



**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 2024**

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March 2025

AR/ PAD/KMC/2023/24

## 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
IAS	International Accounting Standards
IESBA	International Ethics Standards Board for Accountants
IFRSs	International Financial Reporting Standards
ISSAIs	International Standard of Supreme Audit Institutions
KMC	Kariakoo Market Corporation
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
PO RALG	President's Office Regional Administration and Local Government
PSSSF	Public Service Social Security Fund
TRA	Tanzania Revenue Authority
TUICO	Tanzania Union of Industrial and Commercial Workers



## 1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board of Directors,  
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 2024, 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 2024, 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 - Additional tax liability due to accumulated interest on unpaid tax liability assessed in year 2020

I draw attention to note number 33 of the financial statements that disclose the contingent liabilities arising from additional tax liability resulting on accumulated interest on unpaid tax liability assessed in year 2020, Tanzania Revenue Authority (TRA) via letter with reference

TRA/101-064/TU dated 9 September 2023 advised KMC of additional tax liability from TZS 1,934,477,897.20 to TZS 3,433,887,697.05 an increase of TZS 1,499,409,799.85. A further meeting held between KMC and TRA did not resolve this matter and TRA advised KMC to ensure it pays principal debt of TZS 1.93 billion immediately while seeking for relief on additional interest amount.

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 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 [R.E 2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

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

## **1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS**

### **1.2.1 Compliance with the Public Procurement laws**

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

I performed a compliance audit on the procurement of works, goods, and services in the Kariakoo Market Corporation for the financial year 2023/24 as per the Public Procurement laws.

#### **Conclusion**

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

#### **Failure to upload tenders and use of NeST system in procurement process**

Regulation 342(1) of the Public Procurement Regulations, 2013 mandates all procuring entities to implement the e-procurement system either fully or partially alongside conventional manual procedures. On 20 August 2019, PPRA announced the full operation of the e-procurement system and later, through letter GA.128/192/01/"F"/38, instructed all



procuring entities to discontinue TANEPS by 30 September 2023 and transition to NeST for procurement activities, including submitting procurement plans for the 2023/24 fiscal year.

KMC's Annual Procurement Plan (APP) for 2023/24 includes 23 tenders uploaded to the NeST system. However, only three tenders appear on the dashboard as eligible for invitation. Management has been unable to resolve the system issue preventing all tenders from being properly processed for invitations.

#### 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 2023/24 as per the Budget Act and other Budget Guidelines.

#### Conclusion

Based on the audit work performed, I state that, except for the matter 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

Para 5.3 (ii) of KMC's Financial regulations provides 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.

KMC's annual budget for the 3<sup>rd</sup> consecutive year has been affected by expectation of reopening of the Kariakoo market which is being rebuilt after being destroyed by fire in the year 2021. For the year 2023/24 KMC budgeted to collect a revenue of TZS 8,251,647,074 and ended up receiving a revenue of TZS 1,535,229,071 and This has resulted into the revenue variance of TZS 6,716,418,003 .

  
Charles E. Kichere  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
March 2025



## 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 2024, 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:

### 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 the centre 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, 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 President's Office Regional Administration and Local Government (PO RALG). 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. In the reporting period, Kariakoo Market Corporation had an active Board of Directors and held four (4) 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:

S/N	Name of Director	Gender	Age	Position	Occupation/ Profession	Qualification	Date of appointment	Date of Expiry	Meetings attended	Nationality
1.	Ms. Hawa Abdulrahman Ghasia	Female	58	Chairperson	Economist	Master of Arts in Rural Development, Advance Diploma in Economic Planning.	15 September 2022	15 September 2025	4	Tanzanian



2.	Mr. Hassan Mwapu Bendeysko	Male	64	Vice Chairperson	Retired Regional Administrative Secretary (RAS)	Masters in Engineering Management (MEM) - Project Management Diploma in Land Survey	13 October 2022	13 October 2025	4	Tanzanian
3.	Mr. Packshard Paul Mkongwa	Male	65	Member	Retired Director of Policy and Planning (TAMISEMI)	Masters of Art (Economics)	13 October 2022	13 October 2025	4	Tanzanian
4.	Mr. Clement Francis Lujaji	Male	71	Member	Retired Regional Administrative Secretary	Masters of Business Administration	13 October 2022	13 October 2025	4	Tanzanian
5.	Ms. Gift Gervas Kilimeshi	Female	53	Member	Director of human resources and administration (Commission for Mediation and Arbitration)	Masters of Public Administration- Human Resources management	13 October 2022	13 October 2025	4	Tanzanian
6.	Ms. Grace Kahemele Mwakilufi	Female	64	Member	Retired Assistant Director of Business (TAMISEMI)	Masters of Business Administration (Finance & Corporate Banking)	13 October 2022	13 October 2025	4	Tanzanian
7.	Mr. Angelista Edward Kihaga	Male	54	Member	Director of local Government Department (POLARG)	MSc. Agriculture and Resources Economic Bachelor of Science in Agricultural Economics and Agribusiness MBA in leadership and Governance	13 October 2022	13 October 2025	1	Tanzanian

Secretary to the Board of Directors was Mr. Sigsibert Kaijage Valentine, KMC's Acting General Manager.

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 2023/24, the Corporation Board of Director had deliberately carried on various KMC administrative issues that including the following:

- Review and verify the use of some of the Corporation documents Board & Committee Charters, Rental policy, staff regulations, strategic plan, financial regulations, anti-fraud and corruption policy, safety and security policy and training plan
- Proposal for amendment of Corporation Act currently first reading has been done on the 5 November 2024
- Discussing on various challenges pertaining revenue collection such as trader's contracts and review of Tenants agreement.
- Review of audit progressive report (internal and external audit reports).
- Corporation projects write up for Mbezi beach Makonde and Tabata area
- Receive and review Management presentations through its committees
- Budget approval for the financial Year 2023/24

To ensure effective and efficient implementation of KMC activities, Board of Director held four (4) meeting for the year, the Board established three (3) board committees namely:

- i. Audit and risk management committee,
- ii. Investment and planning committee and,
- iii. 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 of four (4) members. The committee was formed during the first meeting of the Board of Directors held on 8 December 2022. During the year 2023/24 the committee held four (4) meetings.

The committee discussed issues concerning; Annual internal audit plan, Internal audit charter, internal audit reports, and review of CAG report.

The table below indicates composition of Audit and Risk Management Committee

S/N	Name of Director	Gender	Age	Position	Occupation/ Profession	Qualification	Meetings attended	Nationality

1.	Mr. Packshard Paul Mkongwa	Male	65	Chairperson	Retired Director of policy and Planning (TAMISEMI)	Masters of Art (Economics)	3	Tanzanian
2.	Mr. Clement Francis Lujaji	Male	71	Member	Retired Regional Administrative Secretary (RAS)	Masters of Business Administration	4	Tanzanian
3.	Ms. Grace Kahemelo Mwakiluzi	Female	64	Member	Retired Assistant Director of Business (TAMISEMI)	Masters of Business Administration - (Finance & Corporate Banking)	4	Tanzanian
4.	Ms. Gift Kilimeshi Gervas	Female	53	Member	Director of human resources and administration (Commission for Mediation and Arbitration)	Masters of Public Administration - Human Resources Management	3	Tanzanian

### (ii) Investment and Planning Committee

The Investment and Planning committee consist 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 2023/24 the committee held four (4) meetings and discussed issues relating to; Resolution of invertebrates to the Mbezi Beach land owned by the Corporation, Progress on Kariakoo Market construction, Revenue forecasting and Kariakoo strategic planning.

