

# THE UNITED REPUBLIC OF TANZANIA

Tanzania Shipping Agencies Corporation



## ANNUAL REPORT 2019/2020



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## Tanzania Shipping Agencies Corporation



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## LIST OF ABBREVIATIONS

<b>APP</b>	Annual Procurement Plan
<b>Cap</b>	Chapter
<b>CFS</b>	Container Freight Station
<b>COVID-19</b>	Corona Virus Disease – 2019
<b>DMI</b>	Dar es Salaam Maritime Institute
<b>ECD</b>	Empty Container Depot
<b>eGA</b>	e-Government Authority
<b>EWURA</b>	Energy and Water Utilities Regulatory Authority
<b>GePG</b>	Government Electronic Payment Gateway
<b>ICD</b>	Inland Container Depot
<b>IFMIS</b>	Integrated Financial Management Information System
<b>IMO</b>	International Maritime Organization
<b>IOMOU</b>	Indian Ocean Memorandum of Understanding
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISCOS</b>	Inter-governmental Standing Committee on Shipping
<b>ISSAI</b>	International Standard of Supreme Audit Institutions
<b>LATRA</b>	Land Transport Regulatory Authority
<b>MLVMCTP</b>	Multinational Lake Victoria Maritime Communication & Transport Project
<b>MoFP</b>	Ministry of Finance and Planning
<b>MoWTC</b>	Ministry of Works, Transport and Communication
<b>MRCC</b>	Maritime Rescue and Coordination Centre
<b>MSCL</b>	Marine Services Company Limited
<b>NAO</b>	National Audit Office
<b>NBAA</b>	National Board of Accountants and Auditors
<b>NHIF</b>	National Health Insurance Fund
<b>OMCs</b>	Oil Marketing Companies
<b>OTR</b>	Office of the Treasury Registrar
<b>PAA</b>	Public Audit Act No. 11 of 2008
<b>PAYE</b>	Pay As You Earn
<b>PBPA</b>	Petroleum Bulk Procurement Agency
<b>PMAESA</b>	Port Management Association of Eastern & Southern Africa
<b>POS</b>	Point-of-Sale
<b>PPRA</b>	Public Procurement Regulatory Authority
<b>PSSSF</b>	Public Service Social Security Fund
<b>SBMS</b>	Shipping Business Management System
<b>STCW</b>	Standards of Training, Certification and Watch-keeping for Seafarers
<b>SUMATRA</b>	Surface and Marine Transport Regulatory Authority
<b>TASAC</b>	Tanzania Shipping Agencies Corporation
<b>TBS</b>	Tanzania Bureau of Standards
<b>TCRA</b>	Tanzania Communications Regulatory Authority
<b>TICTS</b>	Tanzania International Containers Terminal Services Limited
<b>TIRA</b>	Tanzania Insurance Regulatory Authority
<b>TPA</b>	Tanzania Ports Authority
<b>TPSF</b>	Tanzania Private Sector Foundation
<b>TRA</b>	Tanzania Revenue Authority
<b>TZS</b>	Tanzania Shillings
<b>US\$</b>	United States Dollar
<b>VAT</b>	Value Added Tax



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



**Hon. Eng. Dr. Leonard M. Chamuriho (MP),**  
Ministry of Works and Transport,  
Government City Mtumba,  
1 Ujenzi Street,  
P.O. Box 638,  
**40470 DODOMA.**



Honorable Minister,

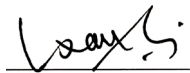
### LETTER OF TRANSMITTAL

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 (TASAC) for the financial year ended **30<sup>th</sup> June 2020**.

The Annual Report consists of the:

- Directors Report prepared in compliance with the Tanzania Financial Reporting Standard (TFRS) No. 1;
- Independent Report of the Controller and Auditor General (CAG); and
- TASAC 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**

**March, 2021**

## STATEMENT OF THE BOARD CHAIRMAN



I am pleased, on behalf of TASAC Board of Directors, to present the Corporation's Annual Report for the year 2019/2020. This is the second TASAC Annual Report since its establishment and became operational on 23<sup>rd</sup> February, 2018.

The report consists of the Corporation's Director's Report, the Independent Report of the Controller and Auditor General and the Corporation's audited Financial Statements for the year ended 30<sup>th</sup> June, 2020.

TASAC was established in pursuant to 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 took-over maritime regulatory functions from SUMATRA in accordance with section 68 of Cap. 415 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 Cap. 415.

The Board of Directors is established under section 21 of Cap. 415 to consist of the Chairman who is appointed by the President of the United Republic of Tanzania and six other members appointed by the Minister for Works and Transport. The Board of Directors established its Committees in accordance with section 24 of Cap. 415. The Committees established and operated during the financial year ended 30<sup>th</sup> June, 2020 were Audit and Risk Committee, Corporate Affairs Committee, Finance and Planning Committee, Shipping Business and ICT Committee and Regulated Services Committee. These Committees played a significant oversight role in their assigned areas.

During the year, TASAC continued with the implementation of 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 the 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 under Cap. 415; and played its oversight role during the year ended 30<sup>th</sup> June, 2020 by ensuring that the annual plan and budget is focused on the implementation of the Strategic Plan initiatives with the view of 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 evaluated the implementation of the Three Years Strategic Plan and started 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 existing legislation and had participated in the preparation of various subsidiary legislation for regulation of the maritime transport sub-sector. It also executes its exclusive mandate on shipping business except for extended exclusive mandate made through the Written Laws (Miscellaneous Amendments) Act, No. 3 of 2019. The Tanzania Shipping Agencies Act, Cap. 415 was amended on 30<sup>th</sup> 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 implementation of these extended items was pending approval of applicable fees from relevant authorities. However, the Corporation continued with other preparations which included recruitment of human resource, establishment of internal operating procedures (IOPs) and engagement of key stakeholders for awareness.



## CHAIRMAN'S STATEMENT (CONTINUED)

The Corporation continued with improvement of the regulated services in maritime transport sub-sector specifically on ports and shipping services as well as on maritime safety and security. A number of regulatory instruments were enforced and a good support and cooperation from the stakeholders were 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 maritime transport services were improved further in line with establishment of Regulations for Clearing and Forwarding Agents and enforcement of Regulations on Consolidation and Deconsolidation of cargoes.

The Corporation continued with the implementation of its exclusive mandate on shipping business which started on 3<sup>rd</sup> June, 2019 for 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. It also started implementation of its exclusive mandate on shipping agency services from 3<sup>rd</sup> February, 2020; and on ship tallying services on 17<sup>th</sup> February, 2020. These initiatives caused a substantial increase in the shipping business revenue compared to the performance of the previous financial year.

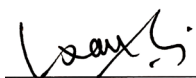
The Board of Directors revised the established fees and charges applicable for its exclusive mandate in compliance with Section 28 of the Act, Cap 415 to address customers feedback. The Ministry of Finance and Planning was engaged to review the proposed TASAC fees and charges in rendering the exclusive mandate before the Board was authorized to publish the Fees Order. The Tanzania Shipping Agencies (Shipping Business Fees, Charges and Commissions) Draft Order was prepared and submitted to the Office of the Attorney General, through the Ministry of Works and Transport for publication in the Gazette after receiving the revised figures were received from the Ministry of Finance and Planning.

Despite the progress made in all the strategic areas of the Corporation's annual plan, some challenges were experienced during the financial year. These were considered 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.

Furthermore, during the financial year 2020/2021, the Board will closely oversee the implementation of the remaining strategic initiatives as provided in the First Three Years Corporate Strategic Plan (2018/19- 2020/21) together with the preparation of the Second Five Years Strategic Plan (2021/22-2025/26). In addition, the Board will ensure the Corporation implements Quality Management System (QMS) based on ISO 9001:2015 and that all key instruments necessary for execution of the Corporation's functions are made available.

To this end, I wish to thank the Ministry of Works and Transport, our key stakeholders and esteemed customers, Board members, Management and all employees of the Corporation for their support, feedback, co-operation, commitment and dedication in pursuit of better Tanzania through better regulation and better terms and conditions of shipping business performed by the Corporation.

Together Everyone Achieves More with a bright future and improved customer services!

A handwritten signature in black ink, appearing to read 'Tadeo A. Satta', is written over a horizontal line.

Prof. Tadeo A. Satta

**CHAIRMAN**

**BOARD OF DIRECTORS**

**March, 2021**

## DIRECTOR GENERAL'S STATEMENT



The Corporation is pleased to present the 2<sup>nd</sup> issue of the TASAC Annual Report for the financial year 2019/20. The report provides the Corporation's operational performance for the year ended 30<sup>th</sup> June, 2020.

The 2<sup>nd</sup> annual 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 implementation of its exclusive mandate on shipping business functions namely; clearing and forwarding agency, document control, ship tallying and shipping agency services.

During the financial year ended 30<sup>th</sup> June, 2020, the Corporation continued to undertake strategic initiatives aimed at enhancing its capacity to effectively and efficiently discharge the regulatory and shipping business functions. The initiatives include enhancing financial sustainability, engaging key stakeholders in the process of preparation of subsidiary legislation and setting shipping business fees, enhancing Board effectiveness on its oversight role, improving internal control systems and processes, proposing revised shipping business fees, charges and commission, procurement of necessary property and equipment, undertaking recruitment of required staff, and improving human resource capacity and working environment.

The overall performance of the Corporation during the financial year ended 30<sup>th</sup> June, 2020 was outstanding. The Corporation's total recognized revenue during the year was TZS 70.87 billion (30<sup>th</sup> June 2019: TZS 47.39 billion). The main reason for the increase in revenue was due to the increased scope of implementation of the exclusive mandate on shipping business whose revenue from exchange transactions was recorded at TZS 18.19 billion (30<sup>th</sup> June 2019: TZS 398.14 million). The Corporation's expenses for the financial year were recorded at TZS 48.14 billion (30<sup>th</sup> June 2019: TZS 25.43 billion). The underutilization of funds is mainly attributed to delays in implementation of planned activities specifically on the filling of vacant posts in the approved Corporation structure, recruitment and placement of additional shipping business staff and partitioning of office accommodation at Head Office and the regional offices.

The Corporation, being a maritime regulatory body, continued to oversee maritime environment, safety and security. 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 were effectively performed and there was no incident of piracy attack reported in Tanzanian controlled waters during the financial year. In addition, inspections of small crafts and registered ships were carried out to ensure maritime vessels are seaworthy and properly manned. Further, the Corporation engaged various stakeholders on regulation of ports and shipping services for the purpose of strengthening regulatory oversight on informal ports. To this effect, participants of such private informal ports were identified and formally engaged.

Maritime safety, security and marine environment awareness programmes were undertaken during the financial year. The Corporation conducted 198 programs (30<sup>th</sup> June, 2019: 176) on safety awareness with stakeholders and operators of small vessels in different cluster ports. The programs emphasized

## DIRECTOR GENERAL'S STATEMENT (CONTINUED)

on 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. Likewise, 386 vessels (30<sup>th</sup> June, 2019: 273) were surveyed and inspected during the financial year; out of these, 64.3% complied with safety standards. Furthermore, a total of 4,834 seafarer certificates were issued in accordance with the STCW.

Regulation of maritime transport services was undertaken as planned during the financial year. The Corporation licensed 1 (30<sup>th</sup> June, 2019:1) port terminal operator, 24 (30<sup>th</sup> June, 2019:28) shipping agents, 21 (30<sup>th</sup> June, 2019:30) consolidators/ de-consolidators, 880 (30<sup>th</sup> June, 2019:800) clearing and forwarding agents, 42 (30<sup>th</sup> June, 2019:40) dry ports (ICDs), 34 (30<sup>th</sup> June, 2019:60) Gross Mass Verifiers, and 51 (30<sup>th</sup> June, 2019:50) Miscellaneous Port Service Providers (MPS). In addition, the Corporation enhanced monitoring visits and thus conducted 81 (30<sup>th</sup> June, 2019:68) visits to Shipping Agents to check compliance with Shipping Agents Regulations, 4 (30<sup>th</sup> June, 2019:4) visits to sea ports to monitor compliance with Port Tariff Regulations, 20 (30<sup>th</sup> June, 2019:14) visits to inland ports to monitor compliance with Port Tariff Regulations, 40 (30<sup>th</sup> June, 2019:40) visits to dry ports to monitor compliance with Port Tariff Regulation, 7 (30<sup>th</sup> June, 2019:7) 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, and 397 (30<sup>th</sup> June, 2019:300) visits to clearing and forwarding fees to verify compliance with the relevant Regulations,

In the undertaking of the Corporation exclusive mandate on shipping business, Corporation managed to reduce the average time for cargo clearance from 145 reported at the start of operations to 7 days as recorded in TANCIS. Furthermore, 6 (30<sup>th</sup> June, 2019:7) ship categories were handled by the Corporation under shipping agency services, and 102 (Planned 30<sup>th</sup> June, 2020:100) were handled under shipping agency services. In addition, an integrated shipping business system (SBMS) which was under development on support of eGA was put into implementation on pilot stage at TASAC Head Office, Dar es Salaam.

The Corporation has continued with the implementation of all ICT systems in place 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.

The Corporation recruited a total of 130 staff and 10 staff transferred to the Corporation from other public institutions. Recruitment of these staff was aimed to enhance the Corporation capacity to discharge its mandated functions. The exercise was undertaken with the support of the Government Recruitment Secretariat after receiving recruitment permit 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.

## DIRECTOR GENERAL'S STATEMENT (CONTINUED)

The corporate governance was enhanced by preparation of key documents useful for internal control process and governance structure. These included finalization of TASAC Financial Regulations, Staff Regulations, Risk Management Policy and Framework, Client Service Charter, HIV/AIDS Policy at Workplace; ICT Steering Committee Charter; Risk Based Internal Audit Manual; and Risk Management Policy and Framework and other ICT documentations. Some of these documents were pending for approval by relevant authorities.

Effective implementation of National Anti-Corruption Strategy was one of the key strategic objectives of the Corporation. The Corporation facilitated the activities planned for implementation by the Ethics Committee Meetings including capacity building to Committee Members in order to enhance Corporation's culture with ethical values on high level of integrity.

The second year of the Corporation's operations had 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 effective TASAC Management, the Ministry of Works and Transport, oversight by the Board of Directors, cooperation by stakeholders and the general public support.

Finally, I sincerely extend my heartfelt gratitude to my fellows for being loyal, dedicated to their works and areas of responsibilities. I further convey my gratitude to the Board for its tireless guidance on potential issues, employees and all key stakeholders for cooperation.

A handwritten signature in blue ink, appearing to read 'Emmanuel S. Ndomba', is positioned above the printed name.

**Emmanuel S. Ndomba**

**DIRECTOR GENERAL**

**March, 2021**

## BOARD OF DIRECTORS



Prof. Tadeo A. Satta  
**Chairman**



Mr. Renatus G. Mkinga  
**Director**



Mr. Said A. Nzori  
**Director**



Eng. Japhet Y. Maselle  
**Vice Chairman**



Mr. Usaje B. Asubisye  
**Director**



Capt. Mussa H. Mandia  
**Director**



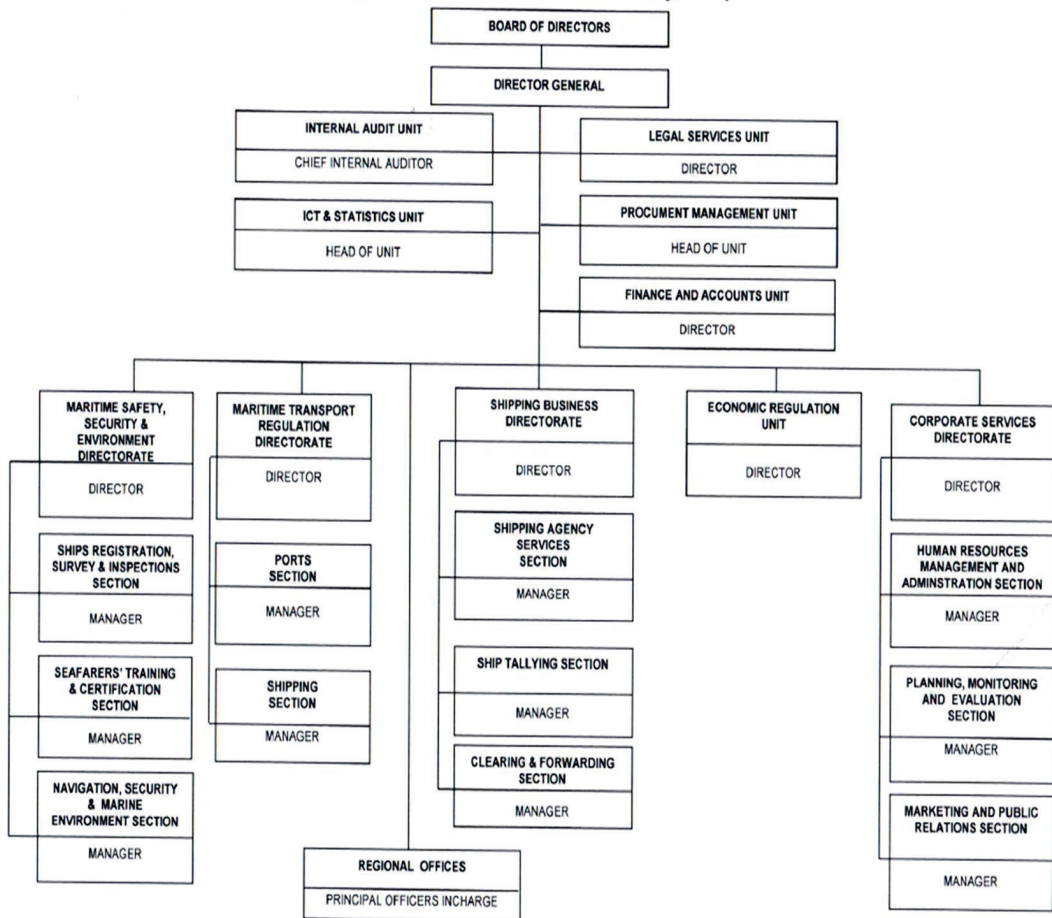
Mr. Ngosengwa D. Mchome  
**Director**



Mr. Emmanuel S. Ndomba  
**Secretary**



## ORAGANISATION STRUCTURE



## SENIOR MANAGEMENT



Mr. Emmanuel S. Ndomba  
**Director General**



Mr. Alfred W. Missana  
**Ag. Director, Maritime Safety,  
Security & Environment**



**VACANT**  
**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  
**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

<b>PRINCIPAL PLACE OF BUSINESS:</b>	Head Office, PSSSF Tower, Ohio Street/Garden Avenue, P. O. Box 989, Dar es Salaam, Tanzania.
<b>BANKERS:</b>	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.
<b>SECRETARY TO THE BOARD:</b>	Director General, Tanzania Shipping Agencies Corporation, PSSSF Tower House, Ohio Street/Garden Avenue, P. O. Box 989, Dar es Salaam, Tanzania.
<b>AUDITORS:</b>	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 30<sup>th</sup> June, 2020, which discloses the results of the operations and the state of affairs, of the Tanzania Shipping Agencies Corporation (TASAC).

## 2. ESTABLISHMENT

TASAC was established in pursuant to 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 23<sup>rd</sup> February 2018 following the Government Notice No. 53 published on 16<sup>th</sup> February 2018. Thus, the Corporation started to operate with effect from 23<sup>rd</sup> 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 is in Dar es Salaam and the Corporation operates in eight (8) regions of Geita, Mara, Mwanza, Kagera, Kigoma, Mtwara, Rukwa and Tanga; and two (2) districts of Kyela and Ukerewe in Mainland Tanzania.

