



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



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

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AR/PA/TCB/2021/22

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap. 418.

Vision

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

Mission

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

Motto: “Modernizing External Audit for Stronger Public Confidence”

Core values

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

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

We do this by:

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

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ABBREVIATIONS

CAG	Controller and Auditor General
CPA (T)	Certified Public Accountant - Tanzania
CRU	Coffee Roasting Unit
DG	Director General
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
PE	Personal Emoluments
PPE	Property, Plant and Equipment
PSSSF	Public Service Social Security Fund
Sect	Section
TaCRI	Tanzania Coffee Research Institute
TCB	Tanzania Coffee Board
TRO	Treasury Registrar Office
TZS	Tanzania Shillings

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Tanzania Coffee Board,
Kahawa House,
P.O. Box ,732,
MOSHI, TANZANIA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Coffee Board, which comprise the statement of financial position as at 30 June 2022, 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 Coffee Board as at 30 June 2022, 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 the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled “Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements”. I am independent of Tanzania Coffee Board in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to the matters below. My opinion is not modified in respect of these matters.

- My review of Note 6 to financial statements in respect of trade receivable from exchange transactions involves TZS 1,687,906,863 relating to coffee suppliers overpaid during the financial years 2016/17 and 2017/18. Management have not made any provision for bad debts with respect to this amount. However, under plea bargain arrangement, defendants pleaded guilty and as at 30 June 2022, DPP was still in the

process of recovering the said amount from responsible parties. During the year 2021/2022 DPP collected TZS 722,269,800 out of which cash received was TZS 364,669,800 and the remaining amount of TZS 357,600,000 was in the form of property surrendered. Further, as at 30 June 2022, TCB was still in the process of transferring title deeds of the surrendered properties worth TZS 357,600,000.

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 of the Report by Those Charged with Governance and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

Responsibilities of management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. In addition, Section 10 (2) of the Public Audit Act, Cap. 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement Laws

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

I performed a compliance audit on procurement of goods, works and services in the Tanzania Coffee Board for the financial year 2021/22 as per the Public Procurement Laws.

Conclusion

Based on the audit work performed, I state that procurement of goods, works and services of Tanzania Coffee Board is generally in compliance with the requirements of the Public Procurement Laws.

1.2.2 Subject Matter: Compliance with the Budget Act and other Budget Guidelines

I performed a compliance audit on budget formulation and execution in the Tanzania Coffee Board for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

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

- **Non-compliance to the budgetary control guidelines**

My review of budget management noted that, budget for the year ended 30 June 2022 was uploaded in the Sage 200 Evolution Accounting System in November 2021 which is four months subsequent to the beginning of the financial year. I further revealed that, there was improper application of GFS codes and there was no evidence to support monitoring of budget control.

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

March 2023

2.0 REPORT OF THOSE CHARGED WITH GOVERNANCE FOR YEAR ENDED 30 JUNE 2022

2.1 Introduction

The Directors hereby submit their annual report together with the audited financial statements for the year ended 30 June 2022 which disclose the state of affairs of Tanzania Coffee Board (the “Board”). The financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS).

2.2 Establishment of the Board

The Tanzania Coffee Board is a corporate body established under section 3(1) of the Coffee Industry Act (the “Act”) No. 23 of 2001 with the main function of regulating the coffee industry in Tanzania and advise the Government of the United Republic of Tanzania on all matters related to the growing, processing and marketing of coffee within and outside the country. Along with the Act, the Board conducts operations under Coffee Regulations of 2003 and the Crops (Miscellaneous Amendments) Act of 2009 revised on 2013.

2.3 Vision of the Board

To become a leading regulatory agency in the provision of services to the coffee sector in Tanzania and Africa.

2.4 Mission of the Board

To facilitate an enabling business environment for a sustainable coffee sector.

2.5 Principal functions of Tanzania Coffee Board

The overarching role of the Board is to carry out regulatory functions and such other activities as are necessary, advantageous or proper for the benefit of the coffee industry. Specifically, the Board is mandated to:

- (a) To advise the government on the policies and strategies for the development of the coffee industry in order to improve the quality, increase in production and competitiveness in the local and international market;
- (b) To promote the development of coffee production, processing and marketing;
- (c) To make regulations governing the cultivation and marketing arrangements of coffee including the monitoring of its price;
- (d) To provide financial support to coffee research and development and coffee sales promotion locally and internationally;

- (e) To regulate and control the quality of coffee and coffee by-products;
- (f) To collect, refine, maintain, use or disseminate information or data relating to the coffee industry;
- (g) To Monitor the production and exportation of Coffee;
- (h) To promote Technological advancement in the coffee industry;
- (i) To make regulations for processing, exportation and storage of coffee and coffee by- products;
- (j) To Facilitate or assist in the formation of associations or other bodies related to or dealing with coffee industry;
- (k) To protect the interest in the formation of associations or other bodies related to or dealing with coffee industry;
- (l) To protect the interest of farmers against syndicates of buyers which may be formed through formation of Associations;
- (m) To ensure proper management of any fund established under this Act;
- (n) To provide consultancy and technical advisory services to coffee growers, coffee processors, liquors, traders and exporters of coffee;
- (o) To represent the industry in the national for a dealing with coffee industry; and;
- (p) To represent the industry in the international for a relating to or dealing with coffee industry.

2.6 Management of the Board

The Management of the Board is under the Director General and is organized in the following departments;

- (i) Directorate of Coffee Development;;
- (ii) Directorate of Finance and administration; and
- (iii) Directorate of Coffee Quality and Promotions.

2.7 Corporate governance

2.7.1 Corporate Governance Structure of the Board.

Schedule No. 1 of the Act of 2001 (revised in 2009) requires the number of members of the Board of Directors to be nine (9) including the Chairperson. The members of the Board of Directors other than Chairperson are appointed by the Minister of Agriculture, Food Security and Cooperatives (“Minister”) upon recommendation of the associations or entities they represent. The Chairperson is appointed by the President upon advice of the Minister. Further details of the representation of the members of Board of Directors have been provided below;

- (a) One member from not less than three and not more than five recommended names by Tanzania Coffee Association (TCA);
- (b) One member from not less than two and not more than three names recommended by Association of Coffee Growers;
- (c) Three members from three major Coffee zones recommended by respective Unions;
- (d) One member representing the Ministry; and
- (e) Two persons possessing knowledge and experience in the coffee industry

2.7.2 Composition of the Board of Directors

The Board of Directors is established under Sec. 3 of Tanzania Coffee Industry, 2001 (revised in 2009) Below is the list of BoD members who served the board during the year under audit. Eight Members of the Board of the Directors were appointed by the Minister of Agriculture on 18 June 2021 and the Chairperson of the Board was appointed by the President on 24 April, 2021 as shown below and will serve three years:

Table 1: Board of Directors

S/N	Name	Position	Nationality	Age	Qualifications	Representative Organization	Date Appointment
1.	Prof. Aurelia K. N. Kamuzora	Board Chairperson	Tanzanian	55	PhD(Law and Economics) Master’s Degree in Business Administration. Advanced Studies in Business Management, Specialization in International Management. Advanced Diploma in	Associate Professor Trustee and Founder of Green for Education and Poverty Alleviation. Chairperson of the Board-Bondwa Secondary School.	24 April 2021

TANZANIA COFFEE BOARD (TCB)

					Economic Planning(International Economics-Elective)	Project Leader - Green for Education and Poverty Alleviation project in Kagera Region.	
2.	Mr. Edson M. Rugaimukamu	Member Representative Western Zone	Tanzanian	54	Master of Business Administration Degree. CPA, ACPA.	General Manager-KCU	18 June 2021
3.	Mr. Shedrack A. Issangya	Member Representative Northern Zone	Tanzanian	63	Diploma in Business Administration	Managing Director-Straus East African CO.Ltd. Board Chairman - Arusha Cooperative Union(ACU) Board Chairman-Mbozi Coffee Curing CO Ltd.	18 June 2021
4.	Gotham Filipo Haule	Member Representative Southen Zone	Tanzanian	64	Diploma in General Agriculture.	Member-MwekelaAmcos.	18 June 2021
5.	Mr. Timson Nzunda	Member Representative Tanzania Coffee Association -TCA	Tanzanian	54	Advanced Diploma in Economic Planning.	Director Lima Kwanza Ltd Chairman -TCA	18 June 2021
6.	Mr. Neel Vohora	Member Representative Tanzania Coffee Growers Association-TCGA.	British	40	MSc. Investment Management BEng HonsChemical Engineering.	Director-FinagroPlantation Ltd &Edelweiss Oldeani Estate Ltd	18 June 2021
7.	Nangula H. Mwampamba	Member who possess knowledge and Experience in Coffee Industry.	Tanzanian	47	MSc Water and Environmental Management. M.A Human Geography.	Consultant and Trainer	18 June 2021
8.	Bahati Ludhabiho Mlwilo	Member who Possess Knowledge and Experience in the Coffee Industry.	Tanzanian	38	Master of Business Administration. MSC International Coffee Economics and Science.	Country Manager -Starbucks.	18 June 2021
9.	Chimagu E. Nyasebwa	Representative From Government/Ministry of Agriculture.	Tanzanian	44	MSc Economics	Director Of Crop Development.	18 June 2021

2.7.3 The Board secretary

According to the Section 1(4) of the Schedule to the Act, the Director General serves as Secretary to the Board of Directors (the “Secretary”).

The Secretary plays a leading role in good governance by helping the Board of Directors and its Committees function effectively and in accordance with their terms of reference and best practice. Providing support goes beyond scheduling meetings to proactively managing the agenda and ensuring the presentation of high quality up-to-date information in advance of meetings. The current Secretary to the Board is Mr.. Primus Kimaryo (Ag. Director General).

2.7.4 Board responsibilities

The Board of Directors takes overall responsibility for the Board, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board of Directors 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 of Directors is committed to the principles of effective corporate governance and recognizes the need to conduct the business in accordance with general accepted best practice. Furthermore the directors recognize the importance of integrity, transparency and accountability in sound corporate governance.

