



THE UNITED REPUBLIC OF TANZANIA



NATIONAL AUDIT OFFICE

KARIAKOO MARKET CORPORATION

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

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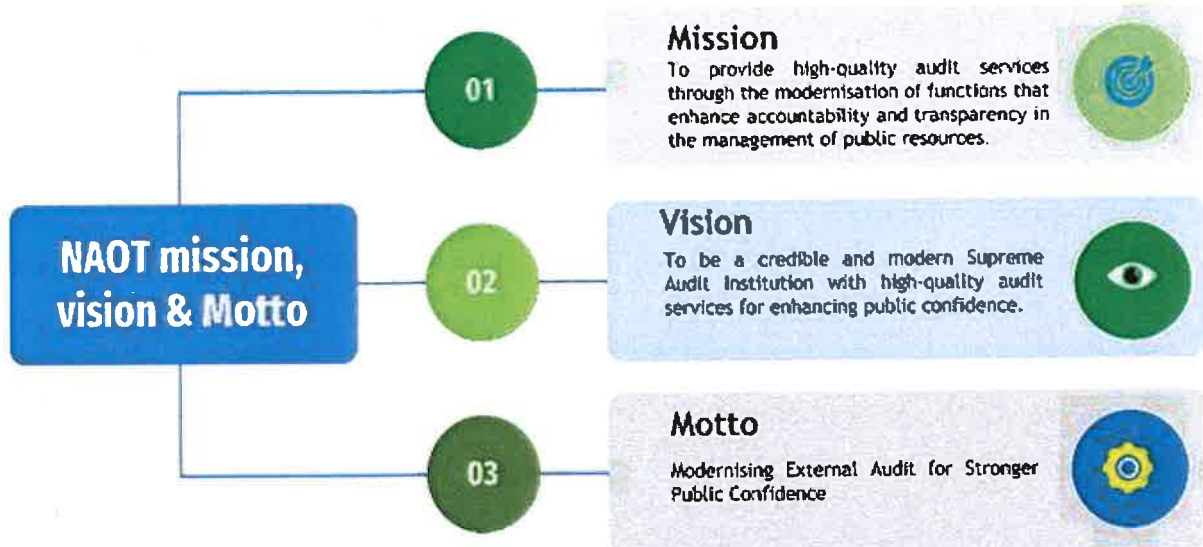
March 2024

AR/ PA/KMC/2022/23

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.

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ABBREVIATIONS

CAG	Controller and Auditor General
ISSAIs	International Standard of Supreme Audit Institutions
IAS	International Accounting Standards
IESBA	International Ethics Standards Board for Accountants
IFRSs	International Financial Reporting Standards
KMC	Kariakoo Market Corporation
NBAA	National Board of Accountants and Auditors
TRA	Tanzania Revenue Authority

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Kariakoo Market Corporation (KMC),
P. O. Box 15789,
Dar es Salaam,
Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Kariakoo Market Corporation, which comprise the statement of financial position as at 30 June 2023, and 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, 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 Kariakoo Market Corporation as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Kariakoo Market Corporation 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.

Emphasis of Matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Contingent liabilities-Pending legal cases

I draw attention to note number 36 of the financial statements that disclose the contingent liabilities arising from pending legal cases in various courts and tribunals in the country at various stages, for which appropriate provisions have not been made in the financial statements. As of 30 June 2023, the remaining claim amount associated with these legal disputes amounts to TZS 208,194,072. These legal cases represent potential liabilities that may have a material impact on the financial position and performance of Kariakoo Markets



Corporation. It is imperative for management to carefully assess the likelihood of adverse outcomes in these legal disputes and make provisions in the financial statements where necessary to reflect the potential liabilities accurately. Failure to recognize and disclose these contingent liabilities could lead to understatement of the corporation's financial obligations and misrepresentation of its financial position.

My audit opinion is not qualified concerning this matter; however my responsibility is to highlight the significance of these contingent liabilities and emphasize the importance of appropriate disclosure in the financial statements to provide users with a clear understanding of the company's exposure to legal risks.

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 Director's Report, statement of management responsibility and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

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



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


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

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; 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 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on 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 Kariakoo Market Corporation for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

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

Procurement process of works, goods and services from unapproved suppliers TZS 30,871,600

Regulation 131(4) (b) of the Public Procurement Regulations, 2013 as amended by regulation 42 of the Public Procurement (amendment) Regulations, 2016 requires a procuring entity to procure common use items and services from tenderers awarded framework agreements by GPSA through placing of call off orders prepared by the Procurement Management Unit and approved by the accounting officer or any delegated officer. Contrary to the regulation above, Kariakoo Market Corporation procured goods and services worth TZS 30,871,600 from suppliers who are not in the list approved by GPSA.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

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

Conclusion

Based on the audit work performed, I state that, except for the matters described below, Budget formulation and execution of Kariakoo Market Corporation is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

Unrealistic budget preparation and execution

Chapter 05-03(ii) of KMC's Financial regulations states that; "For purpose, of exercising financial discipline and control it is necessary to forecast the revenue and expenditure on realistic basis, taking into account the past actual, current situation, future trends and the work programme. Budgets are required to be prepared both quantitatively and financially as may be appropriate".

My review on budget preparation and execution indicated that the basis of forecasts was not accurate and resulted in the variance in revenues for the year under review. KMC did not consider the parameters of the Corporation operating situation during its mid-term budget review which resulted in an under collection of corporations revenues for the year of TZS 479,866,352 (28%) compared to the revenue approved during its mid-term budget review.



Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2024



2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE

2.1 INTRODUCTION

The Board of Directors of Kariakoo Market Corporation hereby submits its report together with the financial statements for the financial year ended 30 June 2023 which discloses the performance and financial position of the Corporation.

2.2 ESTABLISHMENT OF KARIAKOO MARKET CORPORATION

Kariakoo Market Corporation (KMC) is a corporate body established under the Kariakoo Market Corporation Act number 36 of 1974(Revised by Act number 16 of 1985) to manage and control the Kariakoo market and to establish and manage other markets in the city of Dar es salaam. The following are the main objectives and functions of the corporation as stipulated in the Act:

- i. Control and manage the Kariakoo market;
- ii. Establish and manage other markets in the Dar es Salaam city;
- iii. Ensure that control and management of stallage, rent and tolls from users of the market are vested under the Corporation;
- iv. Enter into any transaction, which in the opinion of the board is calculated to facilitate proper and efficient carrying out of these stipulated objectives; and
- v. Do all such costs as may be necessary to uphold and support the credibility of the Corporation, obtain and justify public confidence, avert and minimize any loss to the Corporation. In exercising its functions, the corporation shall have regard to:
 - a. Political, economic and social aspirations of the people of the United Republic of Tanzania.
 - b. Health and general welfare of the general public.

2.3 OWNERSHIP

Section No.8 (3) of the establishing Act prescribes ownership of the KMC to be;

- Government of the United Republic of Tanzania 49% of share capital.
- The Dar es Salaam City Council 51% of share capital.

2.4 VISION AND MISSION

The vision of Kariakoo Market Corporation is to be a center of excellence for management of the Kariakoo Market and other markets in the City of Dar es Salaam.

The overall mission of the Corporation is to manage and control the Kariakoo Market and establish and manage other markets in the City of Dar es Salaam.

2.5 OBJECTIVES

KMC's main objectives and functions as stipulated in the establishing Act include: -

(a) Objectives and functions

- To control and manage the Kariakoo Market
- To establish and manage other markets in the City of Dar es Salaam

- To ensure that control and management of stallage, rent and tolls from users of the market, are vested under the Corporation.
 - To do all such acts as may be necessary to uphold and support the credibility of the Corporation.
- (b) In exercising its function of control and management of the market, the Corporation shall have regard to: -
- Political economic and social aspirations of the people of the United Republic of Tanzania and
 - Health and general welfare of the general public.

