



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



KARIAKOO MARKET CORPORATION

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2022**

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May 2023

AR/ PA/KMC/2021/22

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.

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto: "Modernizing External Audit for Stronger Public Confidence"

Core values

In providing quality services, NAO is guided by the following Core Values:

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

We do this by:

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

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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 |
| PAA | Public Audit Act No.11 of 2008 |
| PO-RALG | President's Office-Regional Administration and Local Government |
| PPA | Public Procurement Act, 2011 (as amended in 2016) |
| PPR | Public Procurement Regulations, 2013 (as amended in 2016) |
| PPRA | Public Procurement Regulatory Authority |
| TRA | Tanzania Revenue Authority |
| TANePS | TANePS Tanzania National e-Procurement System |

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Hon. Hawa Abdulrahman Ghasia,
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

Disclaimer of Opinion

I was engaged to audit the financial statements of Kariakoo Market Corporation, which comprise the statement of financial position as at 30 June 2022, and 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.

I do not express an opinion on the financial statements of the Kariakoo Market Corporation. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Limitation of scope to obtain sufficient and appropriate supporting audit evidence for Kariakoo Market Corporation (KMC) financial statements.

- I. I have not been able to verify revenue collected from the main markets for the period starting from 1 July 2021 to 10 July 2021 together with the revenue collected from Soko Dogo as the other revenue source which continued to operate after the fire tragedy incident up to 30 October 2021 for the year under review amounting to TZS 191,147,296 excluding Government grants and Tabata revenue collections (the cut off period from the start of the financial year under review to the period where the operations ceased) recorded in the financial statements of the KMC. This is mainly because I was not provided with the relevant supporting document such as tenant contracts and service provider contracts for revenue collection for the cut off period stated above. I was unable to satisfy myself by alternative means concerning the revenue earned for the stated period during the year, which is reported in the statement of profit or loss and other comprehensive income at TZS 191,147,296. Hence, the accumulated loss reported in the statements of financial position and Statements of Changes in Equity of TZS 87,077,217,873 was not confirmed.

- II. I have not been able to verify or confirm by alternative means amount receivables included in the statement of financial position at a total amount of TZS 2,451,703,331 at 30 June 2022 as the opening balances for the financial year ended 30 June 2022. Sufficient and appropriate audit evidence to satisfy myself were not provided such as reestablished tenant contracts for all opening balances for receivables and other service provider contracts. I was unable to satisfy myself by alternative means through performing receivables circularization concerning the opening outstanding balance during the year, which is stated in the statement of financial position at TZS 2,451,703,331. Therefore, the total opening balance of receivables reported at the statements of financial position at TZS 2,451,703,331 was not confirmed.
- III. I have not been able to verify opening balance of trade payables and other payable of TZS 1,223,152,000 as opening balances because I was not provided with proper payment documents including supplier contracts, supplier invoices, local purchasing order, receipts, and their related supporting documents. I was unable to satisfy myself by alternative means concerning the opening payable balance outstanding at the year-end which is stated in the statement of financial position. Therefore, the total opening balance payables reported in the statements of financial position at TZS 1,392,971,440 was not confirmed.
- IV. I have not been able to verify opening balances of property plant and equipment of TZS 55,466,235,364 because I was not provided with the updated fixed assets register, its components, PPE general ledgers and their related supporting documents. Management have not performed impairment tests on its fixed assets and provided an updated assets value with sufficient and appropriate audit evidences for the opening balances of assets after the fire tragedy occurred at the Corporation main market and its offices which burned the main market including all customer goods and corporation assets, system and documents. I was unable to satisfy myself by alternative means concerning the property plant and equipment opening balance recorded during the year, which are stated in the statement of financial position and hence the total property plant and equipment reported at the statements of financial position at TZS 55,466,235,364 were not confirmed.

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 misstatements, 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 responsibility is to conduct an audit of Kariakoo Market Corporation financial statements in accordance with ISSAIs and to issue an audit report. However, because of the matters described in the basis for disclaimer of opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these 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.

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, 2011 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 OTHER LEGAL AND REGULATORY REQUIREMENTS

1.2.1 Compliance with the Public Procurement Laws

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

I performed a compliance audit on procurement of works, goods and services in the Kariakoo Market Corporation for the financial year 2021/22 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.

i. **Procurement Process of Works, Goods and Services Done Outside TANEPS (TZS 65,268,700)**

Public Procurement Regulatory Authority (PPRA) introduced Tanzania National e-Procurement System (TANEPS) for online submission of procurement plans, tender invitations and contract awarding. Regulation 342 of Public Procurement Regulations, 2013 and Circular No.4 of 2019 with Reference No. EB/AG/485/01/Vol. XII/26 of 23 November 2019 issued by the Treasury directed all procuring entities to use TANEPS with effect from 01 January 2020.