The table below indicates composition of Investment and Planning Committee

S/ N	Name of Director	Gender	Age	Position	Occupation/ Profession	Qualification	Meetings attended	Nationality
1.	Mr. Hassan Mpapi Bendeyeko	Male	64	Chairperson	Retired Regional Administrative Secretary (RAS)	Degree of Masters in Engineering Management (MEM) -Project Management and Diploma in Land Survey	4	Tanzanian
2.	Ms. Grace Kahemelo Mwakiluzi	Female	64	Member	Retired Assistant Director of Business (TAMISEMI)	Masters of Business Administration (Finance & Corporate Banking)	4	Tanzanian
3.	Mr. Packshard Paul Mkongwa	Male	65	Member	Retired Director of policy and Planning (TAMISEMI)	Masters of Art Economics)	4	Tanzanian



4.	Ms. Angelista Edward Kihaga	Male	54	Member	Director of local Government Department (POLARG)	MSc. Agriculture and Resources Economic Bachelor of Science in Agricultural Economics and Agribusiness MBA in leadership and Governance	1	Tanzanian
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### (iii) Administration, Finance and Human Resources Committee

The committee consisting of four (4) members, the committee was formed during the first meeting of the Board which held on 8 December 2022. During the year the committee held four (4) meetings. The committee discussed issues relating to;

- a) Revenue collection
- b) Gender Issues and Stress Management at work place
- c) Review of employees Benefits Scheme (Mkataba wa Hali bora)
- d) Cleaning and security services expected when the market is reopened.

The table below indicates composition of the Finance, Human Resource and Administration Committee members.

S/N	Name of Director	Gender	Age	Position	Occupation/ Profession	Qualification	Meetings attended	Nationality
1.	Ms. Gift Gervas Kilimeshi	Female	53	Chairperson	Director of human and resources administration (Commission for Mediation and Arbitration)	Masters of Public Administration-Human Resources management	4	Tanzanian
2.	Mr. Angelista Edward Kihaga	Male	54	Member	Director of local Government Department (POLARG) -	MSc. Agriculture and Resources Economic Bachelor of Science in Agricultural Economics and Agribusiness MBA in leadership and Governance	1	Tanzanian

3.	Mr. Clement Francis Lujaji	Male	71	Member	Retired Administrative Secretary (RAS)	Masters of Business Administration	4	Tanzanian
4.	Ms. Grace Kabemela Mwakilufi	Female	64	Member	Assistant Director of Business (TAMISEMI)/Retired	Masters of Administration (For Corporate Banking)	4	Tanzanian

## 2.8 MANAGEMENT OF KARIAKOO MARKETS CORPORATION

### 2.8.1 MANAGEMENT STRUCTURE

The current functions and organization structure of Kariakoo Market Corporation was approved by Permanent Secretary - PO RALG in 2004 and consists of four Departments which are: Planning and Commercial Operations, Administration and Human Resources, Finance and Health and Sanitation Departments. KMC also has six Units which are Legal Services, Procurement and Supply, Internal Audit, Information and Technology, Security and Maintenance Unit. The Departments are managed by Managers while the Units are managed by Heads of Unit.

Through this Organisation Structure, the Corporation brings in several strengths in terms of skills and experience from specialized expertise. It enhances efficiency, innovation and competitiveness by having a hierarchical structure which clarifies roles and responsibilities hence leading to effective decision making. The Kariakoo Market Corporation Structure allows for operational efficiency through its defined processes which reduces redundancies, streamline workflows and improve productivity.

During the year ended 30 June 2024, the Corporation succeeded to fill four key vacancies for senior positions namely Planning and Commercial Manager, Finance Manager, Head of Internal Audit and Head of ICT. The Corporation was successful in terms of ending the long Land Dispute for one of its business premises at Mbezi Beach Makonde. During the year ended 30 June 2023 the Corporation succeeded to acquire Unqualified Opinion from the CAG Office.

### 2.8.2 THE ADOPTION AND USE OF ICT SYSTEMS

During the year ended 30 June, 2024 the Corporation was able to adopt and use some of government ICT systems like MUSE, GAMIS, NEST, TAUSI, HCMIS, HR Assessment and Watumishi Portal. All these systems led to improvement in efficient in the areas of business operations, financial management, asset management and employee performance management.

### 2.8.3 STAKEHOLDERS RELATIONS



During the year ended 30 June 2024 the Corporation maintained good relationship with its stakeholders. The Corporations' commitment to transparency, ethical business practices and mutual value creation has strengthened our engagement with the key stakeholders who supports our business operations including the PO RALG, Treasurer Registrar, Regional Commissioner's Office, Tanzania Revenue Authority and our valuable tenants.

#### 2.8.4 FINANCING STRATEGY

Kariakoo Market Corporation operates by deriving revenue from rental income to its tenants at Kariakoo Market and Tabata business center. Following the fire tragedy that halted the operation of the Kariakoo market, KMC has been mainly dependent on Government grants for payments of its day to day operations and salaries supported also with rental income from Tabata business center.

During the year ended 30 June 2024, the Corporation received government grants of TZS 1,369,293,458, own source collection TZS 48,275,612.60 received from Tabata market and proceeds from sales of scrappers from remains after fire tragedy of TZS 117,660,000.

### 2.9 OPERATING PERFORMANCE

#### 2.9.1 KEY PERFORMANCE INDICATORS

As indicated by the budget for 2023/24, KMC revenue collection was TZS 8,251,647,074 including Government grant of TZS 1,685,992,800 and own source collection of TZS 6,565,654,274. KMC actual revenue collections were TZS 165,935,613 from house rent in Tabata business area and proceeds from sales of scrappers originating from the debris after the fire incident. Also the Corporation received Government grant of TZS 1,369,293,458. The shortfall in achieving this budget milestone was due to the delayed reopening of Kariakoo Market which is still under construction.

The expected own source revenue was planned under budget to perform several activities that could not be fully accomplished due to the shortfall explained above. Below is the table showing the status of achievement of key planned activities in the year 2023/24.

S/N	Planned activity	Progress	Estimated Completion
1	All staff supported with Statutory Services	In progress	40%
2	Review of Corporation Policies	In progress	60%
3	Improvement of Financial Resources Management	In progress	70%
4	Payment of outstanding suppliers	In progress	10%



5	Expelling of invaders and building of fence in Mbezi area	In progress	70%
6	Business operations Modernized	In progress	60%
7	Recruitment of qualified and competent personnel	In progress	63%
8	Feasibility study for investment in Tabata Bima	No progress	0%
9	Repair and maintenance of KMC Houses in Mbezi Beach and Tabata	In progress	10%
10	Verification of Tenants and traders	In progress	80%
11	Security system installed in KMC's premises	In progress	40%
12	Internal control systems enhanced	In progress	60%

Other main achievements during the year includes reviewed of Corporation Strategic plan, Preparation of Risk register document, undertaking feasibility studies and pre- preparation of market re-opening.

#### 2.9.2 OPERATIONAL PERFORMANCE

During the year ended 30 June 2024 the Corporation recorded total revenue amounting to a TZS 1,535,229,071 (2022/23 - TZS 1,264,524,055) while operating expenses was TZS 3,357,108,361 (2022/23 - TZS 42,833,076,405) which resulted into loss for the year before tax of TZS 1,821,879,290 (2022/23 - loss of TZS 41,568,552,350). This loss is a result of incurred operating costs related to preparations for the reopening of the Kariakoo market.

