Other financial liabilities - amortised cost	Amortised cost	39,041,561	39,041,561
<b>Total financial liabilities</b>			<b>39,041,561</b>	<b>39,041,561</b>
<b>Total impact to net assets</b>				<b>2,554,793</b>

#### 40. BUDGET AGAINST ACTUAL EXPENDITURES

The budget is approved on a cash basis classified by nature. The approved budget covered the period from 1 July 2023 to 30 June 2024. 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:

	2023/2024	2022/2023
	TZS '000	TZS '000
Budget deficit	(435,811)	(3,532,256)
Depreciation	(9,497,069)	(9,161,316)
Gain on disposal of assets	1,332	5,265
Amortisation intangible asset	(90,143)	(122,062)
Increase in provision for receivables	7,976,137	6,172,006
Amortisation of capital grant	4,833,046	51,954
Interest cost on terminal benefit	(343,412)	(256,593)
Current service costs	(44,146)	(79,816)
Provision for obsolete stock	77,182	35,829
Release of actuarial gain	2,540,262	-
Interest on borrowing	(24,012)	-
Changes in:		
- Prepayments and Advances	(4,065,516)	4,637,659
- Inventories	485,937	902,653
- Trade and other receivables	(9,177,033)	(8,747,918)
- Terminal benefit payable	74,319	92,000
- Trade and other payable	(5,769,584)	(3,119,856)
Purchases of property and equipment	7,643,494	1,965,011
Deficit per statement of financial performance	<u>(5,815,017)</u>	<u>(11,157,440)</u>



## **41. EXPLANATIONS OF VARIANCES BETWEEN ACTUAL AND BUDGETED AMOUNTS**

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

Actual cash collection from rendering services increased by 17% 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 9% because Government paid salary arrears to the employees amounting TZS 19.7 billion, furthermore there were funds received from Ministry of Health amounting to TZS 6.6 billion for the procurement of MRI and CT Scan machines purchased during the year.

### **(iii) Other Receipts**

During the year the Institute collected TZS 928 million equalling to 72% from miscellaneous income which was not budgeted for and donations amounting to TZS 2.6 billion from various entities making total other receipts TZS 3.2 billion

### **(iv) Salaries and wages**

Salaries and wages paid to employees during the year Increased by TZS 2.357 billion equalling to 11%, this was attributed transfer of employees from other Government Organizations to the Institute.

### **Other Personnel Emoluments**

Other personnel emoluments increased by TZS 4.83 billion equalling to 32% due to transfer of employees from other Government Organizations to the Institute and recruitment of new employees.

### **(v) Supplies payments and other payments**

Supplier payments was spent more than budgeted amount by 18% due to increase in cash collection attributed by the increased revenue collection

### **(vi)Purchase of property and equipment**

Purchase of property and equipment increase by 6% due to purchases of medical equipments, furniture and fitting and ambulance received as grant from Ministry of Health

## 42. 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: 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. Hence no remuneration for the financial year

#### b) Balance due to related parties

	2023/24	2022/23
National Health Insurance Fund (NHIF)	TZS'000	TZS'000
TANESCO	3,826,042	3,323,068
SUMA J.K.T	419,568	273,253
Muhimbili National Hospital	194,827	236,058
DAWASCO	23,167	8,777
Tanzania Revenue Authority	166,212	179,593
PSSF	59,740	98,356
	<u>4,689,556</u>	<u>4,119,105</u>

#### 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:



	2023/24 TZS'000	2022/23 TZS'000
Salaries and wages	2,302,616	1,730,868
Honorarium allowances	1,046,959	860,654
Employer social scheme contributions (Pension and Health Insurance)	345,392	259,630
Call allowances	93,444	70,460
Private clinic allowances	47,050	38,280
Housing allowances	223,800	222,650
Acting allowances	-	-
Responsibility allowances	206,341	249,389
Special allowances	15,620	1,470
Overtime allowances	11,315	3,940
Telephone allowances	86,020	69,890
Extra duty allowances	329,850	177,842
Leave allowances	26,609	8,692
Electricity allowances	31,720	23,300
Fuels allowances	187,000	159,900
Surgical camp allowances	2,800	4,125
Teaching allowances	11,520	14,720
	<u>4,968,056</u>	<u>3,895,810</u>

d) Balances due from related parties

Ministry of Health (MoH)	1,217,865	1,011,350
National Health Insurance Fund (NHIF)	13,401,491	2,033,240
Workers Compensation Fund	1,031,191	1,278,151
Revolution Government of Zanzibar	3,081,085	1,187,785
J.K.T	39,570	22,312
Tanzania Peoples Defence Force (TPDF)	4,398,981	3,088,708
TANESCO	47,269	36,884
SUMA J.K.T	55,930	17,121
	<u>23,273,382</u>	<u>8,675,551</u>

e) Transactions with related parties

Goods/Services received	Name of entity	2024 TZS '000'		2023 TZS '000'	
		Total transaction amount	Amount paid	Total transaction amount	Amount paid
Medical services provided to patients sponsored by MOH	MOH	206,514	-	105,269	-
Medical services provided to NHIF Members	NHIF	24,973,441	11,571,848	16,793,267	9,643,764
Medical services provided to Workers Compensation Fund Members	WCF	2,828,609	1,797,419	3,487,087	640,570
Medical services provided to patients sponsored by Revolution Government of Zanzibar	SMZ	3,719,727	638,632	1,349,915	1,089,428
Medical services provided to J.K.T Staff	J.K.T	145,494	83,613	37,058	35,190
Medical services provided to Tanzania Peoples Defence Force (TPDF)	TPDF	5,630,157	1,231,177	2,232,450	350,000
Medical services provided to TANESCO Staff	TANESCO	47,268	-	2,950	2,950
Medical services provided to SUMA J.K.T	SUMA JKT	55,930	-	15,039	1,004
Salary Arrears Ministry of Finance	MOF	142,225	142,225	40,645	40,645
Grants for Other Charges	MOH	577,748	577,748	474,969	474,969
Grants for Call Allowance	MOH	203,184	203,184	174,168	174,168
Salary Grants	MOH	19,697,061	19,697,061	17,482,139	17,482,139
Grants for development	MOH	3,500,000	3,500,000	-	-
Interest for the loan for construction of MOI Phase III Building	MOI	-	-	826,348	688,624
Electricity bills - TANESCO	TANESCO	840,414	373,440	765,816	115,940
Security Charges - SUMA JKT	SUMA JKT	287,620	141,305	277,105	61,935
Garbage Collection - Muhimbili National Hospital	MNH	11,454	-	21,120	-
Water bills - DAWASCO	DAWASCO	136,344	121,954	119,176	110,092
		63,003,190	40,079,606	44,204,541	30,911,418
			12,923,489		13,293,123



### **43. COMMITMENT AND CONTINGENT LIABILITIES**

#### **Contract claims**

On June 18, 2019, the Institute received interest claims totalling 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.

### **44. 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)

### **45. 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.

### **46. COMPARATIVE FIGURES**

Where necessary comparative figures have been reclassified and adjusted to conform to changes in presentation in the current year. See note 38 for restatement made during the year.

### **47. EVENTS AFTER REPORTING PERIOD**

At the signing of the financial statements, 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.

#### 48. GOING CONCERN

As of 30 June 2024, the Institute's current liabilities exceeded current assets by TZS 24,802 million (2022/23: TZS 21,855 million) and reported a net deficit of TZS 5,815 million (2022/23: Deficit of TZS 11,157 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 2023 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 2024, the Institute received TZS 19.70 billion for salary payments, TZS 1.07 billion for other charges, and TZS 6.6 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).