2.6 KARIAKOO MARKET CORPORATION STRUCTURE

Administratively, the Kariakoo Market Corporation reports to the Ministry of Regional Administration and Local Government. The overall management of the Corporation is vested in a Board of Directors whereas the day-to-day operations are delegated to the General Manager who is assisted by four functional managers.

2.7 BOARD OF DIRECTORS

The chairperson and Members of Board of Directors were appointed on 15 September 2022 and 13 October 2022 respectively to serve the Corporation for a term of three years. To the period of reporting, Kariakoo Market Corporation had an active Board of Directors and held three (3) board meetings. Particulars of appointed Chairperson and Board members that started functioning from 15 September 2022 and 13 October 2022 respectively are as shown below:

Board of Directors

S/N	Name of Director	Gender	Age	Position	Representations	Qualification	Date of Expiry	Nationality
1.	Bi. Hawa Abdulrahman Ghasia	Female	57	Chairperson	Personal Work	Master of Arts in Rural Development, Advance Diploma in Economic Planning.	15 September, 2025	Tanzanian
2.	Mr. Hassan Mpapi bendeyeko	Male	63	Vice Chairperson	Personal Work	Degree of Masters in Engineering Management (MEM) -Project Management Diploma in Land Survey	13 October, 2025	Tanzanian
3.	Mr. Packshard Paul Mkongwa	Male	64	Member	Personal Work	Masters of Art (Economics)	13 October, 2025	Tanzanian
4.	Mr. Clement Francis Lujaji	Male	70	Member	Personal Work	Masters of Business Administration	13 October, 2025	Tanzanian
5.	Gift Gervas Kilimeshi	Female	52	Member	Commission for Mediation and Arbitration	Masters of Public Administration- Human Resources management	13 October, 2025	Tanzanian
6.	Grace Kahemele Mwakilufi	Male	65	Member	Personal Work	Masters of Business Administration (Finance & Corporate Banking)	13 October, 2025	Tanzanian

S/N	Name of Director	Gender	Age	Position	Representations	Qualification	Date of Expiry	Nationality
7.	Angelista Edward Kihaga	Male	53	Member	OR-TAMISEMI	MSc. Agriculture and Resources Economic Bachelor of Science in Agricultural Economics and Agribusiness MBA in leadership and Governance	13 October, 2025	Tanzanian
8.	Mr Sigsibert Kaijage Valentine	Male	59	Secretary	AG General Manager- Kariakoo Market Corporation	Master of Arts in Economic Policy Management, Bachelor of Arts in Economic (Hons)	13 October, 2025	Tanzanian

Kariakoo Market Corporation is well managed, and its policies and operations are directed, controlled and managed in conformity with good Corporate Governance principles. To discharge the obligation contained in the Kariakoo Markets Corporation Act No. 36 of 1974 (Revised Act No. 16 of 1985).

The Corporation Board of Director is responsible for overall oversight of the administrative matters of the Kariakoo Market Corporation which include ensuring compliance with all contractual, legal and statutory obligations, risk management, sound governance and management systems, development of facilities, mobilization of resources, performance management, investments and appointments.

During the financial year 2022/23, the Corporation Board of Director had deliberately carried on various KMC administrative issues that including the following:

- Election of Vice-Chairs and Committee Chairs for the Members of the Executive Committees of the Board of the Corporation;
- Review of Corporation Strategic Plan 2021-2025;
- Review and verify the use of some of the Corporation documents;
- Review reports on the implementation of the activities of the Corporation for the year including review of corporate assets and property protection policy, property appraisals, review of effect of fire tragedy incident;
- Proposal for amendment of Corporation Act;
- Discussing on various challenges pertaining revenue collection such as trader's contracts and review of Tenants agreement;
- Evaluation of staff's salaries;
- Review of audit progressive report (internal and external audit reports);
- Corporation projects write up;
- Review of various draft corporation policies;
- Approve of new employed staff;
- Receive and review other committee reports; and

- Budget approval for the financial Year 2022/23 and approval of various corporation manuals.

To ensure effective and efficient implementation of KMC activities, the new appointed Corporation Board of Director held three (3) meeting for the year, a first meeting on 8 December 2022 the Board established three (3) board committees namely: Audit and risk management committee, Investment and planning committee and Administration, finance and human resources committee.

The committees are responsible for reviewing various activities of the Corporation and advise the KMC Board of Directors for decision making. The board committee members and each committee are as follows;

I. Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three (3) members. The committee was formed during the first meeting of the Board of Directors held on 8 December 2022. During the year the committee held three (3) meetings.

S/N	Name of Director	Gender	Age	Position	Representations	Qualification	Nationality
1.	Mr. Packshard Paul Mkongwa	Male	64	Chairperson	Personal Work	Masters of Art (Economics)	Tanzanian
2.	Mr. Clement Francis Lujaji	Male	70	Member	Personal Work	Masters of Business Administration	Tanzanian
3.	Grace Kahemele Mwakilufi	Male	65	Member	Personal Work	Masters of Business Administration (Finance & Corporate Banking)	Tanzanian

II. Investment and Planning Committee

- The Investment and Planning committee consisting of four (4) members, the committee was formed during the first meeting of the Board of Directors that held on 8 December 2022. During the year the committee held three (3) meetings.

S/N	Name of Director	Gender	Age	Position	Representations	Qualification	Nationality
1.	Mr. Hassan Mpapi bendeyeko	Male	63	Chairperson	Personal Work	Degree of Masters in Engineering Management (MEM) -Project Management and Diploma in Land Survey	Tanzanian
2.	Grace Kahemele Mwakilufi	Male	65	Member	Personal Work	Masters of Business Administration (Finance & Corporate Banking)	Tanzanian
3.	Mr. Packshard Paul Mkongwa	Male	64	Member	Personal Work	Masters of Art (Economics)	Tanzanian
4.	Angelista Edward Kihaga	Male	53	Member	OR-TAMISEMI	MSc. Agriculture and Resources Economic	Tanzanian

S/N	Name of Director	Gender	Age	Position	Representations	Qualification	Nationality
						Bachelor of Science in Agricultural Economics and Agribusiness MBA in leadership and Governance	

III. Administration, Finance and Human Resources Committee

- The committee consisting of three (3) members, the committee members was formed during the first meeting of the Board which held on 8 December 2022. During the year the committee held three (3) meetings.

S/N	Name of Director	Gender	Age	Position	Representations	Qualification	Nationality
1.	Gift Gervas Kilimeshi	Female	52	Chairperson	Commission for Mediation and Arbitration	Masters of Public Administration- Human Resources management	Tanzanian
2.	Angelista Edward Kihaga	Male	53	Member	OR-TAMISEMI	MSc. Agriculture and Resources Economic Bachelor of Science in Agricultural Economics and Agribusiness MBA in leadership and Governance	Tanzanian
3.	Mr. Clement Francis Lujaji	Male	70	Member	Personal Work	Masters of Business Administration	Tanzanian

2.8 OPERATING PERFORMANCE

During the year ended 30 June 2023 the Corporation recorded total revenue amounting to a TZS 1,264,524,055 (2021/22 TZS 1,718,438,676) while expenditure was TZS 42,833,076,406 (2021/22 TZS 2,236,411,074) which resulted into net operating loss after tax of TZS 41,568,552,351 (2021/22 net operating loss after tax TZS 517,972,397).