The table below shows the selected performance ratios in regard to the operation of KMC and their details.

Ratio	2023/24	2022/23	Benchmark/ remarks
Current ratio	10.10:100	18.23:100	This means there is current assets of TZS 10.10 to every current liability of TZS 100 in 2023/24 (18.23 to 100 for 2022/23) which is lower than the required ratio of 2:1, and it has decreased compared to prior year. This implies there is no sufficient liquid assets to cover for the debt of over TZS 4.3 billion
Debt to Equity ratio	10.92:100	9.51:100	With negative total equity resulting from losses incurred over years and the valuation loss on investment property done in 2022/23 the ratio is based on equity.

Return on assets	-3.32%	-92.44%	Negative return on asset for the two consecutive years.
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## 2.10 RETAINED EARNINGS

As at 30 June 2024 the Corporation had accumulated loss of TZS 49,102,701,320 after recording the loss of TZS 1,458,246,297 for the year under review, (2022/23 - loss of TZS 47,644,455,023).

## 2.11 SOLVENCY/GOING CONCERN

Members of the Board has assessed and reviewed the financial position of the Corporation as at 30 June 2024. On the basis of the review, the Board of Director were of the opinion that the Corporation's financial standing in the light of an on-going business in Tabata, construction and renovation of Kariakoo market which is near completion and the expectation of its opening, and support through Other charges (OC) and Personal emoluments (PE) grants from the Government as well support on outstanding payments that is done by the Ministry of Finance, the Corporation is 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 2024.

## 2.12 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 31 (19 males and 12 females) compared with 27 in the previous year (17 males and 10 females). The movement is made by staff transferred in during the year.

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 through National Health Insurance Fund (NHIF), 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 58.12 million was budgeted for training. During the year the actual amount of training spent was TZS 27 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 2024 the Corporation budgeted TZS 29,512,251.2 for its employee's medical insurance while the actual amount spent was TZS 21,193,200. The reason for the underspent was due to having lower number of staff hired as initially planned in the budget as a result of not opening the market in time.

### **Financial Support**

Financial assistance and opportunities were available to all employees from commercial banks depending on individual staff's net salary. KMC supported staff by signing their credit facility request and accepted to pass salary to the bank issuing facility to staff.

### **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 are done through departments/sections meetings, management TUICO and staff meetings, as well as worker's council meetings and circulars. In corporation there six (6) members of TUICO

### **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 2024 no new person with disabilities was employed but whenever an opportunity occur management encourage people with various disabilities 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 31 (19 males and 12 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.

## 2.13 RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors 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 on-going 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 behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Corporation's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

KMC has been faced with risks involving the,

- Possibility of Employee turnover due to inadequate compensation or benefits packages resulting into decrease of productivity and performance.
- Possibility of traders (tenants) to be reluctant to use the platforms availed to them due to unfamiliarity resulting into underutilization of investments. Possibility of delay of renovation and expansion projects. Unreliability and under performance due to technical issues and system downtime or service interruptions.
- Inadequate security measures or vulnerabilities in ICT systems where the market requires vast usage of systems and results into data loss.
- Insufficiency of System Integration can cause significant downtime, affecting daily operations and productivity and interrupts business processes.
- Possibility of low revenue collections that can affect profitability as well as cash flow of the Corporation and lead to poor performance.

KMC has been mitigating these risks and will continue to mitigate them after the reopening of the market. Some of the measures taken to mitigate risks are;

- Offering training programs, mentorship opportunities and supporting staffs in perusing further education and professional certification relevant to their roles. This will equip staff with the skills and capacity to manage the operation.
- Regularly review and adjustment of the compensation structures to ensure they remain aligned with industry standards and employees' expectations
- Presence of robust financial controls, policies and procedures to ensure accountability, transparency and compliance with regulatory requirements.
- Adequate security controls and regular assessment in systems, Adequate user training on ICT Security, Reliance on licenced technology, Capacitate the existing staff, Recruit/transfer skilled staff and outsourcing the maintenance of system.

The Board assessed the internal control systems throughout the financial year ended 30 June 2024 and is of the opinion that they met accepted criteria.

## 2.14 ENVIRONMENT

The Corporation has been taking measures to strengthen awareness for protection of the environment and continues to observe environmental requirements in all projects including Tabata and Mbezi beach Makonde

## 2.15 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 2024 no amount that was budgeted for charitable contributions and therefore no actual amount contributed, (2022/23 - no amount budgeted or contributed).

## 2.16 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. During the year the Corporation contributed TZS 2 million to the landslide disaster victims in Hanang District.



## 2.17 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 2024 the amount which was budgeted for HIV/AIDS Policy to employees and stakeholders was TZS 3.18 million. During the year the KMC management conducted seminars to staff as part of achieving this goal, (2022/23 - Budget TZS 3.18 million, no actual amount incurred).

## 2.18 RELATED PARTY TRANSACTIONS

Related party transactions refers to transfer of resources, services, or obligations between two parties who are related. For KMC it includes transactions dealt with members of the Board of Directors and Management, government grants received from the Ministry of Finance and other transactions with other government institutions.

Details of related party transactions during the year ended 30 June, 2024 are set out in Note 34 to the financial statements.

## 2.19 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 2024 TZS 101.76 million was paid as both employer and employee's contributions to PSSSF, (2022/23 - TZS 84.78 million).

## 2.20 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, Controller and Auditor General authorised M/s Crown Associates to carry out the audit of the Corporation for the year ended 30 June 2024, the address is;

M/s CROWN ASSOCIATES

7th Floor Mlimani Tower, Sam Nujoma Road,

P. O. Box 4145, Dar es salaam,


TIN No. 119-471-192,



#### 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

  
Ms. HAWA ABDULRAHMAN GHASIA  
CHAIRPERSON,  
BOARD OF DIRECTORS

  
MEMBER

DATE: 24/03/2025

### 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, 2024 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 are 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 are 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, 2024. 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 with exception to note 36 of the financial statements.

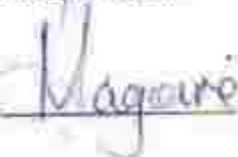
Ms. HAWA A. GHASIA  
CHAIRPERSON - BOARD OF  
DIRECTORS

SIGNATURE: \_\_\_\_\_



Ms. MARY M. MARJADI  
ACTING GENERAL MANAGER

SIGNATURE: \_\_\_\_\_



#### 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 Semen Yamawe, the Manager of Finance of Kariakoo Market Corporation (KMC) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2024 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

