

THE UNITED REPUBLIC OF TANZANIA

Tanzania Shipping Agencies Corporation



ANNUAL REPORT

2018/2019



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TABLE OF CONTENTS

List of Abbreviations.....	ii
Letter of Transmittal	iv
Chairman’s Statement	v
Director General’s Statement.....	vii
Board of Directors	xi
Organisation Structure	xii
Senior Management	xiii
Corporation’s Information	xiv
Directors’ Report.....	1 – 31
Statement of Directors’ Responsibilities.....	32
Statement of Declaration by Director of Finance and Accounts.....	33
Independent Report of the Controller and Auditor General.....	34-37
Financial Statements:	
Statement of Financial Position	38
Statement of Financial Performance.....	39
Statement of Changes in Net Assets	40
Cash flow Statement	41
Statement of Comparison of Budget & Actual Amounts.....	42
Notes to the Financial Statements.....	43 – 78
TASAC Offices Contacts	79 – 80



LIST OF ABBREVIATIONS

Abbreviation	Description
APP	Annual Procurement Plan
DMI	Dar es Salaam Maritime Institute
eGA	e-Government Agency
EWURA	Energy and Water Utilities Regulatory Authority
GePG	Government Electronic Payment Gateway
IFMIS	Integrated Financial Management Information System
IMO	International Maritime Organization
IOMOU	Indian Ocean Memorandum of Understanding
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISCOS	Inter-governmental Standing Committee on Shipping
ISSAI	International Standard of Supreme Audit Institutions
LATRA	Land Transport Regulatory Authority
MLVMCTP	Multinational Lake Victoria Maritime Communication & Transport Project Project
MoFP	Ministry of Finance and Planning
MoWTC	Ministry of Works, Transport and Communication
MRCC	Maritime Rescue and Coordination Centre
MSCL	Marine Services Company Limited
NAO	National Audit Office
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
OMCs	Oil Marketing Companies
OTR	Office of the Treasury Registrar
PAA	Public Audit Act No. 11 of 2008
PAYE	Pay As You Earn
PBPA	Petroleum Bulk Procurement Agency
PMAESA	Port Management Association of Eastern & Southern Africa
POS	Point-of-Sale
PPRA	Public Procurement Regulatory Authority
PSSSF	Public Service Social Security Fund



LIST OF ABBREVIATIONS (Continued)

Abbreviation	Description
STCW	Standards of Training, Certification and Watch-keeping for Seafarers
SUMATRA	Surface and Marine Transport Regulatory Authority
TASAC	Tanzania Shipping Agencies Corporation
TCRA	Tanzania Communications Regulatory Authority
TICTS	Tanzania International Containers Terminal Services Limited
TIRA	Tanzania Insurance Regulatory Authority
TPA	Tanzania Ports Authority
TPSF	Tanzania Private Sector Foundation
TRA	Tanzania Revenue Authority
TZS	Tanzania Shillings
UPS	Uninterruptible Power Supply
US\$	United States Dollar
VAT	Value Added Tax



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WORKS, TRANSPORT AND COMMUNICATION
TANZANIA SHIPPING AGENCIES CORPORATION
TASAC



Hon. Eng. Isack Aloyce Kamwelwe (MP),
Minister for Works, Transport and Communication,
The United Republic of Tanzania,
Mtumba Government City,
P.O. Box 638,
40470 DODOMA.



Honorable Minister,

LETTER OF TRANSMITTAL

In accordance with Section 40 (1) of the Tanzania Shipping Agencies Act, Cap 415, I have the honour to submit the Annual Report of the Tanzania Shipping Agencies Corporation for the financial year ended 30th June, 2019. The Annual Report consists mainly of the:

- a) Directors Report prepared in compliance with the Tanzania Financial Reporting Standard (TFRS) No. 1;
- b) Independent Report of the Controller and Auditor General (CAG); and
- c) Audited Financial Statements, which have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs).

Yours sincerely,

Prof. Tadeo A. Satta

BOARD CHAIRMAN

TANZANIA SHIPPING AGENCIES CORPORATION

March, 2020

PPF Tower Building 7th and 8th Floor, Plot No. 20/21, Garden Avenue/Ohio Street,
P. O. Box 989, Dar es Salaam - Tanzania, **Tel:** +255 222 127 314, **Fax:** +255 222 127 313,
Email: dg@tasac.go.tz, info@tasac.go.tz, **Website:** www.tasac.go.tz

CHAIRMAN'S STATEMENT



I am pleased to present the Annual Report on behalf of the Board of Directors of Tanzania Shipping Agencies Corporation (TASAC). The Report consists of the TASAC Director's Report, the Independent Report of the Controller and Auditor General, and the TASAC audited Financial Statements for the year ended 30th June, 2019. This is the first TASAC Annual Report since its establishment and when it became operational.

TASAC was established under Section 4 of the Tanzania Shipping Agencies Act, Cap 415 with the objective of enhancing the benefits of maritime transport in Mainland Tanzania. The Corporation became operational on 23rd February, 2018 following publication of the Government Notice No. 53 on 16th February, 2018. The Corporation took-over maritime regulatory functions from SUMATRA and its sectoral scope covers maritime administration and regulation of ports, shipping services, maritime environment, safety and security. It also has an exclusive mandate on specified areas of shipping business as prescribed under Section 7 of the Act, Cap 415.

The Board of Directors was appointed by Hon. Eng. Isack A. Kamwelwe (MP), the Minister for Works, Transport and Communication on 23rd April, 2019 and inaugurated on 2nd May, 2019. Prior to the appointment of the Board of Directors, governance and oversight roles of the Board were coordinated by Eng. Dr. Leonard M. Chamuriho, the Permanent Secretary (Transport Sector), Ministry of Works, Transport and Communication. On behalf of the Board, I extend my sincere gratitude and appreciation to Hon. Eng. Kamwelwe (MP) and Eng. Dr. Chamuriho for their useful guidance and tireless support in the execution of Board's functions and powers.

During the first year of operation, TASAC implemented its First Three Years Corporate Strategic Plan (2018/19- 2020/21). This was the leading instrument for planning, priority setting and decision making. The Strategic Plan places emphasis on strategies to be executed to achieve the established six (6) strategic objectives; maritime transport services regulatory role enhanced, maritime safety, security and marine environment improved, shipping business services improved, capacity for the Corporation to discharge mandated functions enhanced, HIV/AIDS, infection reduced and supportive services improved, and effective implementation of National Anti-Corruption Strategy enhanced.

The Board exercised its functions and powers as stipulated in the Act, Cap 415; and played its oversight role during the year ended 30th June, 2019 by ensuring that the annual plan and budget is focused on implementation of the Strategic Plan initiatives with a view to realizing the Corporation's Vision: *to be a leading maritime administration and shipping agencies corporation transforming Tanzania into global maritime transport hub*. This Vision was driven by TASAC Mission: *to ensure efficient provision of safe, secure, reliable and environmentally friendly maritime and shipping business services to contribute to socio-economic development*. Taking the experience of the first year of operation, the Board will evaluate implementation of the current Three Years Strategic Plan in the process of preparation of the Second Five Years Strategic Plan (2021/22-2025/26).

The Corporation executed its regulatory functions during the financial year in compliance with the existing legislation and participated in the preparation of subsidiary legislation for regulation of the maritime transport sub-sector. However, the Corporation did not fully execute its exclusive mandate on shipping business as this was a new area which required time for preparations. The preparations made during the year included recruitment of human resource, establishment of internal operating procedures (IOPs), establishment of shipping business



CHAIRMAN'S STATEMENT (CONTINUED)

fees and charges, terms and conditions of business and engagement of key stakeholders for awareness and getting their comments for improvements of TASAC service delivery.

To enhance Board's oversight role, four (4) Board Committees were formed during the financial year. These were Audit and Risk Committee, Regulated Services Committee, Shipping Business and ICT Committee, and Corporate Affairs Committee. The establishment of the Committee and appointment of its members were done in compliance with Section 24 of the Act, Cap 415. The Committees played a significant oversight role in their assigned areas within the Corporation.

The Corporation improved the regulated services in maritime transport sub-sector specifically on ports and shipping services, and on maritime safety and security. A number of regulatory instruments were enforced and a good support and cooperation from the stakeholders was experienced in all regulated sub-sectors. Major ports services were regulated to comply with the International Ship and Port Facility Security (ISPS) Code. Tanzania waters continued to be safe with no reported incident of piracy. The shipping services were improved in line with establishment of Regulations for Clearing and Forwarding Agents and enforcement of Regulations on Consolidation and Deconsolidation of cargoes.

On shipping business services, after completion of necessary preparations, which took substantial part of the financial year, the Corporation started execution of its exclusive mandate on Clearing and Forwarding functions on 3rd June, 2019. This included clearing and forwarding functions relating to import and export of minerals, mineral concentrates, machineries, equipment, products or extracts related to minerals, petroleum, firearms and ammunition, live animals and Government trophies. The Corporation services on this area had an impact in the industry with reported increase in revenue collections at TRA Customs and Excise Department. This was as result of strict control of document that eliminated loopholes for cheating.

The Act, Cap 415 was amended on 30th June, 2019 to extend TASAC exclusive mandate on clearing and forwarding functions related to fertilizers, industrial sugar, domestic sugar, edible or cooking oil, wheat, oil products, gas, liquefied gas and chemicals or any other liquid related products. The Board of Directors established fees and charges for the extended mandate in compliance with Section 28 of the Act, Cap 415. The Board Order was presented to the relevant Government authorities for publication in the Government *Gazette*.

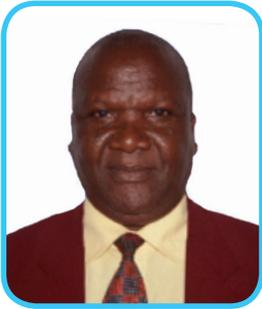
Despite the progress made in all the strategic areas of the Corporation's strategic plan, some challenges were experienced during the financial year, which also served as opportunities for reassessments of the Corporation's strategies towards improvement of services and growth of the maritime transport and shipping business. Through support from the Government and general public, the Board expects to record major progress in the years ahead.

I wish to thank members of TASAC Board of Directors, Management and all employees of the Corporation for their sustained commitment and dedication in pursuit of better Tanzania through better regulation and better terms and conditions of business.

Prof. Tadeo A. Satta
BOARD CHAIRMAN

March, 2020

DIRECTOR GENERAL'S STATEMENT



The Tanzania Shipping Agencies Corporation (TASAC) is pleased to report its operational performance in this 1st issue of TASAC Annual Report for the financial year ended 30th June, 2019.

The report reflects on implementation of various regulatory activities in the regulated sub-sectors of maritime environment, safety and security, ports and shipping services. It further reflects on performance of the Corporation's exclusive mandate on shipping business; clearing and forwarding, document control, ship tallying and shipping agency services.

During the financial year under review the Corporation undertook a number of initiatives geared towards enhancing its capacity to effectively and efficiently discharge its regulatory responsibilities and shipping business functions. The initiatives included enhancing financial sustainability, engaging key stakeholders to establish expectations and receiving comments for improvements, enhancing effectiveness of the Board, improving internal controls systems and processes, establishing shipping business fees and charges, undertaking recruitment of required skills and improving human resource capacity and working environment.

The Corporation's financial performance during the year ended 30th June, 2019 was outstanding. The recognized revenue amounting to TZS 47.39 billion, which was above the final budgeted revenue of TZS 38.74 billion by TZS 8.65 billion or 22.33%. The recognized revenue consists of revenue from non-exchange transactions amounting to TZS 46.36 billion, revenue from exchange transaction amounting to TZS 398.14 million, other revenue of TZS 5.36 million and gains from foreign exchange translation amounting to TZS 625.52 million.

Revenue collected from non-exchange transactions is made up of service providers' levy amounting to TZS 15.67 billion and fees, fines, penalties and licenses amounting to TZS 30.69 billion. However, major part of recognized revenue on service providers' levy from TPA and MSCL of TZS 10.85 billion was yet to be received (TPA-TZS 10.35 billion and MSCL TZS 502.44 million). The efforts to collect outstanding levy receivable from TPA and MSCL were ongoing.

The Corporation's expenditure for the financial year ended 30th June, 2019 was TZS 25.43 billion, which was below the final budget of TZS 30.11 billion by TZS 4.68 billion, equivalent to under-utilization of budget by 15.54%. The budget underutilization was mainly attributed to delays in implementation of planned activities due to delayed approval of the Corporation's Plan and Budget and the Annual Procurement Plan (APP). These documents were approved for implementation on 7th November, 2018 by the Permanent Secretary (Transport Sector) as the Board of Directors was not appointed by then. In addition, planned recruitments were not undertaken in time due to delay on getting approval of the Corporation's proposed Scheme of Service from the President's Office, Public Service Management and Good Governance.



DIRECTOR GENERAL'S STATEMENT (CONTINUED)

Contribution to the Government Consolidated Fund during the year ended 30th June, 2019 was TZS 9.1 Billion. However, after reconciliation of TASAC revenue collected through SUMATRA bank accounts, TASAC contribution to the Government Consolidated Fund was established to be TZS 10.16 Billion. Thus, TASAC presented a dummy cheque amounting to TZS 10,159,082,860 to H.E. Dr. John Pombe Joseph Magufuli, the President of the United Republic of Tanzania at the ceremony held on 24th November, 2019 at Chamwino State House in Dodoma city. TASAC contribution to other National and International bodies was TZS 1.0 Billion for the year; and the surplus fund during the year ended 30th June, 2019 was TZS 21.96 Billion.

The Corporation strengthened monitoring and auditing of formal ports under the provisions of The International Ship and Port Facility Security (ISPS) Code, The Merchant Shipping Act, Merchant Shipping Regulations and Merchant Shipping Notices. The Corporation further carried out inspections of small boats and registered ships to ensure they were seaworthy and manned appropriately. On regulation of ports and shipping services, TASAC engaged various stakeholders in a bid to strengthen regulatory oversight of informal ports. Regulatory mechanisms for the purpose were developed and boats operators using such private informal ports were identified and engaged.

To improve maritime safety, security and marine environment awareness, the Corporation conducted 176 safety awareness meetings with stakeholders and operators of small vessels in different cluster ports. The meetings emphasized matters related to safety operation of vessels, including provision of adequate lifesaving appliances on board small vessels, aids to navigation, communication facilities and provision of reception facilities at port terminals. In order to enhance compliance with maritime safety standards, a total of 289 surveys and inspections were carried out on ships of 50 GT and above. Out of the surveyed and inspected ships, 64.3% complied with safety standards. Furthermore, a total of 7,079 surveys/inspections were carried out on vessels below 50 GT. Out of the surveyed and inspected small vessels, 83.2% of complied with local safety standards.

On the regulation of maritime transport services, the Corporation set targets to enhance efficiency of ports performance on ship turnaround time (not exceeding 3 days) and container dwell time (not exceeding 7 days) by 30th June, 2019. The compliance level (days) were set in terms of Ship Turn-round Time and Container Dwell Time. The ports complied with performance standard and benchmarks for Ship turn-around time of 3 days by achieving 2.8 days per vessel while import Container Dwell time reached 10.1 days for TICTS and 7.8 days for TPA per econtainer above the benchmarks of 7 days.

The Corporation planned to license/register 816 regulated service providers by 30th June, 2019. As a result, 941 regulated service providers were issued with Licenses/Registration certificates indicating an increase by 15.32% in the number of Licenses/Registration certificates. In addition to that, the Corporation planned to inspect/monitor twenty (20) ports facilities and terminals by 30th June, 2019 where monitoring visits were conducted to sixteen (16) ports in Dar es Salaam, Lindi,

DIRECTOR GENERAL'S STATEMENT (CONTINUED)

Kilwa, Kasanga, Kipili, Itungi, Kiwira, Mwanza, Nansio, Geita, Bukoba, Kemondo, Mtwara, Tanga, Ndumbi and Mbamba Bay.

Further to that, to enhance level of compliance by service providers and revenue collection from Cargo passing through border posts, seven (7) border posts were monitored, these were Holili, Horohoro, Murongo, Mutukula, Mwanza, Sirari and Namanga to oversee cargo passing through border posts and check compliance on the collection of TASAC fees. TRA Holili was found with outstanding remittance to TASAC of TZS 98,368,040 between July and September, 2018 which was thereafter remitted.

In the preparation to undertake exclusive mandate on shipping business, the Corporation planned to develop and implement three (3) operational manuals for Shipping Agency, Ship Tallying and clearing and forwarding together with an integrated shipping business system by 30th June, 2019. These operational manuals were aimed at improving service delivery to meet and satisfy customer needs. As a result, eleven (11) Internal operating procedures (IOPs) manuals were developed and reviewed. The number of developed IOPs exceeded the target due to expert's opinion of developing separate manuals for importation and exportation. The developed IOPs are under implementation since 3rd June, 2019.

On the part of integrated shipping business system, the Corporation with the support of ICT experts from eGA, has started development of the Shipping Business Management Systems (SBMS). The system is still under construction as at 30th June, 2019. The team of experts has completed the system design and development stages for two modules; Clearing and Forwarding and Document Control. The remaining two modules for Shipping Agent and Ship tallying are at the development stage.

Apart from the SBMS, the Corporation has acquired other ICT systems to enhance service delivery, financial management and human resource management. The systems include a Maritime Safety and Seafarers Registration System, Long-Range Identification and Tracking of Ships (LRIT) system, an Integrated Financial Management System (IFMIS) based on Epicor 10.2, Cargo Manifest Billing (M-Bill) System, Government Electronic Payment Gateway (GePG) system, Aruti Integrated Payroll & Human Resource Management System and Biometric Attendance System. With the support and guidance of eGA, the Corporation plans to enhance its ICT systems in use.