Furthermore, the Corporation operates five (5) border posts of Holili, Horohoro, Namanga, Mutukula/Murongo and Sirari. Except for Namanga where the Corporation operates in undertaking its exclusive mandate in shipping business, the other border posts are operated in undertaking regulatory functions on imports and exports of seaborne cargoes. The Corporation plans to have offices at airports, starting with Julius Nyerere International Airport (JNIA) in Dar es Salaam and Mwanza Airport.

## 3. TASAC VISION

TASAC vision statement provides the 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: -

- a) **Professionalism:** Adopting an approach that demonstrates professionalism in competency, character, attitude, and conduct;
- b) **Accountability:** Being accountable to our stakeholders and to the Nation in the execution of the functions and mandate bestowed upon the Corporation;
- c) **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;
- d) **Integrity:** Being exemplary in our behaviour and acting with honesty and integrity in all our transactions;
- e) **Transparency:** Being transparent in all our activities and dealings and ready for public scrutiny; and
- f) **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 in 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: -

- (a) promoting effective management and operations of shipping agencies;
- (b) promoting effective operations of ports and shipping services;
- (c) maintaining cargo safety and security;
- (d) promoting and maintaining maritime environment, safety and security;
- (e) promoting efficiency, economy and reliability;
- (f) fostering the development and expansion of the maritime transport sector;
- (g) promoting competition in the maritime transport services; and

- (h) 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

The principal functions of the Corporation are stipulated in the Tanzania Shipping Agencies Act, Cap. 415 under the four (4) main areas in relation to:

- a) shipping agencies as provided in Section 6 of the Act;
- b) regulation of maritime administration, maritime environment, safety and security as provided in Section 11 of the Act;
- c) regulation of maritime transport services as provided in Section 12 of the Act; and an exclusive mandate on shipping business under Section 7 of the Act.

## 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, from the financial year 2018/2019 to 2020/2021. Specifically, the Plan places emphasis on strategies to be executed to achieve the strategic objectives.

The Strategic Plan has the following six (6) strategic goals: -

- a) maritime transport services regulatory role enhanced;
- b) maritime safety, security and marine environment improved;
- c) shipping business services improved;
- d) capacity for the Corporation to discharge mandated functions enhanced;
- e) HIV/AIDS, infection reduced, and supportive services improved; and
- f) 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: -

### a) 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.

### b) Business and Regulatory Instruments

In the discharge of its functions, the Corporation is guided by the Tanzania Shipping Agencies Act, Cap. 415, Merchant Shipping Act, Cap. 165, and their respective Regulations, staff regulations, financial regulations, Standing Orders for the Public Service, 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.

### c) Human Resource

The Corporation has skilled, committed, motivated and competent employees dedicated to the provision of quality services that meet and exceed customers' expectations. In addition, Management adheres to the principles of good governance and promotes good working environment and labour relations.

By 30<sup>th</sup> June, 2020, the Corporation had offices in eight (8) Regions in Mainland Tanzania and a total of 246 employees (30<sup>th</sup> June, 2019: 108 employees). Plan was underway to recruit sixty (60) employees for the Directorate of Shipping Business to ensure exclusive mandate is effectively implemented.

### d) 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), TBS, 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, TBS, TCRA, TIRA, TPA and TRA. Furthermore, the Corporation maintained international networking with relevant organs including IMO, IOMOU, ISCOS and PMAESA.

**e) Financial Sustainability**

The Corporation enhances its financial sufficiency by improving management of its resources through prioritisation of initiatives, implementing initiatives within the available financial resources to generate adequate revenue for timely implementation of planned activities.

The sources of funds of the Corporation are provided in Section 35(1) of Cap. 415 and consist of the following: -

- i) Moneys appropriated by the Parliament;
- ii) Fees, charges, or commissions that shall be prescribed;
- iii) All other payments or property due to the Corporation in respect of any matter incidental to its functions;
- iv) Service Provider Levy not exceeding 1.5 percent of turnover;
- v) 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
- vi) 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.

**f) 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: -

- i) Shipping Business Management System (SBMS);
- ii) Maritime Safety and Seafarers System;
- iii) Long Range Identificación and Tracking of Ships (LRIT);
- iv) Cargo Manifest Billings (M-Bill) System;
- v) IFMIS based on Epicor 10.2;
- vi) Aruti Integrated Payroll & Human Resource Management System;
- vii) E-Revenue Collection System (GePG system and POS Machines);
- viii) 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

### a) Statement of Financial Performance

#### i) Revenue

The Corporation's total recognised revenue during the year ended 30<sup>th</sup> June, 2020 was TZS 70.87 billion (30<sup>th</sup> June, 2019: TZS 47.39 billion), which is an increase of recognized revenue by TZS 23.48 billion, equivalent to an increase of 49.56%. The main reason for the increase is that the Corporation was in the first year of implementing its exclusive mandate on shipping business from which revenue from exchange transactions amounting to TZS 18.19 billion was recognized (30<sup>th</sup> June, 2019: TZS 398.14 million).

#### ii) Expenses

The Corporation's expenses for the financial year ended 30<sup>th</sup> June, 2020 amounted to TZS 48.14 billion (30<sup>th</sup> June, 2019: TZS 25.43 billion). The underutilization of funds is mainly attributed to delays in implementation of planned activities specifically on the filling of vacant posts in the approved organization structure, recruitment and placement of additional shipping business staff and partitioning of office accommodation at Head Office and the regional offices.

The major components of expenditure during the year ended 30<sup>th</sup> June, 2020 were wages, salaries and employees benefits at TZS 14.38 billion (30<sup>th</sup> June, 2019: TZS 7.75 billion), contribution to the Government Consolidated Fund at TZS 20.11 billion (30<sup>th</sup> June, 2019: TZS 9.1 billion), travelling and other facilitation expenses at TZS 5.79 billion (30<sup>th</sup> June, 2019: TZS 4.17 billion), services, supplies and other consumables expenses at TZS 3.65 billion (30<sup>th</sup> June, 2019: TZS 2.39 billion), contribution to other National and International bodies was TZS 1.17 billion (30<sup>th</sup> June, 2019: TZS 1.0 billion), Directors fees and other Board's expenses at TZS 815.09 million (30<sup>th</sup> June, 2019: TZS 24.51 million) and tax expenses on undertaking exclusive mandate in shipping business at TZS 806.57 million (30<sup>th</sup> June, 2019: Nil).

The surplus fund during the year was TZS 22.73 billion (30<sup>th</sup> June, 2019 TZS 21.96 billion). The major increase in wages, salaries and employees' benefits is associated with the increase in number of staff during the year ended 30<sup>th</sup> June, 2020 to 246 (30<sup>th</sup> June, 2019: 108).

Despite the recorded performance on recognized revenue as at 30<sup>th</sup> June, 2020, the major debtor is TPA with cumulative receivables of TZS 21.88 billion (30<sup>th</sup> June, 2019: TZS 10.35 billion) as shown under Note 23 of these financial statements. The Corporation understands that more than 50% of TPA revenue from wharfage are collected by TRA and remitted directly to the Government Consolidated Fund. Thus, a close follow-up is made with the support of the Office of the Treasury Registrar on collection of the outstanding debts from TPA.

## 10. FINANCIAL PERFORMANCE AND POSITION *(Continued)*

### b) Statement of Financial Position

#### i) Cash and Cash Equivalents

The Corporation's cash and cash equivalents as at 30<sup>th</sup> June, 2020 was TZS 21.99 billion (30<sup>th</sup> June, 2019: TZS 7.12 billion), which is an increase of TZS 14.87 billion, equivalent to an increase of 208.90%. The reason for the increase is due to the more cash received on revenue collections during the financial year and there were advanced cash deposits for shipping business amounting to TZS 3.52 billion retained at Customers Deposits Accounts at CRDB Bank Plc, Tower Branch, Dar es Salaam.

#### ii) Receivables and Prepayments

The receivables and prepayments during the year ended 30<sup>th</sup> June, 2020 was TZS 38.19 billion (30<sup>th</sup> June, 2019: TZS 30.78 billion), which is an increase of TZS 7.42 billion equivalent to 24.097%. The main reason for the increase is the unpaid service providers levy by TPA for the year 2019/2020 which amounts to TZS 11.52 billion.

#### iii) Property and Equipment

The property and equipment during the year ended 30<sup>th</sup> June, 2020 stood at TZS 6.31 billion (30<sup>th</sup> June, 2019: TZS 2.64 billion), which is an increase by TZS 3.67 billion equivalent to an increase of 138.88%. The main reason for the increase is the procurement of Motor vehicles at TZS 2.14 billion, Computers, Servers, UPS & Accessories at TZS 1.38 billion, Furniture & Fixtures at TZS 861.85 million, and Office Equipment at TZS 267.32 million.

#### iv) Intangible Assets

The intangible assets as at 30<sup>th</sup> June, 2020 was TZS 1.11 billion (30<sup>th</sup> June, 2019: TZS 284.1 million), equivalent to an increase of TZS 825.69 million or an increased by 290.67%. The reason for the increase is due to the purchase of ICT Software including Microsoft Project Professional, IBM SPSS V25 for Windows, Symantec Endpoint Protection, Nitro Pro 12, Software Development Tool – Visual Studio Professional Standalone Licence, Desktop Sharing and Online Collaboration Software and Firewall Analyser.

#### v) Payables and Accrued Expenses

The payables and accrued expenses as at 30<sup>th</sup> June, 2020 was TZS 4.85 billion (30<sup>th</sup> June, 2019: TZS 965.1 million), equivalent to an increase of TZS 3.88 billion or 402.41%. The main reason for the increase in payables and accrued expenses is cash deposits received from shipping business customers amounting to TZS 3.52 billion.



## 10. FINANCIAL PERFORMANCE AND POSITION (*Continued*)

### b) Statement of Financial Position (*Continued*)

#### vi) Overall Performance

The Corporation's Statement of Financial Position as at 30<sup>th</sup> June, 2020 reported Net Assets amounting to TZS 68.96 billion (30<sup>th</sup> June, 2019: TZS 44.05 billion) which is composed of Capital Fund worth TZS 24.26 billion (30<sup>th</sup> June, 2019: TZS 22.09 billion) and Accumulated Surplus of TZS 44.69 billion (30<sup>th</sup> June, 2019: TZS 21.96 billion).

The Corporation's total Current Assets amounted to TZS 60.36 billion (30<sup>th</sup> June, 2019: TZS 38.02 billion) made up of Cash and Cash Equivalents TZS 21.99 billion (30<sup>th</sup> June, 2019: TZS 7.12 billion); Receivables and prepayments TZS 38.19 billion (30<sup>th</sup> June, 2019: TZS 30.78 billion); and Inventories TZS 167.90 million (30<sup>th</sup> June, 2019: TZS 121.35 million). The total current assets represented 87.52% (30<sup>th</sup> June, 2019: 86.32%) of the Net Assets.

The Corporation's total Current Liabilities amounted to TZS 5.15 billion (30<sup>th</sup> June, 2019: TZS 965.05 million) made up of payables and accrued expenses of TZS 4.85 billion (30<sup>th</sup> June, 2019: TZS 965.05 million), Provisions of IMO fees amounting to TZS 41.15 million (30<sup>th</sup> June, 2019: Nil) and tax payable TZS 263.02 million (30<sup>th</sup> June, 2019: Nil).

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 11.71 (30<sup>th</sup> June, 2019: 39.39). This indicates that the Corporation can cover its current liabilities 11.71 times as at 30<sup>th</sup> June, 2020 compared to 39.39 times of 30<sup>th</sup> June, 2019. The reduction in ratio is attributed to the increase in customers cash deposits from shipping business.

The Corporation's total Non-Current Assets amounted to TZS 13.94 billion (30<sup>th</sup> June, 2019: TZS 6.99 billion) made up of Property and Equipment at TZS 6.31 billion (30<sup>th</sup> June, 2019: TZS 2.64 billion) and Intangible Assets at TZS 1.11 billion (30<sup>th</sup> June, 2019: TZS 284.07 million). There are also Capital Works in Progress for construction of office building (SUMATRA House) shared equally with LATRA TZS 6.11 billion (30<sup>th</sup> June, 2019: TZS 3.93 billion) and Intangible Assets in progress TZS 416.18 million (30<sup>th</sup> June, 2019: TZS 142.35 million) on development of Shipping Business Management System (SBMS).

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, explore other sources of revenue to enable it to sustain its operations services to the public, monitor expenditure operations and control expenses within approved budgets.



## 11. COMPOSITION OF THE 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 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 Chairman was appointed for a period of four (4) years, three (3) Board Members were appointed for a period of three (3) years, and the other three (3) Board Members were appointed for a period of two (2) years. All appointments were effective from 23<sup>rd</sup> April, 2019. The Board has a Vice Chairman who was appointed by the Board during its 1<sup>st</sup> Ordinary Meeting held on 8<sup>th</sup> July, 2019. The Vice Chairman serves for a term of one year as provided for under paragraph 2 of the Schedule to the Cap. 415.

In addition, during the financial year under review, the term of service for one (1) Board Member, Ms. Evelyn Godfrey Makala, appointed from the Office of the Attorney General ended upon her transfer. The Minister responsible for maritime transport appointed Mr. Said Ally Nzori from the Office of the Attorney General to replace Ms. Evelyn Godfrey Makala effective from 27<sup>th</sup> January, 2020.

Table 1 below show the Board Members who served the Corporation during the year under review for stated period: -

**Table 1: Board Members who Served the Corporation in 2019/2020**

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.	59	23 <sup>rd</sup> April, 2019
Eng. Japhet Yaredi Maselle	Member/ Vice- Chairman	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	64	23 <sup>rd</sup> 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).	76	23 <sup>rd</sup> April, 2019



## 11. COMPOSITION OF THE BOARD OF DIRECTORS *(Continued)*

**Table 1: Board Members who Served the Corporation in 2019/2020 *(Continued)***

Name	Position	Nationality	Qualification	Age	Date of Appointment
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.	63	23 <sup>rd</sup> 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.	47	23 <sup>rd</sup> April, 2019- 27 <sup>th</sup> January, 2020
Mr. Said Ally Nzori	Member	Tanzanian	Master Degree (LLM)(Hons) in Commercial Laws (International Trade), the Russian People's Friendship University, Moscow Russia (1995); Bachelor Degree in Law (LLB), the Peoples Friendship University, Moscow Russia (1993); Diploma in Translation, the Russian People's Friendship University, Moscow Russia (April, 1995).	57	27 <sup>th</sup> January, 2020
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.	70	23 <sup>rd</sup> 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); Professional Level 1, Association of Chartered Certified Accountant (ACCA), UK.	55	23 <sup>rd</sup> 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	57	23 <sup>rd</sup> April, 2019

## 12. CORPORATE GOVERNANCE

### a) Board of Directors

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

The Board is required to meet at least four times a year. The Board delegates the day to day management of the Corporation to the Director General assisted by senior management. Senior Management is invited to attend Board meetings and facilitates effective control of all operational activities, acting as a medium of communication and coordination between various operational areas.

No conflict of interest existed among the Board Members, Senior Management and the Corporation during the year under review. These are Key Management Personnel (KMP) who made declarations by completing a *Form for Declaration of Related Party Transactions*. The Form was designed as issued by the National Board of Accountants and Auditors (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 37 of these financial statements.

Furthermore, the Board meets once quarterly with additional meetings convened as and where necessary. During the financial year ended 30<sup>th</sup> June, 2020, the Board held thirteen (13) meetings, of which three (3) were ordinary and ten (10) were extra-ordinary.

The Board meetings, during the financial year under review, discussed and deliberated on the following main issues: -

- i) TASAC Internal Operating Procedures (IOPs) for Shipping Business on Clearing and Forwarding Agency, Document Control and Principal's Account;
- ii) Deliberation on Performance report for Quarter ended 31<sup>st</sup> March, 2019;
- iii) Board Order for abolishment of Delivery Order fee;
- iv) TASAC implementation Report since its Inception on 23<sup>rd</sup> February, 2018;
- v) Draft Board charter and Formation of Board Committees for the Board;
- vi) Election of the vice chairman of the Board;
- vii) Board Program for the Financial Year 2019/20;
- viii) TASAC Proposed Annual Budget and Procurement Plan for Financial Year 2019/20;
- ix) Review Shipping Business Fees and Issuance of the Order for the Approved Fees;
- x) Roadmap after Amendment of Tanzania Shipping Agencies Act, Cap. 415;
- xi) Recap of the Board visit to the operations of ferries in Mwanza Region;
- xii) Preparation of Tariff Book;
- xiii) Ongoing distortion of TASAC's mandate in the media;



## 12. CORPORATE GOVERNANCE (*Continued*)

### a) Board of Directors (*Continued*)

- xiv) Implementation Status of Clearing and Forwarding of Petroleum Products and Document Control Functions;
- xv) Revenue and Expenditure Status by Directorates since 23<sup>rd</sup> February, 2018;
- xvi) Proposed appointment of Acting Director of Shipping Business (Ag. DSB);
- xvii) TASAC Employees Allowances and Incentive Package in use;
- xviii) The Board Committees' Reports;
- xix) Quarterly Performance Reports of the Corporation;
- xx) TASAC Management Letter from CAG for the year ended 30<sup>th</sup> June, 2019;
- xxi) CAG Audit Report on audited Financial Statements for the year ended 30<sup>th</sup> June, 2019;
- xxii) Adoption and authorizing issuance of the Audited Financial Statements for the year ended 30<sup>th</sup> June, 2019;
- xxiii) Review of the Curriculum Vitae of Proposed Persons to be considered to hold Managerial Positions before submitting them to the Minister responsible for maritime transport;
- xxiv) Roadmap of TASAC Commencing to Execute Shipping Agency and Cargo Tallying Functions;
- xxv) Presentation of the Board Activities Expenditure;
- xxvi) Operationalization of Shipping Business Exclusive Mandate;
- xxvii) Presentation of the Board Committees' Reports; and Quarterly Performance Reports.

### b) Board Committees

The Corporation is committed to the principles of effective corporate governance. The Board also recognizes the importance of integrity, transparency and accountability. To ensure a high standard of corporate governance throughout the Corporation, the Board formed five (5) Committees during the year under review, namely; Audit and Risk Committee, Corporate Affairs Committee, Shipping Business & ICT Committee, Regulated Services Committee and Finance and Planning Committee. The composition of the Members of the Board Committees was reviewed on 31<sup>st</sup> March, 2020. The details of the Committees are provided below:

#### **Audit and Risk Committee**

The Audit and Risk Committee (ARC) was formed by the Board on 9<sup>th</sup> July, 2019 under Section 24(1) of the Tanzania Shipping Agencies Act, Cap. 415. The Committee is composed of a Chairman and two (2) members, who are also the Board Members.

The responsibilities of the ARC are to assist the Board in its oversight responsibility with respect to 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. CORPORATE GOVERNANCE (*Continued*)

### b) Board Committees (*Continued*)

#### Audit and Risk Committee (*Continued*)

The Members of ARC who served during the financial year ended 30<sup>th</sup> June, 2020 are shown in Table 2 below:

**Table 2: Board's Audit and Risk Committee Members in 2019/2020**

Name	Position	Nationality	Age	Date of Appointment
Mr. Usaje Bernard Asubisye	Chairman	Tanzanian	55	9 <sup>th</sup> July, 2019
Eng. Japhet Yaredi Maselle	Member	Tanzanian	64	9 <sup>th</sup> July, 2019
Mr. Ngosengwa Daniel Mchome	Member	Tanzanian	76	9 <sup>th</sup> July 2019

The ARC meets once quarterly with additional meetings convened as and when necessary. During the financial year ended 30<sup>th</sup> June, 2020, the Committee held six (6) meetings, of which four (4) were ordinary and two (2) were extra-ordinary.