NBAA MEMBERSHIP NO ACPA 3806

DATE



FINANCE MANAGER

25/03/2025





## 5.0 FINANCIAL STATEMENTS

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

		30 June 2024 TZS	30 June 2023 TZS
<b>Non - Current assets</b>			
Property, plant and equipment	8(a)	43,537,262,932	44,259,394,005
<b>Total non-current assets</b>		<b>43,537,262,932</b>	<b>44,259,394,005</b>
<b>Current assets</b>			
Inventories	9	1,118,200	443,604
Trade receivables and Other Receivables	10	13,930,036	545,244,096
Deferred tax asset	11	365,306,044	55,964
Prepayments	13	4,615,590	235,549
Equity investment in shares	12	2,887,170	3,674,580
Cash and cash equivalents	14	49,197,595	161,845,395
<b>Total current assets</b>		<b>437,054,635</b>	<b>711,499,188</b>
<b>Total assets</b>		<b>43,974,317,567</b>	<b>44,970,893,193</b>
<b>Equity and Liabilities</b>			
<b>Equity and reserves</b>			
Taxpayers/Share capital	15	20,000,000	20,000,000
Other Capital reserve	16	24,000,000	24,000,000
Revaluation reserve	17	88,704,950,289	88,667,409,084
Accumulated Losses		(49,102,701,320)	(47,644,455,023)
<b>Total Equity</b>		<b>39,646,248,969</b>	<b>41,066,954,061</b>
<b>Current Liabilities</b>			
Deposits	18	-	3,450,321
Payables and Accruals	19	4,328,068,598	3,900,488,811
<b>Total Liabilities</b>		<b>4,328,068,598</b>	<b>3,903,939,132</b>
<b>Total Equity and Liabilities</b>		<b>43,974,317,567</b>	<b>44,970,893,193</b>

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:

Ms. HAWA A. GHASIA  
CHAIRPERSON - BOARD OF  
DIRECTORS  
SIGNATURE: 

Ms. MARY M. MARIDADI  
ACTING GENERAL MANAGER  
SIGNATURE: 

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024**

		30 June 2024	30 June 2023
		TZS	TZS
<b>Income</b>			
Revenue from Exchange Transactions	21	48,275,613	73,044,190
Revenue Grants	20	1,369,293,458	1,189,829,865
Social Contributions (Revenue)	22	-	150,000
Other Income	23	117,660,000	1,500,000
<b>Total</b>		<b>1,535,229,071</b>	<b>1,264,524,055</b>
<b>Less: Operating expenses</b>			
Wages, Salaries and Employee Benefits	24	1,209,563,086	858,764,594
Use of Goods and Service	25	633,454,810	252,518,681
Maintenance Expenses	26	52,706,175	14,858,341
Other Expenses	27	194,675,745	75,354,021
Depreciation	8(a)	572,001,486	378,140,768
	10(b)		
Impairment provision - Receivables	)	482,097,767	-
Impairment provision - PPE	8(b)	212,609,292	10,222,000,000
Fair value loss for Investment Property		-	31,031,440,000
<b>Total</b>		<b>3,357,108,361</b>	<b>42,833,076,405</b>
<b>Loss for the year</b>		<b>(1,821,879,290)</b>	<b>(41,568,552,350)</b>
Taxation	28	364,420,403	-
<b>Net Profit after tax</b>		<b>(1,457,458,887)</b>	<b>(41,568,552,350)</b>
<b>Other Comprehensive Income</b>			
Fair value adjustment for equity investment	12	(787,410)	(1,312,350)
<b>Total Comprehensive Income</b>		<b>(1,458,246,297)</b>	<b>(41,569,864,700)</b>

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:

Ms. HAWA A. GHASIA  
CHAIRPERSON - BOARD OF  
DIRECTORS

SIGNATURE:

Ms. MARY M. MARIDADI  
ACTING GENERAL MANAGER

SIGNATURE:

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 June 2024**

DESCRIPTION	SHARE CAPITAL	CAPITAL RESERVES	REVALUATION RESERVES	ACCUMULATED LOSS	TOTAL
	TZS	TZS	TZS	TZS	TZS
Balance as at 01 July 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 June 2023	20,000,000	24,000,000	88,667,409,084	(47,644,455,023)	41,066,954,061
Balance as at 01 July 2023	20,000,000	24,000,000	88,667,409,084	(47,644,455,023)	41,066,954,061
Total comprehensive income for the year	-	-	-	(1,458,246,297)	(1,458,246,297)
Change of Motor Vehicle useful life			37,541,250		
Balance as at 30 June 2024	20,000,000	24,000,000	88,704,950,289	(49,102,701,320)	39,646,248,969

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:

Ms. HAWA A. GHASIA  
CHAIRPERSON - BOARD OF DIRECTORS

SIGNATURE:



Ms. MARY M. MARIDADI  
ACTING GENERAL MANAGER

SIGNATURE:






# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 TZS	30 June 2023 TZS
<b>Cash flow from Operating Activities</b>			
<b>Receipts</b>			
Social Contribution (Revenue)	22	-	150,000
Revenue from exchange transactions	29 A	48,275,613	73,044,190
Other revenue	29 A	117,660,000	1,500,000
Changes in trade receivables	29 A	49,216,293	40,683,816
Customer deposit	29 A	407,550,000	-
Funds received from Government	29 A	1,369,293,458	1,189,829,865
<b>Total Receipts</b>		<b>1,991,995,364</b>	<b>1,305,207,871</b>
<b>Payments</b>			
Wages, Salaries and Employee Benefits	30 A	1,189,827,343	858,764,595
Supplies and Consumables Used	30 A	601,386,443	255,931,379
Other Expenses	30 A	194,675,745	75,354,021
Maintenance Expenses	30 A	52,706,175	14,858,341
Prepayments	30 A	4,380,041	-
Movement in deposits	30 A	3,450,321	-
Tax payment	30 A	32,604,000	-
Payment of inventory	30 A	674,596	-
<b>Total Payments</b>		<b>2,079,704,664</b>	<b>1,204,908,336</b>
<b>Net Cash flow from Operating Activities</b>		<b>(87,709,300)</b>	<b>100,299,535</b>
<b>Cash Flow from Investing Activities</b>			
Acquisition of Property, Plant and Equipment	8(a)	(24,938,500)	(23,662,875)
<b>Total Investing Activities</b>		<b>(24,938,500)</b>	<b>(23,662,875)</b>
<b>Net Cash flow from Investing Activities</b>		<b>(24,938,500)</b>	<b>(23,662,875)</b>
<b>Cash flow from Financing Activities</b>			
Grant refunded/Transferred		-	-
Payments for other Financial Liabilities		-	-
<b>Total Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net Cash flow From Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net increase /(decrease ) In Cash and Cash equivalent</b>		<b>(112,647,800)</b>	<b>76,636,660</b>
Cash and Cash equivalent at the beginning of the year	14	161,845,395	85,208,736
Cash and Cash equivalent at the end of the year	14	49,197,595	161,845,395

Ms. HAWA A. GHASIA  
CHAIRPERSON - BOARD OF DIRECTORS  
SIGNATURE: 

Ms. MARY M. MARIDADI  
ACTING GENERAL MANAGER  
SIGNATURE: 

## NOTES TO THE FINANCIAL STATEMENT

### 1. GENERAL INFORMATION

Kariakoo Market 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 market in the city of Dar es Salaam.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared on going concern basis in accordance with International Financial Reporting Standard (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 Directors to make judgements, 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 on-going 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 Standard (IFRSs) and its interpretations adopted by the International Accounting Standards 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

#### a) CHANGE IN ACCOUNTING POLICIES

No changes to accounting policies were done during the year ended 30 June 2024.

#### b) STANDARDS ISSUED, REVISED OR AMENDED BUT NOT YET EFFECTIVE

##### IFRS 18 - Presentation and Disclosure in Financial Statements

This standard sets out requirements for financial statements that are prepared and presented in general purpose financial statements. It is effective for annual reporting period beginning on or after 01 January 2027.