During the year under review, I reviewed KMC procurement process and found that the Corporation made procurement process outside TANEPS for all tenders including procurement plan, part of the evaluation process and contracts awarding. I noted that, the Corporation did not upload procurement plan and contract awarding letters to TANEPS. My further review on KMC records in the TANEPS noted that, only invitation for tender process was available in TANEPS. Contracts with transactions value amounting to TZS 65,268,700 were awarded outside TANEPS during the year under review.


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 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

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


Salhina M. Mkumba
Ag. Controller and Auditor General
Dodoma, United Republic of Tanzania.
May 2023



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 2022 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, the Board of Directors were appointed the period subsequently the financial year ended 30 June 2022. 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 | 56 | Chairperson | Personal Work | Master of Arts in Rural Development, Advance Diploma in Economic Planning. | 15 September, 2025 | Tanzanian |
| 2. | Mr. Hassan Mpapi bendeyeko | Male | 62 | 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 | 63 | Member | Personal Work | Masters of Art (Economics) | 13 October, 2025 | Tanzanian |
| 4. | Mr. Clement Francis Lujaji | Male | 69 | Member | Personal Work | Masters of Business Administration | 13 October, 2025 | Tanzanian |
| 5. | Gift Gervas Kilimeshi | Female | 51 | Member | Commission for Mediation and Arbitration | Masters of Public Administration- Human Resources management | 13 October, 2025 | Tanzanian |
| 6. | Grace Kahemele Mwakilufi | Male | 64 | Member | Personal Work | Masters of Business Administration (Finance & Corporate Banking) | 13 October, 2025 | Tanzanian |
| 7. | Angelista Edward Kihaga | Male | 52 | Member | OR-TAMISEMI | MSc. Agriculture and Resources Economic Bachelor of Science in Agricultural Economics | 13 October, 2025 | Tanzanian |

KARIAKOO MARKET CORPORATION (KMC)

| S/N | Name of Director | Gender | Age | Position | Representations | Qualification | Date of Expiry | Nationality |
|-----|--------------------------------|--------|-----|-----------|---|---|------------------|-------------|
| | | | | | | and Agribusiness MBA in leadership and Governance | | |
| 8. | Mr Sigsibert Kaijage Valentine | Male | 58 | 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 2021/22, the Corporation had no Board of Director to deliberate carry on various KMC administrative issues raised from the previous expired Board of Director meetings that including the following:

- Review of Corporation Strategic Plan 2021-2025.
- 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.

- Budget approval for the financial Year 2021/22 and approval of various corporation manuals.

To ensure effective and efficient implementation of KMC activities, the new Corporation Board of Director has been appointed. The Board of Directors held a first meeting on 8 December 2022 and 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.

| S/N | Name of Director | Gender | Age | Position | Representations | Qualification | Nationality |
|-----|----------------------------|--------|-----|-------------|-----------------|--|-------------|
| 1. | Mr. Packshard Paul Mkongwa | Male | 63 | Chairperson | Personal Work | Masters of Art (Economics) | Tanzanian |
| 2. | Mr. Clement Francis Lujaji | Male | 69 | Member | Personal Work | Masters of Business Administration | Tanzanian |
| 3. | Grace Kahemele Mwakilufi | Male | 64 | 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.

KARIAKOD MARKET CORPORATION (KMC)

| S/N | Name of Director | Gender | Age | Position | Representations | Qualification | Nationality |
|-----|----------------------------|--------|-----|-------------|-----------------|---|-------------|
| 1. | Mr. Hassan Mpapi bendeyeko | Male | 62 | Chairperson | Personal Work | Degree of Masters In Engineering Management (MEM) -Project Management Diploma in Land Survey | Tanzanian |
| 2. | Grace Kahemele Mwakilufi | Male | 64 | Member | Personal Work | Masters of Business Administration (Finance & Corporate Banking) | Tanzanian |
| 3. | Mr. Packshard Paul Mkongwa | Male | 63 | Member | Personal Work | Masters of Art (Economics) | Tanzanian |
| 4. | Angelista Edward Kihaga | Male | 52 | Member | OR-TAMISEMI | MSc. Agriculture and Resources Economic Bachelor of Science in Agricultural Economics and Agribusiness MBA in leadership and Governance | Tanzanian |

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.