The ARC meetings, during the financial year under review, discussed and deliberated on the following main issues: -

- i) Risk Based Internal Audit Plan for the financial year 2019/20;
- ii) Draft Audit and Risk Committee Charter;
- iii) Draft Internal Audit Charter;
- iv) Draft Risk Based-Internal Audit Manual;
- v) Internal Audit Quarterly Performance Reports;
- vi) Interim Audit Report on International Maritime Organization (IMO) Member State Audit Scheme (IMSAS);
- vii) Draft TASAC Risk Management Policy and Framework;
- viii) External Auditors Demand for Additional Audit Fees for Time-Overrun;
- vix) Action Plan for Implementation of CAG Recommendations for the Year 2018/19;
- x) Risk Based Annual Internal Audit Plan, 2020/21;
- xii) The External Auditors' Plan and Audit Fees for undertaking audit of the year 2018/19; and
- vxii) Exit Meeting with External Auditors for the year 2018/19.

#### Corporate Affairs Committee

The Corporate Affairs Committee (CAC) was formed by the Board on 9<sup>th</sup> July, 2019 under Section 24(1) of the Tanzania Shipping Agencies Act, Cap. 415. The Committee is composed of a Chairman and two (2) members, who are also the Board Members.

The responsibilities of the CAC are to assist the Board in its oversight responsibility with respect to Human Resource Management and Administration matters.



## 12. CORPORATE GOVERNANCE (*Continued*)

### b) Board Committees (*Continued*)

#### Corporate Affairs Committee (*Continued*)

The Members of CAC who served during the financial year ended 30<sup>th</sup> June, 2020 are shown in Table 3 below:

**Table 3: Board's Corporate Affairs Committee Members in 2019/2020**

Name	Position	Nationality	Age	Date of Appointment
Mr. Renatus Gervas Mkinga	Chairman	Tanzanian	70	9 <sup>th</sup> July, 2019
Mr. Said Ally Nzori	Member	Tanzanian	57	14 <sup>th</sup> April, 2020
Eng. Japhet Yaredi Maselle	Member	Tanzanian	64	14 <sup>th</sup> April, 2020
Capt. Mussa Hamza Mandia	Member	Tanzanian	63	9 <sup>th</sup> July 2019-14 <sup>th</sup> April, 2020
Ms. Evelyn Godfrey Makala	Member	Tanzanian	47	9 <sup>th</sup> July 2019-27 <sup>th</sup> January, 2020

The CAC meets once quarterly with additional meetings convened as and when necessary. During the financial year ended 30<sup>th</sup> June, 2020, the Committee held seven (7) meetings, of which four (4) were ordinary and three (3) were extra-ordinary.

The Committee meetings, during the financial year under review, discussed and deliberated on the following main issues: -

- i) Draft TASAC Financial Regulations, 2019;
- ii) Draft TASAC Staff Rules and Regulations, 2019;
- iii) Proposed Comprehensive Organization Structure considering staffing demand and the Corporation's extended exclusive mandate;
- iv) Certificate of Transfer of SUMATRA assets and liabilities to TASAC including approval for continuing to use SUMATRA Bank Accounts after establishment of TASAC;
- v) Request for recruitment of Sixty (60) Clearing and Forwarding Officers under the Directorate of Shipping Business (DSB);
- vi) Draft Charter of the Corporate Affairs Committee (CAC);
- vii) TASAC Placement of Staff in line with the Approved Establishment and Scheme of Service;
- viii) Deliberation of Staff Matters; and
- ix) Re-Submission of Recruitment of Sixty (60) Clearing and Forwarding Officers under the Directorate of Shipping Business.

## 12. CORPORATE GOVERNANCE *(Continued)*

### b) Board Committees *(Continued)*

#### Shipping Business and ICT Committee

The Shipping Business and ICT Committee (SBIC) was formed by the Board on 9<sup>th</sup> July, 2019 under Section 24(1) of the Tanzania Shipping Agencies Act, Cap. 415. The Committee is composed of a Chairman and two (2) members, who are also the Board Members.

The responsibilities of the SBIC are to assist the Board in its oversight responsibility with respect to the execution of the Corporation's 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.

The Members of SBIC who served during the financial year ended 30<sup>th</sup> June, 2020 are shown in Table 4 below:

**Table 4: Board's Shipping Business and ICT Committee Members in 2019/2020**

Name	Position	Nationality	Age	Date of Appointment
Mr. Ngosengwa Daniel Mchome	Chairman	Tanzanian	76	9 <sup>th</sup> July, 2019
Eng. Japhet Yaredi Maselle	Member	Tanzanian	64	9 <sup>th</sup> July, 2019
Capt. Mussa Hamza Mandia	Member	Tanzanian	63	14 <sup>th</sup> April, 2020
Mr. Renatus Gervas Mkinga	Member	Tanzanian	70	9 <sup>th</sup> July, 2019-14 <sup>th</sup> April, 2020

The SBIC meets once quarterly with additional meetings convened as and when necessary. During the financial year ended 30<sup>th</sup> June, 2020, the Committee held eight (8) meetings, of which four (4) were ordinary and four (4) were extra-ordinary.

The SBIC meetings, during the financial year under review, discussed and deliberated on the following main issues: -

- i) Proposed tariff for additional specified goods in Clearing and Forward and Shipping Agency following amendments of the Tanzania Shipping Agencies Act, Cap. 415;
- ii) Proposal on the abolition of nuisance fees, charges and tariff on regulated services;
- iii) Progress of the disputed rate of minerals approved by the Board between TASAC and Commission for Minerals;
- iv) Draft Tanzania Shipping Agencies (Shipping Business) Regulations, 2019;
- v) Deliberation of Operationalization of Shipping Business Exclusive Mandate;
- vi) Draft ICT Steering Committee (ICT SC) Charter;
- vii) Furtherance of Clearing and Forwarding Functions;
- viii) Draft Charter of the Shipping Business and ICT Committee (SBIC);
- ix) Facilitation of Export of Government Cashew for year 2018/2019;



## 12. CORPORATE GOVERNANCE *(Continued)*

### b) Board Committees *(Continued)*

#### Shipping Business and ICT Committee *(Continued)*

- x) Resource requirements for shipping business functions, challenges and proposed solutions;
- xi) Schedule of operationalization of exclusive mandate yet to be implemented;
- xii) Furtherance of Freight Forwarding Functions;
- xiii) Implementation of Exclusive Mandate on Shipping Agency for General Cargo Ships; and
- xiv) Directives to Licenced Shipping Agents on application of Storing Order and Demurrage Charges.

#### Regulated Services Committee

The Regulated Services Committee (RSC) was formed by the Board on 9<sup>th</sup> July, 2019 under Section 24(1) of the Tanzania Shipping Agencies Act, Cap. 415. The Committee is composed of a Chairman and two (2) members, who are also the Board Members.

The responsibilities of the RSC are to assist the Board in its oversight responsibility with respect to the regulated services under the Directorate of Maritime Transport Services and the Directorate of Maritime Safety, Security and Environment.

The Members of RSC who served during the financial year ended 30<sup>th</sup> June, 2020 are shown in Table 5 below:

**Table 5: Board's Regulated Service Committee Members in 2019/2020**

Name	Position	Nationality	Age	Date of Appointment
Mr. Said Ally Nzori	Chairman	Tanzanian	57	14 <sup>th</sup> April, 2020
Capt. Mussa Hamza Mandia	Member	Tanzanian	63	9 <sup>th</sup> July, 2019
Mr. Renatus Gervas Mkinga	Member	Tanzanian	70	14 <sup>th</sup> April, 2020
Ms Evelyn Godfrey Makala	Chairman	Tanzanian	47	9 <sup>th</sup> July 2019- 27 <sup>th</sup> January, 2020
Mr. Usaje Bernard Asubisye	Member	Tanzanian	55	9 <sup>th</sup> July 2019- 14 <sup>th</sup> April, 2020

The RSC meets once quarterly with additional meetings convened as and when necessary. During the financial year ended 30<sup>th</sup> June, 2020, the Committee held five (5) meetings, of which four (4) were ordinary and one (1) was extra-ordinary.



## 12. CORPORATE GOVERNANCE (*Continued*)

### b) Board Committees (*Continued*)

#### Regulated Services Committee (*Continued*)

The Committee meetings, during the financial year under review, discussed and deliberated on the following main issues:-

- i) Proposed Tanzania Shipping Agencies (Tariff) Regulations, 2019, Tanzania Shipping Agencies (Port Terminal Operators) Regulations, 2019 and amendment of the Merchant Shipping (Ship and Port Facility Security) (Amendment) Regulations, 2019 respectively;
- ii) Draft Tanzania Shipping Agencies (Shipping Business) Regulations;
- iii) Re-submission of Proposed Amendment of the Merchant Shipping (Ship and Port Facility Security) (Amendment) Regulations, 2019;
- iv) Proposed Amendment of the Tanzania Shipping Agencies (Shipping Agents) Regulations, GN. No. 339/2018;
- v) Proposed Amendments of Various Rules and Regulations made under the Merchant Shipping Act, Cap. 165 to enable TASAC to regulate Government ferries;
- vi) Evaluation of an Application for Consolidation and De-consolidation Charges in Lake Tanganyika Ports;
- vii) Submission of the draft Charter of Regulated Services Committee (RSC);
- viii) Application for Consolidation and De-consolidation Charges in Lake Tanganyika Ports; and
- ix) Progress on Development of Freight Tariff Book.

#### Finance and Planning Committee

The Finance and Planning Committee (FPC) was formed by the Board on 22<sup>nd</sup> January, 2020 under Section 24(1) of the Tanzania Shipping Agencies Act, Cap. 415. The Committee is composed of a Chairman and two (2) members, who are also the Board Members.

The responsibilities of FPC are to assist the Board in its oversight responsibility with respect to finance and planning of the Corporation. This includes Corporate Strategic Planning, Annual Plans and Budgets; Annual Procurement Plans and Quarterly and Annual Performance Reports.

The Members of FPC who served during the financial year ended 30<sup>th</sup> June, 2020 are shown in Table 6 below:



## 12. CORPORATE GOVERNANCE *(Continued)*

### b) Board Committees *(Continued)*

#### Finance and Planning Committee *(Continued)*

**Table 6: Board's Finance and Planning Committee Members in 2019/2020**

Name	Position	Nationality	Age	Date of Appointment
Capt. Mussa Hamza Mandia	Chairman	Tanzanian	63	22 <sup>nd</sup> January, 2020
Mr. Said Ally Nzori	Member	Tanzanian	57	14 <sup>th</sup> April, 2020
Mr. Usaje Bernard Asubisye	Member	Tanzanian	55	14 <sup>th</sup> April, 2020
Ms Evelyn Godfrey Makala	Member	Tanzanian	47	22 <sup>nd</sup> January, 2020- 27 <sup>th</sup> January, 2020
Mr. Renatus Gervas Mkinga	Member	Tanzanian	70	22 <sup>nd</sup> January, 2020- 14 <sup>th</sup> April, 2020

The FPC meets once quarterly with additional meetings convened as and when necessary. During the financial year ended 30<sup>th</sup> June, 2020, the Committee held three (3) meetings, of which two (1) were ordinary and one (1) was extra-ordinary.

The Committee meetings, during the financial year under review, discussed and deliberated on the following main issues: -

- i) Request for Approval of the Revised Plan and Budget for Financial Year 2019/2020;
- ii) Presentation of Performance Report for the Quarter ended 31st December, 2019;
- iii) Status of Service Provider's Levy Collection as at 31st December, 2019;
- iv) 3rd Quarter Performance Report for Financial Year 2019/2020;
- v) Submission of the draft Charter of Finance and Planning Committee (FPC); and
- vi) Request for Adoption of the Plan and Budget for the financial year 2020/2021.

### 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: -

#### **(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**

Economic Regulation Unit (ERU), Finance and Accounts Unit (FAU), 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, Cap. 415 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.



## 14. REVIEW OF BUSINESS PERFORMANCE

### a) 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 30<sup>th</sup> June, 2020 are given under Table 7 below:

**Table 7: Key Performance Indicators for the Year 2019/2020**

Objectives	Target for 2019/2020	Key Performance Indicator	Implementation Status
<b>A: Maritime transport services regulatory role enhanced</b>	Ten (10) Port Terminal Operators issued with Licences by June, 2020	Number of Terminal Operators issued with Licenses <b>Expected outcome:</b> Compliance with maritime transport services.	<ul style="list-style-type: none"> <li>Six (6) port terminal Operators applied for license, equivalent to 60% of the target. Out of six applicants only one Port Terminal Operator qualified and was issued with License and other terminal operators did not meet the requirements.</li> </ul>
	Twenty-eight (28) Shipping agents issued with licences by June, 2020	Number of Shipping agents issued with Licenses <b>Expected outcome:</b> Compliance with maritime transport services.	<ul style="list-style-type: none"> <li>Twenty-four (24) Shipping agents issued with licences by June, 2020, equivalent to 86% of the target.</li> </ul>
	Thirty (30) consolidators/ De-consolidators were issued with Licences by June, 2020	Number of consolidators/ De-consolidators monitored. <b>Expected outcome:</b> Enhanced compliance and increase Port efficiency.	<ul style="list-style-type: none"> <li>Twenty-one (21) consolidators/ De-consolidators were issued with Licences by June, 2020, equivalent to 70% of the target.</li> </ul>
	Eight hundred (800) Clearing and Forwarding Agents were issued with Certificates of Registration by June, 2020)	Number of Port Facilities and Terminals monitored. <b>Expected outcome:</b> Enhanced compliance and increase Port efficiency.	<ul style="list-style-type: none"> <li>Eight hundred and eighty (880) Clearing and Forwarding Agents were issued with Certificates of Registration by June, 2020, equivalent to 110% of the target</li> </ul>
	Forty (40) Dry ports issued with licences by June, 2020	Number of Dry Ports Issued with licenses <b>Expected Outcome:</b> Effective compliance of dry ports on its operations.	<ul style="list-style-type: none"> <li>Forty (42) dry ports were issued with licences by June, 2020, equivalent to 105% of the target.</li> </ul>

#### 14. REVIEW OF BUSINESS PERFORMANCE (Continued)

**Table 7: Key Performance Indicators For The Year 2019/2020 (Continued)**

Objectives	Target for 2019/2020	Key Performance Indicator	Implementation Status
<b>A: Maritime transport services regulatory role enhanced</b>	Sixty (60) Gross Mass Verifier (GMV) registered by June, 2020	Number of Gross Mass Verifier <b>Expected Outcome:</b> Effectively managed Gross Mass Verifier.	<ul style="list-style-type: none"> <li>• Thirty-four (34) Gross Mass Verifiers (GMV) registered by June, 2020, equivalent to 57% of the target.</li> </ul>
	Fifty (50) Miscellaneous Port Service Providers (MPS) licensed by June, 2020	Number of MPS licensed <b>Expected Outcome:</b> Effectively managed MPS which comply with standards.	<ul style="list-style-type: none"> <li>• Fifty (51) Miscellaneous Port Service Providers (MPS) licensed by June, 2020, equivalent to 102% of the target.</li> </ul>
	Sixty-eight (68) visits conducted to Shipping Agents to check compliance with regulations by June, 2020	Number of visits to shipping Agents <b>Expected Outcome:</b> High level of compliance among shipping agents to governing regulations	<ul style="list-style-type: none"> <li>• Eight (81) visits conducted to Shipping Agents to check compliance with regulations by June, 2020, equivalent to 119% of the target.</li> </ul>
	Four (4) Sea Ports Monitored for compliance with Port tariff regulations by June, 2020;	Number of Port Facilities and Terminals monitored. <b>Expected outcome:</b> Enhanced compliance and increased Port efficiency.	<ul style="list-style-type: none"> <li>• Four (4) Sea Ports were monitored for Compliance with Port Tariff Regulations by June, 2020, equivalent to 100% of the target.</li> </ul>
	Fourteen (14) Inland Ports Monitored (semi-annually) for compliance with Port tariff regulations by June, 2020;	Number of Port Facilities and Terminals monitored. <b>Expected outcome:</b> Enhanced compliance and increase Port efficiency.	<ul style="list-style-type: none"> <li>• Twenty (20) Inland Ports monitored for compliance with Port Tariff Regulations by June, 2020, equivalent to 142% of the target.</li> </ul>
	Forty (40) dry Ports Monitored for compliance with Port tariff regulations by June, 2020.	Number of Port Facilities and Terminals monitored. <b>Expected outcome:</b> Enhanced compliance and increase Port efficiency.	<ul style="list-style-type: none"> <li>• Forty (40) Dry Ports were Monitored for Compliance with Port Tariff Regulations as by June, 30th 2020, equivalent to 100% of the target.</li> </ul>
	Seven (7) border posts monitored quarterly and complied with regulations by June, 2020	Number of border posts. <b>Expected outcome:</b> Enhanced level of compliance by service providers and therefore promote increase of revenue collection from Cargo passing through border posts.	<ul style="list-style-type: none"> <li>• 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, equivalent to 100% of the target.</li> </ul>



## 14. REVIEW OF BUSINESS PERFORMANCE (Continued)

**Table 7: Key Performance Indicators For The Year 2019/2020 (Continued)**

Objectives	Target for 2019/2020	Key Performance Indicator	Implementation Status
<b>B: Maritime safety, security and marine environment improved</b>	Three Hundred (300) Clearing and Forwarding agents monitored to check compliance with regulations by June, 2020	Number of clearing and forwarding agents <b>Expected Outcome:</b> Enhanced effectiveness of services provided by clearing and forwarding agents.	<ul style="list-style-type: none"> <li>Three hundred and ninety-seven (397) Clearing and Forwarding agents monitored to check compliance with regulations by June, 2020, equivalent to 132% of the target.</li> </ul>
	267 Maritime safety awareness programmes conducted by June, 2020	Number of safety awareness meetings conducted <b>Expected outcome:</b> Improved maritime safety, security and marine environment awareness among service providers.	<ul style="list-style-type: none"> <li>198 Maritime safety awareness programs were conducted to various stakeholders and operators of small vessels in different cluster ports (increased by 18.6% compared to 167 meetings conducted in the financial year 2018/2019). 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.</li> </ul>
	334 Vessels inspection and surveys conducted by June, 2020	Number of inspected/ surveyed vessels <b>Expected outcome:</b> Improved maritime safety standards compliance.	<ul style="list-style-type: none"> <li>386 vessels were surveyed and inspected for the period under review (increase by 5.9% compared to 273 surveyed and inspected ships in the financial year 2018/2019). Out of the surveyed and inspected ships, 64.3% complied with safety standards.</li> </ul>
	667 seafarers' certificates issued in accordance with the STCW Conventions by June, 2020	Number of Seafarers Certificates issued. of <b>Expected outcome:</b> Improved compliance with maritime education and skills standards.	<ul style="list-style-type: none"> <li>A total of 4,834 seafarer certificates were issued in accordance with the STCW</li> </ul>