2.9 RETAINED EARNINGS

As at 30 June 2023 the Corporation had accumulated loss of TZS47,636,710,005 after reckoning the profit for the year under review.

2.10 SOLVENCY/GOING CONCERN

Members of the Board has assessed and reviewed the financial position of the Corporation as at 30 June 2023. On the basis of the review, the Board of Director were of the opinion that the Corporation's financial standing in the light of the envisaged capital restructuring process, was sound enough to meet all maturing financial obligations and the ability to continue as a going concern for the next twelve months from 30 June 2023 as described in note 39 of the financial statements.

2.11 EMPLOYEES WELFARE

Management and employee's relationship continued to be good during the year. There were no unresolved complaints by employees at the end of the year. The average number of employees during the year was 27 (17 males and 10 females) compared with 35 in the previous year (24 males and 11 females). During the year one new employee was employed by the Corporation.

The Corporation is an equal opportunity employer and provides on the job and external training to employees, also provides medical insurance coverage for all employees, safe/healthy working environment and pays contributions to PSSF which is publicly administered mandatory defined contribution pension plans as clarified below.

Training

The Corporation continued to provide training to its employees where necessary and if funds were available. Scholarships and self-sponsored opportunities were positively considered, and permissions were granted for short and long-term training whenever the Corporation's functions were not seriously affected. During the year under review TZS 58.12 million was budgeted for training. During the year the actual amount of training spent was TZS 13.34 million.

Medical Facilities

Medical care continued to be provided to all staff members of the Corporation. The Corporation provides medical insurance to all staff through contribution to National Health Insurance Fund (NHIF). During the year, no any new staff joined the scheme apart from the same number of staff (27) who had joined the scheme in prior years, whereas each month employees contributes 3% of their monthly basic salary and the Corporation contributes 3% to NHIF. During the financial year ended 30 June 2022 the Corporation budgeted TZS 50.24 million for its employee's medical insurance while the actual amount spent was TZS 12.786 million.

Financial Support

Short-term loans, salary advances and other financial assistance opportunities were available to all employees depending on management assessment on the need and circumstances, availability of funds and ability to make repayment.



Relationship between management and employees

Management/employees relationship continued to be good during the year. There were no unresolved complaints by the employees at the end of the year. Kariakoo Market Corporation has a systematic procedure of communication with employees on a regular basis which is done through departments/sections meetings, management and staff meetings, as well as worker's council meetings and circulars.

Persons with Disabilities

It is the Corporation's policy to give equal opportunities to persons with disabilities for vacancies they are able to fill. Employment within the Corporation is, therefore, non-discriminatory. During the financial year ended 30 June 2023 no new person with disabilities employed but whenever an opportunity occur management encourage people with various disabilities are to apply.

Gender Equality

It is the Corporation's policy to give equal opportunities to persons of both male and female genders in both employment and training. The total number of employees served the Corporation during the year was 27 (17 males and 10 females), both genders employed and get trained for various training courses without discrimination during the year.

Corporate Governance


The Corporation is committed to the highest standards of Corporate Governance. Its governance structure is flexible enough to adopt to changes in the internal and external environment and the Corporation strives to regularly review its processes, rules and regulations and structure with a view to ensuring that its operations are carried out with due regard to economy, efficiency and effectiveness. The Corporation adheres to global standards and practices of good corporate governance.

2.12 RISK MANAGEMENT AND INTERNAL CONTROL

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses,



the Corporation's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 30 June 2023 and is of the opinion that they met accepted criteria.

2.13 ENVIRONMENT

The Corporation has been taking measures to strengthen awareness for protection of the environment and continues to observe environmental requirements in all projects undertaken.

2.14 POLITICAL AND CHARITABLE CONTRIBUTIONS

The Kariakoo Markets Corporation's Establishment Act No. 36 of 1974 requires the Corporation to conduct business while taking into consideration political, economic and social aspirations of the people. During the financial year ended 30 June 2023 no amount that was budgeted for charitable contributions and therefore no actual amount contributed.

2.15 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporation's Corporate Social Responsibility ("CSR") encompasses the management of relationships with shareholders, employees, contractors and the communities in areas where the Corporation works, together with the impact on society and the environment. The Corporation recognizes it has specific responsibilities in each of these areas and considers adherence to CSR values to be a key factor in securing our long-term success. The Corporation's objective is to support development in local communities and to improve the living standards of the people. The Corporation recognizes the importance of engaging with local stakeholders and takes seriously concerns regarding establishment of other markets. Working closely with host communities achieves the best possible outcome for both the Corporation and stakeholders.

2.16 HIV/AIDS POLICY

It is the policy of the Corporation to equip all employees with the necessary skills in the fight against HIV/AIDS by organizing seminars on preventive measures and encouraging those suffering to seek medical advice and treatment. In the financial year which ended 30 June 2023 the amount which was budgeted for HIV/AIDS Policy to employees and stakeholders was TZS 3.18 million. During the year the KMC management no actual amount incurred for the HIV/AIDS.

2.17 RELATED PARTY TRANSACTIONS

Details of related party transactions during the year ended 30 June, 2023 are set out in Note 34 to the financial statements.

2.18 BENEFIT PLANS

The Corporation's employees are members of the Public Service Social Security Fund (PSSSF). The Corporation and employees both contribute to the scheme on a monthly basis. The employee's contributions and gratuity are charged to the Statement of Profit or Loss and Other Comprehensive Income when payable. During the year ended 30 June 2023 TZS 84.784 million was paid for employer's contributions to PSSSF.

2.19 STATUTORY AUDITORS

The Controller and Auditor General is the Statutory Auditor of the Kariakoo Market Corporation (KMC) by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified in Section 10(1) of the Public Audit Act, Cap. 418. However, in accordance with section 33(1) of the Public Audit Act, M/s CROWN Associates were authorized to carry out the audit of the Corporation for the year ended 30 June 2023 on behalf of the Controller and Auditor General.

RESPONSIBILITY OF THE AUDITOR

The Controller and Auditor General is an independent Auditor of the Kariakoo Market Corporation (KMC) with responsibility 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 his opinion.

BY ORDER OF THE CORPORATION BOARD OF DIRECTORS



BI. HAWA ABDULRAHMAN GHASIA
CHAIRPERSON, BOARD OF DIRECTORS

DATE: MARCH 2024



MEMBER

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

As per Section 5(1) of the Act, establishing the KMC, it is a responsibility of the Directors to prepare the financial statements, comprising the statement of financial position as at 30 June 2023 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS).

The Directors is responsible for keeping proper accounting records which disclose with reasonable accuracy and at any time the financial position of the Corporation and which enable them to ensure that the Financial Statements comply with the Kariakoo Market Corporation Act No. 36 of 1974 (Revised in 1985). They are also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

The Directors is required under the Kariakoo Market Corporation Act No. 36 of 1974 (Revised) by Act No. 16 of 1985) to prepare Financial Statements for each financial period that give a true and fair view of the state of affairs of the Corporation as at the end of the financial period.

The Members of the Board confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30 June 2023. The Member's also, confirm that the applicable International Financial Reporting Standards have been followed and that the financial statements have been prepared on a going concern basis. The Directors are responsible to ensure that Kariakoo Market Corporation keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of Kariakoo Market Corporation. Members are also responsible for the maintenance of an adequate system of internal controls.

The Directors have assessed the Corporation's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the financial year ahead with exception to note 36 of the financial statements.

BI. HAWA ABDULRAHMAN GHASIA

CHAIRPERSON, BOARD OF DIRECTORS



SIGNATURE

MARCH 2024

DATE



MEMBER

4.0 DECLARATION OF THE HEAD OF FINANCE

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 to discharge the responsibility of preparing financial statements showing true and fair view 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 as under Directors Responsibility statement on an earlier page.

