NBSZ

2016

NBSZ Financial Statements-Audited

NATIONAL BLOOD SERVICE ZIMBABWE
Nature of Business

The Service is registered under section 26 of the Companies Act (Chapter 24:03), as a not-for-profit organisation whose main activity is the provision of blood and blood products.

REGISTRATION NUMBER 58/442

DIRECTORS

Justice Leslie George Smith (Retd)	*Chairman*
Elliot Mugamu	*Vice Chairman*
Lucy Mary Marowa	*Chief Executive Officer*
Dr. Jean C. Emmanuel	*Medical Director*
Sydney Makarawo	*Non-executive*
David Tandiri	*Non-executive*
Professor Arthur Mandisodza	*Non-executive*
Edson Mlambo	*Non-executive*
Mary Nyagumbo	*Non-executive (Retired 16/08/31)*
Leonard Mabandi	*Non-executive*
Sipho Bulle	*Non-executive*
Tarirai Chadebah	*Non-executive (Retired 16/08/31)*
Nhlanhla Mlauzi	*Non-executive*
Rabin Ganga-Raju	*Non-executive*
Jackson A Njunga	*Non-executive*

REGISTRATION OFFICE

Mazowe Street North
Avondale
HARARE

LAWYERS

Dube, Manikai and Hwacha Legal Practitioners
Sixth Floor, Goldbridge
Cnr Sam Nujoma Street/Robert Mugabe Road
Eastgate Complex
HARARE

AUDITORS

BDO
Zimbabwe Chartered Accountants
Kudenga House
3 Baines Avenue
HARARE

Main Banks

Barclays Bank of Zimbabwe Limited
Birmingham Branch
Southerton
HARARE

CBZ Bank Limited
Selous Branch
7 Selous Avenue
HARARE

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DIRECTORS› RESPONSIBILITY STATEMENT

The directors are required by the Companies Act (Chapter 24:03) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Service as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 24:03).

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Service and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of fraud or error 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 Service and all employees are required to maintain the highest ethical standards in ensuring the Service's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Service is on identifying, assessing, managing and monitoring all known forms of risk across the Service. While operating risk cannot be fully eliminated, the Service endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors 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 on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

In preparing the financial statements, the directors are responsible for assessing the Service's ability to continue operating as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Service or to cease operations, or have no realistic alternative but to do so.

The directors have assessed the ability of the Service to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is still appropriate.

The external auditors are responsible for independently auditing and reporting on the Service's financial statements. The financial statements and related notes have been audited by the Service›s external auditors and their report is presented on page 3 to 4.

The financial statements and the related notes set out on pages 5 to 21, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:

Board Chairman
Justice Leslie George Smith (Retd)
30 March 2017

Chief Executive Officer
Lucy Mary Marowa

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL BLOOD SERVICE ZIMBABWE

Opinion

We have audited the financial statement NATIONAL BLOOD SERVICE ZIMBABWE set out on pages 5 to 21, which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of NATIONAL BLOOD SERVICE ZIMBABWE as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Service in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Part A and B), together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of directors for the financial statements

The Service's directors are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Service's directors are responsible for assessing the Service's ability to continue operating as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Service or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL BLOOD SERVICE ZIMBABWE (Cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service'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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Service to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Service's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on other legal and regulatory requirements
In our opinion, the financial statements, have in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

BDO

BDO Zimbabwe
Chartered Accountants

Harare
30 March 2017

STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

ASSETS

	Note	2016 US$	2015 US$
Non current assets			
Property and equipment	4	2,132,613	2,227,181
Current assets			
Inventories	5	474,699	507,696
Trade and other receivables	6	2,333,111	2,302,850
Bank and cash balances	14	1,193,701	761,577
		4,001,511	3,572,123
Total assets		**6,134,124**	**5,799,304**