The Board delegates the day to day management of the business to Director General assisted by various directorates as briefly explained under the section of Management in this report.

2.7.5 Meetings of the Board of Directors

The current board was appointed on 18 June 2021 nearly to the end of financial year 2020/2021, the board held four (4) Ordinary meetings during the year under review and there were no extraordinary meeting. The Board approved various decisions including deliberating and approving the annual procurement plan and budget for the financial year 2022/2023 and issued directives on various matters as per the summary below:

TANZANIA COFFEE BOARD (TCB)

Meeting Number	Date	Attendees	Matters discussed that have got impact to the audit
90 Ordinary Meeting	13 Aug 2021	1.Prof. Aurelia Kamuzora (Booard chairman) 2.Mr. Chimagu E. Nyasebwa (Member) 3.Mr. Shadrack A. Issangya (Member) 4.Mr. Edson M. Rugaimukamu (Member) 5. Mr. Tinson T. Nzunda (Member) 6.Mr. Gotham F. Haule (Member) 7.Mrs. Nangula H. Mwampamba (Member) 8.Mr. Neel Vohora (Member) 9.Mrs. Bahati Mlwilo (Member) 10.Mr. Primus O. Kimaryo : DG-TCB Secretary to the Board Invited attendees 1. Mr. Kajiru F. Kissenge-TCB-DCDO - 2.Mrs. Dina J. Mwasaga - TCB Acting accounts manager 3.Mrs Engerasia A. Mongi - TCB-Legal Counselor	The BoD received and discussed the report for Seedling production and distribution, and it was agreed that management should establish the database for farmers who received the subsidised seedlings for easy of traceability. The BOD were informed that, the fee for imported coffee is now charged at 35% of the value, to increase domestic production and completion between local rosters. The BOD approved the audit committee members to be: • Mr Edson M. Rugaimukamu; • Ms Bahati Mlwilo; and • Mr Tinson T. Nzunda. The BOD approved the change of signatories in the bank accounts from Prof Jamal Adam Katundu, Ms Esther Mlay and Mr Silas Paul Singili to Mr Medani Bagege Jekamaya for group B. The BOD approved the closure of TCB bank account number 02J1038998903(USD) and account number 01J1038896709(TZS) BOD approved the closure of TCDTF bank account and transfer of TZS 784,507,072 to TCB for implementation of coffee development activities.
91 Ordinary Meeting	16 Dec 2021	1.Prof. Aurelia Kamuzora (Booard chairman) 2.Mr. Chimagu E. Nyasebwa (Member) 3.Mr. Shadrack A. Issangya (Member) 4.Mr. Edson M. Rugaimukamu (Member) 5. Mr. Tinson T. Nzunda (Member) 6.Mr. Gotham F. Haule (Member) 7.Mr. Neel Vohora (Member) 8.Mrs. Bahati Mlwilo (Member) 9.Mr. Primus O. Kimaryo : DG-TCB Secretary to the Board	The BOD discussed and confirmed that the Permanent Secretary for Ministry of Agriculture has approved Mr Primus Kimaryo to act the position of Director General for six months from 01 December 2021. BOD did not approve the variation of TZS 256,320,450 VAT exclusive for construction of Njedengwa investment centre until submission of contractors report, consultant report, and tender committee report and management suggestions. BOD received and discussed the audit committee report as follows and

TANZANIA COFFEE BOARD (TCB)

Meeting Number	Date	Attendees	Matters discussed that have got impact to the audit
		Invited attendees 1. Mr. Kajiru F. Kissenge-TCB-DCDO 2.Mr. Medani Bagege - TCB Acting DFA 3.Mrs Engerasia A. Mongi - TCB-Legal Counsellor Apologies 1.Mrs. Nangula H. Mwampamba (Member)	approved the Internal audit charter and internal audit plan for the year 2021/2022. BOD instructed management to ensure implementation of external auditor's recommendation. BOD instructed the management to prepare the audit committee charter BOD instructed management to make follow up on the funds recovered by DPP.
92 Ordinary Meeting	04 March 2022	1.Prof. Aurelia Kamuzora (Boaard chairman) 2.Mr. Chimagu E. Nyasebwa (Member) 3.Mr. Shadrack A. Issangya (Member) 4.Mr. Edson M. Rugaimukamu (Member) 5.Mr. Tinson T. Nzunda (Member) 6.Mr. Gotham F. Haule (Member) 7.Mrs. Bahati Mlwilo (Member) 8.Mr. Primus O. Kimaryo : DG-TCB Secretary to the Board Invited attendees 1. Mr. Kajiru F. Kissenge-TCB-DCDO - 2.Mr. Medani Bagege - TCB Acting DFA 3.Mrs Engerasia A. Mongi - TCB-Legal Counsellor Apologies 1.Mrs. Nangula H. Mwampamba (Member) 2. Mr. Neel Vohora (Member)	BOD was informed that a total of TZS 314,894,000 has been recovered by DPP together with plots of land. Management was instructed to make follow-up so that the DPP transfers the recovered money to TCB. BOD demanded the list of all payables that was settled by TCB in the next meeting. Management was instructed to submit to BOD the report on how they implement the budgetary control through expenditure codes. BOD instructed the management to ensure unsupported and partially supported expenditure are cleared and the report should be submitted in the next BOD meeting. Management was instructed to find a solution on the manual computation of 0.225 for TACRI BOD approved the closure of account number 0015261001(TZS) DTB Moshi,0015261003(USD)DTB Moshi,40310023647(TZS)NMB Moshi and 4033100236646(USD)NMB Moshi The report on seedling distribution was submitted and discussed. Management was instructed to improve the seedling report details by including the information on the distribution system, stakeholders

TANZANIA COFFEE BOARD (TCB)

Meeting Number	Date	Attendees	Matters discussed that have got impact to the audit
			involved and the actual distribution to farmers. BOD approved the variations of 17.8% on the Njedengwa Investment centre, being an increase of TZS 256,320,450 VAT exclusive leading to a total of TZS 1,719,065,947. BOD approved the budget for the year 2022/2023 amounting to expenditure of TZS 8,831,287,312. BOD approved Mr Medani Bagege Jekamaya to continue acting as DFA on the on job training arrangement while DG is making close follow-up with permanent secretary for the appointment of DFA.
93 Ordinary Meeting	15 June 2022	1.Prof. Aurelia Kamuzora (Boaard chairman) 2.Mr. Chimagu E. Nyasebwa (Member) 3.Mr. Shadrack A. Issangya (Member) 4.Mr. Edson M. Rugaimukamu (Member) 5. Mr. Tinson T. Nzunda (Member) 6.Mr. Gotham F. Haule (Member) 7.Mrs. Nangula H. Mwampamba (Member) 8.Mrs. Bahati Mlwilo (Member) 9.Mr. Primus O. Kimaryo : DG-TCB Secretary to the Board Invited attendees 1. Mr. Kajiru F. Kissenge-TCB-DCDO - 2. Mr. Medani Bagege - TCB Acting DFA 3.Mrs Engerasia A. Mongi - TCB-Legal Counselor Apologies 1.Mr. Neel Vohora (Member)	BOD approved the procurement plan for the year 2022/2023 amounting to TZS 2,889,040,150. BOD received and discussed the report on receivables and payables and instructed management to make close follow up for the recovery of the receivables especially rental receivables and DPP related receivables. BOD approved the changes in signatories for account number 01J1056035300-CRDB Kagera to be Mr Edmund Andrew Zani and Mr Jovitus Juian Ruvumbagu. BOD was informed that, during 2021/2022 a total of 65,406 tonnes of clean coffee was sold with an estimate to reach 70,000 tonnes of clean coffee towards the end of the season. Also the BOD was informed that a total of 10,897,233 seedlings was distributed up to June 2022. Management was instructed to do a mid-term review of their Corporate Strategic Plan to indicate the challenges facing TCB to attain their set targets.

Meeting Number	Date	Attendees	Matters discussed that have got impact to the audit
			BOD received the report on the implementation of Prime minister's directives with regard to Kagera coffee zone, where by only five deductions were allowed and the directives for the uses of the deductions including the TSZ 100 per kg for Robusta for Coffee development. Also BOD was informed that, the auctions for dry cherry has been officially launched in mid-June 2022 with corroboration with TMX. Whereby management was instructed to ensure timely payment to farmers.

2.7.6 Committees of the Board of Directors

In line with the principles of good governance, there shall be Audit Committee of the Board of Directors. However, the Board has mandate to form a committee where the need arise to address certain matters during operations of the Board. In the year 2021/2022 the Board of Directors had only one committee which was Board Audit Committee with the following members:

a) Audit Committee Members

The new audit committee was appointed on 13 August 2021. The audit committee was composed of the following members:

Table 2: Members of the New Audit Committee

S/N	Name	Position	Qualification	Nationality
1	CPA Edson M.Rugaimukamu	Chairperson - Active	Master of Business Administration Degree. - CPA, ACPA.	Tanzania
2	Bahati L.Mlwilo	Member - Active	Master of Business Administration. -MSC International Coffee Economics and Science.	Tanzania
3	TinsonT.Nzunda	Member - Active	Advanced Diploma in Economic Planning.	Tanzania
4	Ms. Engerasia Mongi	Secretary - Active	Legal Council - TCB	Tanzania

b) Meetings of the Board Audit Committee

Board Audit Committee held one (1) meeting in the financial year 2021/2022. The details of the meeting held was as follows:

TANZANIA COFFEE BOARD (TCB)