I, CPA Semeni Yamawe, the Acting Head of Finance of Kariakoo Market Corporation (KMC) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2023 have been prepared in compliance with International Financial Reporting Standards (IFRS) and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Kariakoo Market Corporation (KMC) as on that date and that they have been prepared based on properly maintained financial records.

SIGNED BY Semeni
POSITION FINANCE MANAGER
NBAA MEMBERSHIP NO ACPA 3806
DATE MARCH, 2024


5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		30.06.2023 TZS	30.06.2022 TZS Restated
Non - Current assets			
Property, plant and equipment	7(a)	44,259,394,005	54,836,525,705
Investment properties	8	-	31,031,440,000
Total non-current assets		44,259,394,005	85,867,965,705
Current assets			
Inventories	10	443,604	22,927,000
Trade receivables and Other Receivables	11	545,300,060	583,365,583
Prepayments	13	235,549	19,306,247
Other financial assets	12	3,674,580	4,986,930
Cash and cash equivalents	14	161,845,395	85,208,736
Total current assets		711,499,188	715,794,496
Total assets		44,970,893,193	86,583,760,201
Equity and Liabilities			
Equity and reserves			
Taxpayers/Share capital	15	20,000,000	20,000,000
Other Capital reserve	16	24,000,000	24,000,000
Revaluation reserve	17	88,667,409,084	88,667,409,084
Accumulated Losses		(47,644,455,023)	(6,074,590,322)
Total Equity		41,066,954,061	82,636,818,762
Current Liabilities			
Deposits	18	3,450,321	832,028
Payables and Accruals	19	3,818,119,456	3,863,740,056
Provision for Employee Terminal Benefits	20	31,302,915	31,302,915
Provision for taxation	21	51,066,440	51,066,440
Total Liabilities		3,903,939,132	3,946,941,439
Total Equity and Liabilities		44,970,893,193	86,583,760,201

These financial statements were approved by the Board of Director of Kariakoo Market Corporation and authorised for issue and were signed on their behalf by:


BI. HAWA ABDULRAHMAN GHASIA
CHAIRPERSON - BOARD OF DIRECTOR


SIGNATURE

MR. PACKSHARD PAUL MKONGWA
CHAIRPERSON -AUDIT & RISK
COMMITTEE


SIGNATURE

MR SIGSIBERT K. VALENTINE
AG GENERAL MANAGER


SIGNATURE

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED
30 JUNE 2023**

		30.06.2023	30.06.2022
		TZS	TZS
Income			
Fees, fines, penalties and Forfeits	22	-	10,000
Revenue from Exchange Transactions	24	73,044,190	137,608,426
Revenue Grants	23	1,189,829,865	1,469,071,380
Social Contributions (Revenue)	25	150,000	36,822,850
Other income	26	1,500,000	74,926,020
Total		1,264,524,055	1,718,438,676
Less: Operating expenses			
Wages, Salaries and Employee Benefits	27	858,764,595	1,285,359,787
Use of Goods and Service	28	252,518,681	205,443,573
Maintenance Expenses	29	14,858,341	11,250,154
Other Expenses	30	75,354,021	97,892,901
Depreciation	7(a)	378,140,768	636,464,659
Impairment loss for Building (Main Market)	9	10,222,000,000	-
Fair value loss for Investment Property	9	31,031,440,000	-
Total		42,833,076,406	2,236,411,074
Profit (Loss) for the year		(41,568,552,351)	(517,972,397)
Taxation	21	-	-
Net Profit (loss) after tax		(41,568,552,351)	(517,972,397)
Other Comprehensive income			
Fair value adjustment for equity investment	12	(1,312,350)	(1,312,070)
Total Comprehensive income		(41,569,864,701)	(519,284,467)

Notes are an integral part of these financial statements.

These financial statements were approved by the Board of Directors of Kariakoo Market Corporation and authorised for issue and were signed on their behalf by:

BI. HAWA ABDULRAHMAN GHASIA
CHAIRPERSON -BOARD OF DIRECTOR


SIGNATURE

**MR. PACKSHARD PAUL
MKONGWA**
CHAIRPERSON -AUDIT &
RISK COMMITTEE


SIGNATURE

MR SIGSIBERT K. VALENTINE
AG GENERAL MANAGER


SIGNATURE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

DESCRIPTION	SHARE CAPITAL	CAPITAL RESERVES	REVALUATION RESERVES	ACCUMULATED LOSS	TOTAL
	TZS	TZS	TZS	TZS	TZS
Balance Report as at 01.07.2021	20,000,000	24,000,000	88,667,409,084	(1,114,906,744)	87,596,502,340
Correction of error (Note 4.3 & Note 33)	-	-	-	(4,440,399,111)	(4,440,399,111)
Restated Balance as at 30.06.2021	20,000,000	24,000,000	88,667,409,084	(5,555,305,855)	83,156,103,229
Total comprehensive income for the year	-	-	-	(519,284,467)	(519,284,467)
Balance as at 30.6.2022	20,000,000	24,000,000	88,667,409,084	(6,074,590,322)	82,636,818,762
Balance as at 01.07.2022	20,000,000	24,000,000	88,667,409,084	(6,074,590,322)	82,636,818,762
Total comprehensive income for the year	-	-	-	(41,569,864,701)	(41,569,864,701)
Balance as at 30.06.2023	20,000,000	24,000,000	88,667,409,084	(47,644,455,023)	41,066,954,061

Notes are an integral part of these financial statements.

These financial statements were approved by the Board of Director of Kariakoo Market Corporation and authorised for issue and were signed on their behalf by:

BI. HAWA ABDULRAHMAN GHASIA

CHAIRPERSON - BOARD OF DIRECTOR



SIGNATURE

MR. PACKSHARD PAUL MKONGWA

CHAIRPERSON - AUDIT & RISK COMMITTEE



SIGNATURE

MR SIGSIBERT K. VALENTINE

AG GENERAL MANAGER



SIGNATURE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	30.06.2023 TZS	30.06.2022 TZS
Cash flow from Operating Activities			
Receipts			
Social Contribution (Revenue)	25	150,000	36,822,850
Revenue from exchange transactions	24	73,044,190	137,608,426
Other revenue	26	1,500,000	74,926,020
Other receipts	31	40,683,816	-
Funds received from Government	23	1,189,829,865	1,469,071,380
Fees, fines, penalties and Forfeits	22	-	10,000
Total Receipts	31	1,305,207,870	1,718,438,676
Payments			
Wages, Salaries and Employee Benefits	27	858,764,595	1,285,359,787
Supplies and Consumables Used	32(a)	255,931,379	205,443,573
Other Payments	32	-	54,714,527
Other Expenses	30	75,354,021	97,892,901
Maintenance Expenses	29	14,858,341	11,250,154
Total Payments	32	1,204,908,336	1,654,660,941
Net Cash flow from Operating Activities		100,299,534	63,777,735
Cash Flow from Investing Activities			
Acquisition of Property, Plant and Equipment	7(a)	(23,662,875)	(6,755,000)
Total Investing Activities		(23,662,875)	(6,755,000)
Net Cash flow from Investing Activities		(23,662,875)	(6,755,000)
Cash flow from Financing Activities			
Grant refunded/Transferred		-	-
Payments for other Financial Liabilities		-	-
Total Financing Activities		-	-
Net Cash flow From Financing Activities		-	-
Net increase in Cash and Cash equivalent		76,636,659	57,022,735
Cash and Cash equivalent at the beginning of the year	14	85,208,736	28,186,001
Cash and Cash equivalent at the end of the year	14	161,845,395	85,208,736

BI. HAWA ABDULRAHMAN GHASIA
CHAIRPERSON - BOARD OF DIRECTOR



SIGNATURE

MR. PACKSHARD PAUL
MKONGWA
CHAIRPERSON -AUDIT & RISK
COMMITTEE



SIGNATURE

MR SIGSIBERT K. VALENTINE
AG GENERAL MANAGER



SIGNATURE



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kariakoo Market Corporation is a corporate body established under Kariakoo Market Corporation Act no. 36 of 1974 (Revised by Act No. 16 of 1985 to manage and control the Kariakoo Market and establish and manage other markets in the City of Dar es Salaam.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and those parts of the Corporation Act applicable to financial reporting under IFRSs. The measurement basis applied is the historical cost basis except where otherwise stated in the accounting policies below.