| S/N | Name of Director | Gender | Age | Position | Representations | Qualification | Nationality |
|-----|-------------------------|--------|-----|-------------|--|---|-------------|
| 1. | Gift Gervas Kilimeshi | Female | 51 | Chairperson | Commission for Mediation and Arbitration | Masters of Public Administration- Human Resources management | Tanzanian |
| 2. | Angelista Edward Kihaga | Male | 52 | 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 | 69 | Member | Personal Work | Masters of Business Administration | Tanzanian |
|----|-------------------------------------|------|----|--------|---------------|---------------------------------------|-----------|

2.8 OPERATING PERFORMANCE

During the year ended 30 June 2022 the Corporation recorded total revenue amounting to a TZS 1,718,438,676 (2020/21 TZS 3,567,797,000) while expenditure was TZS 2,236,411,074 (2020/21 TZS 3,562,364,709) which resulted into net operating loss after tax of TZS 517,972,397 (2020/21 net operating profit after tax TZS 3,802,604).

2.9 RETAINED EARNINGS

As at 30 June 2022 the Corporation had accumulated loss of TZS 1,634,191,211 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 2022. 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 2022.

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 35 (24 males and 11 females) compared with 81 in the previous year (62 males and 19 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 PSSSF 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 14 million was budgeted for training. During the year the actual amount of training spent was TZS 5.6 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 (81) 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 72.34 million for its employee's medical insurance while the actual amount spent was TZS 50.2 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 2022 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 35 (24 males and 11 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 2022 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 2022 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 2022 the amount which was budgeted for HIV/AIDS Policy to employees and stakeholders was TZS 0.95 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, 2022 are set out in Note 31 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 2022 TZS 152.99 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 2022 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: 24.04.2023



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, 2022 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.

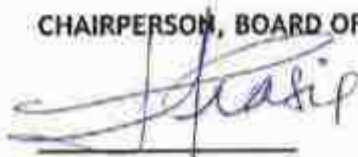
The Directors is required under the Kariakoo Market Corporation Act No. 36 of 1974 (Revised) by Act No. 16 of 1985) to prepare Financial Statements for each financial period that give a true and fair view of the state of affairs of the Corporation as at the end of the financial period.

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, 2022. The Members 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.

BI. HAWA ABDULRAHMAN GHASIA

CHAIRPERSON, BOARD OF DIRECTORS



SIGNATURE

24.04.2023

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 2022 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 

POSITION Ag. Finance Manager

NBAA MEMBERSHIP NO ACPA 3806

DATE 21/04/2023

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

| | | 30.06.2022 TZS | 30.06.2021 TZS |
|--|------|-----------------------|-----------------------|
| Non - Current assets | | | |
| Property, plant and equipment | 7(a) | 54,836,525,705 | 55,466,235,364 |
| Investment properties | 8 | 31,031,440,000 | 31,031,440,000 |
| Total Non - current assets | | 85,867,965,705 | 86,497,675,364 |
| Current assets | | | |
| Inventories | 9 | 22,927,000 | 22,927,000 |
| Trade Receivables | 10 | 2,468,613,854 | 2,465,689,331 |
| Prepayments | 11 | 19,306,247 | - |
| Other financial assets | 12 | 4,986,930 | 6,299,000 |
| Cash and cash equivalents | 13 | 85,208,736 | 28,186,000 |
| Total current assets | | 2,601,042,767 | 2,523,101,331 |
| Total assets | | 88,469,008,472 | 89,020,776,695 |
| Equity and Liabilities | | | |
| Equity and reserves | | | |
| Taxpayers/Share capital | 14 | 20,000,000 | 20,000,000 |
| Other Capital reserve | 15 | 24,000,000 | 24,000,000 |
| Revaluation reserve | 16 | 88,667,409,084 | 88,667,409,084 |
| Accumulated Losses | | (1,634,191,211) | (1,114,906,744) |
| Total Equity | | 87,077,217,873 | 87,596,502,340 |
| Current Liabilities | | | |
| Deposits | 17 | 832,028 | - |
| Payables and Accruals | 18 | 1,359,655,656 | 1,392,971,440 |
| Provision for Employee Terminal Benefits | 19 | 31,302,915 | 31,302,915 |
| Total Liabilities | | 1,391,790,599 | 1,424,274,355 |
| Total Equity and Liabilities | | 88,469,008,472 | 89,020,776,695 |

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 | MR. PACKSHARD PAUL | MR SIGSIBERT K. VALENTINE |
| CHAIRPERSON - BOARD OF DIRECTOR | MKONGWA | AG GENERAL MANAGER |
|  | CHAIRPERSON -AUDIT & RISK COMMITTEE  |  |
| SIGNATURE | SIGNATURE | SIGNATURE |