## IFRS 19 - Subsidiaries without Public Accountability: Disclosures

This standard specifies the disclosures that an eligible subsidiary is permitted to apply instead of the disclosure requirements. It is effective for annual reporting period beginning on or after 01 January 2027.

## Amendments to IFRS 9 and IFRS 7

This amendment addresses classification and measurements of IFRS 9 - Financial Instruments. The amendments includes de-recognition of financial liability settled through electronic transfer, Classification of Financial assets and disclosures in IFRS 7 on investments in equity instruments and disclosure of contractual terms that could change the timing of contractual cash flows of a contingent event not directly related to basic lending risks and costs. Effective date is for periods beginning on or after 01 January 2026.

## Amendments to IAS 1 - Classification of liabilities as Current or Non-current

This aims at promoting consistency in determining whether in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. Effective date is for periods beginning on or after 01 January 2024.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

#### a) Foreign Currency Transactions

##### 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 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 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 at 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, and relevant professional fees and the estimated cost of dismantling and removing the assets 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 benefit associated with the item will flow to the Corporation and the cost of 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

Description	Estimated Life (Years)	Useful Annual Depreciation Rate (%)
Buildings	20	05.00
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 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 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 price, adjusted, if necessary for any 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 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 asset 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 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 straight-line basis over the period of its expected benefit, not exceeding five years.



#### **i) Employee Benefits**

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 their terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a results 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 balances less than three months' maturity from 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 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 payables 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) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

### **6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

#### **Changes in the estimated useful life of building**

During the period under review KMC started using the GAMIS system and all its existing assets were transferred and kept in GAMIS register following a Government directive from Ministry of Finance through letter with ref No. KA.32/233/01/174 dated 12 June 2024. By complying with this adoption its useful life of buildings changed from 40 years to 20 years hence accelerating the depreciation charge on buildings by doubling the amount of depreciation charge per annum.

#### **Impairment of Financial Instruments**

According to IFRS 9 - Financial Instruments, the Entity reviews its financial assets measured at amortized cost at each reporting date to assess whether an impairment loss should be recognised in profit or loss. In particular, judgment by the Entity Management is required in the estimation of the amount and timing of future cash flows when determining the level of impairment loss required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the impairment.

The Entity makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual asset in that portfolio. This evidence may include observable data indicating that there has been an

adverse change in the rating outcome, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss incurred.

KMC holds trade receivables that originated from the pre fire hazard period dated 10 July 2021 that have been uncollectable. In the current financial year, Management instituted a 100 per cent general impairment provision.

## **7. FINANCIAL RISK MANAGEMENT**

KMC's main objectives are to control and manage the Kariakoo market and other markets in the city of Dar es Salaam. In doing so it is exposed to varieties of risks including market risk, operational risk, liquidity risk and credit risk. Financial risk management is carried out by Management on behalf of the Board of Directors. Management is responsible to develop risk policies and monitor the organization against adverse effects on its performance.

KMC holds financial instruments in form of trade receivables, trade payables and cash and cash equivalents. All these arise in the course of its operations.

### **a) Market risk**

Market risk is risk of losses resulting from adverse changes in the market prices such as interest rates, foreign exchange rates, and commodity prices.

KMC is less affected by changes in the market environment and hence market risk is stable.

### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. KMC does not have significant exposure to interest rate risk as it holds no significant financial instruments that are interest bearing.

### **Price risk**

KMC charges tenants rental fees. The fee is set by Management and is not affected by the rental fees charged by other landlords in the market. Therefore KMC's financial instruments are not subjected to price risk.



## Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have foreign exchange risk for now as all the transactions are done in TZS.

## b) Liquidity risk

Liquidity risk is the risk that entity cannot fulfil its payment commitments at maturity as a result of mismatch between its revenue and its expenditure.

KMC's liquidity risk is high. In dealing with it, KMC has been receiving government grants on monthly basis to cover for its operational expenditures and salaries as well as large part of its outstanding debt to creditors is already verified by IAG and agreed to be paid by the Government.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	TZS < 12 months	TZS > 12 months	TZS Total
Liquidity risk as at 30 June 2024			
Financial assets			
Trade receivables	6,345,400	531,638,360	537,983,760
Cash and cash equivalent	49,197,595	-	49,197,595
Total Financial assets	55,542,995	531,638,360	587,181,355
Financial Liabilities			
Trade payables	510,354,108	3,817,714,490	4,328,068,598
Total Financial liabilities	510,354,108	3,817,714,490	4,328,068,598
Net liquidity gap	-454,811,113	-3,286,076,130	-3,740,887,243

	TZS <12months	TZS >12months	TZS Total
Liquidity risk as at 30 June 2023			
Financial assets			
Trade receivables	8,646,400	578,553,653	587,200,053
Cash and cash equivalent	161,845,395	-	161,845,395
Total Financial assets	170,491,795	578,553,653	749,045,448

**Financial Liabilities**

Trade payables	41,850,000	3,858,638,811	3,900,488,811
Total Financial liabilities	41,850,000	3,858,638,811	3,900,488,811
<b>Net liquidity gap</b>	<b>128,641,795</b>	<b>-3,280,085,158</b>	<b>-3,151,443,363</b>

**c) Credit risk**

This is the risk of financial loss due to non-collection of funds tenants and contractors owe the Corporation. 99 percent of KMC's accounts receivable from its tenants and contractors who were outsourced to make collections on services like toilets and parking are in arrears for more than 365 days.

After the fire hazard of 2021 which led to closure of the main Kariakoo market, KMC encountered difficulties in collecting rental due that were outstanding at that time. The amount that is still outstanding to date is TZS 524 million.

In consideration of its collection strategies, aging of the debt and according to provisions of IFRS 9, Management made a general provision of 100% to cover for expected loss. Else Management is ensuring the procedures are enhanced and more controls will be put in place when the market reopens for operation in order to avoid repetition of this problem.

Maximum exposure to credit risk in 2023/24 and 2022/23 is shown in the table below

	TZS 30-Jun-24	TZS 30-Jun-23
<b>Neither past due nor impaired</b>		
Cash and cash equivalent	49,197,595	161,845,395
<b>Total</b>	<b>49,197,595</b>	<b>161,845,395</b>
<b>Past due and impaired</b>		
Trade receivables	524,053,724	587,256,017
<b>Total</b>	<b>524,053,724</b>	<b>587,256,017</b>
<b>Maximum exposure to Credit risk</b>	<b>524,053,724</b>	<b>587,256,017</b>

**d) Operational risk**

This is the risk associated with conduct of day to day operation. The risk of losses resulting from inadequate or failed internal processes or routines, human error, system error or external events.

KMC's Management and Board are currently formulating various operational policies in order to enhance its control, manage and safeguard the Corporation from falling to adverse events. These operational policies relates to ICT, internal control, planning and commercial and asset management. KMC's Risk management policy is already approved by the Board on its meeting

held on 15 November 2024 and will guide the organization into creating its own risk register for further monitoring and control various risks in the organization.