Preparation of financial statements in conformity with the IFRSs requires the Board of Director to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.

3. STATEMENT OF COMPLIANCES

The financial statements of Kariakoo Market Corporation have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standard Boards (IASB) and in the manner required by the Corporation no. 36 of 1974 (Revised by Act No. 16 of 1985).

4. CHANGE IN ACCOUNTING POLICIES, NEW/AMENDED STANDARD AFFECTED THE CORPORATION AND CORRECTION OF ERRORS.

4.1 CHANGE IN ACCOUNTING POLICIES

During the period under review there were no new policies adopted by the Corporation.

4.2 NEW/AMENDED STANDARDS AND INTERPRETATIONS

There were no new or amended standards and interpretations which affected the Corporation during the year.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Foreign Currency Translations

i. Functional and Presentation Currency

Items included in the financial statements are measured in Tanzanian shillings, which is the Corporation's functional and presentation currency.



ii. **Transactions and Balances**

Foreign currency transactions are translated into Tanzania Shilling, the functional currency using the exchange rates prevailing at the dates of the transactions. 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 recognized in the statement of profit or loss and other comprehensive income. Translation differences on non-monetary items, such as equities classified as available for-sale financial assets, are included in the fair value reserve in equity.

b) Revenue Recognition

Income is recognized on accrual basis of accounting. Income is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Corporation.

c) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's fair value exceeds its recoverable amount. The recoverable amount is the higher of assets fair value less costs to sell and value in use.

d) Trade Receivables

Trade receivables are carried at original invoice amount less a provision for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

e) Property, Plant and Equipment

i. Measurement

Property, plant and equipment are initially measured Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and non-refundable purchase taxes). Directly attributable costs include the cost of site preparation, delivery, installation costs, relevant professional fees and the estimated cost of dismantling and removing the asset and restoring the site (to the extent that such a cost is recognised as a provision) . Classes of PPE are carried at a revalued amount less any accumulated depreciation and subsequent accumulated impairment losses (the revaluation model). The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life on or prior to 1 July 2003, the date of transition to IFRS's, previous assets were measured on the basis of deemed cost, on or prior to date of transition items were revalued and fair value measured. Subsequently assets are being presented by the revalued or fair value amount as at the date of revaluation.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at fair value until construction or development is complete, at which time it is reclassified as investment property.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

ii. Subsequent Costs

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

iii. Depreciation

Land is not depreciated. Depreciation on buildings, motor vehicles furniture and equipment is calculated using a straight-line method to reduce the cost of each asset to its residual value over its estimated useful life at a given rate per annum as shown below:

Description	Estimated Useful Life (Years)	Annual Depreciation Rate (%)
Buildings	40	2.50
Motor Vehicles and Motor cycle	4	25.00
Plant and Machinery	8	12.50
Office Equipment, Furniture and Fittings	8	12.50
Restaurant Equipment	2	50.00
IT Hardware and office computers	3	33.50

Depreciation of an asset begins when it is available for use; that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date. In practice, the residual values of assets are insignificant and therefore, immaterial in calculation of the depreciable amount.


An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Expenditure on tools and other minor assets such as capital stores are written off during the year of acquisition. However, they are recorded in memoranda registers and controlled through annual stocktaking.

f) Investment Property

An investment property is a property which is held either to earn rental income or for capital appreciation or both.



The valuation model is the policy adopted by the Corporation for measurement of investment property.

Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary for any in nature, location or condition of the specific asset. If this information is not readily available, the Corporation uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being redeveloped for continuing use as an investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair value are recorded in the statement of profit or loss and other comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent accounting purpose.

g) Intangible Assets

Acquired computer software licenses covering more than one year are capitalized and amortized over their estimated useful lives. Such licenses are recognized at cost and capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of five years.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Corporation, and that would probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development and an appropriate portion of relevant overheads.


h) Research and Development Costs

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products/services) are recognized as intangible assets when it is probable that the projects will be a success, considering commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognized as expense as incurred. Development costs previously recognized as expenses are not recognized as assets in a subsequent period. Development costs that have a finite useful life and that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

i) Employees Benefits

Retirement Benefit Obligation

Employees of Kariakoo Market Corporation are members of the Public Service Social Security Fund (PSSSF). Every employee contributes five percent of his/her monthly salary whereas the Corporation contributes fifteen percent of the salary of each staff to the Fund.



The employer's contribution amount is charged to statement of profit or loss and other comprehensive income when due. Kariakoo Market Corporation has no legal or constructive obligations to pay further contributions if the Fund has no sufficient assets to pay all employees benefits relevant to employees' service in the current and prior periods.

Other Long-Term Employees Benefits

Entitlements to annual leave are recognized when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued on reporting date. Liability on long term employee's benefits, such as endowment scheme benefits, long service awards and gratuity, is provided in the financial statements as payable.

Termination Benefits

Termination Benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Kariakoo Market Corporation recognizes these termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after date of statement of financial position are discounted to present value.

j) Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of balances less than three months' maturity from the date of acquisition, including cash and non-restricted balances with banks, treasury bills and other eligible bills, and short-term Government securities.

k) Provisions

Provisions are recognized when Kariakoo Market Corporation has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

l) Borrowing Costs

Borrowing costs are required to be capitalised directly attributable to the acquisition, construction or production of a qualifying asset.

m) Trade and Other Payables


Liabilities for trade and other amounts payable are carried at cost which is fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Corporation.

n) Investment Securities

The Corporation classified its investment securities in the following categories; - held-to-maturity investments and available for sale financial assets. These are initially carried at cost.

o) Held-to-Maturity

Held to Maturity investments are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. Where the Corporation decides to sell other than an insignificant amount of held-to maturity assets, the entire category would be tainted and



reclassified as available for sale, held to-maturity securities are carried at amortized cost using the effective interest method less impairment loss. Interest calculated using the effective interest method is recognized in the statement of profit or loss and other comprehensive income. Government securities and bonds are classified as held to maturity investment and stated at amortized cost.

i. Available for Sale

Available for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are subsequently carried at fair value based on amounts derived from cash flow models. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity should be recognized in the statement of profit or loss and other comprehensive income. The fair values of quoted investments in active markets are based on current bid prices. Unlisted equity securities for which fair values cannot be measured reliably are recognized at cost less impairment loss. Dividends on available-for-sale equity instruments are recognized in the statement of profit or loss and other comprehensive income when the Corporation's right to receive payment is established.

Investments in equity securities which do not qualify to be accounted for as subsidiaries as per IAS 27 (or as associates as per IAS 28) are classified as equity investments. They are accounted for using cost with year-end adjustments to fair value.

p) Inventories

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a weighted average cost method and comprises materials, office consumables where applicable and those expenditures that have been incurred in bringing the inventories to their present location and condition.