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2022**

| Income | | 30.06.2022 TZS | 30.06.2021 TZS |
|---|------|----------------------|----------------------|
| Fees, fines, penalties and Forfeits | 20 | 10,000 | - |
| Revenue from Exchange Transactions | 22 | 137,608,426 | 2,803,853,900 |
| Revenue Grants | 21 | 1,469,071,380 | - |
| Social Contributions (Revenue) | 23 | 36,822,850 | - |
| Other income | 24 | 74,926,020 | 763,943,100 |
| Total | | 1,718,438,676 | 3,567,797,000 |
| Less: Operating expenses | | | |
| Wages, Salaries and Employee Benefits | 25 | 1,285,359,787 | 1,541,141,999 |
| Use of Goods and Service | 26 | 205,443,573 | 775,797,218 |
| Maintenance Expenses | 27 | 11,250,154 | 110,988,000 |
| Other Expenses | 28 | 97,892,901 | 452,403,783 |
| Depreciation | 7(a) | 636,464,659 | 682,033,709 |
| Total | | 2,236,411,074 | 3,562,364,709 |
| Profit for the year | | (517,972,397) | 5,432,291 |
| Taxation | | | (1,629,687) |
| Net Profit after tax | | (517,972,397) | 3,802,604 |
| Other Comprehensive income | | | |
| Fair value adjustment for equity investment | 12 | (1,312,070) | (1,312,630) |
| Total Comprehensive income | | (519,284,467) | 2,489,974 |

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

KARIAKOO MARKET CORPORATION (KMC)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

| DESCRIPTION | SHARE CAPITAL | CAPITAL RESERVES | REVALUATION RESERVES | ACCUMULATED LOSS | TOTAL |
|----------------------------|------------------|---------------------|-------------------------|---------------------|----------------|
| | TZS | TZS | TZS | TZS | TZS |
| Balance as at 01.07.2020 | 20,000,000 | 24,000,000 | 88,667,409,084 | (1,117,396,718) | 87,594,012,366 |
| Profit/(Loss) for the year | - | - | - | 2,489,974 | 2,489,974 |
| Balance as at 30.06.2021 | 20,000,000 | 24,000,000 | 88,667,409,084 | (1,114,906,744) | 87,596,502,340 |
| Balance as at 01.07.2021 | 20,000,000 | 24,000,000 | 88,667,409,084 | (1,114,906,744) | 87,596,502,340 |
| Profit/(Loss) for the year | - | - | - | (519,284,467) | (519,284,467) |
| Balance as at 30.06.2022 | 20,000,000 | 24,000,000 | 88,667,409,084 | (1,634,191,211) | 87,077,217,873 |

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

KARIAKOO MARKET CORPORATION (KMC)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 30.06.2022 TZS | 30.06.2021 TZS |
|--|------|----------------------|----------------------|
| Cash flow from Operating Activities | | | |
| Receipts | | | |
| Social Contribution (Revenue) | 23 | 36,822,850 | - |
| Revenue from exchange transactions | 22 | 137,608,426 | 2,601,987,990 |
| Other revenue | 24 | 74,926,020 | - |
| Funds received from Government | 21 | 1,469,071,380 | - |
| Fees, fines, penalties and Forfeits | 20 | 10,000 | - |
| Total Receipts | 29 | 1,718,438,676 | 2,601,987,990 |
| Payments | | | |
| Wages, Salaries and Employee Benefits | 25 | 1,285,359,787 | 1,037,723,564 |
| Supplies and Consumables Used | 26 | 205,443,573 | 1,664,426,444 |
| Other Payments | 30 | 54,714,527 | 2,658,000 |
| Other Expenses | 28 | 97,892,901 | 1,629,687 |
| Maintenance Expenses | 27 | 11,250,154 | - |
| Grants, Subsidies and other Transfer Payments | | - | - |
| Total Payments | 30 | 1,654,660,941 | 2,706,437,695 |
| Net Cash flow from Operating Activities | | 63,777,735 | (104,449,705) |
| Cash Flow from Investing Activities | | | |
| Acquisition of Property, Plant and Equipment | 7(a) | 6,755,000 | - |
| Total Investing Activities | | 6,755,000 | - |
| Net Cash flow from Investing Activities | | 6,755,000 | - |
| Cash flow from Financing Activities | | | |
| Grant refunded/Transferred | | - | - |
| Cash Payments for other Financial Liabilities | | - | - |
| Total Financing Activities | | - | - |
| Net Cash flow From Financing Activities | | - | - |
| Net increase /(decrease) in Cash and Cash equivalent | | 57,022,735 | (104,449,705) |
| Cash and Cash equivalent at the beginning of the year | 13 | 28,186,001 | 132,635,705 |
| Cash and Cash equivalent at the end of the year | 13 | 85,208,736 | 28,186,000 |

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. 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 stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overheads. Certain items of property, plant and equipment had been revalued for those assets held for use and fair value for investment property 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 | 33.30 |

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 based on past service cost on a straight-line basis over the average period until the benefit becomes 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 recognized as an expense when incurred.