Meeting Number	Date	Attendees	Matters Discussed
Meeting No. 10	15 th December, 2021	1. CPA (T) Edson M. Rugaimukamu - Chairman 2. Ms. Bahati L. Mlwilo - Member 3. Mr. Tinson T. Nzunda - Member 4. Ms. Engerasia Albert Mongi - Secretary Invited Attendees 1. Mr. Primus Oswald Kimaryo - Acting Director General 2. Silas Paul Singili - Acting Chief Internal Auditor 3. CPA Paul Kiwera - Auditor MGK Consult (External Auditors) 4. CPA Azaria Mahenge - Auditor MGK Consult (External Auditor).	Opening the meeting Electing Chairman of the committee Approving agendas of the meeting Approving meeting minutes of the previous board audit committee meeting held on 19th December, 2019 Results of Board Audit Committee Meeting held on 19th December, 2019 To receive and discuss management letter issued by the external auditor for the financial year 2020/2021 To receive and discuss audited report issued by the external auditor for the financial year 2020/2021 To receive, discuss and approval internal audit charter and Risk Based Internal Audit Plan for the financial year 2021/2022 Any Other Business Closing the meeting

Function of the Audit Committee

- i. To advise the Board of Directors on the appointment of the external auditors, the audit fee, the provision of any non-audit services, and any questions of resignation or dismissal of the external auditor;
- ii. To approve the internal audit and annual strategic audit plans of the Board and to monitor the conduct of both the internal and external auditors during the course of execution of their assignments and to ensure maintenance of their independence;
- iii. To discuss if necessary, with the external auditors, before the audit commences, the nature and scope of the audit and or after to discuss problems and reservations arising from the interim and final audits, including management responses;
- iv. To review the internal auditors' audit needs assessment and the audit plan: to consider major findings of internal audit investigations and management's response and promote coordination between the internal and external auditors;
- v. To monitor the implementation by management of agreed audit-based recommendations as well as directives given by the Board of Directors Public Accountants Committee and Agriculture, Livestock and Water Committee; and
- vi. To monitor the performance of the external auditors and to make recommendations to the Board of Directors concerning their re-appointment, where appropriate.

2.8 Capital structure

The capital structure of the Board is made up of both ordinary shares TZS 150,000,000 divided into 1,500,000 ordinary shares of TZS 100 each, ordinary shares were fully paid up by the Treasury Registrar and TZS 161,332,000 Treasury Registrar's contribution to the Board towards the development of the coffee industry.

2.9 Future Development Plans

Tanzania Coffee Board is planning to implement the following strategic decisions as per its 2021/22-2024/25 Strategic Plan which covers 5 years, which aims:

- To improve Financial Sustainability;
- To Improve organization Image;
- To Enhance Conducive Business Environment;
- Improving TCB Staff capacity for effective succession plan;

- To Upgrade TCB infrastructures;
- To increase competitive value of Tanzania coffee through improving the quality of coffee, and efficiency; and
- To increase Customer Base.

2.10 Implementation of the Strategic Plan 2021/2022

Coffee production for the season 2021/2022 reached 66,836 MT of clean coffee which is equivalent to 74.26% of the estimated production target of 90,00MT. In the same year, multiplications and distributions of improved coffee seedlings has shown a tremendous increase from 11,388,474 to 14,116,173 which is equivalent to 70.58% of the estimated target of 20mill seedlings per year. This was highly attributed by the extremely engagement of different stakeholders such as the private sector, NGOs and other government institutions in production of seedlings.

For the same financial year, the amount of foreign currency earned from coffee increased from USD 142,266,973 to USD 204,194,355.45 of the total coffee sales. This was contributed by the increased of the coffee world market price and the improved coffee quality compared with the last year. Farmers were also received an average of Tsh 5,500 to 7,000 per Kg for Arabica coffee and Tsh 1,300 - 1,500 for a kg of Robusta coffee which were the highest average price receive for the past ten years. The marketing system was also improved to an online for Robusta auction which attracted more coffee buyers and increases the competition and finally the price.

Generally, the business environment of the coffee industry was improved whereby engagement of the stakeholders in different aspect such meetings was increased. This increased the trust to the stakeholders and it was observed by the rises of the investments in coffee industry and also 7 coffee projects were implemented.

The planned activities and implementation of other strategic objectives for the financial 2021/2022 were as follows;

	OBJECTIVE	TARGET	IMPLEMENTATION REPORT	REMARKS/REASON
1	Implementation of the national Agricultural policy and mainstreaming of cross-cutting issues	Services improved and HIV/AIDS infections reduced by June, 2022	One training on HIV/AIDS infection was conducted to all staff and there were no new reported infection cases. The infected staff were also provided with nutritional support to enable them to improve their health.	The target was attained
		Awareness to TCB staffs on the National Anticorruption Strategy is increased by June ,2022	Awareness of the National Anticorruption strategy was carried out to all staff and no new corruption cases were reported for the year 2021/22.	The target was reached

TANZANIA COFFEE BOARD (TCB)

	OBJECTIVE	TARGET	IMPLEMENTATION REPORT	REMARKS/REASON
2	Business Environment of the coffee sector is enhanced	Engagement of key coffee stakeholders in decision making is increased to 90% by June 2022	The number of stakeholders meetings conducted were increased by 50 (from 4 to 6) equivalents to 38% of the target of 16 meetings	Shortage of finance to support conduction of 16 meetings
3	Production and productivity are enhanced	Increase Coffee Production from 67,000 Tons to 90,000 Tons by June, 2022	Coffee production for the season 2021/2022 reached 66,836 MT of clean coffee which is equivalent to 74.26% of the estimated production target of 90,00MT	The climatic change and erratic rainfall in production zones highly contributed this.
		Improve Extension Education and Services to all 52 coffee growing districts by June, 2022	A total number of 94,873 farmers were trained in Good Agricultural practices equivalent to 105% Of the target of 90,000 farmers.	Participation of development partners and other NGOs in providing extension education has helped the board to reach its target.
		Public private Partnership is increased by 20% in implementing development projects by June 2022	Funds contributed by stakeholders to finance PPP activities in the coffee sector increased from 1,598,369,117 to 2,458,268,549 in the financial year 2021/2022 which in an increase of 54% Percent.	Increased coffee stakeholders' contribution due to increase in coffee prices.
4	Efficiency of TCB to deliver services improved	Competence of the Board in providing services is increased by June 2022	The percentage Completion of Dodoma Investment Centre was 70%	Change of the construction Design causes delay in Project completion.
5	TCB adhere to Good Governance Practices	Compliance of TCB to statutory guidelines, rules and Policies is observed by June, 2022	Four (4) Board Directors Meetings were conducted equivalent to 100% of the targeted 4 meetings.	The target was reached
		TCB workers rights and good working conditions are adhered by June, 2022	Two (2) Workers Council Meetings and four staff meetings were conducted equivalent to 100% of the planned target of 6 meetings	The target was reached
6	Capacity of coffee cooperatives in coffee trading is strengthened	Capacity of 80 coffee Cooperatives and other stakeholders in coffee marketing is built by June, 2022	A total number of 268 coffee cooperatives were trained and capacitated in the coffee trading and marketing which is equivalent to 335 of the targets of 80 cooperatives.	Increased demand for cooperatives to be trained in coffee trade and marketing especially for the Direct export market.
7	Number of customers is increased	Coffee marketing system is improved and number of buyers is increased by 30% by June, 2022	The coffee marketing system was improved and the number of active buyers was increased from 6 to 10 which is equivalent to 67% per coffee exchange.	An improved market system that attracted more buyers per auction
8	Coffee Price fluctuation are minimized	Coffee quality is Improved by 30% and Arabica coffee processed by CPU	The coffee quality was improved by 14% and the arabica coffee processed by CPU was increased to	Shortage of water for coffee processing hinders the TCB to reach its target

	OBJECTIVE	TARGET	IMPLEMENTATION REPORT	REMARKS/REASON
		increased from 35% to 45% by June, 2022	40% equivalent to 89% of the targeted amount.	
		Exportation of roasted coffee is increased from 7% to 10% by June, 2022	The amount of coffee exported was 8% compared to 10% which is equivalent to 80% of the targeted amount.	High costs and a shortage of packages qualified for exporting coffee outside the country hinder the board to reach its target.
9	Accessibility to New Coffee Markets is Enhanced	Promotion of Tanzania coffee in local and international markets is increased from 8 to 12 events by June, 2022	The board participated in 6 local and 2 international coffee conferences and exhibitions which is equivalent to 67% of the target of 12 events.	Existence of war between Ukraine and Russia causes some of the exhibitions to be postponed
10	Capacity of the staff is strengthened	Number of staff attended carrier development trainings is increased from 21 to 35 by June 2022	52 staff attended carrier development training which is equivalent to 149% of the targeted amount of 35 staff.	The Surpassed number of staff was due to the need caused by the change of working system and the technology
11	Image of the organization is improved	Increase customers satisfaction score from 60% to 85% by June 2022	The survey conducted shows the customer satisfaction was 60%	A new survey will be conducted in next financial year
12	Financial sustainability of the board is improved	Increase in contribution of own source to the total budget from 44% to 56% by June 2022	The contribution of own sources to the total budget was 85% which is equivalent to 152% of the targeted amount	Strengthened of the sources of income and also increase in coffee prices

2.11 Challenges Experienced in 2021/2022

- (i) Climatic change which affects the coffee production
- (ii) Price instability in local market and the world market in both arabica and Robusta.
- (iii) Quality inconsistency as a result of poor-quality management at farm level and during the processing
- (iv) Insufficiency of human capital to carry out the planned activities

2.12 Future Strategies to overcome the challenges

i) Ensure Competitive Price

Realization of fair price through increased coffee quality, certification, value addition, local consumption, number of buyers in auctions, forward sales and by establishing price stabilization fund.

ii) Ensure Optimal Production

Coffee production is increased by partnering with key stakeholders to rise productivity, coffee acreage, gap filling, rehabilitation of unproductive farms and promotion of contract farming. Ensure availability and use of inputs, extension services and improved technologies.

iii) Enabling Business Environment

Create conducive business environment through predictable policies, stakeholders' involvement, incentives, reasonable transaction costs, credit facilitation, strengthen cooperatives and updated regulations.