8. PROPERTY, PLANT AND EQUIPMENT  
A. SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

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 July 2022	32,225,250,000	24,540,000,000	76,480,000	31,437,900	210,072,533	91,858,637	470,000	57,125,549,070
Additions	-	-	-	23,362,875	300,000	-	-	23,662,875
As at 30 June 2023	32,225,250,000	24,540,000,000	76,480,000	54,800,775	210,372,533	91,858,637	470,000	57,199,211,945
As at 01 July 2023	32,225,250,000	24,540,000,000	76,480,000	54,800,775	210,352,033	91,858,637	470,000	57,199,211,945
Additions - proprietary	-	-	-	24,938,500	-	-	-	24,938,500
Additions - non-monetary	-	-	-	-	-	37,541,205	-	37,541,205
As at 30 June 2024	32,225,250,000	24,540,000,000	76,480,000	79,739,275	210,352,533	129,399,842	470,000	57,261,691,650
ACCUMULATED DEPRECIATION								
As at 01 July 2022		2,147,250,000	23,900,000	24,218,025	62,977,033	80,376,307	282,000	2,339,023,365
Adjustment					633,607			633,607
Charge for the year		357,950,000	-	7,826,563	851,875	11,482,330	-	378,140,768
As at 30 June 2023		2,505,200,000	23,900,000	32,044,588	64,532,715	91,858,637	282,000	2,717,817,940
As at 01 July 2023		2,505,200,000	23,900,000	32,044,588	64,532,715	91,858,637	282,000	2,717,817,940
Charge for the year		556,822,355	-	4,630,025	653,034	9,385,302	-	572,001,486
As at 30 June 2024		3,062,022,355	23,900,000	36,674,613	65,486,319	101,243,939	282,000	3,289,819,426
IMPAIRMENT PROVISIONS								
As at 01 July 2022		-	-	-	-	-	-	-



During the year KMC made changes on the estimated useful life of Motor vehicle by adding another 4 years of expected useful life valued at TZS 37,541,205.

## B. IMPAIRMENT OF ASSETS

IAS 36 - Impairment of assets requires that an entity write off immediately any assets that are impaired. During the year KMC applied IAS 36 by making a provision for impairment on assets that were destroyed by fire hazard of 10 July 2021 of its carrying value of TZS 212,609,292. This provision was made to reconcile back to PPE register held in GAMIS pending write off approval request from the Ministry of Finance and other relevant authorities.

According to the official loss report produced by Prime Minister's Office, the first and second floor of the main building where these assets were held, were fully destroyed by fire beyond recovery. The provision is held in place.

	30 June 2024	30 June 2023
	TZS	TZS
Impairment provision - Office equipment	40,000,000	-
Impairment provision - Plant and Machinery	172,609,292	10,222,000,000
Impairment loss - Building (Main market)		
<b>Total</b>	<b>212,609,292</b>	<b>10,222,000,000</b>

## 9. INVENTORY

	30 June 2024	30 June 2023
	TZS	TZS
Opening balance	443,604	22,927,000
Additions	3,325,996	443,604
Used	(2,651,400)	-
Written off/ impaired		(22,927,000)
<b>Closing balance</b>	<b>1,118,200</b>	<b>443,604</b>

## 10. TRADE RECEIVABLES & OTHER RECEIVABLES

### A. Trade Receivable schedule

	30 June 2024	30 June 2023
	TZS	TZS
Tax receivable	13,930,036	13,930,036
Trade receivables	524,053,724	573,270,017
Impairment provision	(524,053,724)	(41,955,957)
<b>Total</b>	<b>13,930,036</b>	<b>545,244,096</b>

### B. Reconciliation of provision for impairment

	41,955,957	41,955,957
Balance as at 1 July		
Provision for the year /charge	482,097,767	-



Balance as at 30 June	524,053,724	41,955,957
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During the year KMC increased its general provision for doubtful debt on trade receivables to 100 percent as a result of having uncollected accounts receivables aging more than 365 days.

#### 11. DEFERRED TAX ASSET

	30 June 2024	30 June 2023
	TZS	TZS
Accelerated capital allowance	(742,802,310)	
Tax losses available	401,728,565	
Provision for impairment advances	157,216,117	
Provision for expenses	549,107,708	55,964
	<u>365,250,080</u>	<u>55,964</u>

Deferred tax asset is calculated using a balance sheet method at enacted tax rate of 30%

The movement in the deferred tax asset account is as follows:

At the beginning of the year	55,964	55,964
Credit to profit or loss (Note 30)	365,250,080	
At the end of the year	<u>365,306,044</u>	<u>55,964</u>

#### 12. EQUITY INVESTMENTS IN SHARES

	30 June 2024	30 June 2023
	TZS	TZS
Opening Balance 1 July	3,674,580	4,986,930
Shares Appreciation/(Depreciation)	(787,410)	(1,312,350)
Balance 30 June	<u>2,887,170</u>	<u>3,674,580</u>

KMC held 26,247 shares in Dar es Salaam Community Bank (DCB) through Dar es Salaam Stock Exchange Market (DSE) as an Equity investment. The price of share was TZS 110 per share on 30 June 2024 compared to TZS 140 per share recorded in previous year as per valuation report from Orbit Security Company Ltd.

#### 13. PREPAYMENTS

	30 June 2024	30 June 2023
Advance for Work in Progress	-	35,549
Advance Utility	300,000	200,000
Prepayment Consumables	4,315,590	-
	<u>4,615,590</u>	<u>235,549</u>

#### 14. CASH AND CASH EQUIVALENTS

30 June 2024	30 June 2023
TZS	TZS

BDT Own source Collection account	190,077	
Cash in hand	-	817,000
Deposit General Cash Account	-	244,641
Own source Collection Account - Bank Balances	4,058,867	56,056,180
Own source Recurrent Expenditure - Bank Balances	31,720,956	89,827,330
Recurrent Expenditure Cash Account	9,842,896	14,900,244
Own source Development Expenditure	<u>3,384,799</u>	
	<u>49,197,595</u>	<u>161,845,395</u>

#### 15. SHARE CAPITAL (TAXPAYER FUND)

	30 June 2024 TZS	30 June 2023 TZS
Authorized		
250 Ordinary Shares of TZS 100,000 Each	25,000,000	25,000,000
<b>Issued &amp; Paid-Up Capital</b>		
Treasury Registrar- Ministry of Finance (49%) - 12250	12,250,000	12,250,000
Over-subscribed - 77.50	7,750,000	7,750,000
<b>TOTAL</b>	<u>20,000,000</u>	<u>20,000,000</u>

#### 16. CAPITAL RESERVE (TAXPAYER)

	30 June 2024 TZS	30 June 2023 TZS
Capital Reserve (Dar es salaam City Council)	<u>24,000,000</u>	<u>24,000,000</u>

#### 17. REVALUATION RESERVE

	30 June 2024 TZS	30 June 2023 TZS
Balance as at 1 July	88,667,409,084	88,667,409,084
Movement during the year	37,541,205	-
Balance as at 30 June	<u>88,704,950,289</u>	<u>88,667,409,084</u>

#### 18. DEPOSITS

	30 June 2024 TZS	30 June 2023 TZS
Deposit General	-	3,450,321
Unapplied Deposit Account	-	-
Customer deposit addition	-	<u>3,450,321</u>

#### 19. PAYABLES AND ACCRUALS

	30 June 2024	30 June 2023
	TZS	TZS
Gratuity Payable	337,333,335	337,333,335
Audit fee payable	34,030,576	73,132,400
Corporate Tax Payable	1,881,078,003	1,912,852,326
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-Supplier's debt	188,984,854	117,814,663
Customer deposit addition	407,550,000	-
Staff Claim	402,938,777	383,203,034
	<u>4,328,068,598</u>	<u>3,900,488,811</u>

## 20. REVENUE GRANTS

	30 June 2024	30 June 2023
	TZS	TZS
Government Grant Other Charges	750,502,335	671,149,366
Government Grant Personal Emolument	618,791,123	518,680,499
	<u>1,369,293,458</u>	<u>1,189,829,865</u>

## 21. REVENUES FROM EXCHANGE TRANSACTIONS

	30 June 2024	30 June 2023
	TZS	TZS
Forfeits	-	20,693,524
Renting Space / Houses	48,275,613	52,350,666
	<u>48,275,613</u>	<u>73,044,190</u>

## 22. SOCIAL CONTRIBUTIONS (REVENUE)

User Fee	-	150,000
	-	<u>150,000</u>

## 23. OTHER REVENUE

	30 June 2024	30 June 2023
	TZS	TZS
Receipts from other royalties	-	1,500,000



Sale of Government assets

117,660,000

117,660,000

1,500,000

Sales proceeds of 105.72 tons of scrappers from the remains of assets destroyed by fire on 10 July 2021 at Kariakoo Market. The sale was authorized by the Ministry of Finance and was conducted through an open tender.