With regards to staffing, the Corporation planned to recruit 80% of its employees as per approved Human Resource establishment and staff requirements by 30th June, 2019. As at 30th June, 2019 the Corporation recruited 108 employees which is 61.7% of the established requirements of 175 staff. Out of these, 88 employees were transferred to TASAC from SUMATRA in accordance with Section 65 of the Act, CAP 415 and the remaining employees were transferred to TASAC from other Public institutions. Recruitment of additional employees to enhance the Corporation capacity to discharge its mandated functions was undertaken with the support of the Government Recruitment Secretariat after receiving recruitment permit

DIRECTOR GENERAL'S STATEMENT (CONTINUED)

from President's Office, Public Service Management and Good Governance. The Corporation has received necessary work force that enabled execution of exclusive mandate as well as undertaking monitoring and regulatory functions.

The internal control process and governance structure was planned for enhancement by 30th June, 2019. These included Human Resource Processes and Procedures Manual, ICT governance framework and Risk Management Policy and Framework be developed and implemented. As at year end, a number of draft documents were prepared which included: Staff Rules and Regulations; Financial Rules and Regulations; HIV/ AIDS Policy at Workplace; ICT Steering Committee Charter; Risk Based Internal Audit Manual; and Risk Management Policy and Framework. These documents were pending submission to the Board for approval. The plan is to get them approved within the next financial year.

Effective implementation of National Anti-Corruption Strategy is one of the key strategic objectives of the Corporation. It was planned to establish and facilitate Ethics Committee Meetings and Capacity building to Committee Members by 30th June, 2019 so as to enhance Corporation's culture with ethical values on high level of Integrity. By the year end, Ethics and Integrity Committee was established and members appointed. For proper functioning of the committee, capacity building training was conducted to the committee on the functions of the committee and ethical matters surrounding public servants. In addition, PCCB and Government Security Office were engaged to educate all employees on anti-corruption strategy and ethical values in public services.

The first year of TASAC operations can be concluded as a year of many preparations for taking-off with a number of successful performance indicators. The reported performance indicators are as a result of many hands mostly resting on cohesion within the Corporation, built on teamwork, support and guidance provided by the Ministry of Works, Transport and Communications effective Management, oversight by the Board of Directors, cooperation by stakeholders and the general public support.

Based on the above, I convey my sincere gratitude to my fellow employees who are the eyes and ears of the Corporation who deserve special recognition for their continued loyalty and dedication to realize TASAC Vision. With such resourceful assets, TASAC is set to make it to greater heights in the years ahead.

A handwritten signature in blue ink, appearing to read 'Emmanuel S. Ndomba', is written over a blue horizontal line.

Emmanuel S. Ndomba
DIRECTOR GENERAL

March, 2020

BOARD OF DIRECTORS



Prof. Tadeo A. Satta
Chairman



Mr. Renatus G. Mkinga
Director



Ms. Evelyn G. Makala
Director



Eng. Japhet Y. Maselle
Director



Mr. Usaje B. Asubisye
Director



Capt. Mussa H. Mandia
Director



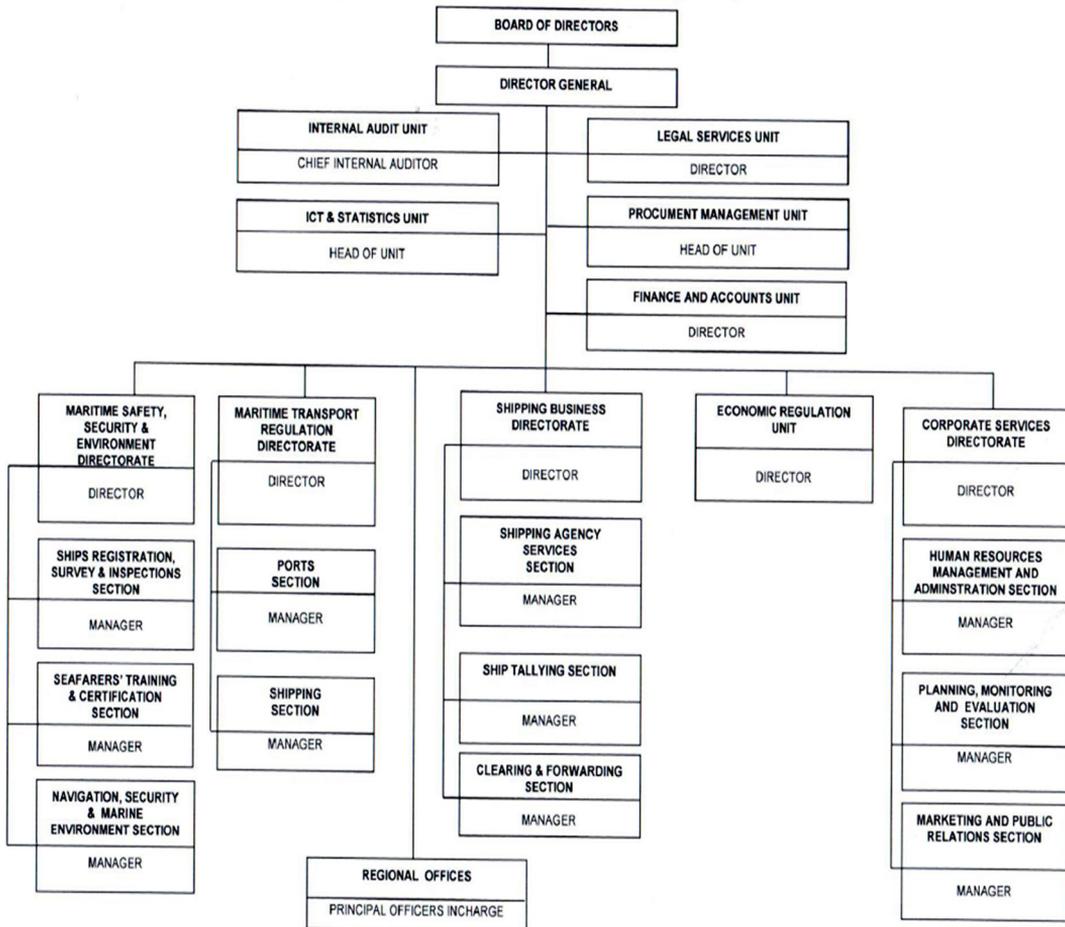
Mr. Ngosengwa D. Mchome
Director



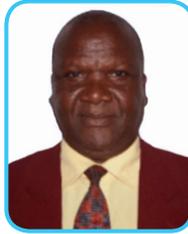
Mr. Emmanuel S. Ndomba
Secretary



ORAGANISATION STRUCTURE



SENIOR MANAGEMENT



Mr. Emmanuel S. Ndomba
Director General



Eng. Japhet L. Loismaye
**Director, Maritime Safety,
Security & Environment**



**Director,
Shipping Business**



Mr. Deogratias B. Mukasa
**Director, Maritime
Transport Regulation**



Mr. Nahson I. Sigalla.
Director, Economic Regulation



Adv. Mkakili F. Ngowi
Ag. Director, Legal Services



Mr. Mathias S. Mhembe
Ag. Director, Corporate Services



CPA. Habibu J.S. Suluo
Director, Finance & Accounts



CPA. Ahadi M. Chacha
Chief Internal Auditor



Ms. Faith W. Ntukamazina
Head, ICT & Statistics



Ms. Rukia M. Kimario
**Ag. Head, Procurement
Management Unit**



CORPORATION'S INFORMATION

PRINCIPAL PLACE OF BUSINESS:	Head Office, PSSSF Tower House, Ohio Street/Garden Avenue, P. O. Box 989, Dar es Salaam, Tanzania.
BANKERS:	National Bank of Commerce (NBC) Limited, Samora Branch, P. O. Box 9002, Dar es Salaam, Tanzania. National Microfinance Bank (NMB) Limited, Bank House, P. O. Box 9031, Dar es Salaam, Tanzania. Bank of Tanzania, 2 Mirambo Street 1184, P. O. Box 2939, Dar es Salaam, Tanzania. CRDB Bank Plc, Tower Branch, P. O. Box 2302, Dar es Salaam, Tanzania.
SECRETARY TO THE BOARD:	Director General, Tanzania Shipping Agencies Corporation, PSSSF Tower House, Ohio Street/Garden Avenue, P. O. Box 989, Dar es Salaam, Tanzania.
AUDITORS:	Controller and Auditor General, National Audit Office of Tanzania, 4 Ukaguzi House, 41104 Tambukareli, P. O. Box 950, Dodoma, Tanzania.

1. INTRODUCTION

The Directors present this report together with the audited financial statements for the financial year ended 30th June 2019, which disclose the results of operations and the state of affairs of the Tanzania Shipping Agencies Corporation (TASAC).

2. ESTABLISHMENT

TASAC was established under Section 4 of the Tanzania Shipping Agencies Act, Cap. 415 as a body corporate to carry out shipping business and enhance maritime administration to regulate ports, shipping services, maritime environment, safety and security and related matters in Mainland Tanzania. TASAC has perpetual succession and common seal as such it can sue or be sued, acquiring, holding and investing in movable and immovable properties, borrowing and lending and entering into any lawful contract.

The Act came into force on 23rd February, 2018 following the Government Notice No. 53 published on 16th February, 2018. Thus, the Corporation started to operate with effect from 23rd February, 2018 under the Ministry of Works, Transport and Communication (MoWTC).

TASAC is governed by the Board of Directors established under Section 21 of the Act. The Board is responsible for overseeing the management of business and affairs of the Corporation. TASAC Head Office was in Dar es Salaam during the year ended 30th June, 2019 and it operates in eight (8) regions and two (2) districts in Mainland Tanzania.

3. TASAC VISION

TASAC vision statement provides the future outlook and direction of the Corporation to enable employee carry out their responsibilities with a common purpose. The Corporation's vision is:

“To be a leading maritime administration and shipping agencies corporation transforming Tanzania into global maritime transport hub”.

4. TASAC MISSION

TASAC mission statement summarizes the Corporation's purpose of existence and how customers' expectations will be met. The Corporation's mission is:

“To ensure efficient provision of safe, secure, reliable and environmentally friendly maritime and shipping business services to contribute to socio-economic development”.



5. TASAC CORE VALUES

TASAC core values represent moral boundaries within which the Corporation operates. They define personality and are ethical standards by which the Corporation's employees would be measured. The values are TASAC commitment to its stakeholders.

Therefore, in day to day operations, the Corporation's employees are guided by the following core values: -

- i) **Professionalism:** Adopting an approach that demonstrates professionalism in competency, character, attitude, and conduct;
- ii) **Accountability:** Being accountable to our stakeholders and to the Nation in the execution of the functions and mandate bestowed upon the Corporation;
- iii) **Fairness:** Being fair in all dealings with consumers, service providers and the other stakeholders and discharge our duties with neutrality and impartiality, without fear or favour;
- iv) **Integrity:** Being exemplary in our behaviour and acting with honesty and integrity in all our transactions;
- v) **Transparency:** Being transparent in all our activities and dealings and ready for public scrutiny; and
- vi) **Innovation:** Always striving to reach out and embrace new technologies and innovative methods of executing our mandate and contributing to national development.

6. THE OBJECTIVE OF THE CORPORATION

The objective of the Corporation is carrying out its functions and exercising its powers as provided in the establishing Act, is to enhance the benefits of maritime transport in Mainland Tanzania by: -

- i) promoting effective management and operations of shipping agencies;
- ii) promoting effective operations of ports and shipping services;
- iii) maintaining cargo safety and security;
- iv) promoting and maintaining maritime environment, safety and security;
- v) promoting efficiency, economy and reliability;
- vi) fostering the development and expansion of the maritime transport sector;
- vii) promoting competition in the maritime transport services; and
- viii) entering into contractual obligations with other persons or body of persons in order to secure the provision of quality and efficient shipping services and maritime environment, safety and security, whether by means of concession, joint venture, public private partnership or other means and to delegate its own functions of providing shipping services and maritime environment, safety and security to one or more parties.

7. THE PRINCIPAL FUNCTIONS OF THE CORPORATION

7.1 The functions of TASAC in relation to shipping agencies as provided in Section 6 of the Act are as follows: -

- i) represent the principal in shipping business services;
- ii) arrange for arrival or departure of ships;
- iii) arrange for provision of port services through port operators, customs and other Government or public institutions, firms or private companies or individuals;
- iv) carry out cargo documentation services including release of bills of lading, delivery orders and lodgement of manifest, cargo loading list or discharge list and stowage plans;
- v) carry out ship documentation including inward and outward ship clearance;
- vi) arrange for procuring and processing of documents including production of bills of lading;
- vii) perform activities required for dispatch of ships;
- viii) arrange for provision of services pertaining to crew matters;
- ix) arrange for provision of ship stores, supplies, ship repairing and any other related services;
- x) arrange for transshipment services and shipment of overlanded or short-shipped cargo;
- xi) arrange for container stuffing and de-stuffing services;
- xii) procure warehousing and cargo storage services;
- xiii) canvas for cargo and market shipping services of ships on behalf of ship owners, operators or charterers;
- xiv) provide information on booked cargo, level of utilisation of allotted space on board the ship and statistics on cargo availability;
- xv) attend to claims on behalf of principals;
- xvi) provide regular reports to the principal on the position and performance of ship while in port;
- xvii) monitor, track and coordinate all activities concerning the movement of full and empty containers;
- xviii) keep proper record on any financial transaction in relation to shipping business of the principal including port disbursements;
- xix) make payments for services and goods on behalf of the principals;
- xx) Collect freight charges and other moneys from shippers, consignees or other parties on behalf of the principal;
- xxi) handle and monitor through bill of lading;
- xxii) keep record for all loaded, discharged, stuffed and de-stuffed cargo items;
- xxiii) do or arrange for any other services related to shipping agency business, provided that such services do not contravene the provisions of the Act, Cap 415; and
- xxiv) carry out other activities as necessary, advantageous or proper for the development of shipping industry.



- 7.2 The functions of the Corporation in relation to regulation of maritime administration..., maritime environment, safety and security as provided in Section 11 of the Act are as follows: -
- i) administer the Merchant Shipping Act;
 - ii) exercise port state control of all foreign ships and flag state control of ships registered in Mainland Tanzania;
 - iii) regulate and approve marine services safety equipment's and marine services providers;
 - iv) regulate ferries;
 - v) coordinate maritime search and rescue operations;
 - vi) regulate and coordinate the protection and preservation of marine environment;
 - vii) disseminate information and create awareness on matters related to maritime environment, safety and security; and
 - viii) perform such other functions as may be conferred on the Corporation by the Act, Cap 415 or any other written laws.
- 7.3 The functions of the Corporation in relation to regulation of maritime transport services as provided in Section 12 of the Act are as follows: -
- i) issue, renew and cancel licenses;
 - ii) establish standards for regulated goods and regulated services;
 - iii) establish standards for the terms and conditions of supply of the regulated goods and services;
 - iv) regulate rates and charges;
 - v) monitor the performance of the regulated service providers;
 - vi) facilitate the resolution of complaints and disputes;
 - vii) monitor and superintend the conduct and practices of shipping lines and other regulated service providers;
 - viii) monitor freight rates and surcharge so as to ensure there is correct application during the period of their validity;
 - ix) call for, register and appraise freight rates, currency and bunker adjustment factors and other charges or surcharges in relation to maritime transport services;
 - x) require all ships loading or discharging cargo in Mainland Tanzania ports to submit to the Corporation: -
 - a) ship particulars;
 - b) freight rates;
 - c) copies of cargo freighted manifest and charter parties for both import and export;

- d) copies of operational or service agreements;
 - e) notification of any imposition of new charges; and
 - f) condition of services.
- xi) register shippers, shipping agents and clearing and forwarding agents;
 - xii) superintend the conduct of shipping agents;
 - xiii) disseminate information about matters relevant to the functions of the Corporation; and
 - xiv) perform such other functions as may be conferred on the Corporation by the Act, Cap 415 or any other written laws.
- 7.4 The Corporation has an **exclusive mandate** under Section 7 of the Act, Cap 415 as to the carrying out of: -
- i) clearing and forwarding functions relating to import and export of minerals, mineral concentrates, machineries, equipment, products or extracts related to minerals, petroleum, firearms and ammunition, live animals, Government trophies, fertilizers, industrial sugar, domestic sugar, edible or cooking oil, wheat, oil products, gas, liquefied gas and chemicals or any other liquid related products or any other goods as the Minister may by order published in the *Gazette prescribe*;
 - ii) documentation in relation to shipping agency by receiving from the principal import and export cargo documents including bills of lading and manifests and transmitting such documents to a shipping agent to which representation of a principal has been delegated;
 - iii) ship tallying services; and
 - iv) shipping agency functions in relation to: -
 - (a) tanker ships, pure car carriers vessel, cruise vessel, exhibition vessel, casual caller, chartered vessel and military ship;
 - (b) minerals, mineral concentrates, machineries, equipment, products or extracts related to minerals and petroleum, firearms and ammunition, live animals, Government trophies, fertilizers, industrial and domestic sugar, edible or cooking oil, wheat oil products, gas, liquefied gas and chemicals or any other liquid related products"; or
 - (c) any other goods as the Minister may by order published in the *Gazette prescribe*.



8. THE STRATEGY OF THE CORPORATION

The Corporation Strategic Plan (2018/2019-2020/2021) is the leading instrument for planning, priority setting and decision making. The Plan facilitates discharging of the role and functions of the Corporation for the period of three (3) years. Specifically, the Plan places emphasis on strategies to be executed to achieve the strategic objectives. The Plan has the following six (6) strategic goals:-

- i) maritime transport services regulatory role enhanced;
- ii) maritime safety, security and marine environment improved;
- iii) shipping business services improved;
- iv) capacity for the Corporation to discharge mandated functions enhanced;
- v) HIV/AIDS, infection reduced, and supportive services improved; and
- vi) effective implementation of National Anti-Corruption Strategy enhanced and sustained.