#### 14. REVIEW OF BUSINESS PERFORMANCE (Continued)

**Table 7: Key Performance Indicators For The Year 2019/2020 (Continued)**

Objectives	Target for 2019/2020	Key Performance Indicator	Implementation Status
<b>C: Shipping business services improved</b>	Average clearance time taken reduced to seven (7) days by June, 2020	Number of days spent on cargo clearance.  <b>Expected outcome:</b> Enhanced effectiveness and efficiency of supply chain management in Tanzania- resulting to a reduced cost of doing business in the country.	<ul style="list-style-type: none"> <li>The Corporation managed to reduce the average clearance time for cargo clearance from 145 days to 7 days as planned.</li> </ul>
	Seven ship categories covered by shipping agency services by June, 2020	Number of ship categories handled. <b>Expected outcome:</b> Enhanced capacity to serve various ship categories.	<ul style="list-style-type: none"> <li>Six ship categories were handled by the Corporation under shipping agency services by June, 2020</li> </ul>
	100 ships handled under TASAC agency by June, 2020	Number of ships attended by TASAC Clearing Agency Section <b>Expected outcome:</b> Effectiveness on handling ship.	<ul style="list-style-type: none"> <li>102 ships were handled under TASAC agency by June, 2020</li> </ul>
	Integrated shipping business systems developed and implemented by June, 2020	Integrated shipping business systems implemented. <b>Expected outcome:</b> Enhanced Efficiency on TASAC businesses operation.	<ul style="list-style-type: none"> <li>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.</li> </ul>



#### 14. REVIEW OF BUSINESS PERFORMANCE (Continued)

**Table 7: Key Performance Indicators For The Year 2019/2020 (Continued)**

Objectives	Target for 2019/2020	Key Performance Indicator	Implementation Status
<b>D: Capacity for the Corporation to discharge mandated functions enhanced</b>	Transfer or Recruitment of additional manpower as per establishment facilitated by June, 2020	Number of staff transferred/ recruited <b>Expected outcome:</b> Enhanced Corporation capacity to discharge its mandated functions.	<ul style="list-style-type: none"> <li>A total number of 130 staff were recruited and 10 staff transferred to the Corporation from other Government institutions.</li> </ul>
	Statutory benefits to 243 staff enhanced by June, 2020	Numbers of Staff provided with Statutory benefits <b>Expected Outcome:</b> Motivated and creative staff	<ul style="list-style-type: none"> <li>Salaries and Other benefits like acting allowance, extra duties, leave passage and others were paid to 246 staff up to June, 2020. The result was most employees were motivated on their day to day activity and creative to effectively achieve the Corporation targets.</li> </ul>
	Revenue collection target of TZS 38.7 billion is achieved by June, 2020.	Percentage of actual revenue collection from projections. <b>Expected outcome:</b> Improved Level of Corporation's financial independency.	<ul style="list-style-type: none"> <li>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.</li> </ul>
	Annual Procurement Plan implemented by at least 90% by June, 2020.	Percentage Implementation of Annual Procurement Plan. <b>Expected outcome:</b> Enhanced Capacity of the Corporation to discharge its functions.	<ul style="list-style-type: none"> <li>A total of 38 out of 61 tenders were implemented, that is 62% of the tenders planned in the annual procurement Plan were implemented.</li> <li>APP was approved and published on PPRA Portal on 7th July, 2019 which led to delay in implementation of some procurements.</li> </ul>



#### 14. REVIEW OF BUSINESS PERFORMANCE (Continued)

**Table 7: Key Performance Indicators For The Year 2019/2020 (Continued)**

Objectives	Target for 2019/2020	Key Performance Indicator	Implementation Status
<b>D: Capacity for the Corporation to discharge mandated functions enhanced</b>	HR Processes and Procedures Manual, ICT governance framework and Risk Management Policy and Framework developed and implemented by June, 2020	Manuals for HR Processes and procedures, ICT Governance Framework and Risk Management Policy and Framework developed and implemented.  <b>Expected outcome:</b> Enhanced Efficiency on TASAC operations.	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>E: HIV/AIDS, infection reduced and supportive services improved</b>	HIV/AIDS interventions and awareness programs developed and implemented by June, 2020	Number of HIV/AIDS interventions developed  <b>Expected outcome:</b> Enhanced awareness among staff resulting into reduced reported cases of HIV/AIDS at Workplace.	<ul style="list-style-type: none"> <li>The Corporation conducted training to all TASAC employees on HIV/AIDS and Cancer by June, 2020.</li> </ul>
<b>F: Effective implementation of National Anti-Corruption Strategy enhanced and sustained</b>	Establish and facilitate Ethics Committee Meetings and Capacity building training to Committee Members.	Stakeholders' perception on corruption at TASAC.  <b>Expected outcome:</b> Enhanced Corporation culture with ethical values on high level of Integrity.	<ul style="list-style-type: none"> <li>The Corporation prepared the Anti-Corruption Strategy Implementation Action Plan for enhanced and sustained implementation of National Anti-Corruption Strategy. The Action Plan is waiting for Board Approval after being reviewed by Management.</li> </ul>



## 14. REVIEW OF BUSINESS PERFORMANCE (Continued)

### b) 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 the financial year ended 30<sup>th</sup> June, 2020 included the following: -

#### i) Maritime Transport Regulatory Role Enhanced

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

The Corporation issued 1,027 (30<sup>th</sup> June, 2019: 941) licenses and registration certificates to Ports and Shipping Regulated Service Providers. The number of issued licenses and registration certificates are summarized in the Table 8 below:

**Table 8: Issued Licenses and certificates in the Year 2019/2020**

No.	Category of Regulated Service Providers	Quantity
1	Shipping Agents	24
2	Cargo Consolidators/De-consolidators	21
3	Miscellaneous Port Services Providers	51
4	Dry Ports Operators	17
5	Clearing and Forwarding Agents	880
6	Gross Mass Verifiers	34
<b>Total number of Licenses and certificates issued</b>		<b>1,027</b>

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

The Corporation conducted 24 (30<sup>th</sup> June, 2019: 941) monitoring visits to the regulated ports. The ports included Dar es Salaam, Lindi, Kilwa, Kasanga, Kipili, Kirando, Itungi, Kiwira, Mwanza, Nansio south, Bukoba, Musoma, Kemono, Kigoma, Mtwara, Tanga, Ndumbi and Mbamba Bay ports. Others are Bagamoyo, Pangani, Mafia, Nyamisati, Lushanga and Magibarini.

In addition, the Corporation conducted a total of 238 (30<sup>th</sup> June, 2019: 495) inspection and monitoring visits to shipping service providers to check compliance with regulations including 24/7 working arrangements. The decline in the monitoring visits was due the spread of covid-19 pandemic disease. The main issues observed during monitoring activities that fall under TASAC's regulatory dominion were communicated in order to prompt necessary action for improvement.

## 14. REVIEW OF BUSINESS PERFORMANCE *(Continued)*

### b) Implementation of the Corporate Strategic Plan *(Continued)*

#### (i) Maritime Transport Regulatory Role Enhanced *(Continued)*

##### b) Monitoring of Cargo Passing through Border Posts

The Corporation conducted quarterly monitoring visits to seven border posts of Holili, Horohoro, Murongo, Mutukula, Mwanza, Namanga 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 unpaid shipping fees at Holili, Sirari and Horohoro border posts although some amount continues to be pursued for payment from clearing and forwarding agents.

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

##### a) Surveys and Inspections conducted for marine vessels.

The Corporation carried out a total of 369 (30<sup>th</sup> June, 2019: 289) surveys and inspections on ships of 50 GT and above, and compliance level was 65.5%. These includes inspections carried out on Government ferries operating under TEMESA to recommend on safety standards and safe manning level for each ferry relevant to respective operating areas and conditions.

Furthermore, the Corporation carried out a total of 5,815 (30<sup>th</sup> June, 2019: 7,097) surveys and inspections on vessels below 50 GT (boats), whereby 87.1% complied with local safety standards. The 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 Kilometre/hour and large waves above two (2) metres.



## 14. REVIEW OF BUSINESS PERFORMANCE (*Continued*)

### b) Implementation of the Corporate Strategic Plan (*Continued*)

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

##### 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. During the financial year ended 30<sup>th</sup> June, 2020 the Corporation issued 92 (30<sup>th</sup> June, 2019: 94) Certificates of Competency (COC) for Deck and Engine Officers; 3,849 (30<sup>th</sup> June, 2019: 5,251) Certificates of Proficiency (COP); and 290 (30<sup>th</sup> June, 2019: 354) Seafarers' Continuous Discharge Certificates (CDC).

##### 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 369 (30<sup>th</sup> June, 2019: 289) ships and 5,815 (30<sup>th</sup> June, 2019: 7,097) boats, 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;

## 14. REVIEW OF BUSINESS PERFORMANCE (*Continued*)

### d) **Improving Environmental Sustainability and Social Compatibility of Regulated Transport Services (*Continued*)**

iii) Continued monitoring ships plying in Tanzania waters for pollution prevention on a 24/7 basis through the Dar es 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;

a) 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;

b) Prepared draft Forwarding/ Logistics Responsibility Matrix (Corporation versus client) and Minimum capacity specifications; and

c) Conducted stakeholders meeting to establish work relationship with Shipping Business stakeholders, customers via consultations by categories.

### iv) **Capacity for the Corporation to Discharge Mandated Functions Enhanced**

#### a) **Development of Internal Rules and Regulations**

The Corporation's Financial Regulations, 2019 and Staff Regulations, 2019 were developed, shared with all TASAC employees for inputs and approved by the Board in December 2019 in accordance with Section 22(2)(n) of the Tanzania Shipping Agencies Act, Cap. 415.

The two (2) documents were thereafter submitted to the Office of Treasury Registrar during the financial year for review and onward submission to the President's Office, Public Service Management and Good Governance for approval of implementation.



## 14. REVIEW OF BUSINESS PERFORMANCE (*Continued*)

### b) Implementation of the Corporate Strategic Plan (*Continued*)

#### b) Publication of Regulations

The Government published the following three (3) Regulations prepared under the Tanzania Shipping Agencies Act, Cap. 415;

- i) The Tanzania Shipping Agencies (Tariff) Regulations GN No. 7 of 2020 published on 10/01/2020;
- ii) The Tanzania Shipping Agencies (Port Terminal Operators) Regulations GN No. 8 of 2020 published on 10/01/2020; and
- iii) The Tanzania Shipping Agencies (Shipping Business) Regulations GN No. 386 of 2020 published on 22/05/2020.

These Regulations became effective for implementation from the dates of their publication in the Government Gazette.

#### c) Publication of Order

The Government published the following Order during the financial year under review:

- i) The Tanzania Shipping Agencies (Shipping Business Services Fees) Order GN No. 743 of 2019 published on 18/10/2019; and
- ii) The Tanzania Shipping Agencies (Suspension of Operations of Shipper Nomination Mode) Order, GN. No. 38/2020 re-published on 24/01/2020 in place of GN. No. 462/2019.

#### d) Participate in Drafting Sector Regulations

The Ministry of Works, Transport and Communication in consultation with the Corporation developed the draft Tanzania Shipping Agencies (Shipping Agents) (Amendment) Regulations, 2019, and The Merchant Shipping (Written laws Miscellaneous Amendment) Regulations, 2019.

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

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

## 14. REVIEW OF BUSINESS PERFORMANCE (*Continued*)

### b) Implementation of the Corporate Strategic Plan (*Continued*)

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:

- i) conducted awareness program to all TASAC employees on the QMS based on ISO 9001:2015 and awareness on Risk Management;
- ii) Documentation of drafts: QMS Quality Manual, Quality Policy, QMS mandatory procedures and Standard Operating Procedures (SOP) for key TASAC processes;
- iii) Terms of Reference for recruitment was Certifying Body was ongoing for procurement process; and
- iv) Preparation for QMS internal audit was ongoing and the Corporation aims to become ISO 9001:2015 Certified by June 2021.

### 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. The Corporation's Risk Management Policy and Framework was approved for implementation by the Board during the year under review. Training and awareness programmed to employees were undertaken, the Risk Management Coordinator was appointed, and preparation of Risk Register is ongoing.

### 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](http://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.



## 14. REVIEW OF BUSINESS PERFORMANCE (*Continued*)

### b) Implementation of the Corporate Strategic Plan (*Continued*)

#### 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.

#### 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 1<sup>st</sup> January 2022); and IPSAS 42 – Social benefits (on or after 1<sup>st</sup> 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 to employees 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 compliance with sound corporate governance principles.

## 20. RISK MANAGEMENT AND INTERNAL CONTROL

### a) 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.

### b) 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.

### c) 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 ended 30<sup>th</sup> June, 2020, there was no recorded incident of loss of Corporation's assets.



## 20. RISK MANAGEMENT AND INTERNAL CONTROL (*Continued*)

### d) 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.

### e) 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 IPSAS.

## 21. EMPLOYEES' WELFARE

### a) Management and Employees' Relationship

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

### b) 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.

### c) 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.

### d) 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 1,088.32 million (30<sup>th</sup> June, 2019: TZS 589.84 million).

## 21. EMPLOYEES' WELFARE (*Continued*)

### e) 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 215.39 million (30<sup>th</sup> June, 2019: TZS 237.72 million) being 6% of the employees' basic salary, where the Corporation contributes 3% and employees contribute 3%.

### f) 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 financial year under review, the Corporation had no employee released for long-term training (30<sup>th</sup> June, 2019:1 employee).

### g) 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.

### h) 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 246 employees during the year ended 30<sup>th</sup> June, 2020 (30<sup>th</sup> June, 2019: 108). The increase in number of employees was due to transfer of from other public institutions to TASAC and recruitment of new employees on permits from the President Office, Public Service Management and Good Governance. All recruitments were undertaken by the Public Service Recruitment Secretariat. Out of 246 employees of the Corporation for the year ended 30<sup>th</sup> June, 2020, 168 (30<sup>th</sup> June, 2019: 75) were male and 78 (30<sup>th</sup> June, 2019: 33) were female as shown below:

<b>Gender</b>	<b>30<sup>th</sup> June, 2020</b>	<b>%</b>	<b>30<sup>th</sup> June, 2019</b>	<b>%</b>
Male	168	68.3	75	69.4
Female	78	32.7	33	30.6
<b>Total</b>	<b>246</b>	<b>100.0</b>	<b>108</b>	<b>100.0</b>

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 37 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 financial year ended 30<sup>th</sup> June, 2020 the Corporation spent TZS 40.4 million (30<sup>th</sup> June, 2019: TZS 72.98 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 30<sup>th</sup> June, 2020. 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 financial year ended 30<sup>th</sup> June, 2020 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. EVENTS AFTER REPORTING DATE

The Ministry of Works, Transport and Communication, which was the controlling entity and ultimate controlling entity, was changed to the Ministry of Works and Transport effective from 5<sup>th</sup> December 2020. This follows announcement of the new Cabinet by H.E. Dr. John Joseph Pombe Magufuli, the President of the United Republic of Tanzania. There were no other 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.



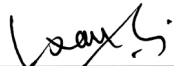
## 29. AUDITOR

The Controller and Auditor General is the Statutory Auditor of the Corporation 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.

## 30. APPROVAL

This Report was approved and authorised for issue by the Board of Directors on **21<sup>st</sup> December 2020** and signed on its behalf by:

*Prof. Tadeo A. Satta, Board Chairman*

Signature: 

Date: 27<sup>th</sup> March, 2021

*Mr. Emmanuel S. Ndomba, Board Secretary*

Signature: 

Date: 25<sup>th</sup> March, 2021



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 30<sup>th</sup> June, 2020.

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 **21<sup>st</sup> December 2020** and signed on its behalf by:

*Prof. Tadeo A. Satta, Board Chairman*

*Signature:* 

*Date:* 27<sup>th</sup> March, 2021

*Mr. Emmanuel S. Ndomba, Board Secretary*

*Signature:* 

*Date* 25<sup>th</sup> March, 2021



## 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 **30<sup>th</sup> June, 2020** 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

A handwritten signature in blue ink, appearing to read 'Habibu J. S. Suluo', is written over a horizontal line. The signature is stylized and cursive.

**Position:** Director of Finance and Accounts

**NBAA Membership No.:** FCPA 1516

**Date:** 24<sup>th</sup> March, 2021





Chairman of the Board,  
Tanzania Shipping Agencies Corporation,  
P.O. Box 989,  
**Dar es salaam.**

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

### Opinion

I have audited the financial statements of the Tanzania Shipping Agencies Corporation (TASAC), which comprise the statement of financial position as at 30<sup>th</sup> June, 2020, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Tanzania Shipping Agencies Corporation (TASAC) as at 30<sup>th</sup> June, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and in the manner required by the Public Finance Act, 2001 (Revised 2004).

### Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled “Responsibilities of the Controller and Auditor General for the Audit of the Financial Statement”. 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.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.



## **Other Information**

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit 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 I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

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

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

In addition, Section 10 (2) of the Public Audit Act, 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 (as amended in 2016) requires me to state in my annual audit report whether the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

### **Report on other Legal and Regulatory Requirements**

#### **Compliance with the Public Procurement Act, No.7 of 2011 (as amended in 2016)**

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



**Charles E. Kichere**  
**Controller and Auditor General**  
**DODOMA.**  
**UNITED REPUBLIC OF TANZANIA.**  
*March, 2021*



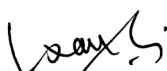


STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020

	<u>Notes</u>	2019/2020 TZS '000	2018/2019 TZS '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	22	21,989,005	7,118,556
Receivables and prepayments	23	38,198,249	30,782,043
Inventories	24	167,897	121,350
		<b>60,355,151</b>	<b>38,021,949</b>
<b>Non-current assets</b>			
Property and equipment	31	6,305,113	2,639,435
Capital WIP - Office Building	31	6,106,168	3,929,003
Intangible assets	32	1,109,754	284,065
Capital WIP - Shipping Business Management System	32	416,182	142,348
		<b>13,937,217</b>	<b>6,994,851</b>
<b>TOTAL ASSETS</b>		<b>74,292,368</b>	<b>45,016,800</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables, accrued expenses and advance receipts	25	4,848,530	965,052
Provisions	26	41,151	-
Tax payable	21	263,020	-
		<b>5,152,701</b>	<b>965,052</b>
<b>Non-current liabilities</b>			
Employee benefits payable	27	33,250	4,750
Deferred tax liability	21	148,167	-
		<b>181,417</b>	<b>4,750</b>
<b>TOTAL LIABILITIES</b>		<b>5,334,117</b>	<b>969,802</b>
<b>NET ASSETS</b>		<b>68,958,251</b>	<b>44,046,998</b>
<b>NET ASSETS</b>			
Capital Fund	28	24,264,567	22,087,401
Accumulated Surplus		44,693,684	21,959,597
<b>TOTAL NET ASSETS</b>		<b>68,958,251</b>	<b>44,046,998</b>

These financial statements were approved and authorized for issue by the Board of Directors on **21<sup>st</sup> December 2020** and signed on its behalf by:

*Prof. Tadeo A. Satta, Board Chairman*

Signature: 

Date: 27<sup>th</sup> March, 2021

*Mr. Emmanuel S. Ndomba, Board Secretary*

Signature: 

Date: 25<sup>th</sup> March, 2021

## STATEMENT OF FINANCIAL PERFORMANCE

		2019/2020	2018/2019
	<u>Notes</u>	TZS '000	TZS '000
<b>Revenue</b>			
<i>Revenue from non-exchange transactions:</i>			
Service Providers Levy	8	17,272,277	15,665,332
Fees, Licenses & Penalties	9	34,970,194	30,693,446
Other Income	10	727,583	5,363
Gain/(loss) on foreign currency translation	11	(292,323)	625,519
		<b>52,677,731</b>	<b>46,989,660</b>
<i>Revenue from exchange transactions:</i>			
Shipping Business Services revenue	12	18,194,407	398,138
		<b>70,872,138</b>	<b>47,387,798</b>
<b>Expenses</b>			
Wages, salaries and employee benefits	13	14,382,944	7,749,180
Directors Fees & Other Board Expenses	14	815,091	24,506
Travelling, Training and Other Facilitation Expenses	15	5,790,953	4,171,397
Services, Supplies and consumable Expenses	16	3,653,842	2,388,792
Repairs and Maintenance expenses	17	530,376	637,560
Contribution to Government Consolidated Fund	18	20,112,833	9,100,233
Contribution to Other Bodies	19	1,171,411	1,008,567
Finance Cost	20	48,505	13,793
Tax expense	21	806,566	-
Depreciation of property and equipment	31	727,236	325,618
Impairment of property and equipment	31	62,129	-
Amortization of intangible assets	32	36,165	8,554
		<b>48,138,051</b>	<b>25,428,201</b>
<b>Surplus during the year</b>		<b>22,734,087</b>	<b>21,959,597</b>

Notes form an integral part of financial statements.