Net realizable value or fair values is estimated from selling price in the open market less applicable selling expenses. Specific full provision for obsolescence and damaged inventories is made for inventories identified by management.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

IFRS 15 Revenue from Contracts with Customers

This standard replaces IAS 11, combines, enhances and replaces specific guidance on recognizing revenue with a single standard. It defines a new five step model to recognize revenue from customer contracts (identify contract, identify contract obligations, determine transaction price, allocate transaction price and recognize revenue).

The standard requires that revenue be recognized at an amount that reflects the consideration an entity expect to be entitled in exchange for transferring goods or services to the customer. The adoption of this standard has not changed revenue recognition profile of the Kariakoo Market Corporation.



6. STANDARDS ISSUED, REVISED OR AMENDED BUT NOT YET EFFECTIVE

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 01 January 2021. Its effective date was initially set for January 1, 2021. However, due to the complexities involved in implementing the standard and to allow more time for preparation, the effective date was subsequently deferred. The new effective date for IFRS 17 is January 1, 2023, at the closure of the period, KMC is assessing impact of the standard on its financial statements.

Other new and amended standards

There are no standards that are not yet effective and that would be expected to have a material impact on the Corporation current reporting periods.

NOTE 7(A): PROPERTY, PLANT AND EQUIPMENTS

DESCRIPTION	LAND		BUILDINGS		PLANT AND MACHINERY		OFFICE COMPUTER		OFFICE EQUIPMENT, FURNITURE AND FITTINGS		MOTOR VEHICLES		MOTOR CYCLE		TOTAL		
	TZS		TZS		TZS		TZS		TZS		TZS		TZS		TZS		
COST/ VALUATION																	
As at 01.07.2021	32,225,250,000		24,540,000,000		76,480,000		31,437,900		203,297,533		91,858,637		470,000		57,168,794,070		
Addition	-		-		-		-		6,755,000		-		-		6,755,000		
As at 30.06.2022	<u>32,225,250,000</u>		<u>24,540,000,000</u>		<u>76,480,000</u>		<u>31,437,900</u>		<u>210,052,533</u>		<u>91,858,637</u>		<u>470,000</u>		<u>57,175,549,070</u>		
As at 01.07.2022	32,225,250,000		24,540,000,000		76,480,000		31,437,900		210,052,533		91,858,637		470,000		57,175,549,070		
Addition	-		-		-		23,362,875		300,000		-		-		23,662,875		
Impairment loss on Building	-		(10,222,000,000)		-		-		-		-		-		(10,222,000,000)		
As at 30.06.2023	<u>32,225,250,000</u>		<u>14,318,000,000</u>		<u>76,480,000</u>		<u>54,800,775</u>		<u>210,352,533</u>		<u>91,858,637</u>		<u>470,000</u>		<u>46,977,211,945</u>		
DEPRECIATION																	
As at 01.07.2021	-		1,533,750,000		23,900,000		24,218,025		62,997,033		57,411,648		282,000		1,702,558,706		
Charge for the year	-		613,500,000		-		-		-		22,964,659		-		636,464,659		
As at 30.06.2022	-		<u>2,147,250,000</u>		<u>23,900,000</u>		<u>24,218,025</u>		<u>62,997,033</u>		<u>80,376,307</u>		<u>282,000</u>		<u>2,339,023,365</u>		
As at 01.07.2022	-		2,147,250,000		23,900,000		24,218,025		62,997,033		80,376,307		282,000		2,339,023,365		
Adjustment Charge for the year	-		-		-		-		653,807		-		-		653,807		
As at 30.06.2023	-		357,950,000		-		7,826,563		881,875		11,482,330		-		378,140,768		
NET BOOK VALUE																	
Value 30.06.2022	<u>32,225,250,000</u>		<u>22,392,750,000</u>		<u>52,580,000</u>		<u>7,219,875</u>		<u>147,055,500</u>		<u>11,482,330</u>		<u>188,000</u>		<u>54,836,525,705</u>		
Value 30.06.2023	<u>32,225,250,000</u>		<u>11,812,800,000</u>		<u>52,580,000</u>		<u>22,756,187</u>		<u>145,819,818</u>		<u>11,482,330</u>		<u>188,000</u>		<u>44,259,394,005</u>		

(Professional Valuer). The building and Investment property was initially inspected by the expert (Ref.VRB/FRV/008/2019) from August 2021 and issued a report on 18 January 2024, the process could not be completed on time because the corporation could not afford the fees as it depends on government assistance. In this regard the impairment loss of TZS 41,253,440,000 was realised on both Building and Investment property, the fair value loss on investment property was 100% as the property completely demolished to allow the ongoing construction of new investment at the site.

	30.06.2023	30.06.2022
	TZS	TZS
Impairment loss on Building (Main Market)	10,222,000,000	-
Fair value loss on Investment Property	31,031,440,000	-
	<u>41,253,440,000</u>	<u>-</u>

NOTE 10 INVENTORIES

In the financial year 2022/2023, KMC carried out impairment assessment of its inventory following the occurrence of fire tragedy occurred on 10 July 2021 at the Corporation main market and its offices which burned the main market building including all customers' goods and corporation records, system and documents, that necessitated testing for impairment. All inventory that was available were completely burned during the incidence. In this regard the impairment loss of TZS 22,927,000 was realised in the statement of profit or loss and other comprehensive income for the year.

Cleaning supplies	-	741,000
Consumables	443,604	22,186,000
TOTAL	<u>443,604</u>	<u>22,927,000</u>

	30.06.2023 TZS	30.06.2022 TZS
NOTE 11 TRADE RECEIVABLES& OTHER RECEIVABLES		
Deferred Tax	55,964	55,964
Staff debts	-	2,924,523
Staff loans	-	35,141,000
Tax receivables (For Other Government Entities)	13,930,036	13,930,036
Trade Receivables	573,270,017	573,270,017
Sub-Total	587,256,017	625,321,540
Less: Provision for Bad and Doubtful debts	(41,955,957)	(41,955,957)
TOTAL	<u>545,300,060</u>	<u>583,365,583</u>

*The balance of trade receivables only for 2021/22 has been restated to reflect correct position as explained on Note 33.

NOTE 12 EQUITY INVESTMENTS IN SHARES

Opening Balance 1 July	4,986,930	6,299,000
Shares Appreciation/(Depreciation)	<u>(1,312,350)</u>	<u>(1,312,070)</u>
Balance 30 June	<u><u>3,674,580</u></u>	<u><u>4,986,930</u></u>

The price of 26,247 shares in Dar es Salaam Community Bank (DCB) per Dar es Salaam Stock Exchange Market (DSE) changed as at 30.06.2022; from TZS 239.9893 per share to TZS 190 per share in 2021/22 and from TZS 190 per share to TZS 140 per share in 2022/23.