RESERVES AND LIABILITIES

		2016 US$	2015 US$
Reserves			
Donated assets reserve		79,367	41,916
Revaluation reserve		1,294,822	1,294,822
Accumulated surplus		3,206,078	2,584,634
		4,580,267	**3,921,372**
Current liabilities			
Trade and other payables		1,553,857	1,877,932
Total reserves and liabilities		**6,134,124**	**5,799,304**

Board Chairman
Justice Leslie George Smith (Retd)

Chief Executive Officer
Lucy Mary Marowa

30 March 2017

STATEMENT OF INCOME AND EXPENDITURE
for the year ended 31 December 2016

INCOME

	Note	2016 US$	2015 US$
Revenue	8	7,385,343	7,820,528
Donations and grants	9	533,555	1,091,042
Other income	10	59,599	72,686
		7,978,497	**8,984,256**
EXPENDITURE			
Operating expenses	11	2,422,593	2,723,917
Administrative expenses	12	4,934,460	5,150,539
Finance charges	13	-	575
		7,357,053	**7,875,031**
Surplus for the year		**621,444**	**1,109,225**

STATEMENT OF CHANGES IN RESERVES
for the year ended 31 December 2016

	Revaluation reserve US$	Donated assets reserve US$	Accumulated surplus US$	Total US$
Balance as at 1 January 2015	**1,274,077**	**44,451**	**1,475,409**	**2,793,937**
Donated assets	-	7,000	-	7,000
Revaluation surplus	20,745	-	-	20,745
Realisation of donated assets reserve	-	(9,535)	-	(9,535)
Surplus for the year	-	-	1,109,225	1,109,225
Balance as at 31 December 2015	**1,294,822**	**41,916**	**2,584,634**	**3,921,372**
Donated assets	-	46,986	-	46,986
Realisation of donated assets reserve	-	(9,535)	-	(9,535)
Surplus for the year	-	-	621,444	621,444
Balance as at 31 December 2016	**1,294,822**	**79,367**	**3,206,078**	**4,580,267**

CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2016 US$	2015 US$
Surplus for the year		**621,444**	**1,109,225**
Adjusted for:-			
Depreciation of property and equipment		319,548	377,912
Realisation of donated assets		(9,535)	(9,535)
Loss on disposal of assets		10,105	-
Operating cash flows before changes in working capital		**941,562**	**1,477,602**
Working capital changes			
Decrease/(Increase) in inventories		32,997	(207,883)
Increase in trade and other receivables		(30,261)	(388,896)
Decrease in trade and other payables		(324,075)	(91,824)
Net cash generated from operating activities		**620,223**	**788,999**

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property and equipment		(188,099)	(244,231)
Proceeds from disposal of assets		-	4,703
Net cash utilised in investing activities		**(188,099)**	**(239,528)**

CASH FLOWS FROM FiNANCING ACTIVITIES

Loan repayment		-	(15,333)
Net cash outflows to financing activities		**-**	**(15,333)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**432,124**	**534,138**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**761,577**	**227,439**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**14**	**1,193,701**	**761,577**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

1. GENERAL INFORMATION

1.1 Nature of business

National Blood Service Zimbabwe is a not-for-profit organisation whose main activity is the provision of blood and blood products.

1.2 Currency

The Service's functional and presentation currency is the United States of America dollar ("USD").

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are based on statutory records that are maintained under the historical cost convention as modified by the revaluation of computer equipment, motor vehicles, furniture, lab equipment, land and buildings.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Service's management to exercise judgment in applying the Service's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2.2 Changes in accounting policy and interpretations

(a) ***New standards, interpretations and amendments effective from 1 January 2016***

The following new standards, amendments and interpretations are effective for the first time in these financial statements and have not had a material effect on the Service:-