**STATEMENT OF CHANGES IN NET ASSETS**

		<b>Capital Fund</b>	<b>Accumulate Surplus</b>	<b>Revaluation surplus</b>	<b>Other reserves</b>	<b>Total</b>
	<b>Notes</b>	<b>TZS '000</b>	<b>TZS '000</b>	<b>TZS '000</b>	<b>TZS '000</b>	<b>TZS '000</b>
<b>At 01 July 2019</b>	28	<b>22,087,401</b>	<b>21,959,597</b>	-	-	<b>44,046,998</b>
Additional Capital	28	2,177,166	-	-	-	2,177,166
Surplus for the year		-	22,734,087	-	-	22,734,087
<b>At 30 June, 2020</b>		<b>24,264,567</b>	<b>44,693,684</b>	-	-	<b>68,958,251</b>
<b>At 01 July 2018</b>		-	-	-	-	-
Capital Fund	28	22,087,401	-	-	-	22,087,401
Surplus for the year		-	21,959,597	-	-	21,959,597
<b>At 30 June, 2019</b>		<b>22,087,401</b>	<b>21,959,597</b>	-	-	<b>44,046,998</b>

Notes form an integral part of financial statements.



## CASH FLOW STATEMENT

	<b>Note</b>	<b>2019/2020 TZS '000</b>	<b>2018/2019 TZS '000</b>
<b>Cash flows from operating activities:</b>			
<i>Receipts:</i>			
Service Providers Levy	8	3,831,914	8,358,747
Fees, Licenses and Penalties	9	38,543,639	27,136,067
Other income	10	727,583	5,363
Shipping Business Services revenue	12	18,097,344	39,962
<b>Total Receipts</b>		<b>61,200,480</b>	<b>35,540,139</b>
<i>Payments:</i>			
Wages, salaries and employee benefits	13	(14,507,249)	(7,535,727)
Directors Fees & Other Board Expenses	14	(815,091)	(24,506)
Travelling, Training and Other Facilitation Expenses	15	(5,639,306)	(4,424,987)
Services, Supplies and consumable Expenses	16	(3,118,343)	(1,984,479)
Repairs and Maintenance expenses	17	(615,845)	(552,092)
Contribution to the Consolidated Fund	18	(20,112,833)	(9,100,233)
Contribution to Other Bodies	19	(1,220,557)	(918,271)
Finance Cost	20	(48,505)	(13,793)
Corporation Tax	21	(395,379)	-
Payment made for MLVMCTP	23	(39,560)	(18,009)
<b>Total Payments</b>		<b>(46,512,668)</b>	<b>(24,572,097)</b>
<b>Net cash flows from operating activities</b>		<b>14,687,812</b>	<b>10,968,042</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property and equipment	33	(4,545,902)	(4,237,969)
Acquisition of intangibles	33	(1,100,528)	(349,443)
<b>Net cash flows from investing activities</b>		<b>(5,646,430)</b>	<b>(4,587,412)</b>
<b>Cash flows from financing activities:</b>			
Net Receipt from LATRA	23	6,427,276	497,926
<b>Net cash flows from financing activities</b>		<b>6,427,276</b>	<b>497,926</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,468,658</b>	<b>6,878,556</b>
<b>Net foreign exchange difference</b>	11	<b>(598,209)</b>	<b>240,000</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>7,118,556</b>	
<b>Cash and cash equivalents at end of period</b>	22	<b>21,989,005</b>	<b>7,118,556</b>

Notes form an integral part of financial statements.



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original Budget {A}	Adjustments {B}	Final Budget {A+B}	Actual Amount on Com- parable Basis {C}	Difference: Final Budget Vs Actual
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<b>Revenue:</b>					
Service Providers Levy	10,280,563	6,131,311	16,411,874	17,272,277	860,403
Fees, licenses and penalties	25,731,403	8,498,431	34,229,835	34,970,194	740,360
Shipping Business Services revenue	30,192,906	(14,250,860)	15,942,046	18,194,407	2,252,361
Other Income	46,085	-	46,085	727,583	681,498
Gain/(loss) on foreign currency translation	-	-	-	(292,323)	(292,323)
<b>Total</b>	<b>66,250,957</b>	<b>378,882</b>	<b>66,629,840</b>	<b>70,872,138</b>	<b>4,242,299</b>
<b>Expenses:</b>					
Wages, salaries and employee benefits	18,896,295	-	18,896,295	14,382,944	4,513,351
Directors Fees & Other Board Expenses	765,800	485,014	1,250,814	815,091	435,723
Travelling and Other Facilitation Expenses	11,856,413	(2,702,205)	9,154,208	5,790,953	3,363,255
Services, Supplies and consumable Expenses	8,110,846	(1,189,680)	6,921,166	3,653,842	3,267,324
Repair and Maintenance expenses	1,925,382	-	1,925,382	530,376	1,395,006
Contribution to Government Consolidated Fund (15% of Gross Revenue)	9,937,643	2,635,754	12,573,397	8,712,833	3,860,564
Contribution to Govt. Consolidated Fund (Re- demption of Excess Capital)	-	-	-	11,400,000	(11,400,000)
Contribution to Other Bodies	1,297,588	-	1,297,588	1,171,411	126,176
Finance costs	12,000	40,000	52,000	48,505	3,495
Tax expenses	-	800,000	800,000	806,566	(6,566)
Depreciation of property and equipment	-	-	-	727,236	(727,236)
Impairment of property and equipment	-	-	-	62,129	(62,129)
Amortisation of intangible assets	-	-	-	36,165	(36,165)
<b>Total</b>	<b>52,801,967</b>	<b>68,883</b>	<b>52,870,850</b>	<b>48,138,051</b>	<b>4,732,798</b>
<b>Surplus during the year</b>	<b>13,448,991</b>	<b>309,999</b>	<b>13,758,990</b>	<b>22,734,087</b>	<b>8,975,096</b>
Development Expenditures	14,843,106	-	14,843,106	7,868,970	6,974,136

Explanations of variances between the budget and actual amounts are provided under Note 38 of these financial statement



## NOTES TO THE FINANCIAL STATEMENTS

### 1. ESTABLISHMENT AND PRINCIPAL ACTIVITIES

#### a) 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 23<sup>rd</sup> February 2018 following a Government Notice No. 53 published on 16<sup>th</sup> 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,  
7<sup>th</sup> & 8<sup>th</sup> Floors,  
P. O. Box 989,  
**Dar es Salaam, Tanzania.**

#### b) Principal Activities of the Corporation

The Corporation sectoral scope covers maritime administration and regulation of ports, shipping services, safety and security maritime environment, 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.

### 2. AUTHORISATION OF FINANCIAL STATEMENTS

The Corporation's financial statements for the year ended 30<sup>th</sup> June, 2020 were adopted and authorized for issue by the Board of Directors during its 5<sup>th</sup> Ordinary Meeting held on 21<sup>st</sup> December 2020 at the Institute of Finance Management (IFM) Council Chamber, Dar es Salaam.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 3. STATEMENT OF COMPLIANCE

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

TASAC financial statements are prepared and presented in compliance with accrual basis IPSASs. The significant accounting policies outlined below have been consistently applied throughout the year.

#### 4.1 BASIS OF PREPARATION

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

#### 4.2 REPORTING PERIOD

The reporting period for these financial statements is the financial year of the Corporation which runs from 1<sup>st</sup> July 2019 to 30<sup>th</sup> June, 2020.

#### 4.3 NEW STANDARDS ON ISSUE NOT YET ADOPTED BY THE CORPORATION

There are 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 1<sup>st</sup> January, 2023 due to COVID 19. 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 1<sup>st</sup> January, 2023. 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.

In addition, there is a new National Standard; *TFRS No. 1 – The Report by Those Charged with Governance*, issued by the NBAA Governing Board during its 182<sup>nd</sup> meeting held on 22<sup>nd</sup> June, 2020, and become operative for financial statements covering accounting periods beginning on or after 1<sup>st</sup> January 2021. This standard replaces TFRS 1 on The Directors' Report which was issued by the Board effective 1<sup>st</sup> January 2010. The standards allowed early adoption, but the Corporation did not plan to go for early adoption. 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.

## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

### 4.4 THE OTHER APPLIED ACCOUNTING POLICIES

#### 4.4.1 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.

#### 4.4.2 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.

##### **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:

##### ***a) 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.



## NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

### 4.4.2 REVENUE RECOGNITION ( *Continued* )

#### *b) Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

#### **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:

#### *a) 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.

#### *b) 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.

#### *c) 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.

#### *d) Service Providers Levy*

Service Providers Levy are recognized when the asset recognition criteria are met.

## NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

### 4.4.3 PROPERTY AND EQUIPMENT

#### Recognition

Items of property and equipment 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 property and equipment 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, property and equipment shall be reported at cost 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 property and equipment 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 property and equipment 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 property and equipment shall be included in the Statement of Financial Performance, unless where IPSASs requires otherwise on a sale and leaseback.

#### 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.

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 of asset less any estimated residual value over its remaining useful life as shown below:



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4.4.3. PROPERTY AND EQUIPMENT (Continued)

Description of Asset Category	Useful Life (Years)
Buildings	20 – 50
Generators 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.

### 4.4.4. INTANGIBLE ASSETS

#### 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.

#### Amortization

The intangible asset with a finite life is amortized over its useful life as follows:

Description of Intangible Asset Category	Useful Life (Years)
Application software	10 – 20

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.

## NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

### 4.4.4. INTANGIBLE ASSETS ( *Continued* )

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.

### 4.4.5 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 recognized 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 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.

### 4.4.6 LEASES

#### *a) 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.

#### *b) 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.



## NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

### 4.4.7 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.

### 4.4.8 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.

### 4.4.9 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:

- 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.



## NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

### 4.4.10 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.

### 4.4.11 CREATION OF 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.

### 4.4.12 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.

### 4.4.13 EMPLOYEE BENEFITS

#### *a) 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.

#### *b) Defined Contribution Plans*

The Corporation provides retirement benefits to its employees. Defined contribution plans are post-employment benefit plans under which the Corporation pays fixed contributions for each staff to PSSSF and it 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.



## NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

### 4.4.13 EMPLOYEE BENEFITS ( *Continued* )

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.

#### *c) 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. The current establishment has only Director General on this arrangement whose employment contract is of a maximum of five years, renewable once. The Corporation provides for the expected liability on straight line basis over the contract period.

### 4.4.14 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.

### 4.4.15 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.

## NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

### 4.4.16 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 37.

### 4.4.17 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 38 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.

### 4.4.18 CAPITAL WORK IN PROGRESS

Capital Work in Progress (WIP), which is an asset category of property and equipment, is stated at cost and not depreciated. Recognition amount of Capital WIP is shown under property 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.

### 4.4.19 TAXES

#### **Income tax**

The Corporation applies IAS 12 on Income Taxes to account for Corporation Tax payable to TRA for Shipping Business Income. This is from the fact that IPSAS does not require the presentation of an income tax in the Financial Statements. Naturally, many entities in the public sector are exempt from income tax. The use of IAS 12 for the formulation of the Corporation accounting policy is required by IPSAS 19.14, which is stated in relation to the hierarchy for the selection of accounting policies provided in IPSAS 3.12,13-15. This guidance stipulates that in the absence of an IPSAS that specifically applies to a transaction, other event or condition and other financial reporting frameworks, such as IFRS, may be applied in selecting the accounting policy for that specific transaction, event or circumstance.

Thus, the taxable shipping business income is calculated in accordance with the provisions of Income Tax Act, 2004. Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the shipping business net profit or loss for the period.



## NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

### 4.4.19 TAXES ( *Continued* )

Taxes on shipping business income are considered to be an expense incurred by the Corporation in earning income and are accrued in the same period as the revenue and expenses to which they relate.

#### **Deferred tax**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 4.4.20 COMPARATIVE FIGURES

Figures for the previous financial statements have been regrouped whenever necessary in order to make them comparable with current year's figures.

## 5. 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.

### *a) 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.

### *b) 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:

### *c) 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 4.4.3 – 4.4.4.



## NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

### 5. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY ( *Continued* )

#### *c) Useful Lives and Residual Values (Continued)*

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

- i) The condition of the asset based on the assessment of experts (professional valuers) engaged by the Corporation;
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- iii) The nature of the processes in which the asset is deployed;
- iv) Availability of funding to replace the asset; and
- v) Changes in the market in relation to the asset.

#### *d) 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 on the information of impairment.

#### *e) 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.

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.

#### *f) 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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 6. GOING CONCERN

The Corporation's Management has assessed 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.

### 7. FINANCIAL RISK MANAGEMENT

#### a) 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.

#### b) 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:

##### i) 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.

Receivables held at 30<sup>th</sup> June, 2020 was US\$ 3.96 million and monetary balances were US\$ 7.89 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 901.41 million for monetary balances and TZS 452.02 million for receivables as shown below:

Description	Change (Strengthen/Weaken)	2019/2020
		TZS'000
Effect on Monetary Items	5% Appreciation	901,409.97
	5% Depreciation	901,409.97
Effect on Monetary Items	5% Appreciation	452,024.17
	5% Depreciation	452,024.17

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. FINANCIAL RISK MANAGEMENT (Continued)

#### ii) 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.

#### c) 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 major part of its cash and cash equivalents at the Bank of Tanzania; 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 30<sup>th</sup> June, 2020 is as shown below:

	2019/2020	2018/2019
	TZS '000	TZS '000
<b>Financial Assets:</b>		
Cash and Cash Equivalents	21,989,005	7,118,556
Receivables	36,441,755	29,036,223
	<b>58,430,760</b>	<b>36,154,779</b>

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

	Up to 1 month	1 to 3 months	3 to 12 months	Over 12 months	Total
2019/2020	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Receivables from Exchange Transactions	765,705	724,645	1,048,598	1,562,487	4,101,435
Receivables from Non-Exchange Transactions (Trade Debtors, TPA & MSCL)	16,112,916	414,023	1,823,720	13,253,875	31,604,534
Receivable from (LATRA)	-	-	-	678,218	678,218
Receivable from MLVMCTP	-	39,559	-	18,009	57,568
<b>Total</b>	<b>16,878,621</b>	<b>1,178,227</b>	<b>2,872,318</b>	<b>15,512,589</b>	<b>36,441,755</b>

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. FINANCIAL RISK MANAGEMENT (Continued)

#### d) 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. The analyses of the Corporation's financial assets and financial liabilities into relevant maturity groups are shown below:

	1 - 3 Months	4 - 12 Months	More than 12 Months	Total
	TZS '000	TZS '000	TZS '000	TZS '000
<b>30<sup>th</sup> June, 2020:</b>				
<b><u>Financial Assets</u></b>				
Receivables	18,056,848	2,872,318	15,512,589	36,441,755
Cash and cash equivalent	21,989,005	-	-	-
<b>Total financial assets</b>	<b>40,045,853</b>	<b>2,872,318</b>	<b>15,512,589</b>	<b>36,441,755</b>
<b><u>Financial liabilities</u></b>				
Payables	4,848,530	-	-	4,848,530
Gratuity Payable	-	-	33,250	33,250
Provisions	41,151	-	-	41,151
<b>Total financial liabilities</b>	<b>4,889,681</b>	<b>-</b>	<b>33,250</b>	<b>4,922,931</b>
<b>Liquidity gap</b>	<b>35,156,172</b>	<b>2,872,318</b>	<b>15,479,339</b>	<b>31,518,824</b>
<b>30<sup>th</sup> June, 2019:</b>				
<b><u>Financial Assets</u></b>				
Receivables	22,908,480	2,639,468	3,488,275	29,036,223
Cash and cash equivalent	7,118,556	-	-	7,118,556
<b>Total financial assets</b>	<b>30,027,036</b>	<b>2,639,468</b>	<b>3,488,275</b>	<b>36,154,779</b>
<b><u>Financial liabilities</u></b>				
Payables	965,052	-	-	965,052
Gratuity Payable	-	-	4,750	4,750
<b>Total financial liabilities</b>	<b>965,052</b>	<b>-</b>	<b>4,750</b>	<b>969,802</b>
<b>Liquidity gap</b>	<b>29,061,984</b>	<b>2,639,468</b>	<b>3,483,525</b>	<b>35,184,977</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8. SERVICE PROVIDERS LEVY**

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Levy-Port Operator - (TPA)	11,521,492	10,345,945
Levy-Port Terminal Operators	2,879,061	2,744,359
Levy-Maritime Transport Services	112,999	58,643
Levy-Shipping Agency Services	651,654	713,524
Levy-Cargo Consolidators & De-consolidators	60,238	54,491
Levy- Miscellaneous Port Services	167,116	28,384
Levy- Gross Mass Verifiers	324	274
Levy-Dry Port Services- ICD	1,280,568	1,119,534
Levy-Dry Port Services – ECD	416,960	204,127
Levy-Dry Port Services – CFS	181,865	396,051
	<b>17,272,277</b>	<b>15,665,332</b>
<b>Analysis of Cash collected</b>		
Opening Receivable	10,848,385	3,541,800
Revenue for the year	17,272,277	15,665,332
Closing Receivable	(24,288,748)	(10,848,385)
<b>Cash amount received</b>	<b>3,831,914</b>	<b>8,358,747</b>

**9. FEES, LICENSES AND PENALTIES**

Import fees	31,461,481	27,956,080
Export fees	1,709,384	1,277,853
Regulatory Shipping License/Registration fees	887,525	721,090
Ships/Boats Survey, Registration & Licensing	407,837	424,548
Seafarers Services	82,589	204,886
Commission on Disbursement	6,834	-
Penalties	414,544	108,988
	<b>34,970,194</b>	<b>30,693,446</b>
<b>Analysis of Cash collected</b>		
Opening Receivable	10,693,229	6,763,262
Revenue for the year	34,970,194	30,693,446
Adjustment for unrealized exch. difference	196,002	372,589
Closing Receivable	(7,315,786)	(10,693,229)
<b>Cash amount received</b>	<b>38,543,639</b>	<b>27,136,067</b>



NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

	2019/2020	2018/2019
	TZS '000	TZS '000
<b>10. OTHER INCOME</b>		
Sale of Tender Documents	800	5,300
Miscellaneous Income	726,783	63
	<b>727,583</b>	<b>5,363</b>
<b>Analysis of Cash collected</b>		
Cash from Tender Documents and Misc. Income	727,583	5,363
	<b>727,583</b>	<b>5,363</b>
<b>11. GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION</b>		
Exchange gain	485,791	1,703,896
Exchange loss	(778,114)	(1,078,377)
	<b>(292,323)</b>	<b>625,519</b>
<b>Analysis of Exchange Gain/(Loss)</b>		
Realized exchange gain	305,886	385,519
Unrealized exchange gain/(loss)	(598,209)	240,000
<b>Total Gain/(Loss)</b>	<b>(292,323)</b>	<b>625,519</b>
<b>12. SHIPPING BUSINESS SERVICES REVENUE</b>		
Shipping Agency revenue	1,161,647	-
Shipping Tallying revenue	2,230,144	-
Clearing & Forwarding Agency revenue	14,404,146	375,516
Shipping Document Control revenue	398,470	22,622
	<b>18,194,407</b>	<b>398,138</b>
<b>Analysis of Cash collected</b>		
Opening Receivable	371,107	-
Revenue for the year	18,194,407	398,138
Advance Received from Customers	3,523,381	-
Adjustment for Unrealized foreign exchange difference	109,884	12,931
Closing Receivable	(4,101,435)	(371,107)
Cash amount collected	<b>18,097,344</b>	<b>39,962</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>13. WAGES, SALARIES AND EMPLOYEE BENEFITS</b>		
Basic salaries - pensionable posts	7,704,332	4,199,535
Basic salaries - non-pensionable posts	359,648	10,861
Staff - Housing Allowance	1,508,690	820,686
Staff - Transport Allowance	826,948	424,218
Staff - Utility Allowance	239,137	124,118
Staff -Motor Vehicle Maintenance	42,090	36,885
Leave Passage	514,953	355,432
Security Allowance	345,737	188,468
Extra duty Allowance	820,636	124,890
Staff Terminal Benefits	5,158	140,412
Contribution to social security fund (PSSSF)	1,145,296	589,839
Medical Insurance (NHIF)	215,389	237,718
Workmen's compensation (WCF)	60,358	29,968
Furniture Allowances	18,000	-
Honoraria	2,200	-
Gratuities	28,500	4,750
Skills Development Levy (SDL)	545,872	461,400
	<b>14,382,944</b>	<b>7,749,180</b>
<b>Analysis of Cash paid</b>		
Opening Staff payable	213,453	-
Expenses for the year	14,382,944	7,749,180
Closing Staff Payable	(89,148)	(213,453)
<b>Cash amount paid</b>	<b>14,507,249</b>	<b>7,535,727</b>

**Note that:** Staff Opening and Closing payable includes; Employee Benefits, Other Staff payable and PAYE payable

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2019/2020 TZS '000	2018/2019 TZS '000
<b>14. DIRECTORS FEES &amp; OTHER BOARD EXPENSES</b>		
<b>A: Expenses for Board Members</b>		
Directors fees	78,899	16,056
Subsistence Allowances - Domestic	202,000	-
Air Travel Tickets – Domestic	12,091	-
Ground Travel Expenses	31,102	-
Honoraria	20,250	-
Seminar & Tuition fees	10,950	-
Conference, Food & Refreshments	24,862	8,450
<b>Sub Total – Board Members Expenses</b>	<b>380,154</b>	<b>24,506</b>
<b>B: Expenses for Board Secretariat, Management and Supporting Staff</b>		
Subsistence Allowances - Domestic	116,798	-
Ground Travel Expenses	22,325	-
Vehicle fuel & Lubricant	62,622	-
Air Travel Tickets - Domestic	19,637	-
Sitting Allowance	64,805	-
Honoraria	86,200	-
Cartridges, Tonner, Drums & Other Consumables	1,039	-
Publicity	3,500	-
Conference, Food & Refreshment	58,011	-
<b>Sub Total</b>	<b>434,937</b>	<b>-</b>
<b>Total Expenses for Board Activities</b>	<b>815,091</b>	<b>24,506</b>
<b>Analysis of Cash paid</b>		
Expenses for the year	815,091	24,506
Cash amount paid	815,091	24,506



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>15. TRAVELLING, TRAINING AND OTHER FACILITATION EXPENSES</b>		
Subsistence Allowances – Domestic	2,376,762	1,204,320
Subsistence Allowances – Foreign	395,801	543,163
Sitting allowances	1,955,125	1,399,753
Air Ticket Expenses – Domestic	328,379	212,928
Air Ticket Expenses – Foreign	116,030	288,857
Ground Travel Expenses	332,928	201,479
Seminar & Tuition fees	220,119	210,802
Training allowances	14,164	42,029
Outfit allowances	6,400	11,528
Disturbance Allowance	3,599	5,648
Passages Allowances	41,646	48,325
Visa Application Fees	-	2,564
	<b>5,790,953</b>	<b>4,171,397</b>
<b>Analysis of Cash paid</b>		
Staff advances & imprest b/f	(253,590)	-
Expenses for the year	5,790,953	4,171,397
Staff advances and imprest c/f	101,943	253,590
Cash amount paid	<b>5,639,306</b>	<b>4,424,987</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2019/2020 TZS '000	2018/2019 TZS '000
<b>16. SERVICES, SUPPLIES AND CONSUMABLES EXPENSES</b>		
Postage and Couriers Expenses	61,623	11,876
Telephone & Fax expenses	52,998	649
Mobile Phone Top-Up	156,472	137,577
Data Line & Internet Services	202,928	199,943
Insurance	929	7,489
Advertising and Publication	381,316	93,449
Conference, Food & Refreshment	562,633	542,743
Rental and Service charges	408,007	629,105
Office supplies and services	305,388	360,486
Electricity	98,186	64,621
Water Bill and Drink water	10,172	5,208
Office Cleaning & Decoration	15,265	12,352
Funeral Expenses	93,932	54,238
Uniforms and Ceremonial Dresses	137,834	28,403
Books and other educational materials	197,892	33,425
Corporate Social Responsibility	40,400	72,976
Recruitment Expenses	5,600	-
Cashew nuts clearance expenses	493,836	-
Staff Professional Membership Fees	26,324	8,086
Security Services	33,040	35,500
Fines & Penalties	89,674	-
Auditing fees	109,604	-
Consultancy fee	67,523	73,760
Medical Expenses	102,266	16,907
	<b>3,653,842</b>	<b>2,388,792</b>
<b>Analysis of Cash paid</b>		
Payable b/f	525,663	-
Inventory b/f	(121,350)	-
Expenses for the year	3,653,842	2,388,792
Prepaid Expenses	63,345	-
Inventory c/f	167,897	121,350
Payables c/f	(1,171,054)	(525,663)
<b>Cash amount paid</b>	<b>3,118,343</b>	<b>1,984,479</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019/2020 TZS '000	2018/2019 TZS '000
<b>17. REPAIR AND MAINTENANCE EXPENSES</b>		
Office Building	4,418	146,251
Vehicles and mobile equipment	145,214	130,449
Generators, machinery and fixed equipment	11,454	149,867
ICT Equipment and Software	5,020	80,333
Fuel and Lubricants	364,270	130,660
	<b>530,376</b>	<b>637,560</b>
<b>Analysis of Cash paid</b>		
Payable b/f	85,468	-
Expenses for the year	530,376	637,560
Payable c/f	-	(85,468)
<b>Cash amount paid</b>	<b>615,845</b>	<b>552,092</b>

## 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 (15%) of the gross revenue to the Government Consolidated Fund. In addition, Permanent Secretary, Ministry of Finance and Planning who is also the Paymaster General (PST) is empowered under Section 12(7) of the Budget Act, No. 11 of 2015 to conduct periodic review of revenue and expenditure of public entities. PST exercised his powers under the Budget Act and applied Section 42 of the Act to directed the Corporation, through the Office of Treasury Registrar, to remit revenue collected in excess of the approved budget to the Government Consolidated Fund.

During the financial year ended 30<sup>th</sup> June, 2020, Corporation recognized gross revenue of TZS 70.87 billion (30<sup>th</sup> June, 2019: TZS 47.39 billion) and could have contributed TZS 10.63 billion (30<sup>th</sup> June, 2019: TZS 7.11 billion) being 15% of gross revenue contribution to the Government Consolidated Fund. However, based on actual collections, during the year ended 30<sup>th</sup> June, 2020 the Corporation contributed TZS 8.21 billion (30<sup>th</sup> June, 2019: TZS 5.10 billion).



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 18. CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND (Continued)

Furthermore, during the financial year ended 30<sup>th</sup> June, 2020, the Corporation recognized surplus funds of TZS 22.73 billion (30<sup>th</sup> June, 2019: TZS 21.96 billion) and could have remitted TZS 15.91 billion (30<sup>th</sup> June, 2019: TZS 15.37 billion) being 70% of surplus funds for remittance to the Government Consolidated Fund, also called redemption of excess capital. However, based on actual collections, during the year ended 30<sup>th</sup> June, 2020 the Corporation remitted TZS 7.4 billion (30<sup>th</sup> June, 2019: TZS 8.5 billion). Underpayments were associated with outstanding debts mainly from TPA.

The summary of total contribution made by the Corporation to the Government Consolidated Fund during the financial year is given below:

<b>15% of Gross Revenue Contribution to the Government Consolidated Fund:</b>	<b>2019/2020 TZS '000</b>	<b>2018/2019 TZS '000</b>
Gross recognized revenue	70,872,138	47,387,798
15% Contribution Payable to Government	10,630,821	7,108,170
15% Contribution Paid to Government	(8,212,833)	(5,100,233)
<b>Underpayment to Consolidated Fund</b>	<b>2,417,988</b>	<b>2,007,937</b>

### **70% of Surplus Funds Contribution to the Government Consolidated Fund:**

Surplus funds at the year-end	22,734,087	21,959,597
70% Contribution Payable to Government	15,913,861	15,371,718
70% Contribution Paid to Government	(7,400,000)	(8,500,000)
<b>Underpayment to Consolidated Fund</b>	<b>8,513,861</b>	<b>6,871,718</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 18. CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND (Continued)

The total underpayment was TZS 10.93 billion during the financial year ended 30<sup>th</sup> June, 2020 (30<sup>th</sup> June, 2019: TZS 8.88 billion). The total payments made to the Government Consolidated Fund during the financial year ended 30<sup>th</sup> June, 2020 was TZS 20.11 billion (30<sup>th</sup> June, 2019: TZS 9.1 billion) which includes TZS 4.5 billion (30<sup>th</sup> June, 2019: TZS 4.0 billion) being redemption of TASAC excess fund remitted from SUMATRA bank accounts where the Corporation's funds were kept as summarized below:

Payment Details	2019/2020 TZS '000	2018/2019 TZS '000
1st Quarter 2019-20 Contribution	1,878,412	573,210
2nd Quarter 2019-20 Contribution	2,174,046	677,802
3rd Quarter 2019-20 Contribution	2,003,675	2,113,962
4th Quarter 2019-20 Contribution	2,156,700	1,735,259
Sub-Total (15% of Gross Revenue)	<b>8,212,833</b>	<b>5,100,233</b>
Redemption of Excess Capital 2017/18	500,000	4,000,000
Redemption of Excess Capital 2018/19	4,000,000	-
Redemption of Excess Capital 2019/20	7,400,000	-
Sub-Total (Redemption of Excess Capital)	<b>11,900,000</b>	<b>4,000,000</b>
Grand-Total	<b>20,112,833</b>	<b>9,100,233</b>

### 19. CONTRIBUTION AND SUBSCRIPTION TO OTHER BODIES

The Corporation remitted contribution and paid subscriptions to national and international bodies related to maritime transport sector. These contributions were made as follows:

#### a) Contribution and subscription to the international organizations

These were made on behalf of the Government of the United Republic of Tanzania to the following beneficiaries:

- i) the Intergovernmental Standing Committee on Shipping (ISCOS) which is a regional body based in Mombasa, Kenya, established by four Member States of Kenya, Tanzania, Uganda and Zambia in the year 1967 and a permanent Secretariat was established in the year 1974 with the legal agreement to establish the institution signed in 1987 to perform, on the behalf of Member States, various functions such as negotiation on freight rates, fighting against unjustifiable surcharge and other charges on seaborne cargo;

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 19. CONTRIBUTION AND SUBSCRIPTION TO OTHER BODIES (Continued)

- ii) the International Maritime Organization (IMO) which is the United Nations specialized agency based in London, United Kingdom, with responsibility for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships;
- iii) the Indian Ocean Memorandum of Understanding on Port State Control (IOMOU) between national maritime authorities of Australia, Bangladesh, Djibouti, Eritrea, Ethiopia, India, Iran, Kenya, Maldives, Mauritius, Mozambique, Myanmar, Oman, Seychelles, South Africa, Sri Lanka, Sudan, Tanzania and Yemen on on Port State Control for the Indian Ocean Region; and
- iv) the subscriptions to the service provider, Fulcrum Maritime Systems Limited of London, UK for Long Range Identification and Tracking (LRIT) of ships for global identification and tracking of Tanzania registered ships.

#### b) Contribution to the National body

Contribution to National body was made to the Maritime Education & Training Fund (MET Fund) Board at the rate of 0.1% of the Corporation's gross revenue in compliance with Regulation 5 of the Merchant Shipping (Maritime Education and Training Fund) Regulations, 2011 (GN. No. 184 published on 18<sup>th</sup> May, 2012). Contribution to MET Fund during the year ended 30<sup>th</sup> June, 2020 was TZS 70.87 million (30<sup>th</sup> June, 2019: TZS 70.32 million).

During the financial year ended 30<sup>th</sup> June, 2020, the Corporation contributions to the national and international bodies amounted to TZS 1.17 billion (30<sup>th</sup> June, 2019: TZS 1.0 billion). The summary of the total contributions during the financial year ended 30<sup>th</sup> June, 2020 is given below:

	2019/2020	2018/2019
	TZS '000	TZS '000
Contribution to ISCOS Secretariat	958,967	841,158
Contribution to IMO	41,151	53,134
Contribution to MET Fund	70,872	70,324
Contribution to IOMOU	18,213	18,047
Subscription for LRIT System	82,208	25,905
<b>Subscriptions to Other</b>	<b>1,171,411</b>	<b>1,008,567</b>
<b>Analysis of Cash paid</b>		
Payable b/f	90,297	-
Expenses for the year	1,171,411	1,008,567
Payable c/f	(41,151)	(90,297)
<b>Total Cash Paid</b>	<b>1,220,557</b>	<b>918,271</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019/2020 TZS '000	2018/2019 TZS '000
<b>20. FINANCE COST</b>		
Bank charges and other bank expenses	48,505	13,793
	<b>48,505</b>	<b>13,793</b>

## 21. CORPORATION TAX

The Corporation's exclusive mandate on shipping business functions are subject to corporation tax. The tax returns were filed during the year in compliance with Section 91(1) of the Income Tax Act, 2004. The total tax expenses for the year ended 30<sup>th</sup> June, 2020 was TZS 806.57 million consisting of current tax TZS 658.39 million and deferred tax charge TZS 148,167 million.

### Tax expenses

Current tax	658,399	-
Deferred tax liability current year	41,443	-
Deferred tax asset previous year loss	89,313	-
Release of deferred tax asset	(89,313)	-
Deferred tax liability previous year	106,724	-
	<b>806,566</b>	<b>-</b>

### Tax receivable/Payable

Opening balance	-	-
Current tax payable	658,399	-
Tax paid during the year	(395,379)	-
	<b>263,020</b>	<b>-</b>

### Deferred tax Liability

Opening balance-deferred previous year	106,724	-
Charge/(release)	41,443	-
	<b>148,167</b>	<b>-</b>

### Deferred tax Asset

Deferred tax asset previous year loss	(89,313)	-
Release of deferred tax asset	89,313	-
	<b>-</b>	<b>-</b>

### Reconciliation of Corporate tax expenses

Operating profit for the year (Note 34)	2,662,011	-
Un-adjusted corporate tax (30%)	798,603	-
Add back: disallowable expenses:	71,172	-
Less: Allowable Expenses	(122,064)	-
Deferred tax relating to previous year	(89,313)	-
	<b>658,399</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

	2019/2020 TZS '000	2018/2019 TZS '000
<b>22. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand (Petty Cash)	8,767	13,882
<b>Cash at Banks:</b>		
NBC - Expenditure A/c - TZS	(138,127)	55,949
NBC - Expenditure A/c – US\$	76,318	58,087
NBC- Revenue collection A/c - TZS	-	5,737
NBC- Revenue collection A/c – US\$	5,529	-
NMB- Revenue collection A/c - TZS	-	7,505
CRDB- Customers Deposit A/c - TZS	217	-
CRDB- Customers Deposit A/c – US\$	3,235,723	-
BOT- Revenue Collection A/c - TZS	4,089,241	874,329
BOT- Revenue Collection A/c – US\$	14,711,337	6,103,068
	<b>21,989,005</b>	<b>7,118,556</b>

**23. RECEIVABLES AND PREPAYMENTS**

*Receivables from exchange transactions:*

Shipping business services	4,101,435	371,107
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*Receivables in respect of non-exchange transactions:*

Service Providers Levy (TPA)	21,875,015	10,345,945
Service Providers Levy, Survey & Seafarers fees (MSCL)	528,119	502,440
Other receivables	9,201,399	10,693,229

*Advances and Prepayments:*

Receivable from LATRA	678,218	7,105,494
Facilitation of the Project (MLVMCTP)	57,568	18,009
Staff advances and imprest	101,944	253,590
Advances to Suppliers	2,243,432	2,144,456
Prepayments	63,345	-

	<b>38,850,475</b>	<b>31,434,269</b>
Less: Allowances for impairment of receivables	(652,226)	(652,226)
	<b>38,198,249</b>	<b>30,782,043</b>



NOTES TO THE FINANCIAL STATEMENTS ( *Continued* )

23. RECEIVABLES AND PREPAYMENTS (Continued)

Allowances for impairment on receivables

	2019/2020 TZS '000	2018/2019 TZS '000
Balance brought forward	652,226	652,226
Amount written - off	-	-
Amount recovered	-	-
Charge during the year	-	-
<b>Balance carried forward</b>	<b>652,226</b>	<b>652,226</b>

*Age analysis of Receivables and Prepayments is as shown below:*

==>Neither past due nor impaired 1- 30 days	4,296,240	22,908,480
==>Past due but not impaired		
<i>Not impaired &amp; overdue 30 - 90 days</i>	18,356,092	2,639,468
<i>Not impaired &amp; overdue above 90 days</i>	15,545,917	5,234,095
	<b>38,198,249</b>	<b>30,782,043</b>

**Analysis of Cash flow from LATRA:**

Opening Receivable from LATRA	7,105,494	7,603,420
Closing Receivable from LATRA	(678,218)	(7,105,494)
<b>Net Receipts from LATRA</b>	<b>6,427,276</b>	<b>497,926</b>

**Analysis of Payments to MLVMCTP**

Opening Receivable	(18,009)	-
Closing Receivable	57,568	18,009
<b>Cash paid</b>	<b>39,560</b>	<b>18,009</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**24. INVENTORIES**

Stock of Stationery	50,867	30,899
Stock of Computer Consumables	89,221	32,480
Stock of Certificates	23,424	37,665
Stock of Licences	3,816	15,772
Stock of kitchen, food and beverage	569	4,535
	<b>167,897</b>	<b>121,350</b>
Less: Provision for obsolete stock	-	-
	<b>167,897</b>	<b>121,350</b>
<b><u>Amount of inventories recognised as expense during the year:</u></b>		
Carrying amount of inventory used	269,959	101,456
	<b>269,959</b>	<b>101,456</b>

The amount of write-down of inventories recognized as an expense during the year ended 30<sup>th</sup> June, 2020 was TZS 269.96 million (30<sup>th</sup> June, 2019: TZS 101.46 million), which is within the Office Supplies and Service expenses of TZS 305.39 million (30<sup>th</sup> June, 2019: TZS 360.49 million) provided under Note 16 of these financial statements.

No inventory items were pledged as security during the financial year ended 30<sup>th</sup> June, 2020 or the financial current year.



## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

### 25. PAYABLES AND ACCRUED EXPENSES

Payables are non-interest bearing and are normally settled on 30-day terms. **Accrued expenses are recognized expenses** on the books of account as they are already incurred before they are paid; and are recorded in the accounting period in which it is incurred. The carrying value of trade and other payables approximates their fair value.