2.13 Stakeholders' Analysis

TCB recognizes the need for strong and deep-rooted partnership with all stakeholders from within and outside of the country in order to reach its target. TCB analyzed its stakeholders throughout the coffee value chain including several key service providers such as financial institutions, input suppliers, research institutes, Government institution, MDA and LGAs. Other stakeholders are coffee farmers, mostly through their cooperatives, local and international coffee associations. To successfully realization of the targets, TCB knows the stakeholders needs and what the board can offer to them. The board also knows the interest and the power of its stakeholders and therefore it has set a mechanism to control and manage them.

Table 3: Stakeholders Analysis

Stakeholder	Interest	Power	Stakeholder's needs	TCB needs	Strategies, Initiatives and Resources
Ministry of Agriculture & Treasury Registrar	High	High	Performance reports. Advice on all matters related to Coffee Adherence to Coffee Industry Act and Regulations Increase coffee production and quality Effective operation of coffee processing Industries Fair prices to farmers	Stable and predictable policies. To provide Resource Support. Involve stakeholders in policy development.	Regular dissemination of sector Information. Align with agricultural sector policy and priorities.
Ministry of Finance and Planning	High	High	Audited financial statement Annual Budget and Plans Effective utilisation of resources Contribute to National development plans	Allocation of Approved Funds	Develop and submit budget on time Preparing and Submitting proposals for development funds

Stakeholder	Interest	Power	Stakeholder's needs	TCB needs	Strategies, Initiatives and Resources
			Adherence to National Budgetary guidelines.		
Farmers & Coffee Cooperatives	High	High	Fair Prices. Prompt Payment. Accessibility to affordable Inputs and Implements. Extension Services Market information Adherence to Coffee Industry Act and Regulations	Adoption of improved technologies Improvement of coffee quality Adherence to good agricultural practices Observing entered contracts	Develop Input Credit Scheme Dissemination of information frequently Enhance competitive pricing Strengthening of Extension services
Coffee Millers, Coffee Buyers	High	Low	Stable and predictable policies Involvement in Sector Decision Making Low Operational Costs Conducive business Environment	Transparency and Accountability. Fair Competition Full Operational Capacity Low transaction costs	Study and Advice on Best Indicative Processing Costs Advocate for policy formulation.
Research Institutes (TaCRI)	High	Lower	Co-ordinate shared functions Financial and Resource Support. Promote Adoption of improved technologies Involvement in Sector Decision Making	Improved coffee technologies Coffee research report Technical advice Proper utilization to stakeholder's contributions Increase production of coffee seeds to meet sectors demand Speed up seedlings multiplication	Develop technical working team Collaborate in seedling production Promotion campaign in adoption of improved technologies
Development Partners/NGOs	High	Low	Proper co-ordination of shared functions. Dissemination of information frequently Technical advices Identification of strategic partnership areas	Transparency in their operations Provide extension services Contribution to and financing sector priorities	Establish system of monitoring and evaluation Encourage Public Private Partnership (PPP) in Coffee Investment

2.14 Results

During the year ended 30 June 2022 the Board has a net surplus of TZS 83.503 million compared to a net surplus of TZS 61.03 million made during the year ended 30 June 2021. The increase in performance resulted mainly from increase in the price of coffee worldwide by more than 70 percent and due to new and current directives from the government on implementation of zonal auctions (Mbinga, Songwe, Kagera).

The Board is the Government institution that is not for profit making, therefore, any surplus available shall be used to finance future activities of the Board or any other purposes as instructed by the Treasury Registrar. Detailed results of the Board have been shown on statement of financial performance.

2.15 Performance of the year

During the year ended 30 June 2022, the Board had the following financial highlights indicating its performance from operational activities and financial position.

Statement of Financial Performance

- During the year, the Board recorded the revenue amounted to TZS 8,336,240,000 From both exchange and non-exchange transactions. The revenue has increased by 38.52% from the revenue recorded in the previous year (2021: TZS 6,018,100,000) The increase in revenue is mainly due to the increase in the price of coffee for the coffee traded in auctions and direct exports.
- During the year the total operating expenses increased by 38.54% from TZS 5,957,070,000 (30 June 2021) to TZS 8,252,737,000/= (30 June 2022). The increase is due to increase in administrative expenses (administration and coffee farmer's nurseries together with the operation of Zonal auctions).
- During the year the net surplus increased by 36.82% from TZS 61,030,000 (30 June 2021) to a net surplus of TZS 83,503,000 (30 June 2022). The increase is mainly contributed by the increase in the price of coffee as mentioned above.

Statement of Financial Position

- During the year total assets of the Board increased by 2.71% from TZS 38,019,837,000 (30 June 2021) to TZS 39,050,218,000 (30 June 2022). The increase is mainly due to Work in Progress in Njedengwa Dodoma and repair of staff houses at Moshi.
- The current ratio has decreased to 3.80 (30 June 2022) from 6.28 (30 June 2021) same to the quick ratio which has decreased to 3.77 (30 June 2022) from 6.22 (30 June 2021). The decrease in liquidity ratios is mainly due to increase in current liability.

2.16 Solvency

The Board of Directors confirms that applicable Accounting Standards have been followed and that the Financial Statements of the Board have been prepared on a going concern basis. After reviewing the current Financial Position, The Board of Directors has reasonable expectation that the Board has adequate resources to continue in operational existence for the foreseeable future and meet all maturing financial obligations in the

next twelve months from the date of this report, subject to continued Government support.

2.17 Risk management and Internal Control

The Board of Directors assumes ultimate responsibility for risk management and internal control systems of the Board. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- safeguarding of the Board's assets;
- compliance with applicable laws and regulations;
- reliability of accounting records;
- business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

There is always a risk of non-compliance by staff. Whilst no system of internal control can provide absolute assurance against misstatement or errors or fraudulent actions the Board's System is designed to provide management and those charged with governance with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 30 June 2022 and is satisfied that they meet accepted criteria. The Board carries risk and internal control assessment through its Audit Committee.

2.18 Internal Audit

The Unit assesses risk, reviews controls and advises management and the audit committee accordingly. The Chief Internal Auditor reports functionally to the Audit Committee and administratively to the Director General. The internal auditor is acting and was appointed on 01 July 2020.

2.19 Budgets

Detailed annual budgets are prepared by management and approved by the Board of Directors annually.

2.20 Employees' welfare

(i) Management and Employees' Relationship

There were continued good relation between employees and management for the year ended 30 June 2022. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and Tanzania Plantation and Agricultural Workers Union (TPAWU).

The Board is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

(ii) Training Facilities

Training programs have been and are continually being developed to ensure employees are adequately trained at all levels, all employees have some form of annual training (in house and external) to upgrade skills, competence and enhance development. Moreover, performance appraisal (OPRAS) is done to employees who help to identify training needs.

During the year under Audit the Board spent TZS 36.41 Million for the staff trainings compared to TZS 31.64 Million which was spent in the year 2020/2021. The Board will continue to provide both in house and external trainings to its staff for enhancing their development.

(iii) Medical Assistance

Board's staffs are member of NHIF on which the Board contributes 3% of Basic Salary. However, the Board meets fully the cost of medical consultation and treatment for all employees and their immediate dependants in cases they are not covered by NHIF. During the year the Board spent TZS 27.25 million to cover staff medical expenses compared to TZS 7.25 Million that was used during the year 2020/2021.

The Board will continue to ensure good health for its staff through medical assistance.

(iv) Health and Safety

The Board takes all reasonable and practicable steps to safeguard health, safety and welfare of its employees. A safe working environment is maintained for all employees.

(v) Financial Assistance to Staff

Staff advance are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances. Management has established TCB SACCOS to assist in promoting the welfare of its employees.

(vi) Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. The Board has a policy to give equal opportunities to persons with disabilities for vacancies they are able to fill. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Board continues and appropriate training is arranged. It is the policy of the Board that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

(vii) Employees Benefit Plan

Retirement Benefits - Pension Contributions to Defined Pension Funds. The Board makes statutory contributions to Public Services Social Security Fund (PSSSF) for all staff under permanent terms of employment.

(viii) Other staff benefits

The Board provides additional benefits to qualifying employees such as leave fare, accommodation or allowance in lieu, and telecommunication cost subsidy.

2.21 Gender equality

It is the Board's policy to give equal opportunities to both genders in employment and training. Women are employed and sent for various training courses without discrimination.

During the year, the Board had total employees of 70 out of which 48 were Male and 22 were female compared to 63 employees out of which 34 were Male and 29 were female (2020/2021).

HIV/AIDS Policy

The Board recognises the importance of staff awareness regarding HIV/AIDS issues. Relevant sections have been included in the staff regulations. The Board has determined some risks associated with an impact of HIV/AIDS as follows: operational risk, legal risk and health risk.

While all these risks are under investigation, the Board has adopted the following core principles as a basis for its HIV/AIDS policy:

- Continuously assess the risk posed by HIV/AIDS on the operations of the Board.
- Limit the number of new infections among the employees.
- Ensure employees living with HIV/AIDS are aware of their rights and that their rights are respected and protected.
- Provide care and support to employees living with HIV/AIDS.

2.22 Compliance to laws and regulations

In carrying out its activities, the Board is required to comply with various statutory requirements including Laws and Regulations. Nothing has come to the attention of the Directors to indicate non-compliance with all statutory requirements.

2.23 Environmental control programmes

The Board recognizes importance of environmental management thus adheres to the environmental issues in the development projects carried out. The Board has been active

to ensure its properties remain in sound and clean environment by providing sufficient facilities for waste collection by also engaging the agent for carrying wastes to Municipal disposal area.

2.24 Anti-corruption at work places

The Board implements 'anti-corruption' at work place by adhering to good governance principles in procurements and recruitments. The staff regulations set platform for anti-corruption guidelines.