In order to realize the strategic goals, the Corporation prepares annual plan and budget with a result-based management orientation as envisioned in the three (3) year strategic plan.

9. KEY STRENGTHS AND RESOURCES OF THE CORPORATION

The Corporation has the following key strengths and resources, some are tangibles and others are intangibles:-

i) Board of Directors

The Board serves as the focal point and custodian of corporate governance in the Corporation. The Board has been effective in its role of providing direction and oversight to Management and employees. They exercised oversight of the implementation of strategy and operational plans by Management against agreed performance measures and targets.

The Board's roles and responsibilities included Policy Development, Strategic Planning, and Financial and Operational oversight. Generally, Board members were effective and responsible leaders.

ii) Human Resource

The Corporation has a committed Management team supported by competent and motivated employees. By 30th June 2019, the Corporation had offices in eight (8) Regions in Mainland Tanzania and a total of 108 employees. 88 employees were transferred to TASAC from SUMATRA in accordance with Section 65 of the Act, CAP 415 and the remaining employees were transferred from other public institutions. All employees were transferred to TASAC on merit by the Permanent Secretary, President's Office, Public Service Management and Good Governance.

ii) Human Resource (Continued)

The Corporation has annual training plan which ensures at least 50% of all employees undergo short-term training to build capacity and improve employees' performances.

iii) Business and Regulatory Instruments

In the discharge of its functions, the Corporation is guided by the Tanzania Shipping Agencies Corporation Act, CAP. 415, Merchant Shipping Act, CAP. 165, and their respective Regulations, staff and financial rules and regulations, standards and sector legislations on shipping business, maritime transport services, maritime safety, maritime security and prevention of pollution from ships and maritime activities. These instruments were key in the Corporation's discharge of its functions judiciously and fairly during the financial year under review.

iv) Corporation and Support from Stakeholders

The Corporation has internal and external stakeholders and it has established a harmonious relationship with its stakeholders. During the year under review, stakeholders from both shipping business and regulated services extended required cooperation and support to the Corporation's activities.

Specifically, the Corporation received continuous cooperation and support from the Government (MoWTC, MoFP and OTR), TRA, Importers, Exporters, Clearing & Forwarding Agents, Shipping Agents, TICTS, TPSF, PBPA, Regulated Service Providers and the general public.

In addition, the Corporation has established and maintained working relationships with local entities within the country like eGA, EWURA, OMCs, PBPA, PPRA TCAA, TCRA, TIRA, TPA and TRA. Furthermore, the Corporation maintained international networking with relevant organs including IMO, IOMOU, ISCOS and PMAESA.

v) Financial Sustainability

The sources of funds of the Corporation are provided in Section 35(1) of Act, CAP. 415 to consist of the following:-

- (a) moneys appropriated by Parliament;
- (b) fees, charges, or commissions that shall be prescribed,
- (c) all other payments or property due to the Corporation in respect of any matter incidental to its functions;
- (d) service Provider Levy not exceeding 1.5 percent of turnover,
- (e) such sums of money or property which may become payable to or vested in the Corporation under the Act establishing TASAC or any other written laws; and



v) Financial Sustainability (Continued)

- (f) any grants, donations, bequests, money derived from loans and other payment or property due to the Corporation in respect of any matter incidental to its functions.

vi) ICT Application Systems

The Corporation has ICT application systems which has automated and modernized operations, thus, improved provision of maritime transport regulatory services and shipping business operations.

The Corporation's ICT systems in operations include the following:-

- Long Range Identification and Tracking of Ships (LRIT);
- Maritime Safety and Seafarers System;
- IFMIS based on Epicor 10.2;
- Aruti Integrated Payroll & Human Resource Management System;
- E-Revenue Collection System (GePG system and POS Machines);
- Cargo Manifest Billing (M-Bill) System;
- Electronic Document Management System (EDMS); and
- Time Attendance (Biometric) System.

In general, the ICT application systems is expected to improve Corporation's efficiency in service delivery. The Corporation shall continue with its initiative to automate business operations to enhance efficiency and reduce costs of business operations.

10. FINANCIAL PERFORMANCE AND POSITION

10.1 Financial Performance

The Corporation's total revenue during the year ended 30th June, 2019 was TZS 47.39 billion. This includes the Corporation's revenue from non-exchange transactions amounting to TZS 46.36 billion (service providers levy TZS 15.67 billion and fees, fines, penalties and licenses TZS 30.69 billion), revenue from exchange transaction amounting to TZS 398.14 million, other revenue of TZS 5.36 million and gains from foreign exchange translation amounting to TZS 625.52 million.

The collections of TZS 47.39 billion were above the final budgeted collections of TZS 38.74 billion by TZS 8.65 billion or 22.33%. The increase in revenue collection was mainly attributed to increase in revenue from service providers' levy. In addition, the increase in revenue was attributed to increase in revenue from fees and licenses. However, major part of recognized revenue from TPA and MSCL of TZS 10.85 billion was yet to be received (TPA-TZS 10.35 billion, and MSCL TZS 502.44 million). TPA asserted that their revenues were collected by TRA and remitted directly to the Government Consolidated Fund and MSCL complaints of financial hardships but both of them recognized their liabilities to TASAC.

10.1 Financial Performance (Continued)

The Corporation's expenses for the financial year ended 30th June, 2019 amounted to TZS 25.43 billion, which is below the final budget of TZS 30.11 billion by TZS 4.68 billion, equivalent to under-utilization of funds by 15.54%. The underutilization of funds is mainly attributed to delays in implementation of planned activities due to delayed approval of the Corporation's Plan and Budget and the Annual Procurement Plan (APP). These documents were approved for implementation on 7th November, 2018 by the Permanent Secretary (Transport Sector). In addition, planned recruitments were not undertaken in time due to delay on getting approval of the Corporations Scheme of Service from the President's Office, Public Service Management and Good Governance.

Contribution to the Government Consolidated Fund during the year ended 30th June, 2019 was TZS 9.1 Billion and contribution to other National and International bodies was TZS 1.0 Billion. The surplus fund during the year was TZS 21.96 Billion.

10.2 Financial Position

The Statement of Financial Position reported the Corporation's Net Assets amounting to TZS 44.05 billion which is composed of Capital Fund worth TZS 22.09 billion and Accumulated Surplus of TZS 21.96 billion.

The Corporation's total Current Assets amounted to TZS 38.02 billion made up of Cash and Cash Equivalents, TZS 7.12 billion; Receivables and prepayments, TZS 30.78 billion; and Inventories, TZS 121.35 million. The total current assets represented 86.31% of the Net Assets. The Corporation's total Current Liabilities amounted to TZS 969.80 million made up of Payables, TZS 965.05 million and Employee benefits TZS 4.75 million. Thus, the Corporation's ability to meet its short term obligations as they fall due (liquidity ratio) or the working capital (current) ratio stands at 39.2. The high liquidity ratio indicates that the Corporation can cover its current liabilities 39.2 times.

The Corporation's total Non-Current Assets amounted to TZS 6.99 billion made up of Property, Plant and Equipment (PPE), TZS 6.57 billion and Intangible Assets, TZS 426.41 million. PPE of TZS 6.57 billion consists of Land TZS 390 million, Buildings TZS 66.72 million, Motor Vehicles TZS 963.54 million, Plant and Machinery TZS 51.19 million, Office furniture, fixtures and fittings TZS 328.56 million, Computers, Servers & UPS TZS 591.41 million and Office Equipment TZS 248.02 million.

There are also Capital Works in Progress for construction of office building (SUMATRA House) TZS 3.93 billion, which is shared equally with LATRA as per the Certificate of Transfer of SUMATRA Assets and Liabilities issued by the Minister of Works, Transport and Communication. The formal handing over of Certificate of Titles and Motor Vehicle Cards is pending with Treasury Registrar. Intangible Assets of TZS 426.41 million consist of application software for administration TZS 88.59 million, application software for ICT infrastructure and operations TZS 195.47 million and Work in Progress (WIP) for Shipping Business Management System (SBMS) TZS 142.35 million.



10.2 Financial Position (Continued)

The general financial performance indicates that the Corporation's existing sources of revenue can sustain execution of the Corporation's functions. However, the Corporation shall continue to closely monitor its current sources of revenue and explore other sources to enable it to sustain its operations services to the public.

11. BOARD OF DIRECTORS

The Board of Directors, which consists of the Chairman and six other members, was established under Section 21 of the Tanzania Shipping Agencies Corporation Act, CAP. 415. The Chairman was appointed by the President of the United Republic of Tanzania and the Board Members were appointed by the Minister responsible for maritime transport. The Board is responsible for overseeing the Management of business and affairs of the Corporation. The Director General is the Secretary to the Board.

The Board Chairman was appointed for a period of four (4) years, effective from 23rd April, 2019; and the Board Members were appointed for a period of three (3) years, effective from 23rd April, 2019. The Schedule to the Act, Cap 415 provides that the Members of the Board shall elect from among themselves a Board Vice Chairman who shall, subject to his continuing to be a member, hold office for a term of one year from the date of his election, and shall be eligible for re-election.

During the year under review, no conflict of interest existed among the Key Management Personnel and the Corporation. Key Management Personnel, including Board Members, made declarations by completing a Form for Declaration of Related Party Transactions. The Form was designed as issued by NBAA for the purpose of making sure that every transaction done by an entity with related parties is adequately disclosed and thus provide users of financial statements with adequate information for decision making. The details on Related Party Transactions are disclosed in Note 32 of these financial statements.

11. BOARD OF DIRECTORS (Continued)

The following are members of the Board who served the Corporation during the year under review for stated period:-

Name	Position	Nationality	Qualification	Age	Date of Appointment
Prof. Tadeo Andrew Satta	Chairman	Tanzanian	PhD (Finance) at Manchester University, UK; Master of Business Administration (MBA), University of Hull, UK.	58	23 rd April, 2019
Mr. Ngosengwa Daniel Mchome	Member	Tanzanian	Graduate Diploma in Shipping, Blinden University, The University of Norway (1980); Diploma in Shipping, Norwegian Shipping Academy, Norway (1974); Certificate in Office Management and Government Accounting (1967).	75	23 rd April, 2019
Capt. Mussa Hamza Mandia	Member	Tanzanian	Master of Science in Maritime Education, World Maritime University, Malmo, Sweden, 2000; Master Class One Certificate of Competency, Australian Maritime Safety Authority, 1997; Chief Mate Course (Certificate), Arab Maritime Transport Academy, Alexandria, Egypt, 1988.	62	23 rd April, 2019
Ms. Evelyn Godfrey Makala	Member	Tanzanian	Bachelor of Laws (LLB), University of Dar es Salaam; Master of Laws (LLM) on Business, Corporate and Maritime Law, Erasmus University, Rotterdam.	46	23 rd April, 2019
Mr. Renatus Gervas Mkinga	Member	Tanzanian	Bachelor of Arts (Hons) on International Relations and Public Administration, University of Dar es Salaam, 1984; Post-graduate Diploma of Law, University of Dar es Salaam, 1987; Hubert Humphrey Fellow, University of Texas at Austin, USA, 1993.	69	23 rd April, 2019
Eng. Japhet Yaredi Maselle	Member	Tanzanian	Bachelor of Science Degree In Mechanical Engineering, Welding Technology–Cairo Metallurgical Institute (CMRDI) - Egypt, Plant Maintenance (Road construction Machinery-Osaka International Centre (OSIC) - Japan	63	23 rd April, 2019
Mr. Usaje Bernard Asubisye	Member	Tanzanian	Master's degree in business administration option Multinational Financial Management and Managerial Finance (Cardiff University, Wales, UK; Advanced Diploma in Accountancy (ADA), St. Augustine University of Tanzania (SAUT); Association of Chartered Certified Accountant (ACCA), Professional Level 1, UK.	54	23 rd April, 2019
Mr. Emmanuel Stephen Ndomba	Secretary (Director General)	Tanzanian	Master of Science in Maritime Affairs, World Maritime University, Malmo, Sweden, 2001; Advanced Diploma in Business Administration (ADBA), Mzumbe, 1994; Diploma in Professional Shipping, Oslo, Norway, 1999	56	23 rd April, 2019



11. BOARD OF DIRECTORS (Continued)

The Board was inaugurated by Eng. Isack Aloyce Kamwelwe (MP), the Minister for Works, Transport and Communication in Dar Es Salaam on 2nd May, 2019. During the year ended 30th June, 2019, the Board held a total of two (2) extra-ordinary meetings, which discussed and deliberated on the following main issues:-

- a) TASAC Internal Operating Procedures (IOPs) for Shipping Business:-
 - i) Clearing and Forwarding Agency;
 - ii) Document Control; and
 - iii) Principal's Account.
- (b) TASAC Fees for Shipping Business Operations;
- (c) Opening of Bank Accounts;
- (d) Use of Delivery Order for Cargo Release by Shipping Agents; and
- (e) Recruitment of employees for shipping business functions;
- (f) Board Order on the Abolishment of Delivery Order Fees.

12. BOARD COMMITTEES

According to Section 24(1) of the Tanzania Shipping Agencies Act, CAP. 415, the Board may form and appoint from among its members, such number of committees as it deems necessary for purposes which, in the opinion of the Board, would be better administered through committees. In addition, Section 23(3) of the Act empowers the Board to co-opt any person whose presence, is in its opinion desirable to attend and participate in the deliberation of a meeting of the Board or committee and such person shall have no right to vote. However, the Board Committees were not established until the end of the financial year and no person was co-opted by the Board. The Board Committees was formed before these financial statements were authorised for issue. The Committees are:

a) Audit and Risk Committee (ARC)

Name	Position	Nationality	Age	Date of Appointment
Mr. Usaje Bernard Asubisye	Chairman	Tanzanian	54	9 th July, 2019
Eng. Japhet Yaredi Maselle	Member	Tanzanian	63	9 th July, 2019
Mr. Ngosengwa Daniel Mchome	Member	Tanzanian	75	9 th July, 2019

This Committee will be responsible for internal audit functions, internal control systems, internal and external audit reports, financial statements, risk management policy and implementation of the auditors' and Parliamentary Accounts Committee (PAC) recommendations.

12. BOARD COMMITTEES (Continued)

b) Corporate Affairs Committee (CAC)

Name	Position	Nationality	Age	Date of Appointment
Mr. Renatus Gervas Mkinga	Chairman	Tanzanian	69	9 th July, 2019
Capt. Mussa Hamza Mandia	Member	Tanzanian	62	9 th July, 2019
Ms. Evelyn Godfrey Makala	Member	Tanzanian	46	9 th July, 2019

The Committee will be responsible for Human Resource Management, Financial Management and Accounting operations, Procurement Management and Legal Affairs.

c) Shipping Business and ICT Committee (SBIC)

Name	Position	Nationality	Age	Date of Appointment
Mr. Ngosengwa Daniel Mchome	Chairman	Tanzanian	75	9 th July, 2019
Mr. Renatus Gervas Mkinga	Member	Tanzanian	69	9 th July, 2019
Eng. Japhet Yaredi Maselle	Member	Tanzanian	63	9 th July, 2019

The Committee will be responsible for execution of TASAC exclusive mandate on shipping business functions, which include shipping agency, document control, ship tallying and clearing and forwarding agency. It will also be responsible for ICT and Statistics.

d) Regulated Services Committee (RSC)

Name	Position	Nationality	Age	Date of Appointment
Ms Evelyn Godfrey Makala	Chairman	Tanzanian	46	9 th July, 2019
Capt. Mussa Hamza Mandia	Member	Tanzanian	62	9 th July, 2019
Mr. Usaje Bernard Asubisye	Member	Tanzanian	54	9 th July, 2019

The Committee shall be responsible for regulated services under the Directorate of Maritime Transport Services and the Directorate of Maritime Safety, Security and Environment.

13. MANAGEMENT OF THE CORPORATION

The overall Management of the Corporation is conferred to the Board of Directors which is required to ensure adherence to the governing laws and procedures. The Director General, who is also the Chief Executive Officer of the Corporation, is responsible to the Board for the proper administration and management of the functions and affairs of the Corporation.

The Corporation's Management team, which is under the supervision of the Director General demonstrated capability to handle all operational and administrative matters efficiently. This was proven even during the period of operating without a full Management team and before the Board was appointed. The Management, under the Director General, is organized into four (4) Directorates and six (6) Units as follows:-



13. MANAGEMENT OF THE CORPORATION (Continued)

a) Directorates

Directorate of Maritime Safety, Security and Environment (DMSE), Directorate of Maritime Transport Regulation (DMTR), Directorate of Shipping Business (DSB) and Directorate of Corporate Services (DCS).

b) Units

Finance and Accounts Unit (FAU), Economic Regulation Unit (ERU), Legal Services Unit (LSU), ICT and Statistics Unit (ICTSU), Internal Audit Unit (IAU) and Procurement Management Unit (PMU).

However, following the amendment of the Tanzania Shipping Agencies Act, No. 14 of 2017 by the Written Laws (Miscellaneous Amendments) Act, No. 3 of 2019, which extended the Corporation's exclusive mandate, the Board plans to review the Corporation's Organisation Structure and Scheme of Service for proper execution of the extended exclusive mandate.