## 24. WAGES, SALARIES AND EMPLOYEE BENEFITS

	30 June 2024	30 June 2023
	TZS	TZS
Acting Allowance	30,065,189	2,184,338
Civil Servants	506,361,983	433,896,049
Court attire allowance	1,017,646	-
Electricity Allowance	24,670,000	38,897,480
Extra-Duty	95,378,849	49,140,000
Food and Refreshment	19,591,926	20,461,209
Gratuities	-	50,711,107
Housing Allowance	43,820,000	78,819,055
Leave Travel	5,066,700	4,551,800
Pension deductions	101,763,879	84,784,450
Sitting Allowance	79,318,551	34,273,943
Staff debt expenses (Legal)	139,407,791	-
Subsistence Allowance	28,310,000	11,151,014
Special Allowance	103,255,179	49,894,149
Passage allowance	8,744,000	-
Responsibility allowance	22,791,393	-
	<b>1,209,563,086</b>	<b>858,764,594</b>

## 25. USE OF GOODS AND SERVICE

	30 June 2024	30 June 2023
	TZS	TZS
Advertising and Publication	2,920,000	1,513,800
Air Travel Tickets	11,442,610	1,509,100
Cleaning supplies	100,000	-
Communication Network Services	2,466,609	145,000
Conference Facilities	-	1,090,000
Consumable medical supplies	50,000	-
Diesel	14,745,804	20,631,624
Electricity	19,800,000	13,800,000
Entertainment	5,000,000	5,000,000
Exhibition, Festivals and Celebrations	1,590,000	9,797,000
Food and refreshments	15,447,050	-
Gifts and Prizes	4,800,000	-

Ground Transport (Bus, Train, Water)	2,523,621	3,944,000
Ground travel (bus, railway taxi, etc)	5,968,719	21,510,005
Impairment loss for Inventory	-	22,927,000
Mobile Charges	27,600,000	25,825,000
Office Consumables (papers, pencils, pens and stationaries)	50,536,100	28,758,811
Outsourcing Costs (includes cleaning and security services)	72,753,667	24,139,000
Per Diem - Domestic	359,037,693	53,488,041
Posts and Telegraphs	2,065,500	1,384,100
Printing and Photocopy paper	5,685,505	1,990,000
Small engineering tools and equipment	61,000	-
Subscription Fees	765,000	820,000
Training materials	532,000	-
Tuition Fees/Training costs	26,468,892	13,337,200
Uniforms and Ceremonial Dresses	1,095,040	-
Water Charges	-	909,000
	<u>633,454,810</u>	<u>252,518,681</u>

## 26. MAINTENANCE EXPENSES

	30 June 2024 TZS	30 June 2023 TZS
Cement, Bricks and Building Materials	-	985,000
Air conditioners	-	2,741,000
Cleaning supplies	-	5,610,000
Direct Labour (contracted or casual hire)	5,140,000	-
Electrical and Other Cabling Materials	1,803,000	-
Fire protection equipment	601,800	-
Motor Vehicles and Water Craft	18,222,468	5,301,581
Plumbing supplies and fixtures	137,800	-
Repair and maintenance of sewerage system	1,295,000	-
Small engineering tools and equipment	-	220,760
Small Tools and Implements	-	-
Servers -Maintenance of Specialized equipment	4,211,809	-
Wood and Timber Supplies	21,294,298	-
	<u>52,706,175</u>	<u>14,858,341</u>

## 27. OTHER EXPENSES

	30 June 2024 TZS	30 June 2023 TZS
Audit fees	51,243,376	45,000,000
Director's fee	92,690,600	21,000,000
Consultancy fee	38,077,400	9,354,021
National Expenses	2,000,000	-
Sundry Expenses	8,185,000	-

Transport posts	2,479,369	
	<u>194,675,745</u>	<u>75,354,021</u>

## 28. INCOME TAX EXPENSE

	30 June 2024 TZS	30 June 2023 TZS
<b>Current tax</b>		
Tax charge - current year	829,677	-
Tax charge - relating to prior years	<u>829,677</u>	-
<b>Deferred tax</b>		
Deferred tax asset - current year	(365,250,080)	-
Deferred tax asset - prior years	<u>(365,250,080)</u>	<u>55,964</u>
<b>Total tax expense</b>	<u>(364,420,403)</u>	-
<b>Reconciliation of the tax expense</b>		
Accounting profit/ (loss) before tax	<u>(1,821,879,290)</u>	-
Tax at applicable rate of 30%	(546,563,786)	-
Tax effect of non-deductible expenses	181,313,706	-
Alternative minimum tax	<u>829,677</u>	-
	<u>(364,420,403)</u>	-
<b>Current tax asset/ liability</b>		
At the beginning of the year	1,912,852,326	1,912,852,326
Current tax for the year recognized in profit and loss	829,677	-
Tax paid during the year	<u>(32,604,000)</u>	-
<b>At the end of the year</b>	<u>1,881,078,003</u>	<u>1,912,852,326</u>

## 29. A: RECEIPTS

	30 June 2024 TZS	30 June 2023 TZS
Social Contribution (Revenue)	-	150,000
Revenue from exchange transactions	48,275,613	73,044,190
Other revenue	117,660,000	1,500,000
change in Trade and Other Receivables (Note 31 B)	49,216,293	40,683,816
Customer deposit (Note 19)	407,550,000	-
Funds received	1,369,293,458	1,189,829,865
<b>Total Receipts</b>	<u>1,991,995,364</u>	<u>1,305,207,871</u>



## 29 B: RECONCILIATION OF REVENUE FROM EXCHANGE TRANSACTIONS

Receivables	Opening balance	Collections	Closing balance
Trade Receivables	573,270,017	49,216,293	524,053,724

## 30. A: PAYMENTS

	30 June 2024 TZS	30 June 2023 TZS
Wages, Salaries and Employee Benefits (Note 32 B)	1,189,827,343	858,764,595
Supplies and Consumables Used (Note 32 B)	601,386,443	255,931,379
Other Expenses	194,675,745	75,354,021
Maintenance Expenses	52,706,175	14,858,341
Prepayments	4,380,041	-
Deposit movement	3,450,321	-
Tax payment	32,604,000	-
Inventory	674,596	-
<b>Total Payments</b>	<b>2,079,704,664</b>	<b>1,204,908,336</b>