2.25 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the normal course of executing its core activities, the Board has entered into various related party relationships i.e. Treasury Registrar, Key management staff, Directors and their associates. Details of related party transactions during the year ended 30 June 2022 has been shown on Note 26.

2.26 Political and charitable donations

The Board did not make any political donations during the year. Donations made to charitable organizations during the year amounted to TZS 16.65 Million (2020/2021: 9.2 Million).

2.27 Corporate social responsibility (CSR)

The Board continued with its commitment to put its employees at the heart of CSR programs by engaging with them in participation on various CSR activities. Staff participation has highlighted the importance of giving where the Board encourages and promotes staff interest in giving back to the community, hence it brought positive impact to the communities we serve. The Board and its employees will continue to participate in CSR activities.

2.28 Events after reporting period

There were no material events, adjusting or non-adjusting, which have occurred between the reporting date and the date when financial statements are authorized for issue.

2.29 Statutory auditors

The Controller and Auditor General (CAG) is the sole Auditor for the Board by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under Section 9 of the Public Audit Act, Cap 418. However, the CAG, using the powers conferred upon him by Section 33(1) of the Public Audit, Act Cap 418 appointed M/S. MGK Consult,

Certified Public Accountants, to carry out the audit of the financial statements of the Board for the financial year ended 30 June 2022.

BY ORDER OF THE BOARD OF DIRECTORS

Prof. Aurelia Kamuzora
Chairperson of the Board

Primus Kimaryo
Director General

Date

Date

3.0 STATEMENT OF DIRECTORS RESPONSIBILITIES

These financial statements have been prepared by the management of the Tanzania Coffee Board (the “Board”) in compliance with the provisions of Section 25(4) of the Public Finance Act, Cap 348 (Revised Edition 2020). The financial statements as required by the said Act are presented in a manner consistent with International Public Sector Accounting Standards (IPSAS). Moreover, Section 33(1) of Tanzania Coffee Industry Act of 2001 requires the Board to maintain proper accounting records with respects to all sums of money received and expended by the Board and matters in respect of which the receipt and expenditure take place, and all the assets and liabilities of the Board.

The Directors are also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors 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 International Public Sector Accounting Standards (IPSAS) and the requirements of the Tanzania Coffee Industry Act of 2001 and Public Finance Act, Cap 348 (Revised Edition 2020).

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Board and of their surplus in accordance with IPSAS.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least twelve months from the date of this statement.

BY ORDER OF THE BOARD OF DIRECTORS

Prof. Aurelia Kamuzora
Chairperson of the Board

Primus Kimaryo
Director General

Date

Date

4.0 DECLARATION OF THE HEAD OF FINANCE OF TANZANIA COFFEE BOARD

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance 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 to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity 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 as under Directors Responsibility statement on an earlier page.

I, **James Kadege** on behalf of The Director of Finance and Administration (DFA) of Tanzania Coffee Board hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) and the requirements of Tanzania Coffee Industry Act of 2001 and Public Finance Act, Cap 348 (Revised Edition 2020).

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

.....
Signed by:

Position:.
NBAA Membership No.GA.5959

Date:.....

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	30 JUNE 2022 TZS“000”	30 JUNE 2021 TZS“000”
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	1,719,878	783,837
Trade and Other Receivables	6	3,803,749	4,504,423
Inventories	7	46,639	52,178
Total Current Assets		5,570,266	5,340,438
Non-Current Assets			
Investment Property	8	12,165,102	11,533,095
Property, Plant and Equipment	9	21,253,612	21,069,856
Intangible Asset	10	61,238	76,448
Total Non-Current Assets		33,479,952	32,679,399
Total Assets		39,050,218	38,019,837
LIABILITIES			
Current Liabilities			
Trade and Other Payables	11	1,398,131	790,840
Provisions	12	66,420	59,400
Total liabilities		1,464,551	850,240
Net Assets		37,585,667	37,169,597
NET ASSETS / EQUITY			
Capital fund	13	311,332	311,332
Accumulated surplus		37,274,335	36,858,265
Net assets/ Equity		37,585,667	37,169,597

The accompanying notes are integral part of the financial statements which were authorized for issue on _____ by the Board of Directors and were signed on its behalf by:

Prof. Aurelia Kamuzora
 Chairperson of the Board

Primus Kimaryo
 Director General

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

		30 JUNE 2022	30 JUNE 2021
	Notes	TZS “000”	TZS “000”
Revenue			
Revenue from Non- exchange Transactions			
Government Subvention	14	1,218,465	1,138,825
Exporters Contribution	15	3,834,688	2,580,428
Regulatory	16	117,143	95,405
		5,170,296	3,814,658
Revenue from Exchange Transactions			
Warehouse	17	541,320	549,248
Clearing and Forwarding	18	1,024,447	789,121
Rental	19	421,362	418,656
Coffee Roasting Unit (CRU)	20	386,875	243,436
Other revenue	21	791,940	202,981
		3,165,944	2,203,442
Total Revenue		8,336,240	6,018,100
Expenses			
Administration Expenses	22	6,617,664	5,218,490
Selling and Distribution	23	1,481,173	654,209
Finance Charges	24	28,988	15,971
Other Expenses	25	124,912	68,400
Total Expenses		8,252,737	5,957,070
Surplus for the year		83,503	61,030

The accompanying notes are integral part of the financial statements.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Capital Fund TZS “000”	Revaluation Reserve TZS “000”	Accumulated Surplus TZ “000”	Total TZS “000”
Year ended 30 JUNE 2022					
As at 1 July 2021		311,332	-	36,858,265	37,169,597
Surplus for the year		-	-	83,503	83,503
***Prior year adjustment	28	-		332,567	332,567
As at 30 JUNE 2022		311,332	-	37,274,335	37,585,667
Year ended 30 JUNE 2021					
As at 1 July 2020		311,332	33,357,899	4,061,323	37,730,554
Surplus for the year		-	-	61,030	61,030
***Prior year adjustment	28	-	(401,131)	(220,856)	(621,987)
Adjustment of Revaluation Gain			(32,956,768)	32,956,768	-
As at 30 JUNE 2021		311,332	-	36,858,265	37,169,597

The accompanying notes are integral part of the financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Notes	30 JUNE 2022 TZS “000”	30 JUNE 2021 TZS “000”
Cash flows from operating activities			
Gross Receipts			
Government Subvention (PE & OC)	14	1,218,465	1,138,825
Cash received on fees, refunds, licenses and commissions	35.1	3,496,195	2,123,190
Exporters Contribution	15	3,834,688	2,580,428
Cash received from coffee auction	36	172,699,331	125,070,106
Total Receipts		181,248,679	130,912,549
Gross Payments			
Payments for administrative expenses	35.2	(6,341,060)	(4,446,693)
Payments for selling and distribution expenses	23	(1,481,173)	(654,209)
Finance costs	24	(28,988)	(15,971)
Other expenses	35.3	(117,892)	(58,932)
Payments for coffee auction	36	(171,491,365)	(125,473,108)
Total Payments		(179,460,478)	(130,648,913)
Net cash flows used in operating activities		1,788,201	263,636
Cash flows from investing activities			
Acquisition of PPEs	8 & 9	(852,161)	(487,760)
Net cash outflows in investing activities		(852,161)	(487,760)
Net increase/(decrease) in cash and cash equivalents		936,040	(224,124)
Cash and Cash equivalents:			
At start of the year		783,838	1,007,962
Net foreign exchange differences		-	
At the end of the year	5	1,719,878	783,838

The accompanying notes are integral part of the financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original TZS “000”	Final TZS “000”	Actual TZS “000”	Variance TZS “000”	Variance %
REVENUE					
Government subvention (OC & PE)	1,344,660	1,344,660	1,218,465	126,195	9%
Own Sources	6,867,900	6,867,900	7,113,158	(245,258)	-4%
Exchequer- Development	2,400,000	2,400,000	-	2,400,000	100%
Total Revenue	10,612,560	10,612,560	8,331,623	2,280,937	21%
EXPENSES					
Administration expenses	6,234,948	6,234,948	6,155,121	79,827	1%
Selling and Distribution expenses	4,170,912	4,170,912	1,481,173	2,689,739	64%
Finance charges	39,700	39,700	28,988	10,712	27%
Other expenses	167,000	167,000	124,912	42,088	25%
Total Expenses	10,612,560	10,612,560	7,790,194	2,822,366	27%

The accompanying notes are integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Tanzania Coffee Board is a statutory organization established under section 3(1) of the Coffee Industry Act No. 23 of 2001 and its Regulations of 2003, read together with The Crops (Miscellaneous Amendments) Act of 2009.

The registered office of the Board is:

Kahawa House,
Mawenzi/Railway Street,
P.O. Box 732,
Moshi, Kilimanjaro,
TANZANIA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Board have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Board (IPSAB). The financial statements are presented in Tanzania Shilling (TZS) which is the functional and reporting currency of the Board, and all values are rounded to the nearest thousand (TZS'000). With the exception of Statement of comparison of budget and actual amounts which has been prepared on cash basis, land and investment properties have been stated at fair value, while other financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Board's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Changes in accounting policy and disclosures

I. New and amended standards adopted by TCB

There are no IPSASs or its interpretations that are effective for the first time for the year beginning on or after 1 July 2021 that would be expected to have a material impact on Coffee Board that have not been adopted.

II. New and amendments to standards and interpretations that are not yet effective and have not been early adopted by the Board.

• **IPSAS 41, Financial instrument**

The standard was issued in August 2018, and will become operational in January 2023 with early adoption is encouraged, the aim is to establish new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29.

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- I. Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;
- II. Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- III. Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

• **IPSAS 42, Social Benefits**

The standard were issued in January 2018. IPSAS 42 defines social benefits, and includes requirements for the recognition and measurement of social benefit schemes. IPSAS 42 also includes disclosure requirements that will provide additional information that users may need to evaluate the effect that social benefits have on a government's finances. The IPSAS 42 will promote consistency and comparability in how social benefit schemes are reported by public sector entities.