The additional exclusive mandate is on clearing and forwarding functions related to import and export of fertilizers, industrial sugar, domestic sugar, edible cooking oil, wheat, oil products, gas, liquefied gas and chemicals or any other liquid related products. The other additional mandate is on shipping agency functions in relation to tanker ships, pure car carriers' vessel, cruise vessel, exhibition vessel, casual caller, chartered vessel and military ship; and minerals, mineral concentrates, machineries, equipment, products or extracts related to minerals and petroleum, firearms and ammunition, live animals, Government trophies, fertilizers, industrial and domestic sugar, edible or cooking oil, wheat oil products, gas, liquefied gas and chemicals or any other liquid related products.

14. REVIEW OF BUSINESS PERFORMANCE

14.1 Key Performance Indicators (KPIs)

The Corporation's KPIs are reported based on the implementation of annual Plan and Budget derived from the Corporate Strategic Plan (2018/2019-2020/2021). The KPIs for the year ended 30th June, 2019 are given under the table below.

The Key Performance Indicator's for the Year ended 30th June 2019

Objectives	Target for 2018/19	Key Performance Indicator	Implementation Status
A: Maritime transport services regulatory role enhanced	Set Port performance on Ship turnaround time (not exceeding 3 days) and Container dwell time (not exceeding 7 days) are improved by June 2019.	Compliance level (days) in terms of the following:- (i) Ship Turn-round Time (ii) Container Dwell Time Expected outcome: Efficiency of maritime transport services.	The Port complied with Performance standard and benchmarks for Ship turn-around time of 3 days by achieving 2.8 days per vessel while import Container Dwell time reached 10.1 days for TICTS and 7.8 days for TPA per container above the benchmarks of 7 days.
	816 Licensed/Registered Regulated service providers maintained by June, 2019	Number of licensed service providers. Expected outcome: Improved maritime/shipping services and customers satisfaction.	941 Regulated Service Providers were issued with Licenses/Registration certificates indicating an increase by 15.32% in the number of Licenses/Registration certificates.
	Twenty (20) Port facilities and terminals inspected/ monitored by June, 2019	Number of Port Facilities and Terminals. Expected outcome: Enhanced Port efficiency.	Monitoring Visits were conducted to 16 Ports which are; Dar es Salaam, Lindi, Kilwa, Kasanga, Kipili, Itungi, Kiwira, Mwanza, Nansio, Geita, Bukoba, Kemono, Mtwara, Tanga, Ndumbi and Mbamba Bay.
	Seven (7) Border Posts visited and monitored by June, 2019	Number of border posts. Expected outcome: Enhance level of compliance by service providers and revenue collection from Cargo passing through border posts.	Seven (7) border posts namely Holili, Horohoro, Murongo, Mutukula, Mwanza, Sirari and Namanga were monitored to oversee cargo passing through border posts and check compliance on the collection of TASAC fees. TRA Holili was found with outstanding remittance to TASAC of TZS 98,368,040 between July and September, 2018 which was thereafter remitted.



Objectives	Target for 2018/19	Key Performance Indicator	Implementation Status
<p>B: Maritime safety, security and marine environment improved</p>	<p>Number of safety awareness meetings with stakeholders and operators of small vessels in different cluster ports increased by 5% by June, 2019</p>	<p>Percentage of Safety awareness meetings conducted</p> <p>Expected outcome: Improved maritime safety, security and marine environment awareness.</p>	<p>Conducted 176 safety awareness meetings with stakeholders and operators of small vessels in different cluster ports (increased by 5.4% compared to 167 meetings conducted in the FY 2017/2018). The meetings emphasized matters related to safety operation of vessels, including provision of adequate lifesaving appliances on board small vessels, aids to navigation, communication facilities and provision of reception facilities at port terminals.</p>
	<p>Number of vessels of 50 GT or above inspected/surveyed increased from 273 to 300 by June, 2019.</p>	<p>Number of inspected/ surveyed vessels of 50 GT or above.</p> <p>Expected outcome: Improved maritime safety standards compliance.</p>	<p>289 surveys and inspections were carried out on ships of 50 GT and above (increase by 5.9% compared to 273 surveyed and inspected ships in the FY 2017/2018). Out of the surveyed and inspected ships, 64.3% complied with safety standards.</p>
	<p>Number of small vessels below 50 GT inspected/surveyed increased from 5,498 to 6,598 by June, 2019.</p>	<p>Number of inspected/surveyed vessels below 50 GT.</p> <p>Expected outcome: Improved maritime safety standards compliance.</p>	<p>A total of 7,079 surveys/inspections were carried out on vessels below 50 GT (boats) (an increase of 28.8% compared to 6,598 surveyed and inspected ships in the FY 2017/2018). Out of the surveyed and inspected small vessels, 83.2% of complied with local safety standards.</p>
<p>C: Shipping business services improved</p>	<p>Three operational manuals (<i>for Shipping Agency, Ship Tallying and CFA</i>) developed and implemented by June, 2019.</p>	<p>Number of Operational Manual for shipping business implemented.</p> <p>Expected outcome: Enhanced Level of Consumer Satisfaction.</p>	<p>Eleven (11) Internal operating procedures (IOPs) manuals were developed and reviewed. The number of developed Operational Manual exceeds the target due to Experts opinion of developing separate manuals for importation and exportation. The developed manuals (IOPs) are under implementation since 3rd June, 2019.</p>
	<p>Integrated shipping business systems developed and implemented by June, 2019.</p>	<p>Integrated shipping business systems implemented.</p> <p>Expected outcome: Enhanced Efficiency on TASAC businesses operation.</p>	<p>The system is under construction. The team has completed the System development Stage for the two modules which are for Clearing and Forwarding and Document control functions. The remaining two modules for Shipping Agent and Ship tallying are in development stage.</p>

Objectives	Target for 2018/19	Key Performance Indicator	Implementation Status
<p>D: Capacity for the Corporation to discharge mandated functions enhanced</p>	<p>Recruit 80% of staff as per establishment requirement by June, 2019.</p> <p>Revenue collection target of TZS 38.7 billion is achieved by June, 2019.</p>	<p>Percentage of recruited staff against approved Human Resource establishment requirement increased.</p> <p>Expected outcome: Improved Level of operational independency.</p> <p>Percentage of actual revenue collection from projections.</p> <p>Expected outcome: Improved Level of Corporation's financial independency.</p>	<p>The Corporation recruited 108 staff which is 61.7% of the established requirement of 175 staff. 88 employees were transferred to TASAC from SUMATRA in accordance with Section 65 of the Act, CAP 415 and the remaining staff were from other Public institutions.</p> <p>A total of 35.86 billion which is 92.57% of the projected revenue collection target of 38.74 billion were collected for the period under review. Under collection from the projected revenue was due to under-collection of Service Providers Levy mainly from TPA.</p>
	<p>Annual Procurement Plan implemented by at least 90% by June 2019.</p>	<p>Percentage Implementation of Annual Procurement Plan.</p> <p>Expected outcome: Enhanced Capacity of the Corporation to discharge its functions.</p>	<p>A total of 28 out tenders were implemented, that is 62% of the tenders planned in the annual procurement Plan were implemented.</p> <p>APP was approved on 1st November, 2018 and published on PPRA Portal on 7th November, 2018 which led to delay in implementation of some procurements.</p>
	<p>HR Processes and Procedures Manual, ICT governance framework and Risk Management Policy and Framework developed and implemented by June 2019.</p>	<p>Manuals for HR Processes and procedures, ICT Governance Framework and Risk Management Policy and Framework developed and implemented.</p> <p>Expected outcome: Enhanced Efficiency on TASAC operations.</p>	<p>Draft documents: Staff Rules and Regulations; Financial Rules and Regulations; ICT Steering Committee Charter; Risk Based Internal Audit Manual; and Risk Management Policy and Framework have been developed and await submission to the Board for approval of implementation.</p>



Objectives	Target for 2018/19	Key Performance Indicator	Implementation Status
<p>E: HIV/AIDS, infection reduced and supportive services improved</p>	<p>Preparation of TASAC HIV/AIDS Policy at Workplace.</p> <p>Create Awareness to employees on HIV/AIDS endemic & other Non-Communicable diseases.</p>	<p>TASAC HIV/AIDS Policy at Workplace prepared and approved.</p> <p>Expected outcome: Enhanced Efficiency on handling HIV/AIDS issues at Workplace.</p> <p>Rate of Staff attending HIV/AIDS voluntary testing.</p> <p>Expected outcome: Greater knowledge of HIV/AIDS issues among employees.</p>	<p>Draft TASAC HIV/AIDS Policy at Workplace developed and is awaiting submission to the Board for approval of implementation.</p> <p>Seminar on HIV/AIDS and HERPATTIS B was conducted for TASAC employees in Mwanza, Kigoma, Kagera, Geita and Mara.</p>
<p>F: Effective implementation of National Anti-Corruption Strategy enhanced and sustained</p>	<p>Establish and facilitate Ethics Committee Meetings and Capacity building training to Committee Members.</p>	<p>Stakeholders' perception on corruption at TASAC.</p> <p>Expected outcome: Enhanced Corporation culture with ethical values on high level of Integrity.</p>	<p>Ethics and Integrity Committee was established. For proper functioning of the committee, capacity building training was conducted to the committee on the functions of the committee and ethical matters surrounding public servants. Perception survey was pending at the year end.</p>

14. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

14.2 Revenue Performance

The Corporation recognised revenue amounting to TZS 47.35 billion during the year under review. The total revenue recognised is made up of revenue from non-exchange transactions amounting to TZS 46.32 billion (service providers levy TZS 15.63 billion and Fees, fines, penalties and licenses TZS 30.69 billion), revenue from exchange transaction amounting to TZS 398.14 million, other revenue of TZS 5.36 million and gains from foreign exchange translation amounting to TZS 625.52 million.

There were potential sources of revenue under shipping business which were not fully exploited as the Corporation could not start implementation of its exclusive mandate in time. It is projected that the Corporation will collect revenue of more than TZS 65 Billion in the year 2019/2020. This will be achievable through continual commitment of Management and support from motivated employees and all stakeholders. Assurance of revenue collection to the higher tune provides assurance of capacity to discharge its functions and meet the Government, customers and stakeholder's expectations judiciously.

14.3 Implementation of the Corporate Strategic Plan

The Corporation implemented most of the planned activities under the Three Years Corporate Strategic Plan (2018/2019-2020/2021). Some of the key results/ major activities and developments which took place during this period included the following: -

i) Maritime Transport Regulatory Role Enhanced

a) Issuing Licenses and registration certificates to Ports and Shipping Regulated Service providers

The Corporation during the FY 2018/2019 issued licenses and registration certificates to 941 Ports and Shipping Regulated Service Providers. The number of issued licenses and registration certificates to Ports and Shipping Regulated Service Providers are summarised in the table below:



14. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

13.3 Implementation of the Corporate Strategic Plan (Continued)

Summary of Issued Licenses and certificates in the FY 2018/2019

No.	Category of Regulated Service Providers	Quantity
1	Shipping Agents	24
2	Cargo Consolidators/De-consolidators	20
3	Miscellaneous Port Services Providers	31
4	Dry Ports Operators	23
5	Clearing and Forwarding Agents	796
6	Gross Mass Verifiers	47
Total number of Licenses and certificates issued		941

b) Performance Monitoring of Sea and Inland Ports and Shipping Service providers to check compliance with Regulations.

The Corporation conducted 28 monitoring visits to ports of Dar es Salaam, Lindi, Kilwa, Kasanga, Kipili, Itungi, Kiwira, Mwanza, Nansio, Geita, Bukoba, Kemono, Mtwara, Tanga, Ndumbi and Mbamba Bay.

Also, the Corporation conducted a total of 495 inspection and monitoring visits to shipping service providers to check compliance with regulations including 24/7 working arrangements.

The issues observed during monitoring activities that fall under TASAC's regulatory dominion were communicated in order to prompt necessary action for improvement.

c) Monitoring of Cargo Passing through Border Posts

The Corporation conducted quarterly monitoring visits to six (6) border posts of Holili, Horohoro, Murongo, Mutukula, Mwanza and Sirari to oversee maritime cargo passing through border posts and check compliance on the collection of TASAC fees. Observations from the visits were shared with the stakeholders to enforce compliance. This resulted into collection of some unpaid shipping fees at Holili border post while some amount continue to be pursued for payment from some clearing and forwarding agents.

14. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

14.3 Implementation of the Corporate Strategic Plan (Continued)

ii) Maritime Safety, Security and Marine Environment Improved

a) Surveys and Inspections conducted for marine vessels.

The Corporation carried out a total of 289 surveys and inspections on ships of 50 GT and above and compliance level was 64.3%. Also, the Corporation carried out special survey on 21 Government ferries operating under TEMESA to establish maritime safety standards including safe manning level for each ferry relevant to respective operating areas and conditions.

The Corporation also carried out a total of 7,097 surveys and inspections on vessels below 50 GT (boats), whereby 83.2% complied with local safety standards. In addition to surveys and inspections conducted, the Corporation conducted 176 awareness meetings with boat stakeholders, in various cluster ports in order to improve maritime safety standards and safety awareness among boat stakeholders. The awareness meetings were conducted in the following areas: Dar es Salaam, Mtwara, Pwani, Ukerewe, Kagera, Mara, Kigoma, Mbeya and Geita.

In addition, the Corporation through Dar es Salaam MRCC disseminated 209 weather warnings received from the Tanzania Meteorology Authority (TMA), which is responsible for weather forecasts alerts and warnings to navigators and other maritime stakeholders in Tanzania territorial waters. The warnings were due to strong winds reaching 40 km/hr and large waves above 2m.

b) Ships and Port facilities compliance audit on ISPS code.

The Corporation issued approved Port Facility Security Plans for General Cargo and Single Point Mooring all in Dar es Salaam port. All inspected port facilities under ISPS Code maintained and consistently complied with required standards.

c) Issuance of Seafarers Certificates as per the STCW Convention 78 as amended

The Corporation continued discharging its responsibilities in relation to the International Convention on Standards of Training, Certification and Watch keeping for Seafarers 1978, as amended. The objective of the Convention is to ensure that ships are manned with competent and qualified seafarers. In the FY 2018/2019, the Corporation issued:

- 94 Certificates of Competency (COC) for Deck and Engine Officers;
- 5,251 Certificates of Proficiency (COP); and
- 354 Seafarers' Continuous Discharge Certificates (CDC).



14. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

14.3 Implementation of the Corporate Strategic Plan (Continued)

ii) Maritime Safety, Security and Marine Environment Improved (Continued)

d) Improving Environmental Sustainability and Social Compatibility of Regulated Transport Services

The Corporation exercised an oversight on issues of environmental sustainability and socio – economic needs while discharging its functions in connection with provision of regulated transport services. To this end, several initiatives were executed, namely;

- i) Maintained inspections in ports to ensure they provide and keep reception facilities for all kind of waste from ships including (garbage, sewage, bilges and oil) and dust bins for small vessels engaged on sheltered waters;
- ii) Carried out surveys and inspections of ships (289) and boats (7,097), apart from other safety requirement, the owners or operators of the vessels were ascertained and instructed to carry environment protection facilities, including waste bins to prevent marine pollution;
- iii) Continued monitoring ships plying in Tanzania waters for pollution prevention on a 24/7 basis through the Dares Salaam Maritime Rescue Coordination Centre (MRCC Dar), no pollution incident was reported. A monitoring and surveillance visit within the port of Dar es Salaam limit (including to outer anchorage) were conducted; and
- iv) the Corporation managed to review the National Marine Oil Spill Response Contingency Plan to incorporate some stakeholders left out in the earlier established plan including suiting the current status of the new maritime administration.

iii) Shipping Business Services Improved

The Corporation implemented the following activities in relation to Shipping Business operations;

- i) Prepared Internal operating procedures (IOPs) for Shipping Business and conducted training on Clearing and Forwarding Agency Internal operating procedures (IOPs) and customs classification and declaration;
- ii) Prepared draft Forwarding/ Logistics Responsibility Matrix (Corporation versus client) and Minimum capacity specifications; and
- iii) Conducted stakeholders meeting to establish work relationship with Shipping Business stakeholders, customers via consultations by categories.

14. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

14.3 Implementation of the Corporate Strategic Plan (Continued)

iv) Capacity for the Corporation to Discharge Mandated Functions Enhanced

a) Development of Rules and Regulations

Draft TASAC Financial Rules and Regulations, 2019 and Draft TASAC Staff Rules and Regulations, 2019 were developed and shared with all TASAC employees. By the end of the financial year, these two key documents were finalised for consideration by the Board in accordance with Sect. 22(2) (n) of the Tanzania Shipping Agencies Act, Cap. 415.

b) Publication of Regulations

The Government published seven (7) Regulations on 20th July 2018, namely;

- i) The Tanzania Shipping Agencies (Cargo Consolidators and De-consolidators) Regulations, GN. No. 337 of 2018;
- ii) The Tanzania Shipping Agencies (Complaint Handling Procedure), GN. No. 338 of 2018;
- iii) The Tanzania Shipping Agencies (Shipping Agents) Regulations, GN. No. 339 of 2018;
- iv) The Tanzania Shipping Agencies (Clearing and Forwarding Agents) Regulations, GN. No. 340 of 2018;
- v) The Tanzania Shipping Agencies (Dry Port) Regulations, GN. No. 341 of 2018;
- vi) The Tanzania Shipping Agencies (Service Provider Levies and Fees) Rules, GN. No. 342 of 2018; and
- v) The Tanzania Shipping Agencies (Miscellaneous Port Services) Regulations, GN. No. 343 of 2018.