The total payables and accrued expenses as at 30<sup>th</sup> June, 2020 was TZS 4,848.53 million (30<sup>th</sup> June, 2019: TZS 965.05 million), mainly consisting of accrued expenses of TZS 500.21 million (30<sup>th</sup> June, 2019: TZS 358.33 million), advanced payments (cash deposits) from shipping business customers of TZS 3,523.38 million (30<sup>th</sup> June, 2019: TZS 0.33 million), other staff payables of TZS 60.97 million (30<sup>th</sup> June, 2019: TZS 208.70 million), suppliers payables of TZS 345.93 million (30<sup>th</sup> June, 2019: TZS 278.94 million) and VAT Returns of TZS 423.22 million (30<sup>th</sup> June, 2019: TZS 69.13 million).

The Corporation's summary of payables and accrued expenses as at 30<sup>th</sup> June, 2020 were as given below:

	2019/2020 TZS '000	2018/2019 TZS '000
Accrued expenses	500,104	358,325
Advances received from Customers	3,523,381	334
Other Staff payable	60,973	208,703
Suppliers payables	345,925	278,938
Unpaid Compensation for Regulatory restriction	-	25,496
Withholding Tax	-	24,187
VAT Returns	423,221	69,134
PAYE	(5,074)	(65)
	<b>4,848,530</b>	<b>965,052</b>

### 26. PROVISIONS

Provisions during the financial year ended 30<sup>th</sup> June, 2020 was TZS 41.15 million (30<sup>th</sup> June, 2019: Nil) being contribution for IMO as summarized below:

	2019/2020 TZS '000	2018/2019 TZS '000
Provisions: IMO Contribution	41,151	-
<b>Total current provisions</b>	<b>41,151</b>	<b>-</b>
<b>Movement during the year</b>		
Balance as at 1 <sup>st</sup> July (current/Non-current)	-	-
Additional provisions made during the year	41,151	-
<b>Balance as at 30<sup>th</sup> June</b>	<b>41,151</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

### 27. EMPLOYEE BENEFITS PAYABLE

Employee benefits payable consists of gratuity payable up to 30<sup>th</sup> June, 2020 to the Director General whose employment contract is for a specified period. The amount payable was TZS 33.25 million (30<sup>th</sup> June, 2019: TZS 4.75 million) as shown below:

	2019/2020 TZS '000	2018/2019 TZS '000
Gratuity payable at end of contract	33,250	4,750
	<b>33,250</b>	<b>4,750</b>
<b>Comprising:</b>		
Balance c/f	4,750	-
Gratuity accumulated during the year	28,500	4,750
<b>Total accumulated payable</b>	<b>33,250</b>	<b>4,750</b>

### 28. CAPITAL FUND

The capital fund was established from the Certificate of Transfer of assets and liabilities from SUMATRA to TASAC effective from 1<sup>st</sup> July 2018. The capital fund was established at TZS 22.09 billion and during the financial year ended 30<sup>th</sup> June, 2020, additional capital of TZS 2.18 billion was received from the funds set aside at SUMATRA (now LATRA) to the completion of construction of office build thus making capital fund of TZS 24.26 billion as follows:

	2019/2020 TZS '000	2018/2019 TZS '000
<b>ASSETS:</b>		
<b>Current Assets</b>		
Net Cash receivable from LATRA (previously SUMATRA)	7,603,420	7,603,420
Trade Receivables (Debtors)	9,652,834	9,652,834
	<b>17,256,254</b>	<b>17,256,254</b>
<b>Non-Current Assets</b>		
Property and Equipment	2,613,719	2,613,719
Capital WIP - Office Building	4,357,988	2,180,823
Intangible Assets	36,605	36,605
	<b>7,008,312</b>	<b>4,831,147</b>
<b>Total Assets</b>	<b>24,264,566</b>	<b>22,087,401</b>
<b>LIABILITIES:</b>	-	-
<b>TOTAL NET ASSETS</b>	<b>24,264,566</b>	<b>22,087,401</b>
<b>NET ASSETS</b>		
Capital Fund	22,087,401	22,087,401
Additional Capital	2,177,166	-
<b>TOTAL NET ASSETS</b>	<b>24,264,567</b>	<b>22,087,401</b>



## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

	2019/2020 TZS '000	2018/2019 TZS '000
<b>29. ANALYSIS OF EXPENSES BY FUNCTION</b>		
Administrative Expenses	20,037,467	10,718,047
Regulatory Expenses	4,947,902	4,162,044
Business Expenses	533,374	179,680
Training and Staff Development Expenses	519,973	238,479
Directors Fees and Other Board Expenses	815,091	24,506
Contribution to the Government Fund	20,112,833	9,100,233
Contribution/Subscription to International Bodies	1,171,411	1,008,567
	<b>48,138,051</b>	<b>25,431,557</b>

## 30. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

### 30.1 Cash Flow from Operating Activities – Indirect Method

Surplus for the year	22,734,087	21,959,597
<u>Add/(Less):</u>		
Depreciation for the year (Note 31)	727,236	325,618
Amortization charge for the year (Note 32)	36,165	8,554
Impairment Loss for the year (Note 31)	62,129	-
Unrealized Exchange loss for the year (Note 10)	598,209	240,000
Changes in Receivables and advances (Note 30.3)	(13,744,506)	(12,359,258)
Changes in Payables (Note 30.2)	4,321,039	914,881
Changes in Inventory (Note 24)	(46,547)	(121,350)
<b>Net cash from operating activities</b>	<b>14,687,812</b>	<b>10,968,042</b>

### 30.2 Analysis of Changes in Payables

<b>Payables relating to Operating activities</b>	<b>5,235,920</b>	<b>914,881</b>
Payables relating to Investing activities (plant and equipment)	14,116	6,000
Payables relating to Investing activities (Intangible Asset)	84,081	48,920
	<b>5,334,117</b>	<b>969,802</b>



## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

### 30. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES ( Continued )

	2019/2020 TZS '000	2018/2019 TZS '000
<b>30.3 Analysis of Changes in Receivables and Prepayments</b>		
Receivable relating to Operating activities	35,763,536	21,930,729
Staff advances and Imprest (Operating activities)	101,944	253,590
Prepayments (Operating activities)	63,345	-
<b>Sub Total (Receivables &amp; Advances - Operating activities)</b>	<b>35,928,825</b>	<b>22,184,319</b>
Receivable from LATRA (Financing activities)	678,218	7,105,494
Advances to Suppliers (Investing activities)	2,243,432	2,144,456
	<b>38,850,475</b>	<b>31,434,269</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. PROPERTY AND EQUIPMENT (FIGURES IN TZS '000)

	Cost		Accumulated Depreciation and Accumulated Impairment				Carrying value as at 30 <sup>th</sup> June
	Cost as at 1 <sup>st</sup> July	Additions during the Year	Balance as at 30 <sup>th</sup> June	Balance as at 1 <sup>st</sup> July	Depreciation Charge for the year	Impairment Loss for the year	Balance as at 30 <sup>th</sup> June
<b>2019/2020</b>							
Leasehold Land	390,000	-	390,000	-	-	-	390,000
Buildings	69,000	-	69,000	2,277	2,277	-	64,446
Motor vehicles	1,101,184	2,142,357	3,243,541	137,648	228,439	62,129	2,815,324
Plant and machinery (Generators)	58,499	-	58,499	7,312	7,312	-	43,874
Fixtures, Fittings & Furniture - Office	364,164	665,500	1,029,664	35,606	119,987	-	874,071
Computers, Servers & UPS	707,611	1,379,870	2,087,481	116,198	317,058	-	1,654,225
Office Equipments	274,596	267,315	541,911	26,577	52,162	-	463,172
<b>Sub-Total</b>	<b>2,965,053</b>	<b>4,455,042</b>	<b>7,420,096</b>	<b>325,618</b>	<b>727,236</b>	<b>62,129</b>	<b>6,305,113</b>
Capital Work In Progress	3,929,003	2,177,165	6,106,168	-	-	-	6,106,168
<b>Total</b>	<b>6,894,056</b>	<b>6,632,208</b>	<b>13,526,264</b>	<b>325,618</b>	<b>727,236</b>	<b>62,129</b>	<b>12,411,281</b>
<b>2018/2019</b>							
Leasehold Land	390,000	-	390,000	-	-	-	390,000
Buildings	69,000	-	69,000	-	2,277	-	66,723
Motor vehicles	1,101,184	-	1,101,184	-	137,648	-	963,536
Plant and machinery (Generators)	58,499	-	58,499	-	7,312	-	51,186
Fixtures, Fittings & Furniture - Office	257,729	106,435	364,164	-	35,606	-	328,558
Computers, Servers & UPS	536,971	170,641	707,611	-	116,198	-	591,413
Office Equipment	200,337	74,259	274,596	-	26,577	-	248,019
<b>Sub-Total</b>	<b>2,613,719</b>	<b>351,335</b>	<b>2,965,053</b>	<b>-</b>	<b>325,618</b>	<b>-</b>	<b>2,639,435</b>
Capital Work In Progress	2,180,824	1,748,179	3,929,003	-	-	-	3,929,003
<b>Total</b>	<b>4,794,543</b>	<b>2,099,513</b>	<b>6,894,056</b>	<b>-</b>	<b>325,618</b>	<b>-</b>	<b>6,568,438</b>

NOTES TO THE FINANCIAL STATEMENTS ( Continued )

32. INTANGIBLE ASSETS ( FIGURES IN TZS '000)

	Cost		Accumulated Amortization		Carrying value as at 30 <sup>th</sup> June
	Cost as at 1 <sup>st</sup> July	Additions during the Year	Balance as at 1 <sup>st</sup> July	Amortization charge for the year	Balance as at 30 <sup>th</sup> June
<b>2019/2020</b>					
Software - Administration Systems	90,210		1,613	9,021	10,634
Software - ICT Infrastructure & Operations Systems	202,409	861,854	6,941	27,144	34,085
<b>Sub-Total</b>	<b>292,619</b>	<b>861,854</b>	<b>8,554</b>	<b>36,165</b>	<b>44,719</b>
WIP- Shipping Business System	142,348	273,834	-	-	416,182
<b>Total</b>	<b>434,967</b>	<b>1,135,688</b>	<b>8,554</b>	<b>36,165</b>	<b>1,525,935</b>
<b>2018/2019</b>					
Software - Administration Systems	-	90,210	-	1,613	1,613
Software - ICT Infrastructure & Operations Systems	36,604	165,805	-	6,941	6,941
<b>Sub-Total</b>	<b>36,604</b>	<b>256,015</b>	<b>-</b>	<b>8,554</b>	<b>8,554</b>
WIP- Shipping Business System	-	142,348	-	-	142,348
<b>Total</b>	<b>36,604</b>	<b>398,363</b>	<b>-</b>	<b>8,554</b>	<b>426,412</b>



## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

	2019/2020 TZS '000	2018/2019 TZS '000
<b>33. ANALYSIS OF CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>33.1 Cash flow analysis from additional Property and Equipment</b>		
<b>Analysis of Cash paid</b>		
Payable b/f	(6,000)	-
Advance to Supplier b/f	2,144,456	-
Cash paid by LATRA for construction of jointly owned Office Building	2,177,165	-
Additional Asset for the year	(6,632,208)	(2,099,513)
Advance to Supplier c/f	(2,243,432)	(2,144,456)
Payable C/f	14,116	6,000
<b>Net Cash amount paid</b>	<b>(4,545,902)</b>	<b>(4,237,969)</b>

### 33.2 Cash flow analysis from additional Intangibles

<b>Analysis of Cash paid</b>		
Payable b/f	(48,920)	-
Additional Intangible Assets	(1,135,688)	(398,363)
Payable c/f	84,080	48,920
<b>Cash amount paid</b>	<b>(1,100,528)</b>	<b>(349,443)</b>

## 34 STATEMENT OF FINANCIAL PERFORMANCE FOR SHIPPING BUSINESS

<b>Revenue:</b>		
Shipping Agency revenue	1,161,647	-
Shipping Tallying revenue	2,230,144	-
Clearing & Forwarding Agency revenue	14,404,146	375,516
Shipping Document Control revenue	398,470	22,622
<b>Sub-Total</b>	<b>18,194,407</b>	<b>398,138</b>
Commission on disbursement	6,834	-
<b>Total Revenue</b>	<b>18,201,241</b>	<b>398,138</b>
<b>Expenses:</b>		
Staff Salaries & other benefits	5,256,087	414,227
Contribution to Govt. Consolidated Fund	5,165,338	76,442
Other Operating Expenses	5,117,805	206,271
<b>Total Expenses</b>	<b>15,539,230</b>	<b>696,940</b>
<b>Profit/(Loss)</b>	<b>2,662,011</b>	<b>(298,802)</b>

## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

### 35. IMPAREMENT OF NON-CURRENT ASSETS

ITEM	TOYOTA - PICK UP HILUX (STK 8377)	TOYOTA - PICK UP HILUX (STL 4872)
<b>A: Carrying Amount</b>		
Cost	59,827	91,482
Accumulated Depreciation	(14,956)	(22,871)
Net Book value (Carrying Amount)	44,870	68,612
<b>Recoverable Service Amount</b>		
B: Fair value less cost to sell	12,474	6,482
<b>C: Value in use (Restoration cost approach)</b>		
Replacement Cost	92,347	92,347
Accumulated Depreciation	23,087	23,087
Depreciated Replacement cost (undamaged)	69,260	69,260
Less: Restoration Cost	23,917	85,865
<b>Value in use</b>	<b>45,343</b>	<b>(16,605)</b>
<b>D: Recoverable Service Amount (Higher of B &amp; C)</b>	45,343	6,482
<b>Impairment loss (A-D)</b>	<b>(472)</b>	<b>62,129</b>

### 36. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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 financial year ended 30<sup>th</sup> June, 2020, there were no assets that were carried at fair value. The financial assets and liabilities by category are summarized below:



**NOTES TO THE FINANCIAL STATEMENTS ( Continued )**

**36. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Continued)**

**a) Financial Assets:**

	<b>Carrying Value</b>	<b>Loans and receivables</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>30<sup>th</sup> June, 2020</b>		
Cash and cash equivalents	21,989,005	21,989,005
Receivables from exchange transactions	4,101,435	4,101,435
Receivables from non-exchange revenue	31,604,533	31,604,533
Receivables from LATRA	678,218	678,218
Receivables from MLVMCTP	57,568	57,568
	<b>58,430,759</b>	<b>58,430,759</b>
<b>30<sup>th</sup> June, 2019</b>		
Cash and cash equivalents	7,118,556	7,118,556
Receivables from exchange transactions	371,107	371,107
Receivables from non-exchange revenue	21,541,614	21,541,614
Receivables from LATRA	7,105,494	7,105,494
Receivables from MLVMCTP	18,009	18,009
	<b>36,154,780</b>	<b>36,154,780</b>

**Financial Liabilities:**

	<b>Carrying Value</b>	<b>Other Financial Liabilities</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>30<sup>th</sup> June, 2020</b>		
Payables and accrued expenses	4,848,530	4,848,530
	<b>4,848,530</b>	<b>4,848,530</b>
<b>30<sup>th</sup> June, 2019</b>		
Payables and accrued expenses	965,052	965,052
	<b>965,052</b>	<b>965,052</b>



## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

### 37. RELATED PARTY TRANSACTIONS

The Board Members, including Chairman, and Senior Management employees (Directors and Heads of Unit) are related parties for the Corporation. Related party transactions during the year ended 30<sup>th</sup> June, 2020 are Board Members expenses amounting to TZS 380.15 million (30<sup>th</sup> June, 2019: 24.51 million) and senior management salary and other benefits amounting to TZS 1.53 billion (30<sup>th</sup> June, 2019: 876.29 million). The Board expenses for the year 2018/2019 was low as compared to the year 2019/2020 because the Board was appointed on 23<sup>rd</sup> April, 2019 and inaugurated on 2<sup>nd</sup> May, 2019, thus, it operated for two (2) months only.

Transfer of resources and/or obligations between related parties during the year ended 30<sup>th</sup> June, 2020 included the following:

	2019/2020 TZS '000	2018/2019 TZS '000
Board Members Expenses:		
Directors fees	78,899	16,056
Subsistence Allowances - Domestic	202,000	-
Air Travel Tickets - Domestic	12,091	-
Ground Travel Expenses	31,102	-
Honoraria	20,250	-
Seminar & Tuition fees	10,950	-
Conference, Food & Refreshments	24,862	8,450
<b>Sub Total – Board Members Expenses</b>	<b>380,154</b>	<b>24,506</b>

#### (b) Directors Fees, Senior Management Salary and other benefits:

	No:	TZS '000	TZS '000
Directors Fees	08*	78,899	16,056
<b>Basic Salary:</b>			
Director General	01	114,000	19,000
Directors	07	658,428	472,430
Heads of Unit	02	132,020	77,103
<b>Sub-total for Basic Salary</b>		<b>904,448</b>	<b>568,533</b>
<b>Allowances**:</b>			
Director General	01	49,200	8,200
Directors	07	297,312	176,048
Heads of Unit	02	51,364	24,530
<b>Sub-total for Allowances</b>		<b>397,876</b>	<b>208,778</b>



## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

### 37. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Directors Fees, Senior Management Salary and other benefits(Continued):

		2019/2020 TZS '000	2018/2019 TZS '000
<b><u>Contributions to Pension Fund (PSSSF)***</u></b>			
Directors	07	98,764	70,864
Heads of Unit	02	19,803	7,312
<b>Sub-total for Contributions</b>		<b>118,567</b>	<b>78,176</b>
Gratuity****		28,500	4,750
<b>Grand Total</b>		<b>1,528,290</b>	<b>876,293</b>

#### **Notes:**

- \* The Board is composed of seven (7) people including the Chairman. However, there were two members from the Office of the Attorney General who served the Board at different periods within the financial year.
- \*\* Allowances for Management Staff consists of housing allowance, utility allowance, transport allowance and motor vehicle maintenance allowance for Management staff using own vehicles.
- \*\*\* Contribution to PSSSF is made under defined contribution plans for Management staff who are on permanent and pensionable terms of employment.
- \*\*\*\* Gratuity is payable to the Director General only whose employment contract is for five (5) years renewable once. Employment of other Management staff is on permanent and pensionable terms.

### 38. 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 the final budget. Revenue collections was adjusted by TZS 378. 88 million from TZS 66.25 billion to TZS 66.63 billion. The adjustment involved increasing projected service providers levy by TZS 6.13 billion from TZS 10.28 billion to TZS 16.41 billion; decreasing shipping business services revenue by TZS 14.25 billion from TZS 30.19 billion to TZS 15.94 billion; and increasing revenue from fees, licences and penalties by TZS 8.49 billion from TZS 25.73 billion to TZS 34.23 billion. The major reasons for the adjustment were delay on dispute resolution on minerals and mining equipment fees for shipping business services and increased in imports of consignments through the Port of Dar es Salaam on revenue from non-exchange transactions. This was mainly due to the increased in import activities resulted to upward adjustment of revenue from import fees.

## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

### 38. EXPLANATIONS OF VARIANCE BETWEEN BUDGET AND ACTUAL AMOUNTS (Continued)

Expenditure from the original budget was adjusted by TZS 68.88 million from TZS 52.80 billion to TZS 52.87 billion. The adjustment was mainly due to delay on fully implementation of the approved organization structure, recruitment and placement of required employees and suspended local and foreign travels due to COVID-19 Pandemic. As well, a number of procurement activities, especially of partitioning of office accommodation for Head Office and regional offices, could not start in time following delays to secure preferred office buildings.

Furthermore, contribution of 15% of the Corporation's gross revenue to the Government Consolidated Fund was adjusted by TZS 2.64 billion to reflect the final revenue budget for the financial year 2019/2020.