(c) Foreign currency translation

i. Functional and presentation currency

The Board has chosen Tanzania Shilling (TZS) to measure all items in the financial statements reflecting the fact that it is the currency of primary economic environment in which the Board operates (“the functional currency”). The financial statements are presented in Tanzania Shillings (TZS) which is the Board’s functional and presentation currency and all values are rounded to the nearest thousands (TZS’000).

ii. Transactions and balances

Foreign currency transactions are translated into the Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Monetary items dominated in foreign currency are translated with the closing rate as at the reporting date. Foreign exchange gains or losses arising from the settlement of monetary items or on translating the monetary items at the rates from those at which they were translated on initial recognition of the period or in previous financial statements are recognized in the surplus or deficit in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction and non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The exchange gain or loss from the gain or losses of non-monetary items are recognized directly to the net assets/equity.

(d) Revenue recognition

The main sources of revenue of the Board are Revenue from non-exchange transactions which include Government subvention, Exporters Contribution, Directors Export Fee, and Regulatory income, and Revenue from exchange transactions which include warehouse income, clearing and forwarding income, rental income, gain on exchange rate, curing collection fee and income from coffee roasting.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Board and the revenue can be reliably measured, regardless of when payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates and Value Added Tax. Income from other sources is recognized on accrual basis of accounting only when it is probable that the economic benefits associated with the transaction will flow to the Board.

(e) Property, plant and equipment

Property, plant and equipment of the Board consist of Land, Buildings, Motor vehicles, Plant and machinery, Office fixtures and furniture, Computer equipment and accessories. They are recognized in the books of accounts when it is probable that future economic benefits or service potential associated with an item will flow to an entity and the cost or fair value of an item can be measured reliably.

They are all initially measured at costs or fair value at the date of acquisition for those acquired through non-exchange transactions. The costs include purchase price which include import duties, non-refundable purchase taxes after deducting trade discounts and rebates, any costs incurred in bringing asset to the location and condition necessary for it to be capable of operating in the manner intended and any estimate of the costs of dismantling and removing the item and restoring the site in which it is located.

Subsequently the major renovation costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when they met recognition criteria. All other repairs and maintenance are included in the surplus or deficit of the period in which they are incurred. Below is the list of classes and applicable accounting basis.

Buildings

The buildings consist of office buildings and Godowns at Tanga Branch. Buildings (other than investment properties) acquired or constructed by the Board are recognised at cost on initial recognition and subsequently subject to assessment of impairment. Depreciation is calculated on straight-line basis over the useful life of the buildings. The buildings have useful life of fifty (50) years.

The buildings that are being constructed or developed for future use as investment property is classified as Work In Progress and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

Motor vehicles

The Motor vehicles are measured at costs less accumulated depreciation. The depreciation is calculated on straight line basis over their useful life. All items under this class have useful life of five (5) years.

Plant and machinery

The Plant and Machinery are measured at costs less accumulated depreciation. The depreciation is calculated on straight line basis over their useful life. All items under this class have useful life of fifteen (15) years.

Office fixtures and furniture

The office fixtures and furniture are measured at costs less accumulated depreciation. The depreciation is calculated on straight line basis over their useful life. All items under this class have useful life of five (5) years.

Computer equipment and accessories

The office fixtures and furniture are measured at costs less accumulated depreciation. The depreciation is calculated on straight line basis over their useful life. All items under this class have useful life of four (4) years.

Investment Properties

Investment property is property which is held either to earn rental income or for capital appreciation; or for both. Based on use, the Board resolved to classify 80% of Kahawa House and 100% of Tanga godowns and offices thereto as investment property. Investment properties are initially measured at its costs which included purchase price and directly attributable expenditure or at fair value when acquired through non-exchange transactions.

After initial recognition the board chooses the cost model and shall measure all of its investment properties in accordance with IPSAS 17's requirements for that model that is at cost less any accumulated depreciation and any accumulated impairment losses. The investment property is derecognized from the statements of financial position on disposal or when it is permanently withdrawn from its use and no future economic benefits or service potential associated with item is expected from its disposal. Gains and losses arising from the disposal of the investments are determined by comparing net disposal proceeds to the carrying amount of the asset and shall be recognized in the surplus or deficit in the year of disposal.

(f) Inventories

The inventories of the Board are composed of stationaries, raw materials and packing materials. 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 value at the date of acquisition.

Subsequently, Inventory is measured at the lower of cost and net realisable value. Net realisable value refers to the net amount the Board expects to realize from the sale of inventory in the ordinary course of operations. Cost includes purchase price, costs of conversation and costs incurred in bringing the inventories in the current position and location. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Board.

(g) Impairment of cash generating assets

Impairment is recognized when there are decline in future economic benefits or service potential embodied in the asset controlled by the Board. The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units' (CGU) fair value less costs to sell and its value in use. It is determined on individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

The asset is impaired when its carrying amount exceeds its recoverable amount; the carrying value shall be reduced to its recoverable amount. The reduction is an impairment loss which is recognized directly in the surplus or deficit of the year. The impairment loss on the revalued asset is recognized in the revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus of the assets.

The reversal of impairment loss is done if and only if there is change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. Any reversal of the impairment loss for an asset is recognized immediately in surplus or deficit of the year while in case of revalued asset the reversal of impairment loss is recognized as increase in revaluation.

(h) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Board determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Board commits to purchase or sell the asset. The Board's financial assets include: cash and cash equivalents and Trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification;

I. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances with Banks and investment in money market instruments. Cash equivalents are normally held for the purpose of meeting short term cash commitments rather than for investment or other purposes. An investment is recognized as cash equivalent when it has short term maturity period (three or less than three months from the date of acquisition) and can be readily convertible into known amount of cash and be subject to insignificant risks of changes in value. Cash and cash equivalent included in the Cash flow statement comprises of cash in hand and balances with banks and they are stated in the Statement of Financial Position at face value.

II. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are amounts due from tenants for leased premises or customers for services performed or goods supplied to them in the ordinary course of business. If collection is expected in one year or less (or in the normal operating capacity cycle of the business), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables that are initially recognized, are measured at fair value which is the transaction price or original invoice price (consideration to be received). Considering that they are expected to be recovered within twelve months, they are not stated at interest rate and the effect of discounting them is immaterial, the trade and other receivables are subsequently measured at the transaction price.

De-recognition of financial assets

The Board derecognizes a financial asset or where applicable, a part of a financial asset or part of a board of similar financial assets when;

- The rights to receive cash flows from the asset have expired or is waived; and
- The Board has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the Board has transferred substantially all the risks and rewards of the asset; or (b) the Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Board assesses at each reporting date whether there is objective evidence that a financial asset or a 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 the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty;
- Default or delinquency in interest or principal payments;
- The probability that debtors will enter bankruptcy or other financial reorganization; and
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Board first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Board determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

(i) Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Board determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The Board's financial liabilities include Current portion of the long term loan, and trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Long term loans

The long term loans are initially measured at fair value plus the transactions. They are subsequently measured at amortized costs using the effective interest method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less, and If not they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value which is the transaction price and subsequently measured at transaction price which is the invoice price because they are due with short period of time ("less than a year") and do not carry any interest rate.

De-recognition of financial liabilities

A financial liability is derecognized when;

- The obligation under the liability is discharged or cancelled or expires; and
- When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the

original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

(j) Cess for Coffee Research

Financing of ecology, research and other development programmes in the coffee sector conducted by the Tanzania Coffee Research Institute (TaCRI) is by way of a mandated deduction of 0.375% of the coffee sales proceeds. The Board acts as a collection agent and remits the funds to TaCRI.

(k) Provisions

Provisions are recognized when the Board has a present legal or constructive obligation as a result of past events, 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 of the amount of the obligation can be made.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

(l) Employee Benefits

Defined Contribution plan

The Board operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Board pays fixed contributions into a separate entity.

The Board has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. All of the Board's employees are members of the Public Service Social Security Fund (PSSSF) The Employer and Employees contribute 15% and 5% respectively which add-up to the statutory amount of 20%.

The Employer's contribution is fully funded by Government as part of the payroll subvention.

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

Termination benefits

Termination benefits are recognized as an expense when the Board is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination

benefits for voluntary redundancies are recognized as an expense if the Board has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or performance-sharing plans if the Board has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(m) Related parties

The Board 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 Board, or vice versa. Members of key management are regarded as related parties and comprise the Director General and Directors of various departments.

(n) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Board. As a result of the adoption of the accrual basis for budgeting purposes, a separate additional financial statement of comparison of budget and actual amounts is prepared and explanatory comments are provided in the case of variations; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or under spending on line items.

Detailed annual budgets are prepared by management and approved by the Board of Directors.

(o) Taxation

i. Income tax

The Board as the corporate body owned by the Government is not required to pay income tax.

ii. Value Added Tax (VAT)

Some revenue of the Board is taxable VAT. Revenues, expenses and assets are recognised at amounts net of value added tax except where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority in which

case the value added tax is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Board'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. **Judgments**

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

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 Board 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 Board. Such changes are reflected in the assumptions when they occur.

Useful life of Property, Plant, Equipment and Intangible assets

Critical estimates are made by the Directors in determining the useful lives of Plant, property and equipment and their residual values. The rates are set out in note 10) below. However, the Management is aware of the Circular No. 2 of 2017/18 (from the Accountant General) and Circular No. 6 of 2018/19 (from the TR) on the useful lives supposed to be applied and same has been implemented.

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

- The condition of the asset based on the assessment of experts employed by the Board;
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- The nature of the processes in which the asset is deployed;
- Availability of funding to replace the asset; and

- Changes in the market in relation to the asset.

Impairment of non-financial assets - cash-generating assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact management's estimations and require a material adjustment to the carrying value of tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

4. FINANCIAL RISK MANAGEMENT

The Board's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in foreign currency exchange rates.