In addition, on 25th January 2019, the Government published the Regulations prepared under Merchant Shipping Act, CAP. 165 and the Tanzania Shipping Agencies Act, CAP. 415, namely;

- i) The Merchant Shipping (Fees) (Amendment) Regulations, GN. No. 64/2019;
- ii) The Merchant Shipping (Survey, Inspection and Certification) (Amendment) Regulations, GN. No. 66/2019;
- iii) The Tanzania Shipping Agencies (Port State Control) Regulations, GN. No. 67/2019;
- iv) The Merchant Shipping (Load Line) Regulations, GN. No. 63/2019;



14. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

14.3 Implementation of the Corporate Strategic Plan (Continued)

iv) Capacity for the Corporation to Discharge Mandated Functions Enhanced (Cont'd

- v) Merchant Shipping (Accident Reporting and Investigation) Rules, GN. No. 61/2019; and
- vi) The Merchant Shipping (Musters, Training and Decision Support Systems) Regulations, GN. No. 65/2019.

c) Publication of Order

The Government published on 14th June, 2019 the Order prepared under Tanzania Shipping Agencies Act, CAP. 415, namely the Tanzania Shipping Agencies (Suspension of Operations of Shipper Nomination Mode) Order, GN. No. 462/2019

d) Development of Regulations

The Ministry of Works, Transport and Communication in consultation with the Corporation developed the draft Regulations namely the Tanzania Shipping Agencies (Tariff) Regulations, 2019, the Tanzania Shipping Agencies (Port Terminal Operators) Regulations, 2019 and the Merchant Shipping (Ship and Port Facility Security) Amendment Regulations, 2019. These draft Regulations were submitted to stakeholders for their opinion. They await approval of the relevant Authority for being forwarded to the Office of the Attorney General for vetting and publication.

e) Quality Management System based on ISO 9001:2015 Certification

The Corporation has started documentation of its key procedures for the whole Organisation in line with Quality Management System (QMS) based on ISO 9001:2015. The ISO 9001:2015 is an international standard which provides for a Quality Management System Requirements that outlines some basic good business practices that should be in place. By implementing QMS that complies with ISO 9001:2015, TASAC will operate more efficiently, effectively as well as increasing customer satisfaction.

In the meantime, the Corporation implements QMS as per the requirements of ISO 9001:2015 for one of its section, namely Seafarers Certification and Training since November, 2018. The Corporation plans to extend the scope of ISO 9001:2015 certification to cover all of its processes and the following activities were done as preparation towards ISO 9001:2015:

14. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

14.3 Implementation of the Corporate Strategic Plan (Continued)

iv) Capacity for the Corporation to Discharge Mandated Functions Enhanced (Cont'd

- f) conducted awareness program to all TASAC employees on the QMS based on ISO 9001:2015 and awareness on Risk Management; and
- g) Documentation of drafts: QMS Quality Manual, Quality Policy, QMS mandatory procedures and Standard Operating Procedures (SOP) for key TASAC processes.

f) Risk Management Policy and Framework

The Corporation developed draft Risk Management Policy and Framework in accordance with the Circular No.12 of 2012/2013 dated 31/05/2013 issued by the Permanent Secretary Ministry of Finance and the Guidance on Preparation of Risk Management issued by the Internal Auditor General in the year 2012.

g) ICT Projects and its application

The Corporation extended effort in scaling-up application of ICT in operations whereby during the review period, the following initiatives were geared to scale up application of ICT in operations:

- i) TASAC website designed and published at www.tasac.go.tz
- ii) Integration of TASAC and DMI system for Seafarers results continues;
- iii) Manifest Billing System has been improved and integrated to GePG;
- iv) Installation of an Integrated Financial Management System based on Epicor 10.2; and
- v) Government ICT Projects (GIP) Portal account for TASAC was opened.

Despite the above, the Corporation, in collaboration with eGA, had completed the Feasibility Study and Requirement Specifications and System Design for the Shipping Business System. The team completed the System development stage for two modules: Clearing and Forwarding and Document control. The remaining two modules for Shipping Agent and Ship tallying were in the development stage.

v) HIV/AIDS, infection reduced and supportive services improved

The Corporation organised HIV/AIDS and Hepatitis B awareness program which was partly implemented. It has also prepared a draft HIV/AIDS Policy at Workplace which was pending approval of the Board.



14. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

14.3 Implementation of the Corporate Strategic Plan (Continued)

vi) Effective implementation of National Anti-Corruption Strategy enhanced and sustained

The Corporation established Ethics Committee for execution of this Strategic Goal. The Committee prepared its Annual Program and started its operations during the year. The implementation of the annual program was in line with the Third National Anti-Corruption Strategies and Action Plan (NACSAP), 2017-2022.

15. HIGHLIGHT OF SIGNIFICANT ACCOUNTING POLICIES

TASAC is the public entity, thus, it has prepared and presented its Financial Statements in compliance with IPSAS. The Corporation's significant accounting policies are provided under the Notes to the Financial Statements. The accounting Policies have consistently been applied by the Corporation throughout the reporting period. There were two (2) new standards issued by International Public Sector Accounting Standards Board (IPSASB) but were not yet effective for use in the preparation of these financial statements. The standards are IPSAS 41 – Financial Instruments (on or after 1st January, 2022); and IPSAS 42 – Social benefits (on or after 1st January 2022). The Corporation did not plan for early adoption of these standards but will adopt them for the purpose of preparation of its future financial statements, where applicable.

16. FUTURE DEVELOPMENTS PLANS

The Corporation will continue to improve its provision of services through competent and motivated employees by implementation of QMS based on ISO 9001:2015 while focusing on value-added customer services. In addition, the Corporation plans to open its offices in the selected regions in Mainland Tanzania while carefully managing both costs and risks. The Corporation will also continue to focus on improving productivity and promote its services to the customers and contribute to the national and international activities related to maritime transport services and environmental protection. Furthermore, the Corporation will continue to improve and modernize its business operation services to the satisfaction of its stakeholders/customers.

17. SOLVENCY AND GOING CONCERN

The Board confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board has reasonable expectation that the Corporation has adequate resources to continue in operational.

18. RESPONSIBLE BEHAVIOUR TOWARDS STAKEHOLDERS/CUSTOMERS

The Corporation believes that the stakeholders/customers are what make its existence. Several measures have been taken to institute a responsible behaviour towards members of the Corporation's and other stakeholders/customers. These measures include, but are not limited to, holding interactive stakeholders' meetings/engagements, staff meetings, seminars and workshops; provide education through media and improving customer services at our offices.

19. CORPORATE GOVERNANCE

The Corporation is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

The Board has the overall responsibility for the activity, including responsibility for identifying key risk areas, considering and monitoring investment decisions, significant financial matters and reviewing performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative and is in compliance with sound corporate governance principles.

20. RISK MANAGEMENT AND INTERNAL CONTROL

i) Risk and internal control assessment

The Corporation implements enterprise-wide risk management policy and framework. Each Directorate, Department and Unit has established its Risk Register which is being monitored for mitigations. Furthermore, the Corporation is in the process of developing Risk Management Manual, Business Continuity Plan and Disaster Recovery Plan.

ii) Safeguarding of Corporation's Assets

The Directors are responsible for safeguarding the assets of the Corporation. Safeguarding assets include the methods of protecting and maintaining the Corporation's daily business operations. The Financial Rules and Regulations of the Corporation has provided for the methods of safeguarding the Corporation's assets.

iii) Other Policies and Regulations

The Corporation has in place various policies and regulations documents including but not limited to HIV/AIDS Policy at Workplace, ICT Policy, Staff Rules and Regulations, Financial Rules and Regulations and Scheme of Service. These policies and regulations documents were developed to strengthen the internal control environment and enhance efficiency within the Corporation. During the year 2018/2019, no incident of loss of Corporation's Assets was recorded.



20. RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

iv) Compliance with Laws and Regulations

The principal functions and operations of the Corporation are governed by the Tanzania Shipping Agencies Corporation Act, CAP. 415 and Merchant Shipping Act, CAP. 165. The Directors confirm that the activities and operations of the Corporation were conducted in accordance with the Acts and there was no information on non-compliance with other applicable written laws and regulations that would have material impact on the Corporation.

v) Reliability of Accounting Records

The Corporation has employed sufficient and competent staff in the Finance and Accounts Unit and has in place a computerized accounting system (IFMS based on Epicor 10.2). Accordingly, proper books of account have been maintained and the financial statements are prepared and presented in compliance with the International Public Sector Accounting Standards (IPSAS).

21. EMPLOYEES' WELFARE

i) Management and Employees' Relationship

A healthy relationship existed between Management and employees during the year. There was a harmonious relationship between employees and Management of the Corporation, and there were no unresolved complaints received by the Board from the employees during the year.

ii) Working Environment

Management believes that its employees should find working for the Corporation an inspiring and personally elevating experience, and consequently accepts co-responsibility for the development of each employee to his/her full potential. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Corporation. This encompasses individual commitment towards innovative thinking and professional expertise resulting to reward.

iii) Opportunities and Fairness

Management is convinced that equal opportunities for all employees, irrespective of ethnicity, race, gender, disability or religion, should be pursued. Management accepts that only through total commitment, loyalty and dedication of its employees will be able to achieve its performance targets.

21. EMPLOYEES' WELFARE (Continued)

iv) Post-employment Benefits

Almost all employees of the Corporation are members of PSSSF. The Corporation contributes 15% of basic salary of each employee to the Fund on behalf of all permanent employees and employee contributes 5% of their basic salary. The total contribution made to PSSSF during the year was TZS 589,839,000.

v) Medical Services

The Corporation operates insured (health benefit) plan for employees, their spouses and up to a maximum of four dependents. Contribution is paid to the National Health Insurance Fund (NHIF) upon successful registration of the employee to the Fund. The total contributions made by the Corporation to NHIF during the year was TZS 237,718,000 being 6% of the employees' basic salary, where the Corporation contributes 3% and employees contribute 3%.

vi) Training Facilities

The Corporation continually develop training programs to ensure employees are adequately trained at all levels. Employees are given opportunity to attend short and long training programmes both locally and outside the country to upgrade their skills and enhance career development. During the year, one (1) employee was released for long term training under International Maritime Organisation (IMO) sponsorship.

vii) Financial Assistance to Employees

The Corporation has implemented inherited Employees Loan Policy for employees transferred from the then SUMATRA to TASAC. The Policy complements the Savings and Credit Co- operative Society (SACCOS) in provision of staff loans. During the year, the draft TASAC Employees Loan Policy was prepared pending its submission to the Board of Directors for consideration.

viii) Persons with Disabilities

The Corporation is an equal opportunity employer and as a matter of policy, recruitment processes are transparent and competitive. In case of applications for employment by persons with disabilities will be considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort shall be made to ensure that their employment with the Corporation continues and appropriate training is arranged.

It is the policy of the Corporation that training, career development and promotion in case of persons with disabilities should, as far as possible, be identical to that of other employees.



22. GENDER PARITY

The Corporation is an equal opportunity employer and it had 108 employees during the year ended 30th June, 2019. Out of 108 employees, 75 were male and 33 were female. Among the male employees, one was on leave without pay as he was offered an opportunity to work with the East African Community's Lake Victoria Basin Commission as Maritime Safety Officer until 1st June, 2020. The Corporation's recruitment policy is to give equal opportunity to all people on recruitment process to fill vacant employment posts. Thus, the Corporation does not discriminate between male and female applicants to the vacant posts. In this regard, great care is taken when implementing the policy in order to ensure that education/professional qualifications, competencies and key attributes which are the basic criteria for selection and appointment, is not compromised.

23. RELATED PARTY TRANSACTIONS

Related party is the one who has the ability, authority and responsibility for planning, directing and controlling the activities or exercise significant influence in making financial and operating decisions. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not. Under the Corporation's circumstance, the Board Members and Senior Management Employees are related parties. This includes Members of the Board of Directors and Senior Management employees (Directors and Heads of Unit).

The related party transactions are disclosed in Note 32 and include Board expenses and remuneration to Management employees.

24. CORPORATE SOCIAL RESPONSIBILITIES

The Corporation acknowledges its responsibility to respond to community social needs. The Corporate Social Responsibility (CSR) interventions included commitment to active participation in environment protection and promotion of socio-economic development of our society through extension of financial support towards implementation of community development projects. During the year ended 30th June, 2019 the Corporation spent TZS 18.6 million to support a number of social and economic development initiatives implemented throughout the country.

25. POLITICAL AND CHARITABLE DONATIONS

The Corporation did not make any political donations during the year ended 30th June, 2019. Donations were made as part of corporate social responsibility to institutions and charitable organizations to acknowledge the Corporation's responsibility to community social needs.

26. STATEMENT OF COMPLIANCE

The Directors' Report is prepared in line with the Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA). The Corporation's financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB).

27. ENVIRONMENTAL CONTROL PROGRAMME

The Corporation believes that environmental awareness plays a vital role in shaping public attitudes. Public education inculcates the habits of preservation and conservation of nature in the general public. It is for this reason that the Corporation has been reminding maritime transport operators and the general public to observe minimum environmental standards propounded by environmental conservation agencies. During the year ended 30th June, 2019 through its educational programs, the Corporation continued to equip the operators with the necessary knowledge, attitude and motivation for the prevention of pollution and resource deterioration.

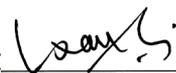
Ferry and boats operators were required to ensure their vessels are equipped with rubbish bins or litter bags to prevent passengers from indiscriminate disposal of solid waste that have far-reaching environmental consequences. Issuance of public notices to warn passengers against such malpractices were encouraged. The public was also encouraged to plant more trees to help convert excess carbon dioxide back to oxygen.

28. AUDITOR

The Controller and Auditor General is the Statutory Auditor of **TASAC** by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified in Section 9 of the Public Audit Act No. 11 of 2008. Therefore, in accordance with Section 33(1) of the same Act, the Controller and Auditor General appointed M/s MAZARS Wiscon Associates to jointly carry out the audit of the Corporation with the Controller and Auditor General.

This Report was approved and authorised for issue by the Board of Directors on **30th December 2019** and signed on its behalf by:

Prof. Tadeo A. Satta, Board Chairman

Signature: 

Date: 30/12/2019

Mr. Emmanuel S. Ndomba, Board Secretary

Signature: 

Date: 30/12/2019



STATEMENT OF DIRECTORS' RESPONSIBILITY

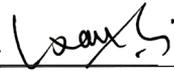
Pursuant to Section 39(1) of the Tanzania Shipping Agencies Act, Cap. 415, the Corporation is required to keep proper books of account and maintain proper records of its operations. The Directors accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements. The Directors understand that the Corporation's system of internal control is effective to provide reasonable, but not absolute, assurance that the transactions recorded in the books of account, which were used to prepare these financial statements, are free from material misstatement.

The Directors further accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), The Public Finance Act, No. 6 of 2001 (Revised 2004), NBAA's Pronouncements and in the manner required by the Tanzania Shipping Agencies Act, Cap 415. The Directors are of the opinion that the financial statements give a true and fair view of the Corporation's state of the financial affairs and of its operating results for the year ended 30th June 2019.

Nothing has come to the attention of the Directors to indicate that the Government of the United Republic of Tanzania shall wind up the operations of the Corporation, thus not to remain a going concern for at least the next twelve months from the date of this statement.

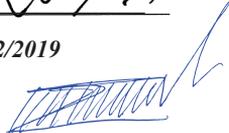
This Statement was approved and authorised for issue by the Board of Directors on **30th December, 2019** and signed on its behalf by:

Prof. Tadeo A. Satta, Board Chairman

Signature: 

Date: 30/12/2019

Mr. Emmanuel S. Ndomba, Board Secretary

Signature: 

Date: 30/12/2019



STATEMENT OF DECLARATION BY DIRECTOR OF FINANCE AND ACCOUNTS

The Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by the Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance and Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Management to discharge the responsibility of preparing financial statements of the Corporation showing true and fair view of the Corporation's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors under the Statement of Directors Responsibility on the above page.

I, **CPA Habibu J. S. Suluo**, being the Director of Finance and Accounts - **TASAC**, hereby acknowledge my responsibility of ensuring that the financial statements for the year ended **30th June, 2019** have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of **TASAC** as on that date and that they have been prepared based on properly maintained financial records.

Signed by: CPA Habibu J. S. Suluo  _____

Position: Director of Finance and Accounts

NBAA Membership No.: FCPA 1516

Date: 27th December, 2019



Chairman of the Board,
Tanzania Shipping Agencies Corporation,
P.O. Box 989,
DAR ES SALAAM.

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF TANZANIA SHIPPING AGENCIES CORPORATION (TASAC) FOR THE YEAR ENDED 30TH JUNE, 2019

Unqualified Opinion

I have audited the financial statements of Tanzania Shipping Agencies Corporation (TASAC), which comprise the statement of financial position as at 30th June, 2019, and the statement of financial performance, the statement of changes in net assets, the cash flow statement, the statement of comparison of budget and actual amounts for the year then ended, and 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 the Tanzania Shipping Agencies Corporation as at 30th June, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of Tanzania Shipping Agencies Corporation (TASAC) 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.

Other Information

Management is responsible for the other information. The other information comprises the Director’s Report and the Declaration by the Head of Finance but does not include the financial statements and my auditor’s report thereon.