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.

i. 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.

ii. 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.

o) Inventories

Inventory is stated at the lower of cost and net realisable 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 16 Leases

This standard replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single leasing model and requires a lessee

to recognize a right-of-use asset and a lease liability. As for the period under report the Corporation has no any such leases, therefore, the application of this standard has not impacted assets and liabilities of the Corporation for the current reporting period.

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.

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 and future reporting periods.

KARIAKOO MARKET CORPORATION (KMC)

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 |
|------------------------|----------------|----------------|---------------------|-----------------|--|----------------|-------------|----------------|
| COST/ VALUATION | TZS | TZS | TZS | TZS | TZS | TZS | TZS | TZS |
| As at 01.07.2020 | 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 | - | - | - | - | - | - | - | - |
| As at 30.06.2021 | 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 |
| 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 | 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 |
| DEPRECIATION | | | | | | | | |
| As at 01.07.2020 | - | 920,250,000 | 14,340,000 | 13,738,725 | 37,584,783 | 34,446,989 | 164,500 | 1,020,524,997 |
| Charge for the year | - | 613,500,000 | 9,560,000 | 10,479,300 | 25,412,250 | 22,964,659 | 117,500 | 682,033,709 |
| As at 30.06.2021 | - | 1,533,750,000 | 23,900,000 | 24,218,025 | 62,997,033 | 57,411,648 | 282,000 | 1,702,558,706 |
| 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 | - | 2,147,250,000 | 23,900,000 | 24,218,025 | 62,997,033 | 80,376,307 | 282,000 | 2,339,023,365 |
| NET BOOK VALUE | | | | | | | | |
| Value 30.06.2021 | 32,225,250,000 | 23,006,250,000 | 52,580,000 | 7,219,875 | 140,300,500 | 34,446,989 | 188,000 | 55,466,235,364 |
| Value 30.06.2022 | 32,225,250,000 | 22,392,750,000 | 52,580,000 | 7,219,875 | 147,055,500 | 11,482,330 | 188,000 | 54,836,525,705 |

| | 30.06.2022 | 30.06.2021 |
|-----------------------------------|------------|------------|
| | TZS | TZS |
| NOTE 7B: INTANGIBLE ASSETS | | |
| Cost/Valuation | | |
| As at 01.07.2021 | - | - |
| Additions/Adjustment | - | - |
| As at 30.06.2022 | - | - |
| AMORTIZATION | | |
| As at 01.07.2021 | - | - |
| Amortization for the Year | - | - |
| As at 30.06.2022 | - | - |
| NET BOOK VALUE 30.06.2022 | <u>-</u> | <u>-</u> |

As at 30 June 2022 Intangible asset of Kariakoo Market Corporation were fully depreciated as shown on the description above with a fully amortized intangible asset. During the financial year 2021/22 the Corporation planned the revaluation of all intangible assets to be performed next financial year where new revaluation value will be recognized and the amortization period shall be reviewed.

NOTE: 8 INVESTMENT PROPERTY

M/s Prolaty Consult Ltd a professional valuer made valuation of investment property in October 2015 and issued a report in November 2015. The valuation method was Market value which resulted into a valuation surplus of TZS 3,146,000,000. The surplus was debited into this account and credited into Revaluation Reserve Account.

As at 1 July 2019 Investment property amounted to TZS 30,982,728,193. During the year 2019/20 the Kariakoo Markets Corporation built shops around the main building for increasing its revenue and constructed roof of Soko Dogo (Major Repair) at cost of TZS 15,812,000 and TZS 33,500,000 respectively. These caused the total Investment Property to increase to TZS 31,031,440,193, during the year 2021/22 the stated investment has been demolished to allow the ongoing construction of new investment at the site, addition of the new investment has not been accounted to the financial statements and the demolished Soko Dogo opening balance has not been adjusted for loss for the year as shown below.