- ***IAS 1 Presentation of Financial Statements,*** The amendment clarifies that aggregation or disaggregation should not obscure useful information. Materiality applies to each of the primary financial statements, the notes and each specific disclosure required by IFRS.
- ***IAS 16 Property, Plant and Equipment,*** Has been amended to prohibit the use of revenue-based methods of depreciation for items of property, plant and equipment because the revenue generated by an activity that includes the use of an item of property, plant and equipment generally reflects factors other than the consumption of the economic benefits of the item.
- ***IAS 38 Intangible Assets,*** Has been amended to incorporate a rebuttable presumption that amortisation based on revenue is not appropriate. The presumption can be rebutted if either the intangible asset is expressed as a measure of revenue; or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- ***IFRS 19 Employee Benefits,*** The amendment to IFRS 7 clarified that high quality corporate bonds used to determine the discount rate for the accounting of employee benefits need to be denominated in the same currency as the related benefits that will be paid to the employee.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

(b) ***New standards, interpretations and amendments not yet effective***

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Service's future financial statements:

- IFRS 15: Revenue from Contracts with Customers (Effective from periods beginning on or after 1 January 2018)
- IFRS 16: Leases (Effective from periods beginning on or after 1 January 2019)
- Amendments to IFRS 9: Financial Instruments (Effective for periods beginning on or after 1 January 2018).
- Annual Improvements to IFRSs 2014–2012 Cycle:
- IFRS 7 Financial Instruments: Disclosures (Prospective application) (Consequential amendment to IFRS 1).

None of the new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2016 and which have not been adopted early, are expected to have a material effect on the Service›s future financial statements.

2.3 Revenue recognition

2.3.1 Sale of blood and blood products

Revenue from the sale of blood and blood products is recognised when the products have been delivered, the customer has accepted the products and the collectability of the related receivable is reasonably assured. Revenue is measured at the fair value of consideration received or receivable.

2.3.2 Medical tests

Income from procedures and tests is recognised when the procedures and tests have been completed and results have been delivered to the customer.

2.3.3 Donations and grants

Income from donations and grants is recognised on a receipt basis.

2.3.4 Interest income

Interest income is recognised on a time proportionate basis after taking into account the capital amount outstanding and effective rate over the period to maturity.

2.4 Financial instruments

2.4.1 Financial assets

The Service classifies its financial assets as loans and receivables. The Service›s accounting policy for loans and receivables is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are principally made up of trade and other receivables and bank and cash balances. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Service will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within operating expenses in the statement of income and expenditure.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Service's loans and receivables comprise trade and other receivables in the statement of financial position.

Cash and cash equivalents include cash in hand and deposits held on call with other banks.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows have expired or where they have been transferred and the Service has also transferred substantially all risks and rewards of ownership.

Impairment of financial assets

A financial asset is deemed to be impaired when its carrying amount is greater than its estimated receivable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements. Impairment loss is recognised in expenditure.

2.4.2 Financial liabilities

The Service's financial liabilities comprise trade and other payables. Trade and other payables are initially recognized at fair value and subsequently carried at amortised cost using the effective interest rate method.

2.5 Post employment benefits

Contributions to defined contribution pension schemes are charged to the statement of income and expenditure in the year to which they relate.

2.6 Property and equipment

Property and equipment is initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the entity and the costs can be measured reliably. All other repairs and maintenance costs are charged to the statement of income and expenditure during the period in which they are incurred.

Property and equipment are subsequently carried at revalued amounts, based on periodic valuations, by a professionally qualified valuer, less accumulated depreciation and impairment losses. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Revaluation surpluses on property and equipment are credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the statement of income and expenditure to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of property and equipment is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of revalued assets the attributable revaluation surplus is transferred directly to accumulated surplus.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

Subject to the above property and equipment is depreciated on a straight line basis over the remaining useful lives as follows:

• Buildings	20 years
• Furniture	10 years
• Laboratory and clinical equipment	10 years
• Motor vehicles	5 years
• Computer equipment	3 years

The assets› residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The residual value of an asset is the estimated amount that would currently be obtained from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in condition expected at the end of its useful life.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These gains and losses are included in the statement of income and expenditure.

Impairment of property and equipment

The carrying amount of property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Any impairment loss is recognised through the statement of income and expenditure whenever the carrying amount of an asset exceeds its recoverable amount.

De-recognition of property and equipment

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from use or disposal.