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 there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

No.	Key audit matter	How my audit addressed the key audit matter
1.	Revenue recognition	
	<p>Refer to note 8 and 9 to the financial statements.</p> <p>The Corporation recognized revenue of TZS 47.39 billion from various levies and charges made to regulated services during the year ended 30th June 2019. The major component of revenue, Shipping fees, based on information downloaded from TANCIS and uploaded in TASAC’s own billing system. The billing is automated, with limited intervention. The bills are then posted for invoicing in the TASAC’s financial management software. The lack of integration of TANCIS, the billing system and the financial management software poses significant risk on the accuracy and completeness of revenue recognized. As a result, revenue recognition was significant to my audit.</p>	<p>In addressing this matter, I designed my procedures to address the risk around the accuracy and completeness of revenue recognized, which included:</p> <ul style="list-style-type: none"> • Testing the IT environment in which billing, rating and other relevant support systems reside; • Testing the key controls over the accuracy in calculation; • Assessing judgment exercised by the Corporation in recognizing revenue from service providers with history of challenges in making payments; • Reconciling transactions from different computer software employed in the revenue billing and collection process. <p>Results of my procedures</p> <p>We found the revenue recorded to be supportable by the available evidence.</p>



No.	Key audit matter	How my audit addressed the key audit matter
2.	<i>Transitional period arrangement</i>	
	<p>The period audited was TASAC’s first full year of operation. The entity had a transitional period in which its internal controls were being set up. Prior to February 2019, TASAC’s revenue and expenses transactions were being processed through SUMATRA (now LATRA) Integrated Financial Management Systems (IFMIS) based on Epicor 10.1 using SUMATRA bank accounts, and TASAC had no control over these bank accounts. SUMATRA did not have Board of Directors for almost 12 months from 24th September, 2018 to 9th September, 2019.</p> <p>As well, TASAC did not have Board of Directors for about 14 months from the date of its establishment (effective date of 23rd February, 2018) until 23rd April, 2019. These posed a significant risk to the internal control structure for TASAC during the transitional period. As a result, review of the initiation, authorization, recording, reporting of transaction and the key decision-making process during the transitional period was key to my audit.</p>	<p>In addressing this matter, I designed my procedures to evaluate the adequacy of controls over transactions during the transitional period. My procedures included:</p> <ul style="list-style-type: none"> • Review of the appropriateness of key decisions made during the transitional period; • Detailed review of revenue and expense transactions during the transitional period; • Reconciliation of transactions recorded in the TASAC financial statements and transactions processed in SUMATRA/ LATRA bank accounts during the transitional period. <p>Results of my procedures</p> <p>I concluded that the controls applied during the transitional period were generally adequate. I recommend that Management expedite the approval of TASAC’s own policies and procedures to enable the entity to fully implement policies that are relevant to its operating environment.</p>

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

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

In preparing the financial statements, the Board is responsible for assessing the TASAC’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 the Government either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

Auditor’s Responsibilities 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 auditor’s 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 the International Standards for Supreme Audit Institutions (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.

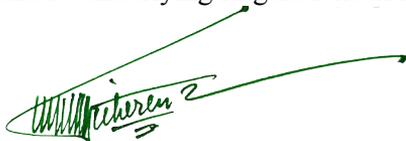
In addition, Sect. 10 (2) of the PAA No.11 of 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 (as amended in 2016) requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the Law and its Regulations.

Report on other Legal and Regulatory Requirements

Compliance with the Public Procurement Act, 2011 (as amended in 2016)

In view of my responsibility on the public procurement legislation and taking into consideration the procurement transactions and processes, I have reviewed as part of this audit, I state that, TASAC procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No. 7 of 2011 (as amended in 2016) and its underlying Regulations of 2013 (as amended in 2016).



Charles E. Kichere

CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dodoma, Tanzania.

9th March, 2020



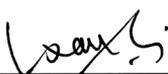


STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2019

		2018/2019
	Notes	TZS '000
ASSETS		
Current assets		
Cash and cash equivalents	22	7,118,556
Trade receivables and prepayments	23A	23,676,549
Receivable from LATRA	23B	7,105,494
Inventories	24	121,350
		38,021,949
Non-current assets		
Property, Plant and Equipment	28	2,639,434
Capital Works in Progress (WIP) - Office Building (SUMATRA House)	28	3,929,003
Intangible Assets	29	284,066
Capital Works in Progress (WIP) - Shipping Business System	29	142,348
		6,994,851
		45,016,800
TOTAL ASSETS		
LIABILITIES		
Current liabilities		
Payables	25	965,052
Employee benefits	26	4,750
		969,802
		44,046,998
NET ASSETS		
NET ASSETS		
Capital Fund	3	22,087,401
Accumulated surplus		21,959,597
		44,046,998
TOTAL NET ASSETS		

These financial statements were approved and authorized for issue by the Board of Directors on 30th December, 2019 and signed on its behalf by:

Prof. Tadeo A. Satta, Board Chairman

Signature: 
Date: 30/12/2019

Mr. Emmanuel S. Ndomba, Board Secretary

Signature: 
Date: 30/12/2019



STATEMENT OF FINANCIAL PERFORMANCE

		2018/2019
	<u>Notes</u>	TZS '000
Revenue		
Service Providers Levy	8	15,665,332
Fees, Licenses & Penalties	9	30,693,446
Revenue from exchange transactions	10	398,138
Other revenue	11	5,363
Gain on foreign currency translation	12	625,519
Total Revenue		47,387,798
Expenses		
Wages, salaries and employee benefits	13	7,749,180
Directors Fees & Other Board Benefits	14	24,506
Travelling and Other Facilitation Expenses	15	4,171,397
Services, Supplies and consumable Expenses	16	2,388,792
Repairs and Maintenance expenses	17	637,560
Contribution to Government Consolidated Fund	18	9,100,233
Contribution to Other Bodies	19	1,008,567
Finance Cost	20	13,793
Depreciation of Property, Plant and Equipment (PPE)	28	325,619
Amortization of Intangible Assets	29	8,554
Total Expenses		25,428,201
Surplus for the period		21,959,597



STATEMENT OF CHANGES IN NET ASSETS

	Capital Fund	Accumulated surplus	Revaluation surplus	Other reserves	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 01 July 2018	22,087,401	-	-	-	22,087,401
Surplus for the year	-	21,959,597	-	-	21,959,597
At 30 June 2019	22,087,401	21,959,597	-	-	44,046,998

The capital fund represents the Opening balance of the Corporation which was derived from the assets and liabilities transferred from the then SUMATRA after its split to LATRA and TASAC. This was the result of Assets less Liabilities as of 1st July 2018, when the Certificate issued under the Hand of the Minister in accordance with Section 67 of the Act, Cap 415, became effective. Thus, the capital fund established from transfer of required assets and liabilities from SUMATRA to TASAC was TZS 22.09 billion.



CASH FLOW STATEMENT

		2018/2019
	<u>Notes</u>	TZS '000
Cash flows from operating activities		
<i>Receipts</i>		
Service Providers Levy	8	8,358,747
Fees, licenses and penalties	9	26,763,479
Revenue from exchange transactions	10	27,031
Other income	11	5,363
<i>Payments</i>		
Wages, salaries and employee benefits	13	(7,535,727)
Directors Fees & Other Board Benefits	14	(24,506)
Travelling and Other Facilitation Expenses	15	(4,424,987)
Services, Supplies and consumable Expenses	16	(1,984,479)
Repairs and Maintenance expenses	17	(552,092)
Contribution to the Government Consolidated Fund	18	(9,100,233)
Contribution to Other Bodies	19	(918,271)
Finance cost	20	(13,793)
Payments made for MLVMCTP	23	(18,009)
Net cash from operating activities		10,582,523
Cash flows from investing activities		
Acquisition of Property, Plant and Equipment	27	(4,237,969)
Acquisition of Intangible Assets	27	(349,443)
Net cash from investing activities		(4,587,412)
Cash flows from financing activities		
Net receipts from LATRA	23	497,926
Net cash used in financing activities		497,926
Net increase in cash and cash equivalents		6,493,037
Net foreign exchange difference	12	625,519
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	22	7,118,556



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original Budget {A}	Adjustments {B}	Final Budget {A+B}	Actual Amount on Comparable Basis {C}	Difference: Final Budget V/s Actual
	TZS '000	TZS '000	TZS '000	TZS'000	TZS '000
Revenue					
Service Provider Levies	9,519,039	(229,557)	9,289,482	15,665,332	6,375,850
Fees, fines, penalties and licenses	23,843,065	5,195,843	29,038,909	30,693,446	1,654,538
Revenue from exchange transactions	19,013,905	(18,903,905)	110,000	398,138	288,138
Other revenue	1,748,245	(1,746,145)	2,100	5,363	3,263
Gain/(loss) on foreign currency translation	25,459	275,678	301,137	625,519	324,382
Total	54,149,713	(15,408,086)	38,741,627	47,387,798	8,646,171
Expenses					
Wages, salaries and employee benefits	16,558,316	(4,835,673)	11,722,643	7,749,180	3,973,463
Directors Fees & Other Board Benefits	303,461	(90,044)	213,417	24,506	188,911
Travelling and Other Facilitation Expenses	6,995,048	(1,053,522)	5,941,526	4,171,397	1,770,129
Services, Supplies and consumable Expenses	7,115,126	(2,784,878)	4,330,248	2,388,792	1,941,456
Repair and Maintenance expenses	1,267,447	(314,797)	952,650	637,560	315,090
Contribution to Government Consolidated Fund	7,860,220	(2,048,976)	5,811,244	9,100,233	(3,288,989)
Contribution to Other Bodies	1,062,680	-	1,062,680	1,008,568	54,112
Finance costs	72,000	-	72,000	13,793	58,207
Depreciation of PPE	-	-	-	325,618	(325,618)
Amortization of Intangible Assets	-	-	-	8,554	(8,554)
Total	41,234,298	(11,127,890)	30,106,408	25,428,201	4,678,207
Surplus/(deficit) during the year	12,915,415	(4,280,196)	8,635,219	21,959,597	13,324,378

Explanations of variances between the budget and actual amounts are provided under Note 33 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ESTABLISHMENT AND PRINCIPAL ACTIVITIES

i) Establishment of the Corporation

The Tanzania Shipping Agencies Corporation (TASAC) is a public entity established under Section 4 of the Tanzania Shipping Agencies Act, Cap. 415. TASAC became operational on 23rd February 2018 following a Government Notice No. 53 published on 16th February 2018.

TASAC is a body corporate with perpetual succession and common seal, as such it can sue or be sued, acquiring, holding and investing in movable and immovable properties, borrowing and lending and entering into any lawful contract or other transaction.

The Head Office address of the Corporation during the year was:

PSSSF Tower Building, 7th & 8th Floors,

Garden Avenue/Ohio Street,

P. O. Box 989,

Dar es Salaam, Tanzania.

ii) Principal Activities of the Corporation

The Corporation sectoral scope covers maritime administration and regulation of ports, shipping services, maritime environment, safety and security; and took-over maritime regulatory functions from SUMATRA.

In addition, the Corporation is exclusively mandated under the Tanzania Shipping Agencies Act, CAP. 415 (as amended) to carry out functions of shipping agency and clearing and forwarding relating to import and export of minerals, mineral concentrates, machineries, equipment, products or extracts related to minerals and petroleum, firearms, Government trophies or fertilizers, industrial sugar, domestic sugar, edible cooking oil, wheat, oil product, gas, liquefied gas and chemicals or any liquid related products or any other goods as the Minister may prescribe by order. Also, it is mandated to carry out document control of shipping agency and ship tallying.

The principal activities of the Corporation are disclosed in the Directors' Report.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. AUTHORISATION OF FINANCIAL STATEMENTS

The Corporation's financial statements for the year ended 30th June, 2019 were adopted and authorized for issue on **30th December, 2019** by the Board of Directors during its 8th Extra-Ordinary Meeting held on 30th December, 2019.

3. OPENING BALANCES

The Opening balance of the Corporation was derived from the assets and liabilities inherited from the then SUMATRA. This was the result of Assets less Liabilities as of 1st July, 2018, when the Certificate issued under the Hand of the Minister in accordance with Section 67 of the Act, Cap 415, became effective.

Therefore, the capital fund established after completion of transfer of required assets and liabilities from SUMATRA to TASAC was TZS 22.09 Billion arrived as follows:

	1st July, 2018
	TZS '000
ASSETS:	
Current Assets	
Net Cash receivable from LATRA (previously SUMATRA)	7,603,420
Trade Receivables (Debtors)	9,652,834
	17,256,254
Non-Current Assets	
Property, Plant and Equipment	2,613,719
Capital WIP - Office Building	2,180,823
Intangible Assets	36,605
	4,831,147
Total Assets	22,087,401
LIABILITIES:	
Current Liabilities	-
TOTAL NET ASSETS	22,087,401
NET ASSETS	
Capital Fund	22,087,401
TOTAL NET ASSETS	22,087,401

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. BASIS OF PREPARATION

The financial statements have been prepared on historical cost basis, except for buildings that have been measured at fair value. The statement of cash flows is prepared using the *direct method*. The financial statements are prepared on an accrual basis.

Statement of Compliance

The Corporation's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB). The Directors Report is prepared in line with the Tanzania Financial Reporting Standard No. 1 (TFRS 1) as issued by the National Board of Accountants and Auditors (NBAA).

Reporting Period

The reporting period for these financial statements is the financial year of the Corporation which runs from 1st July 2018 to 30th June, 2019.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

TASAC is the newly established public entity, thus, these are the first annual financial statements prepared and presented in compliance with accrual basis IPSASs. The adopted accounting policies will be applied consistently to the future years in the preparation and presentation of the Corporation's financial statements, unless otherwise stated. The significant accounting policies outlined below have been consistently applied throughout the year.

5.1 NEW STANDARDS NOT YET ADOPTED BY THE CORPORATION

There were two (2) new Standards issued by the International Public Sector Accounting Standards Board (IPSASB) but were not yet effective up to the date of issuance of the Corporation's financial statements. The new Standards are:

- a) **IPSAS 41 – Financial Instruments**, which is effective on or after 1st January, 2022. This Standard replaces IPSAS 29 and it sets out requirements for recognition and measurement of financial instruments, including impairment, de-recognition and general hedge accounting; and
- b) **IPSAS 42 – Social Benefits**, which is effective on or after 1st January, 2022. This Standard will help users of the financial statements to assess the nature of social benefits provided by the Corporation, the features of the operation of social benefit schemes and the impact of social benefits on the Corporation's financial performance, financial position and cash flows.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.1 NEW STANDARDS NOT YET ADOPTED BY THE CORPORATION (Cont'd)

The Corporation did not plan to early adopt these new Standards. However, the Corporation is evaluating the impact of these Standards on its financial statements and will adopt them in the preparation and presentation of its future financial statements, where applicable.

5.2 FOREIGN CURRENCY TRANSACTIONS

Functional and Presentation Currency

Items included in the financial statements of the Corporation are measured using the currency of the primary economic environment in which the Corporation operates (“the functional currency”). The financial statements are presented in Tanzanian Shillings (TZS’000), which is the Corporation’s functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into Tanzanian Shillings 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 in the statement of financial performance.

5.3 REVENUE RECOGNITION

Revenue of the Corporation shall come primarily from moneys appropriated by the Parliament; fees, charges or commissions from maritime transport services, shipping business and maritime safety, security and environmental services; service providers’ levy collected from regulated entities and other fees relevant to the functions of the Corporation. The rates shall be as specified in the sector legislations.

Revenue shall be recognized on accrual basis of accounting; only when it is probable that the economic benefits associated with the transaction will flow to the Corporation and where the amount of revenue can be measured reliably. The Corporation’s revenue transactions shall be categorized into Exchange and Non-Exchange transactions.

5.3.1 Revenue from Exchange Transactions

Exchange transactions are transactions in which the Corporation receives assets or services, or has liabilities extinguished, and directly gives approximately equal value primarily in the form of cash, goods, services, or use of its assets to another entity in exchange. Exchange transactions include revenues from Shipping Business services and interest income from banking operations. The following specific recognition criteria must also be met before revenue from exchange transaction is recognized:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.3.1 Revenue from Exchange Transactions (Continued)

- i) Rendering of services:* The Corporation recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.
- ii) Interest income:* Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

5.3.2 Revenue from Non-exchange Transactions

The Corporation either receives value from another entity or person without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. The Corporation's revenue from non-exchange transactions includes fees, fines levies and penalties from Maritime Transport Regulation and Maritime Safety, Security and Environment.

The Corporation recognizes revenues from when the event occurs, and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Corporation and the fair value of the asset can be measured reliably.

The following specific recognition criteria must also be met before revenue from non-exchange transaction is recognized:

- i) Fees and fines:* The Corporation recognizes revenues from fees, taxes and fines when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.
- ii) Transfers from other government entities:* Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Corporation and can be measured reliably.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.3.2 Revenue from Non-exchange Transactions (Continued)

- iii) Other transfers:* Other transfers include fees, fines, penalties, licenses, gifts and donations (including goods-in-kind). These are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and the fair value of the asset can be measured reliably.
- iv) Service Providers Levy:* Service Providers Levy are recognized when the asset recognition criteria are met.

5.4 PROPERTY, PLANT AND EQUIPMENT

5.4.1 Recognition

Items of property, plant and equipment (PPE) shall be recognized as assets if, and only if, it is probable that the future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably.

The items of PPE shall initially be recorded at costs, which are directly attributable to bring them to the location and condition necessary for them to be capable of operating in the manner intended by Management. Subsequently, PPE shall be reported at cost or fair value less accumulated depreciation and accumulated impairment losses. Costs shall be included in the assets carrying amounts only when it is probable that the future economic benefit associated with the item can be determined its reliability.

Repairs and maintenance costs for PPE shall be charged to the Statement of Financial Performance during the financial period in which they are incurred. The carrying amount of an item of PPE shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from derecognizing of an item of PPE shall be included in the Statement of Financial Performance, unless where IPSASs requires otherwise on a sale and leaseback.

5.4.2 Depreciation

Depreciation of asset begins when it is available for use and is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Depreciation of asset ceases when it is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated.