KARIAKOO MARKET CORPORATION (KMC)

| | 30.06.2022 TZS | 30.06.2021 TZS |
|---|-----------------------|-----------------------|
| INVESTMENT PROPERTY | | |
| Balance as At 01 July | 31,031,440,000 | 31,031,440,000 |
| Add: Construction of Shops | - | - |
| Major roof Repair at Soko Dogo | - | - |
| Balance as at 30 June | 31,031,440,000 | 31,031,440,000 |
| NOTE 9 INVENTORIES | | |
| Stationeries | 13,849,000 | 13,849,000 |
| Cleansing Material | 741,000 | 741,000 |
| Miscellaneous | 8,337,000 | 8,337,000 |
| Loose Tools | - | - |
| TOTAL | 22,927,000 | 22,927,000 |
| NOTE 10 TRADE RECEIVABLES | | |
| Deferred Tax | 55,964 | 55,964 |
| Other Receivables | 43,710,000 | 43,710,000 |
| Staff debts | 2,924,523 | - |
| Staff loans | 35,141,000 | 35,141,000 |
| Tax receivables (For Other Government Entities) | 13,930,036 | 13,930,036 |
| Trade Receivables | 2,414,808,288 | 2,414,808,288 |
| Sub-Total | 2,510,569,811 | 2,507,645,288 |
| Less: Provision for Bad and Doubtful debts | (41,955,957) | (41,955,957) |
| TOTAL | 2,468,613,854 | 2,465,689,331 |

| | 30.06.2022 | 30.06.2021 |
|--|-------------------|------------|
| | TZS | TZS |
| NOTE 11 PREPAYMENTS | | |
| Advance Supplies of goods and services | 3,842,247 | - |
| Advance for Work in Progress | 1,785,550 | - |
| Suppliers Debts | 13,678,450 | - |
| | <u>19,306,247</u> | <u>-</u> |

NOTE 12 EQUITY INVESTMENTS IN SHARES

| | | |
|------------------------------------|--------------------|--------------------|
| Opening Balance 1 July | 6,299,000 | 7,611,630 |
| Shares Appreciation/(Depreciation) | <u>(1,312,070)</u> | <u>(1,312,630)</u> |
| Balance 30 June | <u>4,986,930</u> | <u>6,299,000</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 290 per share to TZS 239.99 per share in 2020/21 and from TZS 239.989332 per share to TZS 190 per share in 2021/22.

NOTE 13 CASH AND CASH EQUIVALENTS

| | | |
|--|-------------------|-------------------|
| Cash in hand | 1,649,028 | 817,000 |
| Own source Collection Account - Bank Balances | 838,172 | 27,369,000 |
| Own source Recurrent Expenditure - Bank Balances | 82,721,537 | - |
| | <u>85,208,736</u> | <u>28,186,000</u> |

NOTE 14: 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>20,000,000.00</u> | <u>20,000,000</u> |

| | 30.06.2022 TZS | 30.06.2021 TZS |
|---|-------------------|-------------------|
| NOTE 15 CAPITAL RESERVE (TAXPAYER FUND) | | |
| Capital Reserve (Dar es salaam City Council) | 24,000,000 | 24,000,000 |
| NOTE 16: REVALUATION RESERVE | | |
| Balance as at 1st July | | |
| The Corporation's property, plant and equipment were revalued by a NASIA CONSULT LTD in December 2018 and reported on 7th 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. | 88,667,409,084 | 886,674,090,084 |
| Balance as at 30 June | 88,667,409,084 | 886,674,090,084 |
| NOTE 17 DEPOSITS | | |
| Deposit General | 500,000 | - |
| Unapplied Deposit Account | 332,028 | - |
| | 832,028 | - |
| NOTE 18 Payables and Accruals | | |
| Gratuity Payable | 613,221,960 | 613,221,960 |
| Pay as you earn | 158,608,348 | 158,608,348 |
| Provision for Audit fee | 118,753,000 | 118,753,000 |
| Provision for taxation | 51,066,440 | 51,066,440 |
| Skills Levy and Development Payable | 110,290,816 | 110,290,816 |
| Staff Claim | 91,715,092 | 125,030,876 |
| Terminal Benefit Payable | 216,000,000 | 216,000,000 |
| | 1,359,655,656 | 1,392,971,440 |

| | 30.06.2022 TZS | 30.06.2021 TZS |
|--|----------------------|----------------------|
| NOTE 19 PROVISIONS FOR TERMINAL BENEFIT | | |
| Provision for Terminal benefit | 31,302,915 | 31,302,915 |
| | <u>31,302,915</u> | <u>31,302,915</u> |
| NOTE 20 FEES, FINES, PENALTIES AND FORFEITS | | |
| Registration Fees | 10,000 | - |
| | <u>10,000</u> | <u>-</u> |
| NOTE 21 REVENUE GRANTS | | |
| Government Grant Other Charges | 524,764,000 | - |
| Government Grant Personal Emolument | 944,307,380 | - |
| | <u>1,469,071,380</u> | <u>-</u> |
| NOTE 22 REVENUES FROM EXCHANGE TRANSACTIONS | | |
| Receipts from Government Quarters | 700,000 | - |
| Rent fee | 104,102,076 | 2,411,379,832 |
| Business Names Registration Fees | - | 150,000 |
| Parking Fee | 9,733,400 | - |
| Renting Space / Houses | 23,072,950 | 392,324,068 |
| | <u>137,608,426</u> | <u>2,803,853,900</u> |
| NOTE 23 SOCIAL CONTRIBUTIONS (REVENUE) | | |
| User Fee | 36,822,850 | - |
| | <u>36,822,850</u> | <u>-</u> |