NOTE 13 PREPAYMENTS

Advance Supplies of goods and services	-	3,842,247
Advance for Work in Progress	35,549	1,785,550
Suppliers Debts	-	13,678,450
Advance Utility	200,000	
	<u><u>235,549</u></u>	<u><u>19,306,247</u></u>

	30.06.2023 TZS	30.06.2022 TZS
NOTE 14 CASH AND CASH EQUIVALENTS		
Cash in hand	817,000	1,649,028
Deposit General Cash Account	244,641	-
Own source Collection Account - Bank Balances	56,056,180	838,171
Own source Recurrent Expenditure - Bank Balances	89,827,330	82,721,537
Recurrent Expenditure Cash Account	14,900,244	-
	<u>161,845,395</u>	<u>85,208,736</u>
NOTE 15: SHARE CAPITAL (TAXPAYER FUND)		
Authorized 250 Ordinary Shares of TZS 100,000 Each	25,000,000	25,000,000
Issued & Paid-Up Capital		
Treasury Registrar- Ministry of Finance (49%) - 12250	12,250,000	12,250,000
Over-subscribed - 77.50	7,750,000	7,750,000
TOTAL	<u>20,000,000</u>	<u>20,000,000</u>
NOTE 16 CAPITAL RESERVE (TAXPAYER FUND)		
Capital Reserve (Dar es salaam City Council)	<u>24,000,000</u>	<u>24,000,000</u>

30.06.2023
TZS

30.06.2022
TZS

NOTE 17: REVALUATION RESERVE

The Corporation's property, plant and equipment were revalued by a NASIA CONSULT LTD in December 2018 and reported on 7 January 2019. The basis of valuation in PPEs other than buildings and land was based on revaluation model. The basis of valuation in land and building was market value. The revaluation surplus as a result of valuation was credited in Revaluation Reserve Account.

Balance as at 1 July	88,667,409,084	88,667,409,084
Balance as at 30 June	<u>88,667,409,084</u>	<u>88,667,409,084</u>

NOTE 18 DEPOSITS

Deposit General	3,450,321	500,000
Unapplied Deposit Account	-	332,028
	<u>3,450,321</u>	<u>832,028</u>

NOTE 19 Payables and Accruals

Gratuity Payable	306,030,420	306,030,420
Audit fee payable	73,132,400	118,753,000
Corporate Tax Payable	1,861,785,886	1,861,785,886
Stamp duty and Land Rate Tax payables	137,783,103	137,783,103
VAT Payable	18,000,000	18,000,000
PSSF Contribution payables	867,071,484	867,071,484
Withholding Tax Payable	53,298,466	53,298,466
Supplies of goods and services-Suppliers debt	117,814,663	117,814,663
Staff Claim	383,203,034	383,203,034
	<u>3,818,119,456</u>	<u>3,863,740,056</u>

*The balance for 2021/22 has been restated to reflect correct position as explained on Note 33.

NOTE 20 PROVISIONS FOR TERMINAL BENEFIT

Provision for Terminal benefit	31,302,915	31,302,915
	<u>31,302,915</u>	<u>31,302,915</u>

	30.06.2023	30.06.2022
	TZS	TZS
NOTE 21 Provision for Taxation		
Balance as at 01.07.2022	51,066,440	51,066,440
Payment during the year	-	-
Sub total	51,066,440	51,066,440
Provision for current year (30%)	-	-
Balance as at 30.06.2023	<u>51,066,440</u>	<u>51,066,440</u>
NOTE 22 FEES, FINES, PENALTIES AND FORFEITS		
Registration Fees	-	10,000
	=	<u>10,000</u>
NOTE 23 REVENUE GRANTS		
Government Grant Other Charges	671,149,366	524,764,000
Government Grant Personal Emolument	518,680,499	944,307,380
	<u>1,189,829,865</u>	<u>1,469,071,380</u>
NOTE 24 REVENUES FROM EXCHANGE TRANSACTIONS		
Receipts from Government Quarters	-	700,000
Rent fee	-	104,102,076
Forfeits	20,693,524	9,733,400
Parking Fee	-	23,072,950
Renting Space / Houses	52,350,666	-
	<u>73,044,190</u>	<u>137,608,426</u>
NOTE 25 SOCIAL CONTRIBUTIONS (REVENUE)		
User Fee	150,000	36,822,850
	<u>150,000</u>	<u>36,822,850</u>
NOTE 26 OTHER REVENUE		
Miscellaneous Receipts	-	162,600
Receipt from Miscellaneous Fees	-	74,763,420
Receipts from other royalties	1,500,000	-
	<u>1,500,000</u>	<u>74,926,020</u>

	30.06.2023 TZS	30.06.2022 TZS
NOTE 27 WAGES, SALARIES AND EMPLOYEE BENEFITS		
Acting Allowance	2,184,338	8,597,779
Civil Servants	433,896,049	784,317,380
Electricity Allowance	38,897,480	555,727
Extra-Duty	49,140,000	41,913,372
Food and Refreshment	20,461,209	12,800,100
Gratuities	50,711,107	6,955,066
Hardship Allowance	-	2,400,000
Housing Allowance	78,819,055	10,960,000
Leave Travel	4,551,800	22,200,855
Pension deductions	84,784,450	159,990,000
Passages Allowances	-	135,286,388
Responsibility Allowance	-	8,835,293
Sitting Allowance	34,273,943	82,990,754
Subsistence Allowance	11,151,014	2,244,273
Top up Allowance	-	5,312,800
Special Allowance	49,894,149	-
	<u>858,764,595</u>	<u>1,285,359,787</u>

	30.06.2023 TZS	30.06.2022 TZS
NOTE 28 USE OF GOODS AND SERVICE		
Advertising and Publication	1,513,800	1,500,000
Diesel	20,631,624	16,033,896
Electricity	13,800,000	2,325,000
Entertainment	5,000,000	4,250,000
Exhibition, Festivals and Celebrations	9,797,000	9,572,000
Gifts and Prizes	-	2,506,928
Ground Transport (Bus, Train, Water)	3,944,000	655,000
Ground travel (bus, railway taxi, etc)	21,510,005	10,638,700
Mobile Charges	25,825,000	18,632,766
Conference Facilities	1,090,000	-
Office Consumables (papers, pencils, pens and stationaries)	28,758,811	18,760,500
Outsourcing Costs (includes cleaning and security services)	24,139,000	36,512,900
Per Diem - Domestic	53,488,041	62,399,232
Printing and Photocopy paper	1,990,000	600,000
Impairment loss for Inventory	22,927,000	-
Remuneration of Instructors	-	200,000
Tuition Fees/Training costs	13,337,200	5,600,000
Uniforms and Ceremonial Dresses	-	2,748,000
Water Charges	909,000	12,508,651
Air Travel Tickets	1,509,100	-
Posts and Telegraphs	1,384,100	-
Subscription Fees	820,000	-
Communication Network Services	145,000	-
	<u>252,518,681</u>	<u>205,443,573</u>

	30.06.2023	30.06.2022
	TZS	TZS
NOTE 29 MAINTENANCE EXPENSES		
Cement, Bricks and Building Materials	-	100,000
Direct Labour (contracted or casual hire)	5,610,000	1,240,000
Electrical and Other Cabling Materials	-	2,130,000
Motor Vehicles and Water Craft	5,301,581	7,495,154
Cleaning supplies	2,741,000	-
Small engineering tools and equipment	220,760	-
Small Tools and Implements	-	285,000
Air conditioners	985,000	-
	<u>14,858,341</u>	<u>11,250,154</u>
NOTE 30 OTHER EXPENSES		
Audit fees	45,000,000	48,501,000
Bank Charges and Commissions	-	56,491
Burial Expenses	-	300,000
Director's fee	21,000,000	-
Consultancy fee	9,354,021	-
LGAs Revenue Generation	-	14,344,800
National Expenses	-	4,530,000
Sundry Expenses	-	25,727,700
Taxes Levied by another Level of Government	-	4,432,910
	<u>75,354,021</u>	<u>97,892,901</u>