Land is not depreciated; however, one of the fundamental principles of the Land Policy that has been incorporated in the Land Act, 1999 is that when one is assessing compensation of land, one of the factors to consider is the market value of the land or a real property.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.4.2 Depreciation (Continued)

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life as shown below:

Description of Asset Category	Useful Life (Years)
Buildings	20 – 50
Boats and Other Marine Vessels	10 – 30
Plants and Machinery	05 – 15
Motor Vehicles / Cycles	05 – 10
Office Equipment	05 – 15
Furniture & Fittings	05 – 15
Computers & Accessories	03 – 05

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period and adjusted prospectively, where appropriate. In addition, the Corporation stops charging depreciation on an asset when carrying amount equals its residual value.

5.5 INTANGIBLE ASSETS

5.5.1 Recognition

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. Thus, intangible asset with a finite life is amortized over its useful life as follows:

5.5.2 Amortization

	<u>Useful Life</u> <u>(Years)</u>
Application software	10 – 20



NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.5.2 Amortization (Continued)

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in the Statement of Financial Performance as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Financial Performance when the asset is de-recognized.

5.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount. Impairment losses are recognised in the Statement of Financial Performance in the period in which they are incurred.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Corporation derecognizes items of Property Plant and Equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance when the asset is derecognized.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.7 LEASES

i) The Corporation as a Lessee

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Corporation. Operating lease payments are recognized as an operating expense in the statement of financial performance on a straight-line basis over the lease term.

ii) The Corporation as a Lessor

Leases in which the Corporation does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

5.8 CASH AND CASH EQUIVALENT

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three (3) months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of Statement of Cash flows, cash is comprised of cash on hand and deposits held at call with banks. Cash equivalents are short term deposits with original maturities of three (3) months or less.

5.9 SHORT TERM INVESTMENTS

The Corporation shall invest its excess cash in short term investments of a period of more than three (3) months and up to twelve (12) months.

Short term investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Corporation has the intention and ability to hold to maturity.

5.10 INVENTORIES

Inventories consist of stationery and other consumables. They are measured at cost upon initial recognition. To the extent that inventories were received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventories are at their fair value at the date of acquisition.

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:



NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.10 INVENTORIES (Continued)

- a) *Raw materials*: — purchase cost using the weighted average cost method; and
- b) *Finished goods and work in progress*: — cost of direct materials and labor, and a proportion of overhead costs on the basis of the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Corporation.

5.11 PROVISIONS

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

5.12 PROVISION FOR GENERAL RESERVE AND OTHER RESERVES

Application of revenue of the Corporation, according to Section 36(2) of the Act, Cap 415, includes setting aside the balance of the revenue of the Corporation to the creation of *General Reserve* and such *Other Reserves* as the Corporation may deem fit. Without prejudice to other laws and the Government directives on remission of 70% of surplus funds to the Government Consolidated Fund and redemption of excess capital, a provision of 30% of net annual surplus funds from the statement of financial performance shall be transferred to the *General Reserve* via the statement of changes in net assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.13 TRADE RECEIVABLES

Trade receivables are recognized initially at fair value and subsequently measured at value less provision for bad and doubtful debts. Trade receivables from Shipping Business are recognised on issuance of tax invoices at an amount net of Value Added Tax (VAT) and shall be receivable within 30 days.

Settlement of receivables beyond 30 days shall be subjected to penalty as per sector legislations and/or tariffs. Specific provision shall be made in the financial statements against trade receivables considered to be doubtful of recovery.

5.14 EMPLOYEE BENEFITS

i) Short-Term Employees Benefits

The cost of all short-term employee benefits, such as leave pay, is recognized during the period in which the employee renders the related service. The Corporation recognizes the expected cost of employee rewards only when the Corporation has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

ii) Defined Contribution Plans

The Corporation provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions to the Public Service Social Security Fund (PSSSF), and the Corporation will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Corporation's contributions to the defined contribution scheme (PSSSF) are charged to the statement of financial performance in the year to which they relate.

iii) Other Long - Term Employment Benefits

Gratuity – This is paid to contract staff at 25% of the employees' basic salary at the end of their contract period, which is at a maximum of five years, renewable for the Director General. The Corporation provides for the expected liability on straight line basis over the contract period.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.15 IMPAIRMENT OF FINANCIAL ASSETS

The Corporation assesses, at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

5.16 ACCOUNTS PAYABLE

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

5.17 RELATED PARTIES

The Corporation regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Corporation, or vice versa. Members of key management are regarded as related parties and comprise the Board Members and Senior Management employees. Related party transactions are disclosed under Note 32.

5.18 BUDGET INFORMATION

The Corporation prepares its budget on an accrual basis. As such, the budget and the financial statements are already on the same basis and further adjustments are not required to align the financial statements to the budget. The Corporation has the option to present this comparison either as a separate additional financial statement or as additional budget columns in the financial statements as required by IPSAS. The Corporation has therefore chosen to present the comparison separately in the statement of comparison of budget and actual amounts. In addition, explanations for material differences are provided under Note 33 to these financial statements.

The reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on specific line items.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.19 CAPITAL WORK IN PROGRESS

Capital Work in Progress (WIP), which is an asset category of property plant and equipment, is stated at cost and not depreciated. Recognition amount of Capital WIP is shown under property plant and equipment. Depreciation of WIP commences when the assets are ready for their intended use. The balance of unrecognized amount of the WIP compared to the contracted full price is disclosed as Capital Commitment.

5.20 COMPARATIVE FIGURES

There were no figures for the previous financial statements to make them comparable with current year's figures as this is the first set of the Corporation's financial statements.

6. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Corporation's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(i) Judgments

In the process of applying the Corporation's accounting policies, Management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(ii) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Corporation based its assumptions and estimates on parameters available when the financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Corporation. Such changes are reflected in the assumptions when they occur. Thus, the key assumptions are:



NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

iii) Useful Lives and Residual Values

Critical estimates are made by the management in determining depreciation rates for equipment and their residual values. The rates used were derived from the minimum year of useful lives as set out in the accounting policies section of these financial statements under Note 5.4.2 and Note 5.5.2.

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- (a) The condition of the asset based on the assessment of experts (professional valuers) engaged by the Corporation;
- (b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- (c) The nature of the processes in which the asset is deployed;
- (d) Availability of funding to replace the asset; and
- (e) Changes in the market in relation to the asset.

iv) Going concern

The Corporation's Management has made an assessment of the Corporation's ability to continue as a going concern and is satisfied that the Corporation has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Corporation's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

v) Impairment of financial assets

Estimates are required to be made of what would be the impact of a loss event that has occurred after the initial recognition of a financial asset and which would affect the estimated future cash flows. The Corporation assessed, at the reporting date, whether a financial asset or group of financial assets have been impaired. Only if there is objective evidence of impairment or a loss event, then the financial asset is deemed to be impaired. Refer to Note 23 of the Financial Statements for more detail.

vi) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

There were no impairment of the non-financial assets during the year.

vii) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7. FINANCIAL RISK MANAGEMENT

i) Financial Risk

The Corporation's activities are potentially exposed to a variety of financial risks, including credit risk and the effects of the changes in foreign currency exchange rates. The Corporation's overall risk management programme takes account of the unpredictability of foreign exchange rate trends and seeks to minimize potential adverse effects on its financial performance.

ii) Market Risk

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Corporation's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk. This risk includes the following:

a) Foreign exchange risk

The Corporation has some exposure to foreign currencies as had some receivables from service providers and monetary items balances in foreign currency, especially US\$, while significant operating expenditure are incurred principally in local currency, that is TZS.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii) Market Risk (Continued)

a) Foreign exchange risk (Continued)

Receivables held at 30th June, 2019 was US\$ 4.19 million and monetary balances were US\$ 2.67 million which are stated in the financial statements at exchange rates of TZS 2,285/US\$ 1. If Tanzania Shillings strengthened or weakened by 5% the reported gain or loss on foreign exchange would be higher or lower by TZS 305.15 million for monetary balances million and TZS 478.52 million for receivables as shown below:

Description	Change (Strengthen/Weaken)	2018/2019
		TZS'000
Effect on Monetary Items	5% Appreciation	305,153.39
	5% Depreciation	305,153.39
Effect on Receivables from service providers	5% Appreciation	478,516.76
	5% Depreciation	478,516.76

However, this exposure does not result in a significant risk as foreign currency assets and liabilities are normally settled within a fairly short time.

b) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation does not have long-term deposits or borrowings; thus, statement of financial performance is not highly affected by changes in market interest rates.

iii) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. However, the Corporation does not regard there to be any significant concentration of credit risk, thus, it mitigates the credit risk by maintaining cash and cash equivalents with reputable financial institutions; and recovering staff debts, imprest or salary advance in terms of the applicable regulations directly from the employee's salary and/or pension. The Corporation's maximum exposure to Credit Risk as at 30th June, 2019 is as shown below:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iii) Credit Risk (Continued)

	2018/2019
	TZS '000
Financial Assets:	
Cash and Cash Equivalents	7,118,556
Receivables	29,289,813
Advance to Suppliers/Prepayments	2,144,456
Total	38,552,825
Financial Liabilities:	
Trade and Other Payables	969,802
Total	969,802

The age analysis of the corporation's receivables provided under Note 23 is as shown below:

	Up to 1 month	1 to 3 months	3 to 12 months	Over 12 months	Total
2018/2019	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Receivables from Exchange Transactions	371,107	-	-	-	371,107
Receivables from Non Exchange Transactions (Trade Debtors, TPA & MSCL)	13,033,833	2,642,261	5,173,452	692,067	21,541,613
Receivable from (LATRA)	7,105,494	-	-	-	7,105,494
Receivable from MLVMCTP		18,009	-	-	18,009
Staff advances & imprest	253,590	-	-	-	253,590
Total	20,764,024	2,660,270	5,173,452	692,067	29,289,813

No collateral is held for any of the above assets and no receivables have had their terms re-negotiated.

iv) Liquidity Risk

Liquidity risk is the risk of the Corporation not being able to meet its obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. The Corporation manages its liquidity risk to ensure it is able to meet estimated expenditure requirements based on approved budget and through the use of cash flow forecasts. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents. Furthermore, the Corporation strive to ensure that receivables are settled within 30 days after the due date, and payables are settled within 30 days of invoice.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 SERVICE PROVIDERS LEVY

	2018/2019
	TZS '000
Levy-Port Operator - (TPA)	10,345,945
Levy-Port Terminal Operators	2,744,359
Levy-Maritime Transport Services	58,643
Levy-Shipping Agency Services	713,524
Levy-Cargo Consolidators & De-consolidators	54,491
Levy- Miscellaneous Port Services	28,384
Levy- Gross Mass Verifiers	274
Levy-Dry Port Services- ICD	1,119,534
Levy-Dry Port Services - ECD	204,127
Levy-Dry Port Services - CFS	396,051
	15,665,332
Cash flow Analysis:	
Opening Receivable	3,541,800
Revenue for the year	15,665,332
Closing Receivable	(10,848,385)
Amount received	8,358,747

9 FEES, LICENSES AND PENALTIES

Import fees	27,956,080
Export fees	1,277,853
Regulatory Shipping License/Registration fees	721,090
Ships/Boats Survey, Registration & Licensing	424,548
Seafarers Services	204,886
Penalties	108,989
	30,693,446

Cash flow Analysis:	
Opening Receivable	6,763,262
Revenue for the year	30,693,446
Closing Receivable	(10,693,229)
Amount received	26,763,479

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 REVENUE FROM EXCHANGE TRANSACTIONS

	2018/2019
	TZS '000
Clearing & Forwarding Agency Income	375,516
Shipping Document Control Income	22,622
	398,138
Cash flow Analysis:	
Revenue for the year	398,138
Closing Receivable	(371,107)
Amount received	27,031

11 OTHER REVENUE

Sale of Tender Documents	5,300
Miscellaneous Income	63
	5,363

12 GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION

Exchange gain	1,703,896
Exchange loss	(1,078,377)
Net foreign exchange difference	625,519

13 WAGES, SALARIES AND EMPLOYEE BENEFITS

Basic salaries - pensionable posts	4,199,535
Basic salaries - non pensionable posts	10,861
Staff - Housing Allowance	820,686
Staff - Transport Allowance	424,218
Staff - Utility Allowance	124,118
Staff - Motor Vehicle Maintenance	36,885
Leave Passage	355,432
Security Allowance	188,468
Extra duty Allowance	124,890
Staff Terminal Benefits	140,412
Contribution to social security fund (PSSSF)	589,839
Medical Insurance (NHIF)	237,718
Workmen's compensation (WCF)	29,968
Gratuity	4,750
Skills Development Levy (SDL)	461,400
Cash flow Analysis:	7,749,180
Opening Payable	-
Expenses for the year	7,749,180
Closing Payable	(213,453)
Amount paid	7,535,727



NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 DIRECTORS FEES & OTHER BOARD EXPENSES

	2018/2019
	TZS '000
Directors fees	16,056
Conference, Food & Refreshment	8,450
	24,506
Cash flow Analysis:	
Expenses for the year	24,506
Amount paid	24,506

15 TRAVELLING AND OTHER FACILITATION EXPENSES

Subsistence Allowances - Domestic	1,204,320
Subsistence Allowances - Foreign	543,163
Sitting allowances	1,399,754
Air Ticket Expenses - Domestic	212,928
Air Ticket Expenses - Foreign	288,857
Ground Travel Expenses	201,479
Seminar & Tuition fees	210,802
Training allowances	42,029
Outfit allowances	11,528
Disturbance Allowance	5,648
Passages Allowances	48,325
Visa Application Fees	2,564
	4,171,397
Cash flow Analysis:	
Expenses for the year	4,171,397
Staff advances and imprest	253,590
Amount paid	4,424,987

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 SERVICES, SUPPLIES AND CONSUMABLES EXPENSES

	2018/2019
	TZS '000
Postage/ Telegram and Couriers	11,876
Telephone, Fax & Telegram	649
Mobile Phone Top-Up	137,577
Data Line & Internet Services	199,943
Insurance	7,489
Advertising and publication	93,449
Conference, Food & Refreshment	542,743
Rental and Service charges	629,105
Office supplies and services	360,486
Electricity	64,621
Water Bill	5,208
Office Cleaning & Decoration	12,352
Funeral Expenses	54,238
Uniforms and Ceremonial Dresses	28,403
Books and Other Educational materials	33,425
Corporate Social Responsibility	72,976
Staff Professional Membership Fees	8,086
Security Services	35,500
Consultancy fee	73,759
Medical Expenses	16,907
	2,388,792
Cash flow Analysis:	
Expenses for the year	2,388,792
Inventories	121,350
Closing Payables	(525,663)
Amount paid	1,984,479

17 REPAIR AND MAINTENANCE EXPENSES

Office Building	
Vehicles and mobile equipment	130,449
Plant, machinery and fixed equipment	149,867
ICT Equipment and Software	80,333
Fuel and Lubricants	130,660
	637,560
Cash flow Analysis:	
Expenses for the year	637,560
Closing Payable	(85,468)
Amount paid	552,092



NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND

The Public Finance Act, No. 6 of 2001 as amended by the Finance Act, No. 16 of 2015 requires an executive agency, public corporation, public authority or public institution which charges or imposes and collects fees for services rendered, at the end of every quarter of a financial year, to remit fifteen per-centum of the gross revenue to the Government Consolidated Fund.

During the financial year 2018/2019 the Corporation remitted a total of TZS 9.1 Billion to the Government Consolidated Fund including TZS 4.0 Billion of financial assets shared from SUMATRA as shown below:

	2018/2019
	TZS '000
1 st Quarter (July-September, 2018)	573,210
2 nd Quarter (October-December, 2018)	677,802
3 rd Quarter (January-March, 2019)	2,113,962
4 th Quarter (April-June, 2019)	1,735,259
Share of Contribution (TZS 8,000,000,000) remitted by SUMATRA on 30.11.2018	4,000,000
	9,100,233

19 CONTRIBUTION AND SUBSCRIPTION TO OTHER BODIES

The Corporation remitted contribution and paid subscriptions to national and international bodies related to maritime transport sector.

Contribution and subscription to the international organisations were made on behalf of the Government to International Maritime Organization (IMO), Intergovernmental Standing Committee on Shipping (ISCOS), Port Management Association of Eastern and Southern Africa (PMAESA), Indian Ocean Memorandum of Understanding on Port State Control (IOMOU) and subscriptions for Long Range Identification and Tracking (LRIT) of ships.

Contribution to National body was made to Dar es Salaam Maritime Institute (DMI) for Maritime Education & Training Fund (MET Fund).