2.6 Inventory

Inventory is initially measured at cost and subsequently stated at the lower of cost and net realisable value, after making allowance for obsolete inventories. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses. Write downs to net realisable values and inventory losses are expensed in the period in which the write downs or losses occur.

3. CRITICAL JUDGEMENTS IN APPLYING THE SERVICE'S ACCOUNTING POLICIES

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgments include:

(a) Trade and other receivables

The Service assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recognised in the statement of income and expenditure, the Service makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the receivables.

(b) Impairment testing

The Service is required to test, on an annual basis, whether an asset has suffered any impairment. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The determination of value in use requires the estimation of future cash flows and of a discount rate.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

CASH FLOWS FROM OPERATING ACTIVITIES

	Buildings	Furniture and fixtures	Laboratory & clinic equipment	Computer equipment	Motor vehicles	Total
	US$	US$	US$	US$	US$	US$
Carrying amount as at 1 Jan 2015	**1,473,077**	**100,565**	**469,809**	**75,660**	**218,710**	**2,337,821**
Gross carrying amount - cost/valuation	1,930,000	165,008	690,734	319,888	524,135	3,629,765
Accumulated depreciation	(456,923)	(64,443)	(220,925)	(244,228)	(305,425)	(1,291,944)
Additions	-	28,669	30,265	29,134	156,163	244,231
Donated assets	-	-	-	7,000	-	7,000
Revaluations	-	-	-	20,745	-	20,745
Depreciation charge for the year	(96,500)	(18,058)	(69,597)	(59,545)	(134,212)	(377,912)
Disposals	-	(304)	-	-	(4,400)	(4,704)
Gross carrying amount	-	(791)	-	(54,020)	(13,038)	(67,849)
Accumulated depreciation	-	487	-	54,020	8,638	63,145
Carrying amount as at 31 Dec 2015	**1,376,577**	**110,872**	**430,477**	**72,994**	**236,261**	**2,227,181**
Gross carrying amount - cost/valuation	1,930,000	192,886	720,999	322,747	667,260	3,833,892
Accumulated depreciation	(553,423)	(82,014)	(290,522)	(249,753)	(430,999)	(1,669,856)
Additions	-	51,052	81,618	40,659	14,770	188,099
Donated assets	-	-	46,986	-	-	46,986
Depreciation charge for the year	(96,500)	(21,280)	(74,547)	(46,237)	(80,984)	(319,548)
Disposals	-	-	-	-	(10,105)	(10,105)
Gross carrying amount - cost/valuation	-	-	-	(2,400)	(12,900)	(15,300)
Accumulated depreciation	-	-	-	2,400	2,795	5,195
Carrying amount as at 31 Dec 2016	**1,280,077**	**140,644**	**484,534**	**67,416**	**159,942**	**2,132,613**
Gross carrying amount - cost/valuation	1,930,000	243,938	849,603	361,006	669,130	4,053,677
Accumulated depreciation	(649,923)	(103,294)	(365,069)	(293,590)	(509,188)	(1,921,064)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

INVENTORIES

	2016 US$	2015 US$
Blood bags	149,869	131,850
Donor incentives	6,735	14,013
Immunoglobulins	12,914	480
Protective clothing	2,044	1,876
Reagents and chemicals	210,568	264,642
Stationery	27,985	25,089
Other consumables	64,584	69,746
	474,699	**507,696**

TRADE AND OTHER RECEIVABLES

Trade receivables	2,095,278	2,092,766
Less: provision for impairment of trade receivables	(78,804)	(78,804)
Total financial assets other than cash and cash equivalents classified as loans and receivables	2,016,474	2,013,962
Other receivables	316,637	288,888
	2,333,111	2,302,850

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

As at 31 December 2016, trade receivables of US2015) 2,016,474$: US2,013,962$) were past due but not impaired. They relate to customers with no default history. Trade receivables of S78,804$:2015) 78,804) were impaired. The aging of these debtors is as follows:

Up to 3 months	1,466,090	1,495,804
3 months and above	550,384	518,158
	2,016,474	**2,013,962**