These risks arise in the normal course of the Board's operations. The risk management policies are established to identify and analyses the risks faced by the Board, to set appropriate risk limits and controls, and to monitor adherence to risk limits. The policies are reviewed regularly to reflect changes in market conditions, products and services offered.

The directors are responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risk faced by the Board.

The information about Board's exposure to these risks including policies and processes for measuring and managing risks and Board's management of capital have been analysed below. Further the quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk of financial loss to the Board if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the Board's trade and other receivables, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June 2022 was as follows:

	30 June 2022	30 June 2021
	TZS'000	TZS'000
Bank Balances	1,719,787	783,837
Trade and Other Receivables	3,803,749	4,504,423
Maximum exposure to credit risk	5,523,536	5,288,260

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

Credit quality

Credit quality is assessed risk of default attached to counterparties to which the Board extends credit and banks where the Board make its deposits. As such, the credit quality assessed extends to the customers and banks of the Board.

For financial statement purposes, the balances with banks are limited to the cash and cash equivalents line item in the statement of financial position.

(a) Trade receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

Trade receivables are amounts owed by customers, and are presented net of impairment losses. The exposure to credit risk is monitored on an on-going basis. The Board provides services without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

The Board's maximum exposure to credit risk is represented by the carrying value of each class of financial asset in the statement of financial position. The Board has no significant concentration of credit risk, with exposure spread over a large number of customers, and is not concentrated in any particular sector or geographic area. The Board established an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

The Board provided fully for trade receivables outstanding over 365 days where there was no evidence of expected recovery. Trade receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. The amount indicated in the category of between 1 and 2 years below, relates to pending legal proceeds relating to fraudulent events committed in the year 16/17 and part of year 17/18 of which management is optimistic that they will recover the amount.

The credit quality of the balances of Trade and other receivables by aging analysis is analysed below:

	Less than 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years
	TZS'000	TZS'000	TZS'000	TZS'000
At 30 June 2022				
Trade and other receivables	1,298,935	-	645,956	1,858,858
At 30 June 2021				
Trade and other receivables	2,181,926	-	2,322,497	-

(b) Cash and cash equivalents

The Board limits its exposure to credit risk by investing cash and cash equivalents with only reputable banks that have a sound credit rating. Consequently, the Group does not consider there to be any significant exposure to credit risk.

Liquidity risk

Liquidity risk is the risk of the Board not being able to meet its obligations as they fall due. The Board'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 Board's reputation.

The Board ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts. Generally, Receivables are settled within 30 days after the due date and payables are settled within 30 days of invoice.

The following are contractual liabilities as at 30 June 2022

	<i>Less than 1 year</i>	<i>Above 1 year</i>
	TZS'000	TZS'000
At 30 June 2022		
Borrowings	-	-
Trade and other payables	966,134	431,997
At 30 June 2021		
Trade and other payables	677,676	113,1641

Management monitors budgets of the Board's liquidity reserve on the basis of expected cash flows.

Market risk

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

i. Foreign exchange rate risk

The Board is exposed to foreign exchange rate risk through some customers who are billed on foreign currencies. The Board manages any material direct exposure to foreign exchange rate risk by entering used fixed exchange rate to significant customers. However, this exposure does not result in a significant risk as foreign currency assets and liabilities are normally settled within a fairly short time.

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 Board does not have long-term deposits or borrowings, therefore statement of financial performance and operating cash flows are not highly affected by changes in market interest rates.

Capital risk management

The primary objective of managing the Board's capital is to ensure that there is sufficient cash available to support the Board's funding requirements, including capital expenditure, to ensure that the Board remains financially sound. The Board manages its capital by ensuring surplus is created through monitoring of expenditure so that reserve can be available to meet the capital expenditure.

5. CASH AND CASH EQUIVALENTS

	30 JUNE 2022	30 JUNE 2021
	TZS "000"	TZS "000"
Cash on hand	492	111
Cash at bank (Note a)	1,719,386	783,727
	1,719,878	783,838

Note a - Bank Balances

BOT USD & TZS Accts	57,334	136,348
CRDB Coffee Proceeds Acct No. 01J1038896702 and 02J1038998901, 02J1038998900	920,920	95,805
CRDB Other Accounts No 903, 707, 708, 709 and 710	117,046	338,383
NMB USD and TZS Account	582,676	162,691

NBC Ltd Acc No. 17103002621	41,410	50,500
	1,719,386	783,727

6. TRADE AND OTHER RECEIVABLES

	30 JUNE 2022	30 JUNE 2021 TZS "000"
Trade Receivables from Exchange Transactions	3,058,658	3,453,216
Staff Debtors	169,097	219,794
Other Receivables	648,758	904,177
Total	3,876,513	4,577,187
Less: Provision for doubtful debts	(72,764)	(72,764)
	3,803,749	4,504,423

7. INVENTORIES

General stocks	37,482	16,330
Stock of raw materials	9,157	35,848
	46,639	52,178

8. INVESTMENT PROPERTIES

The fair value of the investment properties at the end of the year have been shown below;

As at 1 July 2021	11,533,095	11,437,262
Additions during the year - Work in Progress	860,752	324,578
Depreciation	(228,745)	(228,745)
As at 30 June 2022	12,165,102	11,533,095

Investment Property is the Board's building located at Moshi Municipal in Kilimanjaro region, the building is partly held to earn rentals (Investment Property) and partly used for administrative purpose (PPE) and that, Investment property is subsequently measured at revalued amount. The Investment Property has a fair value of TZS'000 12,165,102. The rental revenue for the year ended 30 June 2022 was TZS 421,362 (2020/21: TZS 418,656).

The addition of TZS'000 860,752 as at 30 June 2022 is Work In Progress for the Board's Building which is under construction at Njedengwa Dodoma. The construction started in January 2021, of which after completion it will be TCB's investment center.

TANZANIA COFFEE BOARD (TCB)

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Motor Vehicles	Plant & Machinery	Furniture and Fixtures	Office Equipment	Total
	TZS “000”	TZS “000”	TZS“000”	TZS“000”	TZS “000”	TZS “000”	TZS “000”
Rate	0	50	5	15	5	5	
Cost / Valuation							
As at 1 July 2021	17,296,343	4,001,942	380,500	221,545	177,023	219,146	22,296,499
Additions	-	-	184,694	-	16,312	36,098	237,104
WIP: Renovation of TCB Houses	-	105,853	-	-	-	-	105,853
As at 30 June 2022	17,296,343	4,107,795	565,194	221,545	193,335	255,244	22,639,456
Accumulated Depreciation							
As at 1 July 2021	-	(850,996)	(152,200)	(23,360)	(80,396)	(119,691)	(1,226,643)
Charge for the period	-	(63,019)	(82,600)	(13,212)	(23,821)	(35,936)	(218,588)
Prior Year Adjustment	-	-	-	-	10,530	48,857	59,387
At 30 June 2022	-	(914,015)	(234,800)	(36,572)	(93,687)	(106,770)	(1,385,844)
Net book value							
As at 30 June 2022	17,296,343	3,193,780	330,394	184,973	99,647	148,475	21,253,612

	Land	Building	Motor Vehicles	Plant & Machinery	Furniture and Fixtures	Office Equipment	Total
	TZS “000”	TZS “000”	TZS“000”	TZS“000”	TZS “000”	TZS “000”	TZS “000”
Rate		50	5	15	5	5	
Cost / Valuation							
As at 1 July 2020	17,296,343	3,956,147	380,500	142,098	226,525	534,976	22,536,589
Additions	-	45,795	-	79,447	5,280	32,660	163,182
Prior Year Adjustments	-	-	-	-	(54,782)	(348,490)	(403,272)
As at 30 June 2021	17,296,343	4,001,942	380,500	221,545	177,023	219,146	22,296,499
Accumulated Depreciation			4				
As at 1 July 2020	-	(771,746)	(76,100)	(9,474)	(45,305)	(129,250)	(1,031,875)
Charge for the period	-	(79,250)	(76,100)	(13,886)	(35,091)	(40,481)	(244,808)
Prior Year Adjustment	-	-	-	-	-	50,040	50,040
At 30 June 2021	-	(850,996)	(152,200)	(23,360)	(80,396)	(119,691)	(1,226,643)
Net book value							
As at 30 June 2021	17,296,343	3,150,946	228,300	198,185	96,627	99,455	21,069,856

10. INTANGIBLE ASSET

	SAGE Evolution TZS “000”	Auction System TZS “000”	Total TZS “000”
Cost / Valuation			
At 1 July 2021	48,790	57,677	106,467
Additions	-		
Revaluation gain	-	-	-
At 30 June 2022	48,790	57,677	106,467
Accumulated Amortization			
At 1 July 2021	13,940	16,079	30,019
***Charge for the period	6,970	8,240	15,210
At 30 June 2022	20,910	24,319	45,229
Net book value			
As at 30 June 2022	27,880	33,358	61,238

	SAGE Evolution TZS “000”	Auction System TZS “000”	Total TZS “000”
Cost / Valuation			
At 1 July 2020	48,790	54,877	103,667
Additions	-	2,800	2,800
Revaluation gain	-	-	-
At 30 June 2021	48,790	57,677	106,467
Accumulated Amortization			
At 1 July 2020	6,970	7,840	14,810
***Charge for the period	6,970	8,239	15,209
At 30 June 2020	13,940	16,079	30,019
Net book value			
As at 30 June 2021	34,850	41,598	76,448

***Intangible assets have been assessed to have a finite useful lives of 7 years each. Intangible assets are amortized over the useful economic life and assessed for impairment annually whether there is any indication that the intangible asset may be impaired.

11. TRADE AND OTHER PAYABLES

	30 JUNE 2022	30 JUNE 2021
	TZS “000”	TZS “000”
Trade Creditors	193,965	196,323
***District Councils (Cess)	117,971	113,163
Other Creditors	1,086,195	481,354
	1,398,131	790,840

***District Councils cess are the levies charged by District Councils on farm gate price. Tanzania Coffee board collects the amounts on behalf of districts

12. PROVISIONS

Audit	66,420	59,400
	66,420	59,400

The amount of Audit fee provided in the financial year 2021/22 is the new audit fee proposed by the external auditor based on the man hour charge out rates issued by NBAA which are jointly agreed by the auditor and the management of the Board.