During the financial year 2018/2019, the Corporation contributions to the national and international bodies amounted to TZS 1.0 Billion. However, the contributions due to IMO (TZS 53,134,000) and MET Fund (TZS 37,162,000) were in the process of payment as at 30th June 2019.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 CONTRIBUTION AND SUBSCRIPTION TO OTHER BODIES (Cont'd)

The summary of the total contributions during the year is given below:

	2018/2019
	TZS '000
Contribution to ISCOS Secretariat	841,158
Contribution to IMO	53,134
Contribution to MET Fund	70,324
Contribution to IOMOU	18,046
Subscription for LRIT System	25,905
	1,008,567
Cash flow Analysis:	
Contribution and Subscriptions to Other Bodies	1,008,567
Contribution Payable to IMO-Closing Balance	(90,296)
Amount paid	918,271

20 FINANCE COST

Bank Charges & Related Expenses	13,793
	13,793

21 ANALYSIS OF EXPENSES BY FUNCTION

Administrative Expenses	10,714,691
Regulatory Expenses	4,162,044
Business Expenses	179,680
Training and Staff Development Expenses	238,479
Board Expenses	24,506
Contribution to the Government Fund	9,100,233
Contribution/Subscription to Other Bodies	1,008,568
	25,428,201

22 CASH AND CASH EQUIVALENTS

Cash on Hand (Petty Cash)	13,882
Cash at Banks:	
NBC Ltd - Expenditure A/c – TZS	55,949
NBC Ltd - Expenditure A/c – USD	58,087
NBC Ltd - Revenue collection A/c - TZS	5,737
NMB Ltd - Revenue collection A/c - TZS	7,505
BOT- Revenue Collection A/c - TZS	874,328
BOT- Revenue Collection A/c - USD	6,103,068
	7,118,556



NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 A. TRADE RECEIVABLES AND PREPAYMENTS

	<u>2018/2019</u>
	TZS '000
Receivables from exchange transactions	371,107
Receivables in respect of non-exchange revenue	10,693,229
TPA - Receivable (Levy)	10,345,945
MSCL -Receivable (Levy, Survey & Seafarers fees)	502,440
Receivables on payments made for MLVMCTP	18,009
Staff advances and imprest	253,590
Total Trade Receivables	22,184,320
Less: Allowances for impairment of receivables	(652,227)
Net Receivables	21,532,093
Prepayments/Advances to Suppliers	2,144,456
Total Receivables and Prepayments	23,676,549
Age Analysis of Receivables and Prepayments:	
<i>Neither past due nor impaired 1- 30 days</i>	15,802,986
Past due but not impaired:	
<i>Not impaired & overdue 30 - 60 days</i>	2,639,468
<i>Not impaired & overdue 61 -360 days</i>	5,194,254
<i>Not impaired & overdue > 360 days</i>	39,841
	23,676,549

23 B. RECEIVABLE FROM LATRA

Receivable as at 30 June 2019	7,105,494
Cash flow Analysis from LATRA:	
Opening Receivable	7,603,420
Closing Receivable	(7,105,494)
Net receipts	497,926

24 INVENTORIES

Stock of Stationery	30,899
Stock of Computer Consumables	32,480
Stock of Certificates	37,665
Stock of Licenses	15,772
Stock of Kitchen, food and beverage	4,534
	121,350

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 INVENTORIES (Cont'd)

The amount of write-down of inventories recognized as an expense during the year ended 30th June 2019 was TZS 101.46 million, which is within the Office Supplies and Service expenses (TZS 360.49 million) provided under Note 16 above. No inventory items were pledged as security during the financial year ended 30th June 2019 or the current year.

25 PAYABLES

Payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of trade and other payables approximates their fair value. The total payables as at 30th June, 2019 were TZS 965.05 Million mainly consisting of accrued expenses TZS 358.33 Million, staff salaries and other allowance arrears TZS 113.96 Million with its taxes due to delayed implementation of the approved TASAC Scheme of Service and salary structure from 1st April, 2019 and other payables TZS 373.68 Million. The Corporation payables as at 30th June, 2019 are as summarized below:

	<u>2018/2019</u>
	TZS '000
Accrued expenses	358,325
Advances received	334
Salaries & Other allowance arrears	113,958
Unpaid Compensation for Reg. restriction	25,496
Withholding Tax - Others	24,187
VAT Returns- Shipping Business	69,134
PAYE	(65)
Other payables	373,683
	965,052

26 EMPLOYEES' BENEFITS

Employees' benefits represent gratuity payable to employee on employment for a specified period up to 30th June, 2019 as shown below:

	<u>2018/2019</u>
	TZS '000
Gratuity for employee on contract	4,750
	4,750
Comprising:	
Current Liability	4,750
	4,750



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 CASH FLOW FROM INVESTING ACTIVITIES

	2018/2019
	TZS '000
a) Acquisition of Property, Plant and Equipment (PPE)	
Cash flow Analysis:	
Acquired PPE	2,099,513
Advance payment for acquisition of PPE	2,144,456
Amount payable for acquisition of PPE	(6,000)
Amount paid	4,237,969
b) Acquisition of Intangible Assets	
Cash flow Analysis:	
Acquired Intangible Assets	398,363
Amount payable for Intangible Assets	(48,920)
Amount paid	349,443

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 PROPERTY, PLANT AND EQUIPMENT (PPE) (FIGURES IN TZS “000”)

Category	Cost			Accumulated Depreciation			Carrying value as at 30 th June
	Cost as at 1 st July	Additions during the Year	Balance as at 30 th June	Balance as at 1 st July	Depreciation charge for the year	Balance as at 30 th June	
2018/2019							
Land	390,000		390,000	-	-	-	390,000
Buildings	69,000		69,000	-	2,277	2,277	66,723
Motor vehicles	1,101,184		1,101,184	-	137,648	137,648	963,536
Plant and machinery	58,498		58,498	-	73,13	7,313	51,185
Fixtures, Fittings & Furniture - Office	257,729	106,435	364,164	-	35,606	35,606	328,558
Computers, Servers & UPS	536,971	170,640	707,611	-	116,198	116,198	591,413
Office Equipment	200,337	74,259	274,596	-	26,577	26,577	248,019
Sub-Total	2,613,719	351,334	2,965,053	-	325,619	325,619	2,639,434
Capital Work In Progress - Office Building (SUMATRA House)	2,180,824	1,748,179	3,929,003	-	-	-	3,929,003
Grand-Total	4,794,543	2,099,513	6,894,056	-	325,619	325,619	6,568,437



NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 INTANGIBLE ASSETS (FIGURES IN TZS “000”)

Type of Intangible Assets	Cost			Accumulated Amortization			Carrying value as at 30 th June
	Cost as at 1 st July	Additions during the Year	Balance as at 30 th June	Balance as at 1 st July	Amortization for the year	Balance as at 30 th June	
2018/2019							
Software - Administration Systems	-	90,210	90,210	-	1,613	1,613	88,597
Software - ICT Infrastructure & Operations Systems	36,605	165,805	202,410	-	6,941	6,941	195,469
Sub-Total	36,605	256,015	292,620	-	8,554	8,554	284,066
Works in Progress (WIP) - Shipping Business System		142,348	142,348	-	-	-	142,348
Grand-Total	36,605	398,363	434,968	-	8,554	8,554	426,414

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 FAIR VALUE AND FINANCIAL INSTRUMENTS

Fair value of assets and liabilities are included at price that would be received to sell an asset or paid to transfer a liability in an orderly transaction by market participants at measurement date.

During the year, there were no assets that were carried at fair value.

Financial instrument by category:

<u>2018/2019</u>	<u>Carrying amount</u>	<u>Loans and Receivables</u>
	TZS '000'	TZS '000'
Financial assets:		
Cash and cash equivalents	7,118,556	7,118,556
Receivables and prepayments	30,782,043	30,782,043
	37,900,599	37,900,599
Financial liabilities:	<u>Carrying amount</u>	<u>Fair value through Profit or loss</u>
	TZS '000'	TZS '000'
Payables	965,052	965,052
Employee benefits	4,750	4,750
	969,802	969,802

31 TAXATION

The Corporation assessed its tax liability to TRA as at 30th June, 2019 and it practically established TZS 93.32 Million as taxes payable as follows:

	<u>2018/2019</u>
	TZS '000'
Withholding Tax -Others	24,187
VAT Returns- Shipping Business	69,134
	93,321



NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 RELATED PARTY TRANSACTIONS

Transfer of resources and/or obligations between related parties during the year ended 30th June, 2019 included the following:

Board Expenses

	<u>2018/2019</u>
	TZS '000
Board Meetings and Related Expenses	8,450
Directors Fees	16,056
	24,506

		<u>2018/2019</u>
	No	TZS'000
<u>Salaries & other short-term benefits</u>		
Board Members – Directors fees	7	16,056
Director General	1	29,160
Directors & Head of Units	10	770,146
	18	815,362

33 EXPLANATIONS OF VARIANCE BETWEEN BUDGET AND ACTUAL AMOUNTS

(a) Original Budget and Final Budget

The original budget of the Corporation was adjusted during the half year review to arrive at final budget. Revenue collections was adjusted by TZS 15.41 billion from TZS 54.15 billion to TZS 38.74 billion. The major reasons for the adjustment were delay on execution of exclusive mandate due to shortage of required Human Resource with expertise in the sector, thus original budget for revenue collections was adjusted by TZS 18.90 billion. Nevertheless, there were increased in import activities resulted to adjustment of revenue from import fees by TZS 5.19 billion.

Expenditure from the original budget was adjusted by TZS 11.13 billion from TZS 41.24 billion to TZS 30.11 billion. The adjustment was mainly due to delay on recruitment of required employees as the approval of the Corporation's Scheme of Service and Human Resource Establishment was pending. As well, a number of procurement activities could not start in time following delay on approval of the Annual Procurement Plan (APP).

Furthermore, contribution of 15% of the Corporation's gross revenue to the Government Consolidated Fund was adjusted by TZS 2.05 billion to reflect the final revenue budget for the financial year 2019/2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b) Final Budget and Actual Amounts

The Corporation's actual revenues for the year 2018/2019 were TZS 47.39 billion which was above the final budget of TZS 38.74 billion by TZS 8.65 billion. The major reason for this performance is attributed by over-collection of service providers' levy as well as fees, fines, penalties and licenses.

The actual expenditure for the Corporation amounted to TZS 25.43 billion, which is TZS 4.68 billion below the final budget of TZS 30.11 billion. The saving is attributed to delays on recruitment of employees and implementation of planned activities as the Corporation's Plan and Budget and Annual Procurement Plan (APP) for 2018/2019 were approved late for implementation. Therefore, explanations of variances between final budget and actual amounts are provided in the table below:

(c) Explanations of Variances between Final Budget and Actual Amounts

Budget Items	Final Budget TZS '000	Actual Amounts on Comparable Basis TZS '000	Difference: Final Budget Vs Actuals TZS '000	Explanations for Variances
Revenue				
Service Provider Levies	9,289,482	15,665,332	6,375,850	Major reason for over-collection of levies was attributed to recognition of levy payable by Tanzania Ports Authority during the financial year.
Fees, Licenses and Penalties	29,038,908	30,693,446	1,654,538	There were increased in import consignments than what was projected in the budget, thus, increase on import fees during the year.
Revenue from exchange transactions	110,000	398,138	288,138	Implementation of TASAC exclusive mandate on shipping business started on 3rd June, 2019 and revenue projection for the first month of implementation was underestimated.
Other Revenue	2,100	5,363	3,263	Major part of this revenue came from the sale of tender documents as more bidders turned up to buy tender documents than projections.
Gain/(loss) on foreign currency translation	301,137	625,519	324,382	More revenue was generated in US\$ and when translated into TZS the results were more gain than projections.
Total	38,741,627	47,387,798	8,646,171	Generally, over-collection of levy, fees, licenses and penalties resulted into increase in revenue collection above the targets.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

(c) Explanations of Variances between Final Budget and Actual Amounts (Continued)

Budget Items	Final Budget	Actual Amounts on Comparable Basis	Difference: Final Budget Vs Actuals	Explanations for Variances
Expenditure	TZS '000	TZS '000	TZS '000	
Wages, salaries and employee benefits	11,722,643	7,749,180	3,973,463	The approved Organization Structure and Human Resource establishment were not fully implemented; thus, the Corporation had fewer employees.
Directors Fees & Other Board Benefits	213,418	24,506	188,911	The Board was appointed in April, 2019 and inaugurated on 2nd May, 2019 thus, the Board expenses were below projections.
Travelling and Other Facilitation Expenses	5,941,526	4,171,397	1,770,129	The number of travels depended on the number of employees. There were fewer employees who travelled during the year.
Services, Supplies and consumable Expenses	4,330,248	2,388,792	1,941,456	APP was approved late by Permanent Secretary, MoWTC due to absence of Board, thus procurement activities started late.
Repair and Maintenance expenses	952,650	637,560	315,090	The major part of the fund was planned for rehabilitation of regional offices accommodation whose acquisition was delayed pending the Minister's Certificate of Transfer of SUMATRA assets to TASAC.
Contribution to the Government Consolidated Fund	5,811,244	9,100,233	(3,288,989)	The contribution is 15% of annual gross revenue collections. Over-remittance was associated with over-collections of revenue during the year and transfer of surplus funds from SUMATRA to the Fund for TASAC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(c) Explanations of Variances between Final Budget and Actual Amounts (Continued)

Budget Items	Final Budget	Actual Amounts on Comparable Basis	Difference: Final Budget Vs Actuals	Explanations for Variances
Expenditure	TZS '000	TZS '000	TZS '000	
Contribution to Other Bodies	1,062,680	1,008,567	54,113	The slight variance was due to under-estimation of the contribution payable to other bodies
Finance costs	72,000	13,793	58,207	The bank charges were over-estimates as Treasury pays for NMB Bank charges
Depreciation of PPE	-	325,619	(325,619)	Annual depreciation of PPE was not budgeted during the year.
Amortization of Intangibles	-	8,554	(8,554)	Annual amortization of intangible assets was not budgeted during the year.
Total	30,106,408	25,428,201	4,678,207	Generally, there was low spending during the year due to delays on recruitment of staff, late approval of annual plan, budget and APP.
Surplus during the year	8,635,219	21,959,597	13,324,378	



NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 PROCUREMENT COMMITMENTS

The Corporation had a procurement commitment of TZS 4,135.69 million as at 30th June, 2019. The total commitments is summarised in the table below:

Item(s)	Total Value (TZS'000)	Paid Amounts (TZS'000)	Commitments (TZS'000)
Minor Value Procurements	78,264	8,325	69,939
Goods	3,087,083	76,508	3,010,575
Non-Consultancy Services	1,152,559	97,384	1,055,175
Total	4,317,906	182,217	4,135,689

The above commitments are explained as follows:

a) Goods:

	<u>2018/2019</u>
	TZS'000
Due within one year	3,010,575
Due beyond one year	-
	3,010,575

The amount committed on contracts for supply of goods as at 30th June, 2019 was TZS 3,010.58 million. This includes contracted amounts which remained unpaid for supply and installation of IFMIS based on Epicor 10.2, supply of office furniture, computers & accessories, printed license papers, handheld EFD devices and telecommunication systems.

b) Non-Consultancy Services:

	<u>2018/2019</u>
	TZS'000
Due within one year	1,055,175
	1,055,175

The amount committed for non-consultancy services as at 30th June, 2019 was TZS 1,055.18 million comprises outstanding amounts on contracts for air ticketing services, support for Aruti Integrated Payroll and Human Resource Management System, Cargo Manifest Billing System, EDMS, Maritime Safety and Seafarers System and Office Cleaning Services.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c) Minor Value Procurements:

	<u>2018/2019</u>
	TZS'000
Due within one year	69,939
	69,939

Commitments for minor value procurements as at 30th June, 2019 was TZS 69.94 million. These include open LPOs for repair & maintenance of motor vehicles, catering services, advertisements, conference packages and promotion materials for seafarers' day.

35 COMMITMENT ON REDEMPTION OF EXCESS CAPITAL

The Corporation received a letter with Ref. No. HB. 196/233/02 dated 13th August, 2019 from the Permanent Secretary and Paymaster General, Ministry of Finance and Planning, which introduces the Team of Expert to assess the Corporation's financial systems, including the status of revenue, expenditure and surplus funds for the year ending 30th June, 2019. The Permanent Secretary and Paymaster General was exercising his powers and functions as provided under Section 12 (7) of the Budget Act, No. 11 of 2015.

The Team of Expert undertaken its exercise with reference to Sections 42 and 58 of the Budget Act, No. 11 of 2015 together with Section 11 of the Public Finance Act, No. 6 of 2001 and advised the Corporation to prepare for redemption of Excess Capital amounting to TZS 4.00 billion. The Corporation was therefore required to remit the excess funds to the Government Consolidated Fund as summarised below:

S/N	Particulars	<u>30.06.2019</u>
		TZS'000
	Redemption of Excess Capital	4,000,000
		4,000,000

The Corporation shall remit TZS 4.0 Billion assessed as 70% of the surplus funds after commitments to the Government Consolidated Fund in compliance with Section 10A (2) of the Treasury Registrar (Powers and Functions) Act, Cap 370 (as amended by the Finance Act, No. 16 of 2015). The balance of 30% of surplus funds after commitments shall be applied to the creation of general reserve and such other reserves, as the Board may decide in accordance with provisions of Section 36(2) of the Tanzania Shipping Agencies Act, Cap 415.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 CONTINGENT LIABILITIES

The Corporation had inherited two legal cases from SUMATRA; a labour case No. CMA/MZ/NYAM/916/2017 at the Commission of Mediation and Arbitration (CMA) on appeal for re-instatement by a maritime sector employee terminated on disciplinary grounds, and the High Court case No. 23 of 2019 filed by maritime transport service provider who appealed to be paid TZS 490 Million being compensation for loss sustained due to SUMATRA's delay to approve service providers application for tariffs for use in lake Victoria, Mwanza.

Up to the end of the financial year, the two cases were not concluded. The labour case was at a conclusion stage while the other case was at a mention stage. There is a possible obligation to be confirmed by a future event that is outside the control of the Corporation. However, the Corporation relies on input from its Legal Services Unit in assessing the probability of future obligations.

37 FUNCTIONAL CURRENCIES AND PRESENTATION CURRENCY

The functional currency of the Corporation, which is also its presentation currency, is Tanzanian Shillings (TZS). The values in this report are rounded to the nearest thousand (TZS '000').

38 ULTIMATE CONTROLLING ENTITY

The Government of the United Republic of Tanzania is the Ultimate Controlling Entity of the Corporation.

39 ASSETS PLEDGED AS SECURITY FOR LIABILITIES

None of the Corporation's assets have been pledged as security for liabilities.

40 EVENTS AFTER REPORTING DATE

There are no subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect these financial statements.



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