Movements in the impairment allowance for trade receivables are as follows:

At 1 January	(78,804)	(78,804)
Increase during the year	-	-
At 31 December	**(78,804)**	**(78,804)**

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

TRADE AND OTHER PAYABLES

	2016 US$	2015 US$
Trade	424,929	543,952
Other	290,111	298,766
Total financial liabilities classified as financial liabilities measured at amortised cost	**715,040**	**842,718**
Other payables: Pension, tax and social security payments	838,817	1,035,214
	1,553,857	**1,877,932**

REVENUE

Human blood products	6,724,812	7,073,023
Immunoglobulins	19,830	25,243
Medical tests	640,701	722,262
	7,385,343	**7,820,528**

DONATIONS & GRANT

Centre for Disease Control (CDC) PEPFAR Project	-	464,450
National Aids Council	495,007	600,382
Other donations	38,548	26,210
	533,555	**1,091,042**

OTHER INCOME

Interest income	2,271	764
Realisation of donated asset reserve	9,535	9,535
Sundry income	47,793	62,387
	59,599	**72,686**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

OPERATING EXPENSES

	2016	2015
	US$	US$
Blood procurement expenses	770,161	838,251
Branch visits expenses	4,145	10,191
Canteen expenses	103,963	113,326
Cleaning expenses	24,153	26,025
Co-ordination expenses	52,846	75,372
Donor benefit	42,255	-
Entertainment and presentation	5,602	5,162
Fuel	178,641	194,338
Incineration and waste disposal	20,573	21,797
Laboratory expenses	973,023	1,015,876
Linen administration	2,429	1,693
Motor vehicle repairs and maintenance	121,454	131,841
Public affairs expenses	48,438	219,035
Quality assurance expenses	74,910	71,009
	2,422,593	**2,723,917**

ADMINISTRATIVE EXPENSES

	2016	2015
	US$	US$
Audit fees	15,200	15,200
Bank charges	24,673	32,403
Buildings maintenance and repairs	84,996	90,702
Computer expenses	163	231
Consultancy expenses	49,270	44,255
Debt collection	17,008	14,014
Depreciation of property and equipment	319,548	377,912
Directors fees	28,540	27,465
Electricity and rates	112,467	67,012
Exchange loss	21,828	897
General expenses	4,466	14,546
Insurance	31,254	1,209
Library and reference books	1,948	1,698
Loss on disposal of assets	10,105	-
Medical aid	214,068	220,927
Penalties	20,339	291,818
Pension	361,603	325,844

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

ADMINISTRATIVE EXPENSES (Cont'd)

	2016	2015
	US$	US$
Planning information and research	296,058	217,564
Postage	851	501
Premises rentals	36,110	46,294
Printing and stationery	22,633	23,892
Protective clothing	2,403	4,087
Salaries and wages	2,973,622	2,978,304
Security	77,647	76,901
Staff and educational expenses	195	145
Staff welfare	8,183	30,683
Telephone and fax	114,000	126,442
Telephone rentals	8,867	9,773
Training and seminars	12,617	27,132
Transport	28,970	50,905
Water	34,828	31,785
	4,934,460	**5,150,539**

FINANCE CHARGES

	2016	2015
	US$	US$
Interest charges	-	575

BANK AND CASH BALANCES

Bank balances	1,154,871	747,453
Cash balances	38,830	14,124
	1,193,701	**761,577**

POST EMPLOYMENT BENEFITS

All employees are members of the National Social Security Authority Scheme which is a contributory pension scheme. The scheme is administered by the National Social Security Authority. This scheme was promulgated under the National Social Security Authority Act of 1989. The Services obligations under the scheme are limited to specific contributions as legislated from time to time and are presently 3.5% of pensionable emoluments up to a maximum of $24.50 per month.

Contributions for the year	111,056	186,489

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

Externally administered fund

Pensions are provided for employees by a separate fund administered by Old Mutual, to which the Service and employees contribute. The pension fund is a defined contribution plan under which retirement benefits are determined by reference to the pensionable emoluments.