| | 30.06.2022 TZS | 30.06.2021 TZS |
|---------------------------------|-------------------|--------------------|
| NOTE 24 OTHER REVENUE | | |
| Receipt from Miscellaneous Fees | 74,926,020 | 404,952,100 |
| Whole Sale Commission | - | 358,991,000 |
| | <u>74,926,020</u> | <u>763,943,100</u> |

**NOTE 25 WAGES, SALARIES AND
EMPLOYEE BENEFITS**

| | | |
|--------------------------|----------------------|----------------------|
| Acting Allowance | 8,597,779 | 1,268,000 |
| Civil Servants | 784,317,380 | 1,176,855,462 |
| Payroll levy SDL | - | 65,711,218 |
| Travel expenses | - | 36,000,000 |
| Electricity Allowance | 555,727 | - |
| Extra-Duty | 41,913,372 | 23,479,000 |
| Food and Refreshment | 12,800,100 | - |
| Gratuities | 6,955,066 | - |
| Hardship Allowance | 2,400,000 | - |
| Housing Allowance | 10,960,000 | - |
| Leave Travel | 22,200,855 | - |
| Pension deductions | 159,990,000 | 176,528,319 |
| Passages Allowances | 135,286,388 | - |
| Responsibility Allowance | 8,835,293 | 23,800,000 |
| Sitting Allowance | 82,990,754 | 14,500,000 |
| Subsistence Allowance | 2,244,273 | - |
| Top up Allowance | 5,312,800 | - |
| Casual labour | - | 23,000,000 |
| | <u>1,285,359,787</u> | <u>1,541,141,999</u> |

| | 30.06.2022 TZS | 30.06.2021 TZS |
|---|--------------------|--------------------|
| NOTE 26 USE OF GOODS AND SERVICE | | |
| Advertising and Publication | 1,500,000 | 368,578,400 |
| Diesel | 16,033,896 | - |
| Electricity | 2,325,000 | - |
| Entertainment | 4,250,000 | - |
| Exhibition, Festivals and Celebrations | 9,572,000 | - |
| Gifts and Prizes | 2,506,928 | - |
| Ground Transport (Bus, Train, Water) | 655,000 | - |
| Ground travel (bus, railway taxi, etc) | 10,638,700 | - |
| Mobile Charges | 18,632,766 | 13,910,000 |
| Newspapers and Magazines | - | 1,600,000 |
| Office Consumables (papers, pencils, pens and stationaries) | 18,760,500 | - |
| Outsourcing Costs (includes cleaning and security services) | 36,512,900 | - |
| Per Diem - Domestic | 62,399,232 | 101,611,218 |
| Printing and Photocopy paper | 600,000 | - |
| Printing Material | - | 290,097,600 |
| Remuneration of Instructors | 200,000 | - |
| Tuition Fees/Training costs | 5,600,000 | - |
| Uniforms and Ceremonial Dresses | 2,748,000 | - |
| Water Charges | 12,508,651 | - |
| | <u>205,443,573</u> | <u>775,797,218</u> |

| | 30.06.2022 TZS | 30.06.2021 TZS |
|---|-------------------|--------------------|
| NOTE 27 MAINTENANCE EXPENSES | | |
| Cement, Bricks and Building Materials | 100,000 | - |
| Direct Labour (contracted or casual hire) | 1,240,000 | 23,000,000 |
| Electrical and Other Cabling Materials | 2,130,000 | 10,222,300 |
| Motor Vehicles and Water Craft | 7,495,154 | - |
| Oil and Grease | - | 3,460,000 |
| Paint and Weather Protection Coatings | - | 45,789,500 |
| Plumbing Supplies and Fixtures | - | 18,565,500 |
| Small Car Mechanics Tools | - | 1,275,000 |
| Small Tools and Implements | 285,000 | - |
| Tyres and Batteries | - | 8,675,700 |
| | 11,250,154 | 110,988,000 |
| NOTE 28 OTHER EXPENSES | | |
| Audit fees | 48,501,000 | 42,351,000 |
| Bank Charges and Commissions | 56,491 | 2,658,000 |
| Burial Expenses | 300,000 | 8,824,001 |
| Director's fee | - | 32,006,000 |
| Insurance Expenses | - | 125,497,500 |
| LGAs Revenue Generation | 14,344,800 | - |
| National Expenses | 4,530,000 | 15,676,500 |
| Property tax Expenses | - | 145,672,800 |
| Sundry Expenses | 25,727,700 | 78,088,295 |
| Taxes Levied by another Level of Government | 4,432,910 | 1,629,687 |
| | 97,892,901 | 452,403,783 |