	30.06.2023	30.06.2022
	TZS	TZS
NOTE 31 RECEIPTS		
Social Contribution (Revenue)	150,000	36,822,850
Revenue from exchange transactions	73,044,190	137,608,426
Other revenue	1,500,000	74,926,020
Other receipts -Includes change in Trade and Other Receivables &Deposit	40,683,816	-
Funds received	1,189,829,865	1,469,071,380
Fees, fines, penalties and Forfeits	-	10,000
Total Receipts	<u>1,305,207,870</u>	<u>1,718,438,676</u>
NOTE 32 PAYMENTS		
Wages, Salaries and Employee Benefits	858,764,595	1,285,359,787
Supplies and Consumables Used (Includes changes in inventory& prepayments)	255,931,379	205,443,573
32(a)	-	54,714,527
Other Payments	-	97,892,901
Other Expenses	75,354,021	11,250,154
Maintenance Expenses	14,858,341	-
Total Payments	<u>1,204,908,336</u>	<u>1,654,660,942</u>
NOTE 32(a) SUPPLIES AND CONSUMABLES USED RECONCILIATION		
Supplies and Consumables Used	252,518,681	205,443,573
Changes in Inventory	22,483,396	-
Changes in prepayments	(19,070,698)	-
Total Supplies and Consumables used reported in Cash flow Statement	<u>255,931,379</u>	<u>205,443,573</u>

NOTE 33 CORRECTIONS OF ERROR

During the financial year 2022/23 KMC discovered that there were unintentionally mathematical mistake in recognition of some the payables and receivables in the prior year 2020/21. It was noted that some of the payables delayed its recognition from the previous year due to delay in availability of accurate information's following the fire tragedy incidence, also, following

management assessments on revenue system analysis with an involvement of LGRCIS system experts it was noted errors on the issued tenant invoices (automatic generation) caused mass billing to the revenue system (LGRCIS) for previous tenants debtors resulted from technical errors to tenants billings /invoice (multiple invoices to tenants for several months) to post fire tragedy period. All prior periods errors have been retrospectively restated in the financial statements, the retrospective restatement has material effect on the information in the financial position at the beginning of the FY 2022/23. Summarized reasons for adjustment is shown in the table below and the adjustment is shown in note 33 of the financial statements.

Summarized reasons of adjustment

Restatement reported in Year 2021/22				
Descriptions	Restated Amount on 30/6/2022	Original amount reported on 30/6/2021	Difference (Decrease or Increase)	Reasons for Restatement
Corporate Tax Payable	1,861,785,886	-	1,861,785,886	Recognition of payables due to delay in availability accurate information
Stamp duty and Land Rate Tax payables	137,783,103	-	137,783,103	Recognition of payables due to delay in availability accurate information
VAT Payable	18,000,000	-	18,000,000	Recognition of payables due to delay in availability accurate information
PSSF Contribution payables	867,071,484	-	867,071,484	Recognition of payables due to delay in availability accurate information
Withholding Tax Payable	53,298,466	-	53,298,466	Recognition of payables due to delay in availability accurate information
Supplies of goods and services-Suppliers debt	117,814,663	-	117,814,663	Recognition of payables due to delay in availability accurate information
Staff Claim	383,203,034	-	383,203,034	Recognition of payables due to delay in availability accurate information
Trade receivables	573,270,017	2,458,518,288	(1,885,248,271)	Removal of trade receivables erroneously recognized (automatic multiple billing for tenants)
SDL	-	110,290,816	(110,290,816)	Removal of SDL that erroneously recognized
PAYE	-	158,608,348	(158,608,348)	Removal of PAYE that erroneously recognized
Gratuity payable	306,030,420	613,221,960	(307,191,540)	Removal of Gratuity that erroneously recognized
Staff Claim	-	91,715,092	(91,715,092)	Removal of Staff claim that erroneously recognized in the system
Terminal Benefit Payable	-	216,000,000	(216,000,000)	Removal of terminal benefit payable that erroneously recognized

**Summarized changes in the
Accumulated loss (prior year)**

	TZS DR	TZS CR
Prior year Accumulated loss	2,555,150,840	
Trade Payable & Other Payable		2,555,150,840
Prior year Accumulated loss	1,885,248,271	
Trade receivables		1,885,248,271
Total Accumulated loss restated	4,440,399,111	

NOTE 34 RELATED PARTY TRANSACTIONS AND BALANCES

As defined by IAS 20 require disclosure of related party transactions in relation to remuneration received by key management personnel and Board director. The total remunerations paid to key management personnel and members of Board Director for period ended June 2023 are shown below:

	30.06.2023 TZS	30.06.2022 TZS
Related part transactions		
Director fee	21,000,000	-
Key Management personnel		
Salary, Allowances and PSSSF Contribution	<u>332,423,622</u>	<u>147,669,465</u>
Total	<u>353,423,622</u>	<u>147,669,465</u>

NOTE 35 CAPITAL COMMITMENTS

There were no capital commitments contracted for and outstanding as at 30 June 2023.

NOTE 36 CONTINGENT LIABILITIES

As at 30 June 2023, Kariakoo Market Corporation had a total of four (4) pending cases in various courts and tribunals in the country at different stages listed in below. There are four (4) petitions against KMC, which have a total claim value of TZS 268,324,072. The review up to November 2023 noted that KMC has settled the claimed amount to the tune of TZS 60,139,000 and the remained claim amount is TZS 208,194,072.

Litigations claims against the Kariakoo Market Corporation

Case No:	Parties	Claim	Amount (TZS)	Status
Labour Case. Execution 373/2021	Mr. Mrero Mgheni vs. Kariakoo	Unfair termination of employment contract	59,600,000	The High Court ordered KMC to pay shilling 59,600,000.00 for unfair compensation.

Case No:	Parties	Claim	Amount (TZS)	Status
	Market Corporation			
Revision No. 64/2021	Lilian Orongai vs Kariakoo Market Corporation	Unfair termination of employment contract	77,570,121	The High Court ordered KMC to pay shilling 77,570,121.00 for unfair compensation.
Revision No. 345/2019	Mariaeta Masaua vs Kariakoo Market Corporation	Unfair termination of employment contract	89,139,701	The high court-Labor division ordered KMC to pay the outstanding amount. The subsequent review in the month of November noted that portion of amount has been settled, pending outstanding balance of TZS 29,139,701. (TZS 60,139,000 been settled)
Civil case No. 55 of 2023	Mercury Trading Limited vs Kariakoo Market Corporation and Attorney General	Breach of Contract	42,014,250	The matter is now settled in the High court of Tanzania by way of mediation and KMC is obliged to pay the outstanding amount shilling 42,014,250.00 before June 2024.

NOTE 37 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current financial year.


NOTE 38 EVENTS AFTER THE REPORTING DATE

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period) and
- Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

NOTE 39 GOING CONCERN

As of 30 June 2023, the corporation's current liabilities exceed its current assets by a significant margin (approximately to six times (5.5)), resulting in a current ratio of less than one (1). Given



that the corporation's ability to meet its short-term obligations is contingent upon the realization of its current assets and the ongoing availability of external financing (Government grants), this raises substantial doubt about the corporation's ability to continue as a going concern. The current ratio of less than one (1) implies a potential challenge in meeting its liabilities as they become due in the ordinary course of business. However, management is confident that the corporation's ability to continue as the going concern for next twelve (12) months, it is anticipated that the market will be reopened and start business before the end of financial year 2023/24 following the commitment of government grants 'in restructuring of the markets. The successful execution of the expected management plans will be subject to various uncertainties, including relevant factors, such as economic conditions, market competition, or regulatory changes.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty. It is important to note that my evaluation is based on the information available up to 30 June 2023, and events or circumstances may arise that could change our assessment. Management's ability to successfully implement its expected plans and the realization of various assumptions underlying its projections are crucial factors in assessing the corporation's ability to continue as a going concern.