	2016 US$	2015 US$
Contributions for the year	-	176,108

There were no contributions paid to the Old Mutual Pension Fund relating to the year ended 31 December 2016. This was due to a directive from Insurance and Pensions Commission (IPEC) to seize deducting pension from employees until the Service has cleared its outstanding balance with Old Mutual Pension Fund.

COMPENSATION TO KEY MANAGEMENT

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Service on a day to day basis. Long term benefits for 2016 includes National Social Security Authority pension contribution only as no Old Mutual pension contribution was deducted.

Short term benefits	613,940	555,367
Long term benefits	2,646	24,616
	616,586	**579,983**

Long term benefits for 2016 includes National Social Security Authority pension contribution only as no Old Mutual pension contribution was deducted.

FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Service is exposed through its operations to the following financial risks:
1. Credit risk
2. Liquidity risk

In common with all other businesses, the Service is exposed to risks that arise from its use of financial instruments. This note describes the Service›s objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Service›s exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

(i) *Principal financial instruments*

The principal financial instruments used by the Service, from which financial instrument risk arises, are as follows:

(a) Trade and other receivables
(b) Bank and cash balances
(c) Trade and other payables

(ii) *Financial instruments by category*

FINANCIAL ASSETS	2016 US$	2015 US$
Trade and other receivables	2,333,111	2,302,850
Bank and cash balances	1,193,701	761,577
	3,526,812	**3,064,427**

FINANCIAL LIABILITIES		
Trade and other receivables	715,040	842,718
Bank and cash balances	**715,040**	**842,718**

(iii) *Financial instruments not measured at fair value*

Financial instruments not measured at fair value include bank and cash, trade and other receivables, and trade and other payables.

Due to their short-term nature, the carrying value of bank and cash, trade and other receivables, and trade and other payables approximates their fair value.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Service›s risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Service›s finance function.

The main risks facing the Service are credit risk and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont`d)

Credit risk

Credit risk is the risk of financial loss to the Service if a customer or a counter part to a financial instrument fails to meet its obligations. Financial assets which potentially subject the Service to concentrations of credit risk consist primarily of bank and cash balances and trade and other receivables. The Service`s cash and cash equivalents are placed with high quality financial institutions. The credit risk with respect to trade receivables is limited to contractual obligations by the debtors. The Service has also suspended credit facilities on defaulting debtors and now demands cash upfront.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below.

	Carrying value	Maximum Exposure	Carrying value	Maximum Exposure
	2016	**2016**	**2015**	**2015**
	US$	**US$**	**US$**	**US$**
Trade and other receivables	2,411,915	2,411,915	2,381,654	2,381,654
Bank and cash balances	1,193,701	1,193,701	761,577	761,577
	3,605,616	**3,605,616**	**3,143,231**	**3,143,231**

Liquidity risk

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Service faces, the Service›s policy has been throughout the year ended 31 December 2016, to maintain significant liquid resources.

The table below summarises the maturity profile of the Service`s financial liabilities based on contractual undiscounted payments.

	Up to 3 months	Between 3 and 12 months	Between 12 and 24 months	Over 2 years	Total
	US$	**US$**	**US$**	**US$**	**US$**
At 31 December 2016					
Trade and other payables	726,249	251,006	576,602	-	1,553,857
	726,249	251,006	576,602	-	1,553,857
At 31 December 2015					
Trade and other payables	255,615	1,323,551	1,323,551	-	2,902,717
	255,615	1,323,551	1,323,551	-	2,902,717

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (Cont'd)

CAPITAL COMMITMENTS

	2015 US$	2015 US$
Authorised and contracted for:	-	-
Authorised and not contracted for:	289,800	579,159
	289,800	**579,159**

Capital expenditure will be financed using internal resources.

EVENTS AFTER THE REPORTING DATE

Approval of financial statements

The financial statements were approved by the Board of Directors for issue on 30 March 2017.