| | 30.06.2022 TZS | 30.06.2021 TZS |
|-------------------------------------|----------------------|----------------------|
| NOTE 29 RECEIPTS | | |
| Taxation | 32,806,350 | - |
| Social Contribution (Revenue) | 36,822,850 | - |
| Revenue from exchange transactions | 104,802,076 | 2,601,987,990 |
| Other revenue | 74,926,020 | - |
| Other receipts | - | - |
| Funds received | 1,469,071,380 | - |
| Fees, fines, penalties and Forfeits | 10,000 | - |
| Total Receipts | 1,718,438,676 | 2,601,987,990 |

| | | |
|---|----------------------|----------------------|
| NOTE 30 PAYMENTS | | |
| Wages, Salaries and Employee Benefits | 1,285,359,787 | 1,664,426,444 |
| Supplies and Consumables Used | 205,443,573 | 1,037,723,564 |
| Other Payments | 54,714,527 | 2,658,000 |
| Other Expenses | 97,892,901 | 1,629,687 |
| Maintenance Expenses | 11,250,154 | - |
| Grants, Subsidies and other Transfer Payments | - | - |
| Total Payments | 1,654,660,941 | 2,706,437,695 |

NOTE 31 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 2022 are shown below:

| | 30.06.2022 TZS | 30.06.2021 TZS |
|---|--------------------|--------------------|
| Related part transactions | | |
| Director fee | - | 32,006,000 |
| Key Management personnel | | |
| Salary, Allowances and PSSSF Contribution | 147,669,465 | 268,586,922 |
| Total | 147,669,465 | 300,592,922 |

NOTE 32 CAPITAL COMMITMENTS

There were no capital commitments contracted for and outstanding as at 30 June 2022.

NOTE 33 CONTINGENT LIABILITIES

As at 30 June 2022, Kariakoo Market Corporation (KMC) had a total of 8 pending cases in various courts and tribunals in the country at different stages of hearing as listed in table below. There are 8 petitions against KMC, of which 3 petitions have a total claim of relief of TZS 226,309,822 and the remaining 5 petitions have no quantified monetary claim values. The review up to November 2021 noted that KMC has settled the claimed amount to the tune of TZS 60,139,000 and the remained claim amount is TZS 166,170,822.

Litigations claims against the Kariakoo Market Corporation

| Case No: | Parties | Claim | Amount (TZS) | Status |
|---------------------------------|--|---|--------------|---|
| Labour Case, Execution 373/2021 | Mr. Mrero Mgheni vs. Kariakoo Market Corporation | Unfair termination of employment contract | 59,600,000 | The application is pending in the high court -labor division |
| Revision No. 64/2021 | Lillian Orongai vs Kariakoo Market Corporation | Unfair termination of employment contract | 77,570,121 | The application is pending in the high court settled. Our follow-up on the review of the case in month of November showed that the Court has ordered KMC to pay the amount claimed. |
| 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) |

| Case No: | Parties | Claim | Amount (TZS) | Status |
|--------------------------|---|---|--------------|---|
| Land case. 571/2021 | Rosemary Babu and 155 Others vs Kariakoo Market Corporation | Demolition of business booths (vibanda) | N/A | District land and housing tribunal- Kinondoni |
| Land case. 366/2015 | Reginald Bugeraha vs Yona mnzava and others | Termination of lease agreement | N/A | District land and housing tribunal- Ilala |
| Land case 345 of 2019 | Kapipi Ally vs Kariakoo Market Corporation | Termination of lease agreement | N/A | District land and housing tribunal- Ilala |
| Land case 252/2019 | Kibaja & Mgata vs Kariakoo Market Corporation | Lease matters | N/A | District land and housing tribunal- |
| Land case 409/2019 | Michael Makata vs Kariakoo Market Corporation | Termination of lease agreement | N/A | District land and housing tribunal- |

NOTE 34 COMPARATIVE FIGURES

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

NOTE 35 EVENTS AFTER THE REPORTING DATE

Events after the reporting period are those events, favourable 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).

Appointment of the Board of Directors of Kariakoo Market Corporation

Kariakoo Market Corporation had no active Board of Directors for more than a year following expiration of the previous Board term on 9 May 2021. The new Board of Directors were appointed on 15 September 2022 and 13 October 2022 for the chairperson and Members of Board respectively to serve the Corporation for a term of three years. This appointment occurred after the financial year ended 30 June 2022.