#### (b) Final Budget and Actual Amounts

The Corporation's recognised revenues for the year ended 30<sup>th</sup> June, 2020 was TZS 70.87 billion which was above the final budget of TZS 66.63 billion by TZS 4.24 billion, equivalent to over-performance by 6.37%. The major reason for this performance is attributed by over-recognition of revenue from the service providers' levy as well as fees, licenses and penalties.

The actual expenditure for the Corporation amounted to TZS 48.14 billion, which was below the final budget of TZS 52.87 billion by TZS 4.73 billion, equivalent to under-performance by 8.95%. The saving is attributed to delays on undertaking rehabilitation of office accommodation. Therefore, explanations of variances between final budget and actual amounts are provided in the table below:



NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. EXPLANATIONS OF VARIANCE BETWEEN BUDGET AND ACTUAL AMOUNTS (Continued)

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

Revenue, Expenses and Surplus	Final Budget {A+B}	Actual Amount on Comparable Basis {C}	Difference: Final Budget Vs Actual	Explanations for Variances
	TZS '000	TZS'000	TZS '000	
<b>Revenue</b>				
Service Providers Levy	16,411,874	17,272,277	860,403	Major reason for over-collection of levies was attributed to recognition of levy payable by Tanzania Ports Authority during the financial year. But, TPA has not paid its levy for the year amounting to TZS 11.52 billion
Fees, licenses and penalties	34,229,835	34,970,194	740,360	There were increased in import consignments than what was projected in the budget, thus, increase on import fees during the year.
Shipping Business Services revenue	15,942,046	18,194,407	2,252,361	Budget for Shipping Business Services revenue was adjusted to reflect challenges encountered on the delays on the implementation of additional exclusive mandate, however, there was increase in import consignments
Other Income	46,085	727,583	681,498	Major part of this revenue came from the interest charges and commission on disbursement which was underestimated at the budgeting stage
Gain/(loss) on foreign currency translation	-	(292,323)	(292,323)	More revenue was generated in US\$ and when translated into TZS the results were loss on translations. However, this was not budgeted
<b>Total</b>	<b>66,629,840</b>	<b>70,872,138</b>	<b>4,242,299</b>	

NOTES TO THE FINANCIAL STATEMENTS ( Continued )

38. EXPLANATIONS OF VARIANCE BETWEEN BUDGET AND ACTUAL AMOUNTS (Continued)

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

Revenue, Expenses and Surplus	Final Budget {A+B}	Actual Amount on Comparable Basis {C}	Difference: Final Budget Vs Actual	Explanations for Variances
	TZS '000	TZS'000	TZS '000	
<b>Expenses</b>				
Wages, salaries and employee benefits	18,896,295	14,382,944	4,513,351	The approved Organization Structure was not fully implemented and the recruitment of staff as per recruitment permit from the President's Office, Public Service Management and Good Governance was concluded late.
Directors Fees & Other Board Expenses	1,250,814	815,091	435,723	The Board held limited meetings during the second half-year and the Board familiarization visits to Tanzania Main ports were not implemented as planned.
Travelling and Other Facilitation Expenses	9,154,208	5,790,953	3,363,255	The number of local and foreign travels were limited due to COVID-19 Pandemic during the second half-year and there was limited number of staff expected to travels.
Services, Supplies and consumable Expenses	6,921,166	3,653,842	3,267,324	The major components of APP were not implemented in time, as such, there were commitments at the end of the year as disclosed in these financial statements.
Repair and Maintenance expenses	1,925,382	530,376	1,395,006	The major part of the fund was planned for partitioning and rehabilitation of the Head Office regional offices accommodation whose acquisition was delayed as the proposed offices were not secured in time.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. EXPLANATIONS OF VARIANCE BETWEEN BUDGET AND ACTUAL AMOUNTS (Continued)

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

Revenue, Expenses and Surplus	Final Budget {A+B}		Actual Amount on Comparable Basis {C}		Difference: Final Budget Vs Actual	Explanations for Variances
	TZS '000		TZS'000	TZS '000		
<b>Expenses</b>						
Contribution to Government Consolidated Fund (15% of Gross Revenue)	12,573,397		8,712,833		3,860,564	The contribution is 15% of annual gross revenue collections. Under-remittance was associated with under-collections of actual revenue during the year specifically from TPA
Contribution to Govt. Consolidated Fund (Redemption of Excess Capital)	-		11,400,000		(11,400,000)	These were not planned but instructed by the Permanent Secretary, Ministry of Finance and Planning being excess fund (70% of surplus funds) as at the year-end for the financial year 2019/2020 as shown in Note 18 of these financial statements
Contribution to Other Bodies	1,297,588		1,171,411		126,176	The slight variance was due to un-reserved claim from PMAESA and MET Fund claim for contribution was not received until the year end.
Finance costs	52,000		48,505		3,495	The bank charges were within the projected costs
Tax expense	800,000		806,566		(6,566)	The corporation tax of 30% of shipping business services was initially not budgeted but adjusted to reflect expected profit in undertaking the services
Depreciation of property and equipment	-		727,236		(727,236)	Annual depreciation of plan and equipment was not budgeted during the financial year.
Impairment of property and equipment	-		62,129		(62,129)	Impairment of property and equipment was not budgeted during the year.
Amortization of intangible assets	-		36,165		(36,165)	Annual amortization of intangible assets was not budgeted during the year.

NOTES TO THE FINANCIAL STATEMENTS ( Continued )

38. EXPLANATIONS OF VARIANCE BETWEEN BUDGET AND ACTUAL AMOUNTS (Continued)

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

Revenue, Expenses and Surplus	Final Budget {A+B}	Actual Amount on Comparable Basis {C}	Difference: Final Budget Vs Actual	Explanations for Variances
	TZS '000	TZS'000	TZS '000	
<b>Expenses</b>				
<b>Total</b>	<b>52,870,849</b>	<b>48,138,051</b>	<b>4,732,798</b>	Generally, the Corporation spent less than what was projected due to delays on recruitment of employees, delays on execution of annual procurement plan (APP) and postponement of planned activities due to COVID-19 Pandemic.
<b>Surplus during the year</b>	<b>13,758,991</b>	<b>22,734,087</b>	<b>8,975,096</b>	
<b>Development Expenditures</b>	<b>14,843,106</b>	<b>7,868,970</b>	<b>6,974,136</b>	Delays on execution of major components of Annual Procurement Plan as a result expenditures on some planned of procurement activities were not recognized by 30 <sup>th</sup> June, 2020 and others were at commitments.



**NOTES TO THE FINANCIAL STATEMENTS ( Continued )**  
**39. SEGMENTAL REPORTING ON THE STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE, 2020**

	Total	Head office	Mwanza	Kigoma	Kagera	Mara	Tanga	Mtwara	Geita	Rukwa	Stations*
<b>ASSETS</b>											
<b>Current assets</b>											
Cash and cash equivalents	21,989,005	21,985,894	31	46	-	45	591	591	647	580	580
Receivables and prepayments	38,198,249	37,645,101	543,064	-	-	-	-	10,084	-	-	-
Inventories	167,897	167,897	-	-	-	-	-	-	-	-	-
	<b>60,355,151</b>	<b>59,798,891</b>	<b>543,095</b>	<b>46</b>	<b>-</b>	<b>45</b>	<b>591</b>	<b>10,675</b>	<b>647</b>	<b>580</b>	<b>580</b>
<b>Non-current assets</b>											
Property, plant and equipment	6,305,113	5,325,979	181,178	57,291	99,381	109,754	98,851	84,683	51,022	89,884	207,088
Capital WIP - Office Building	6,106,168	6,106,168	-	-	-	-	-	-	-	-	-
Intangible Assets	1,109,754	1,109,754	-	-	-	-	-	-	-	-	-
Capital WIP - SBMS	416,182	416,182	-	-	-	-	-	-	-	-	-
	<b>13,937,216</b>	<b>12,958,083</b>	<b>181,178</b>	<b>57,291</b>	<b>99,381</b>	<b>109,754</b>	<b>98,851</b>	<b>84,683</b>	<b>51,022</b>	<b>89,884</b>	<b>207,088</b>
<b>TOTAL ASSETS</b>	<b>74,292,367</b>	<b>72,756,974</b>	<b>724,274</b>	<b>57,337</b>	<b>99,381</b>	<b>109,799</b>	<b>99,441</b>	<b>95,358</b>	<b>51,669</b>	<b>90,464</b>	<b>207,668</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Payables	4,848,530	4,848,530	-	-	-	-	-	-	-	-	-
Provisions	41,151	41,151	-	-	-	-	-	-	-	-	-
Tax payable	263,020	263,020	-	-	-	-	-	-	-	-	-
	<b>5,152,700</b>	<b>5,152,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



NOTES TO THE FINANCIAL STATEMENTS ( Continued )

39. SEGMENTAL REPORTING ON THE STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE, 2020

	Total	Head office	Mwanza	Kigoma	Kagera	Mara	Tanga	Mtwara	Geita	Rukwa	Stations*
Employee benefits	33,250	33,250	-	-	-	-	-	-	-	-	-
Deferred Tax Liability	148,167	148,167	-	-	-	-	-	-	-	-	-
	<b>181,417</b>	<b>33,250</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>5,334,117</b>	<b>5,185,950</b>	-	-	-	-	-	-	-	-	-
<b>NET ASSETS</b>	<b>68,958,251</b>	<b>67,571,024</b>	<b>724,274</b>	<b>57,337</b>	<b>99,381</b>	<b>109,799</b>	<b>99,441</b>	<b>95,358</b>	<b>51,669</b>	<b>90,464</b>	<b>207,668</b>
<b>NET ASSETS</b>											
Capital/Taxpayers Fund	24,264,567	24,264,567	-	-	-	-	-	-	-	-	-
Accumulated surplus/(deficit)	44,693,684	44,693,684	-	-	-	-	-	-	-	-	-
<b>TOTAL NET ASSETS</b>	<b>68,958,251</b>	<b>68,958,251</b>	-	-	-	-	-	-	-	-	-

\* Stations include TASAC offices at Kyela district, Ukerewe district, Holiili border post and Sirari border post where the Corporation has established its operations offices during the financial year ended 30<sup>th</sup> June, 2020.



NOTES TO THE FINANCIAL STATEMENTS ( Continued )

40. SEGMENTAL REPORTING ON THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2020

	Total	Head office	Mwanza	Kigoma	Kagera	Mara	Tanga	Mtwara	Geita	Rukwa	Stations
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	
<b>Revenue</b>											
Service Providers	17,272,277	17,155,649	115,658	969	-	-	-	-	-	-	
Levy											
Fees, Licenses & penalties	34,970,194	24,490,944	169,786	55,544	74,489	26,990	13,729	16,556	29,349	9,363,960	728,848
Revenue from exchange transactions	18,194,407	18,194,407	-	-	-	-	-	-	-	-	-
Other Income	727,583	727,583	-	-	-	-	-	-	-	-	-
Gain/(loss) on foreign currency translation	(292,323)	(292,323)	-	-	-	-	-	-	-	-	-
	<b>70,872,138</b>	<b>60,276,260</b>	<b>285,444</b>	<b>56,513</b>	<b>74,489</b>	<b>26,990</b>	<b>13,729</b>	<b>16,556</b>	<b>29,349</b>	<b>9,363,960</b>	<b>728,848</b>

**NOTES TO THE FINANCIAL STATEMENTS ( Continued )**

**40. SEGMENTAL REPORTING ON THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2020**

	Total	Head office	Mwanza	Kigoma	Kagera	Mara	Tanga	Mtwara	Geita	Rukwa	Stations
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	
<b>Expenses</b>											
Wages, salaries and employee benefits	14,382,944	12,857,720	253,571	139,878	130,339	138,415	180,757	112,169	156,673	15,476	397,946
Directors Fees & Other Board Benefits	815,091	815,091	-	-	-	-	-	-	-	-	-
Travelling and Other Facilitation Expenses	5,790,953	5,583,134	36,974	24,491	32,018	19,890	19,473	16,935	25,126	1,800	31,112
Services, Supplies and consumable Expenses	3,653,842	3,595,470	15,015	205	2,596	10,281	5,454	6,952	5,051	1,185	11,633
Repairs and Maintenance expenses	530,376	490,234	10,542	8,098	2,411	-	4,773	3,516	6,827	250	3,725
Contribution to Government Consolidated Fund	20,112,833	20,112,833	-	-	-	-	-	-	-	-	-
Contribution to Other Bodies	1,171,411	1,171,411	-	-	-	-	-	-	-	-	-
Bank charges and Related Expenses	48,505	48,505	-	-	-	-	-	-	-	-	-
Tax Expenses	806,566	806,566	-	-	-	-	-	-	-	-	-
Depreciation of property, plant and equipment	727,236	558,697	27,043	11,834	19,178	20,512	19,162	7,664	10,775	17,162	35,209
Impairment of property plant and equipment	62,129	62,129	-	-	-	-	-	-	-	-	-
Amortisation of intangible assets	36,165	36,165	-	-	-	-	-	-	-	-	-
	<b>48,138,051</b>	<b>46,137,955</b>	<b>343,145</b>	<b>184,506</b>	<b>186,542</b>	<b>189,099</b>	<b>229,618</b>	<b>147,235</b>	<b>204,452</b>	<b>35,874</b>	<b>479,624</b>
<b>Surplus/(deficit) during the year</b>	<b>22,734,087</b>	<b>14,138,305</b>	<b>(57,701)</b>	<b>(127,993)</b>	<b>(112,053)</b>	<b>(162,109)</b>	<b>(215,889)</b>	<b>(130,680)</b>	<b>(175,103)</b>	<b>9,328,086</b>	<b>249,223</b>



## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

### 41. PROCUREMENT COMMITMENTS

The Corporation had a procurement commitment as at 30<sup>th</sup> June, 2020 of TZS 2,940.95 million (30<sup>th</sup> June, 2019: TZS 4,135.69 million). The total commitments for the financial year ended 30<sup>th</sup> June, 2020 is summarized below:

Item	Total Value in TZS 000	Paid Amount in TZS 000	Commitments Amount in TZS 000
Goods	3,156,799	928,645	2,228,154
Consultancy Service	540,000		540,000
Non-Consultancy Service	120,538	-	120,538
Minor Value Procurement	52,260	-	52,260
<b>Total</b>	<b>3,869,597</b>	<b>928,645</b>	<b>2,940,952</b>

The above commitments are explained as follows:

#### a) Goods

The amount committed on contracts for supply of goods as at 30<sup>th</sup> June, 2020 was TZS 2,228.15 million. This includes contracted amounts which remained unpaid for Supply of Computers and Power Backup Devices, Projector and Accessories, Supply of Software, Licenses & Systems Support, Supply of Staff Uniform, National ICT Backbone Connection, Supply of Office Machinery, Supply of Computer Consumables (Lot 1 & 2), Supply of Electronic Appliance, Supply of Office Furniture, Supply of Protective Gears, Supply of Life Jacket, Supply of Accountable Document, and Supply of Printers and Photocopier.

#### b) Consultancy Service

The amount committed on contracts for Consultancy Services as at 30<sup>th</sup> June, 2020 was TZS 540.00 million. This includes contracted amounts which remained unpaid for Consultancy Services for support in preparation of TASAC Financial Statements under IPSAS, Provision of Consultancy Study for Identification of formal and informal ports and mapping, Provision of Consultancy Service to set up standard operating procedures for Cargo Consolidator and De-consolidator by June, 2020, and Consultancy service for provision of Tax Advisory Service.

#### c) Non - Consultancy Service

The amount committed on contracts for Non- Consultancy Services as at 30<sup>th</sup> June, 2020 was TZS 120.54 million. This includes contracted amounts which remained unpaid for Provision of Security Services, Improvement & Support of Manifest Billing System, and Improvement & Support of Document Management System.

## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

### 41. PROCUREMENT COMMITMENTS (Continued)

#### d) Minor Value Procurement

The amount committed for Minor Value Procurement as at 30<sup>th</sup> June, 2020 was TZS 52.26 million. These includes Supply of Promotion Materials, Publication services, Repair of Motor Vehicles, Supply of Accountable documents, Supply of Lanyards for TASAC staff, Supply of Motor Vehicle Tires for STL 2686, Provision of Conference services, Supply of Branded Pen, Supply and Installation of Regional Signboards, Supply of Digital Cameras, Publicity of Live Electronic Program by TBC, Printing of Financial Report for 2019-20, Purchasing of Water Dispenser and its Refill,

### 42. CONTINGENT ASSETS

The Corporation had contingent assets arisen from uncollected revenue from clearing and forwarding fees for minerals, mineral extracts, concentrates and mining equipment. The uncollected fees resulted from dispute by customers on published TASAC clearing and forwarding fees of US\$ 7 per Metric Ton (MT) or 1% of Customs value (whichever is higher) as per Government Notice No. 743 published on 18<sup>th</sup> October 2019. The dispute was tabled to the Minister for Works, Transport and Communication in compliance with Sect. 59 of the Tanzania Shipping Agencies Act, Cap 415. However, the Corporation has maintained the records of the services rendered without payment, despite being against the provisions of Sect. 48 of the Tanzania Shipping Agencies Act, Cap. 415.

In a bid to resolve the dispute, the Corporation's Board of Directors revised the fees as empowered under Section 28 of the Tanzania Shipping Agencies Act, Cap 415 and submitted proposal to the Ministry for consideration. Thus, based on revised fees as approved by the Board of Directors, uncollected revenue as at 30<sup>th</sup> June, 2020 was TZS 758,255,374.00 (30<sup>th</sup> June, 2019: Nil). It is probable that once the dispute is resolved, the Corporation will recognize revenue estimated at TZS 758,255,374.00 as at 30th June, 2020.

### 43. CONTINGENT LIABILITIES

The Corporation in collaboration with the Office of the Solicitor General continued handling the court matters which were inherited from SUMATRA. There were two cases against the Corporation:

- (a) a labour case No. CMA/MZ/NYAM/916/2017 at the Commission of Mediation and Arbitration (CMA) on appeal for re-instatement at the High Court – Labour Division by a maritime sector employee terminated on disciplinary grounds; and
- (b) the High Court case No. 23 of 2019 filed by maritime transport service provider (Comfort Company) 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.



## NOTES TO THE FINANCIAL STATEMENTS ( Continued )

### 43. CONTINGENT LIABILITIES (Continued)

In the first instance, the employer lost the case hence TASAC appealed against the judgement. Currently the case is proceeding at the High court. On the second instance, the Comfort case was initially filed against SUMATRA and later on TASAC after its commencement. Up to the end of the financial year, the two cases were not concluded.

Therefore, there is a possible (but not probable) obligation to be confirmed by a future event that is outside the control of the Corporation. However, the Corporation relies on input from the team of state attorneys from TASAC and the Office of Solicitor General in assessing the probability of future obligations.

### 44. 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').

### 45. CONTROLLING ENTITY AND ULTIMATE CONTROLLING ENTITY

The Ministry of Works, Transport and Communication is the Controlling Entity and the Government of the United Republic of Tanzania is the Ultimate Controlling Entity of the Corporation.

### 46. ASSETS PLEDGED AS SECURITY FOR LIABILITIES

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

### 47. EVENTS AFTER REPORTING DATE

The Controlling and ultimate controlling entity, the Ministry of Works, Transport and Communication, was changed to the Ministry of Works and Transport effective from 5<sup>th</sup> December 2020. This follows announcement of the new Cabinet by H.E. Dr. John Joseph Pombe Magufuli, the President of the United Republic of Tanzania. There were no other 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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## TASAC OFFICES CONTACTS (Continued)

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