## 30 B: RECONCILIATION OF PAYMENTS FROM ACCOUNT PAYABLE

Payables	Opening balance	Additions	Payments	Closing balance
Gratuity Payable	337,333,335	-	-	337,333,335
Audit fee payable	73,132,400	49,500,000	-88,601,824	34,030,576
Corporate Tax Payable	1,912,852,326	829,677	-32,604,000	1,881,078,003
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	633,454,810	- 562,284,619	188,984,854
Customer deposit addition	-	407,550,000	-	407,550,000
Staff Claim (Wages, Salaries and Employee Benefits)	383,203,034	1,209,563,086	-1,189,827,343	402,938,777
<b>Totals</b>	<b>3,900,488,811</b>	<b>2,300,897,573</b>	<b>1,873,317,786</b>	<b>4,328,068,598</b>

## 31. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITES TO SURPLUS/ (DEFICIT)

	30 June 2024 TZS	30 June 2023 TZS
Profit or loss for the Period	(1,458,246,297)	(41,569,864,700)

<b>Adjusted for Non-Cash Items</b>			
Depreciation of Property, Plant and Equipment	8(c)	572,001,486	378,140,768
Impairment provision on Plant and Machinery	8(b)	-40,000,000	
Impairment provision on Office equipment	8(b)	172,609,292	
Impairment of Inventory			22,927,000
Impairment loss of Building(Main Market)			10,222,000,000
Fair value loss of Investment Property			31,031,440,000
		784,610,778	41,654,507,768
<b>Net change before working capital</b>		<b>(673,635,519)</b>	<b>84,643,068</b>
<b>Change in Working Capital</b>			
Increase/ (Decrease) in Inventory		(674,596)	-
Increase/ (Decrease) in Deposits		(3,450,321)	2,618,293
Decrease/ (Increase) in Payables and Accruals		427,579,787	(45,620,600)
Decrease/ (Increase) in Receivables		531,314,060	38,065,523
Increase in deferred tax asset		(365,250,080)	
Decrease/ (Increase) in Equity investment in shares		787,410	1,312,350
Decrease/ (Increase) in prepayments		(4,380,041)	19,280,900
		585,926,219	15,656,466
<b>Net Cash from Operating Activities</b>		<b>(87,709,300)</b>	<b>100,299,534</b>

## 32. RELATED PARTY TRANSACTIONS AND BALANCES

### A: Key Management personnel and Board members

As defined by IAS 20, require disclosure of related party transactions in relation to remunerations received by key management personnel and board of directors. The total remuneration paid to key management personnel and members of directors for period ended June 2024 are shown below:

	30 June 2024	30 June 2023
	TZS	TZS
<b>Related party transactions</b>		
Directors fee	81,000,000	74,690,600
<b>Key Management Personnel</b>		
Salary allowances and PSSF contribution	383,851,793	499,800,000

Total

464,851,793

574,490,600

During the year KMC made various transactions with other government entities. The list and balance of the transactions are listed below,

#### B: Receipts from other government entities

S/No	Revenue type	Counterparty entity	Amount
1	Personal emoluments	Ministry of Finance	618,791,203
2	Other charges	Ministry of Finance	750,502,335
	<b>Total</b>		<b>1,369,293,458</b>

#### C: Payments to other government entities

S/No	Revenue type	Counterparty entity	Amount
1	National expenses during flood disaster Hanang	TREASURY REGISTER	2,000,000.00
2	Valuation fee	VALUERS REGISTRATION BOARD	20,000.00
3	Valuation fee	MINISTRY OF LAND	2,417,400.00
4	VALUATION COST	KINONDONI MUNICIPAL COUNCIL	6,210,000.00
5	ANNUAL SUBSCRIPTION AND FEE	ENGINEERS REGISTRATION BOARD	780,000.00
6	Motor vehicle maintenance and repairs	TANZANIA ELECTRICAL MECHANICAL AND ELETRONIC SERVICE AGENT	13,984,583.00
7	ANNUAL SUBSCRIPTION AND FEE	PUBLIC PROCUREMENT REGULATORY AUTHORITY	3,350,000.00
8	DIESEL AND OFFICE CONSUMABLE	GOVERNMENT PROCUREMENT SERVICE AGENT	14,745,804.00
9	ANNUAL SUBSCRIPTION AND FEE	NATIONAL BOARD OF ACCOUNTANCY AND AUDIT	2,055,000.00
10	PAYEE AND WITHOLDING TAX	COMMISSIONER FOR DOMESTIC REVENUE	119,866,764.19
11	TUITION FEE	DAR ES SALAAM INSTITUTE OF TECHNOLOGY	1,100,000.00
12	MAIL AND WEBSITE MANTANANCE FEE	e GOVERNMENT AUTHORITY	2,820,200.00
13	LOAN DEDUCTION	HIGHER EDUCATION STUDENTS LOANS BOARD	2,543,736.00
14	HEALTH INSUARANCE	NATIONAL HEALTH INSURANCE FUND CONTR	30,502,463.76
15	SUBSCRIPTION AND TUITION FEE	NBAA COLLECTION ACCOUNT	2,055,000.00
16	MOTORVEHICLE INSUARANCE	NIC GENERAL DEPARTMENT CURRENT ACCOUNT	2,479,369.09



17	MONTHLY CONTRIBUTION	PSSSF COLLECTION ACCOUNT	91,855,879.20
18	MONTHLY CONTRIBUTION	WORKERS COMPENSATION FUND	2,586,648.28
	Total		301,372,847.52

#### D: Payables with other government entities

S/No	Revenue type	Counterparty entity	Amount
1	Security charges payables	Shima Guard Company Ltd	25,000,658.27
2	Audit fees payables	Controller and Auditor General (CAG)	7,650,000.00
3	Electricity charges payables	TANESCO	48,824,862.81
4	Internet connections	EGA	14,491,580.00
5	Members contribution	PSSSF	867,071,484.21
6	Corporate tax payable and VAT payables	TRA	1,953,770,014.00
	Total		2,916,808,599.29

### 33. CONTINGENT LIABILITIES

#### Contingent liabilities - Additional tax liability due to accumulated interest on unpaid tax liability assessed in year 2020

Tanzania Revenue Authority (TRA) issued additional assessment via letter with reference TRA/101-064/TU dated 9 September 2023 advised KMC of additional tax liability from TZS 1,934,477,897.20 to TZS 3,433,887,697.05 an increase of TZS 1,499,409,799.85 resulting from accumulated interest on unpaid tax liability assessed in year 2020.

KMC management held meeting with TRA Kariakoo Regional Manager on 01 November 2023 to discuss the matter and detailing that the said debt has been verified by the office of Internal Auditor General and is due for processing by the Ministry of Finance. The debt is due for payment by the Ministry of Finance following the inactivity of KMC's investments to generate revenue following the fire tragedy which was also informed to TRA and currently the Corporation is depended on Government grants to pay for salaries and other charges. In the minutes to the meeting KMC was advised to fast track the payment of original debt of TZS 1.9 billion while seeking the waiver on interest accrued.

Further letter with reference no.CBA.141/187/021 dated 23 May 2024 from Ministry of Finance informed KMC of placement of the verified debts to be paid in the coming year 2024/25.

### 34. CAPITAL COMMITMENTS

There were no capital commitments contracted for and outstanding as at 30 June 2024.

### 35. COMPARATIVE FIGURES

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

### 36. EVENTS AFTER THE REPORTING DATE

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

No significant events identified that happened to KMC after the reporting date.