13. CAPITAL FUND

	30 JUNE 2022	30 JUNE 2021
	TZS’000	TZS’000
Authorised Share Capital:		
1,500,000 Ordinary Shares of TZS 100 each	150,000	150,000
Issued and Fully Paid Up		
1,500,000 Ordinary shares of TZS 100 each	150,000	150,000
Treasury contribution	161,332	161,332
	161,332	161,332
Total Capital Fund	311,332	311,332

14. GOVERNMENT SUBVENTION

	30 JUNE 2022	30 JUNE 2021
	TZS “000”	TZS “000”
Personnel emoluments	1,218,465	1,078,193
Other charges	-	60,632
	1,218,465	1,138,825

15. EXPORTERS CONTRIBUTION

	30 JUNE 2022	30 JUNE 2021
	TZS'000	TZS'000
Gross revenue	3,834,688	2,580,428
	3,834,688	2,580,428

16. REGULATORY REVENUE

Gross Revenue	117,143	95,405
	117,143	95,405

17. WAREHOUSE AND GODOWN REVENUE

Gross Revenue (Tanga and Dar es Salaam)	541,320	549,248
	541,320	549,248

18. CLEARING AND FORWARDING REVENUE

Gross Revenue	1,024,447	789,121
	1,024,447	789,121

19. RENTAL REVENUE

Rental Income from Public Entities	238,617	233,789
Rental Income from Private Entities	182,745	184,867
	421,362	418,656

20. REVENUE FROM COFFEE ROASTING UNIT

Gross Revenue	386,875	243,436
	386,875	243,436

Coffee Roasting Unit(CRU) is a unit within Tanzania Coffee Board which deals with promotion as well as marketing of Tanzanian roasted coffee within the country, the amount represents the total collection from this unit for the year ended 30th June 2022.

21. OTHER REVENUE

Gain/(Loss) on Exchange rate	4,617	5,468
Currency Charges Commission	103,785	92,081
Income Received from TCDTF	615,877	-
Sample charges, Local roasting, import fees and conference fees	67,661	105,432
	791,940	202,981

22. ADMINISTRATION EXPENSES

	30 JUNE 2022	30 JUNE 2021
	TZS “000”	TZS “000”
OPERATING EXPENSES		
Depreciation	218,588	244,808
Donations and Condolence	19,905	9,208
Gift and Prizes	33,182	105,135
Office consumables	75,318	78,226
Computer supplies and accessories	7,071	723
Newspapers and Magazines	2,412	16,030
Printing and photocopying	116	985
Outsourcing Costs	1,050,477	354,244
Petrol	-	120
Diesel	128,456	91,693
Conference Facilities	12,211	27,657
Internet and Email connections	25,248	26,300
Posts and Telegraphs	16,831	12,711
Courier Services	-	89
Telephone Charges to Government Entities	7,041	5,054
Telephone Charges to Private Entities	-	-
Fertilizer	8,292	-
Mobile Charges	31,178	27,753
Publicity	15,565	613
News Services Fees	-	-
Remuneration of instructors	12,467	-
Entertainment	111,737	92,828
Agricultural Chemicals	62,728	63,262
Plumbing Supplies and Fixtures	36,087	29,959
Insurance Expenses	42,771	44,160
Electrical and Other Cabling Materials	36,681	4,672
Motor Vehicles and Water Craft	53,745	54,860
Tyres and Batteries	14,041	9,527
Mechanical electrical and electronic spare parts	24,003	10,110
Computers printers, scanners and other	-	6,610
Legal Unit	-	9,254
Consultancy fees	51,399	59,363
Field allowance	63,823	21,787
Honoraria	42,605	86,317
Air travel tickets domestic	38,839	67,727
Per Diems-Domestic	665,335	485,591
Subsistence allowance	15,969	4,876
Responsibility allowance	68,589	70,431
Laboratory supplies	1,332	2,860
Special Uniforms and Clothing	2,281	4,250
Special Allowance	147,840	109,346
Telephone Allowance	4,423	4,330
Taxes Levied by another Level of Government	45,308	15,197
Sundry Expenses	9,461	1,186
Professional allowance	35,340	-
Tuition Fees	36,414	11,973

TANZANIA COFFEE BOARD (TCB)

	30 JUNE 2022	30 JUNE 2021
	TZS "000"	TZS "000"
OPERATING EXPENSES		
Books and Reference	155	1,000
Visa application fees	3,499	-
Court Attire	1,000	-
Paint and Weather Protection	5,664	-
Roofing Materials	-	453
Research and Dissertation	8,721	-
Household appliance	3,800	-
Furniture	-	69,897
Staff costs (Note 22A) below	2,265,646	1,959,403
Water Charges	33,189	23,066
Fumigation	2,798	1,775
Outsource Maintenance contract service	-	52,450
Electricity	69,270	39,197
Contribution to CF	12,500	-
Mechanical Electrical and Electronic Spare Parts	-	10,176
Laundry and Cleaning	-	200
Seedlings	675,480	539,640
Other Gas	16,878	5,453
Amortization	15,210	15,210
Depreciation of Investment Property	228,745	228,745
	6,617,664	5,218,490
STAFF COSTS (A)	30 JUNE 2022	30 JUNE 2021
	TZS "000"	TZS "000"
Acting Allowance	19,593	11,703
WCF Employer	5,113	4,555
NHIF & PSSSF employers' contribution	184,073	159,355
Gratuities	42,742	-
Extra Duty	232,591.50	195,500
Risk Allowance	900	1,650
Sitting allowance	100,355	55,320
Housing allowance	114,183	106,443
Leave Travel	9,565	86,737
Food and Refreshments	149,082	83,041
Special Foods HIV/AIDS	2,845	-
Uniforms	3,330	6,547
Medical and Dental Refunds	27,250	7,249
Staff training	-	31,640
Transport Assistance	151,767	143,837
Ground travel	102,043	48,672
Civil Servants Salaries	1,022,627	911,288
Training Materials	-	500
Moving Expenses	36,719	11,596
Non Civil Servants Contracts	60,867	93,770
	2,265,646	1,959,403

23. SELLING AND DISTRIBUTION COSTS

	30 JUNE 2022 TZS “000”	30 JUNE 2021 TZS “000”
Tents and Camp Equipment	-	2,450
Subscription Fees	50,627	36,420
Educational Radio and TV broadcasting	640	850
Exhibition Festivals and Celebrations	56,819	36,214
Air Travel Tickets foreign	70,305	-
Per Diems-Foreign	154,106	-
Rent - Office Accommodation	302,888	10,554
Agricultural Implements	1,210	-
CRU Sales Expenses	264,878	167,057
Advertising and Publication	41,856	16,610
Casual Labours	467,836	289,476
Cement Bricks and Building Materials	3,752	4,069
Warehousing	66,256	90,509
	1,481,173	654,209

24. FINANCE CHARGES

Bank Charges and Commissions	28,988	15,971
	28,988	15,971

25. OTHER EXPENSES

Audit Fees to Private Entities	61,812	54,000
Audit Fees to CAG	5,100	5,400
Director's Fees	58,000	9,000
	124,912	68,400

26. RELATED PARTIES TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. A related party relationship exists between TCB and the key management team and members of the Board of Directors.

S/N	DETAILS	30 JUNE 2022 TZS “000”	30 JUNE 2021 TZS “000”
1	Directors' fees	58,000	9,000
	Sub Total	58,000	9,000
2	Remuneration to Key Management Personnel	104,430	162,300
	Sub Total	162,430	162,300
	GRAND TOTAL	162,430	171,300

27. CAPITAL COMMITMENTS

Regulation No. 21 (2) of Budget Regulation 2015 requires unliquidated contractual commitments (LPOs) issued for Services/Goods during the year and for which delivery of goods or performance of services have not been done as at the end of financial year to be carried forward to the next financial year in which payments will be made after Goods/Services have been received.

As at 30th June 2022, the Board had unliquidated commitments (Open LPOs) for construction of Njedengwa Investment project which was not finalized by the end of the financial year 2021/2022.

28. COMPARATIVE FIGURES

Previous year's figures have been adjusted wherever considered necessary in order to make them comparable with current year's figures. Accumulated surplus/(deficit) has been adjusted due to previous years wrong classification, understatement or overstatement. The nature of the adjustments made increased or decreased the accumulated surplus/(deficit) and the respective accounting balances and transactions as shown below. Included as prior year adjustments (TZS'000 332,567) is amount related to various transactions as analysed below:

Prior Year adjustment Analysis

	30 June 2022
	TZS "000"
Overstatement of Songea District Balance	(36,916)
Adjustments of MCCCCO Balance	(15,147)
Adjustments of Inventory balance - Tanga	(6,241)
The difference between provision of audit fees and actual paid	(7,020)
Adjustment of TCDFTF Outstanding Balance	338,281
Stale Cheque HQ	4,500
Withholding Tax Adjustments	(40,348)
Consultancy fees - Njedengwa Investment Centre FY 2020/2021	16,455
Adjustments Accumulated depreciation - Furniture and fittings 2020/2021	10,530
Adjustments Accumulated depreciation - Office Equipments 2020/2021	48,857
Net effect of Account payable balance adjustments due to wrong posting in prior years	19,616
TOTAL	332,567

29. OWNER OF THE BOARD

The Government of the United Republic of Tanzania is the ultimate owner of the Tanzania Coffee Board.

30. EVENTS AFTER REPORTING PERIOD

These are events which occur between the reporting date and the date when the financial statements are approved for issue. These events may require adjustments depending on whether conditions existed at the reporting date or after the reporting date.

There were no other events after the reporting period which require adjustment or disclosure in the financial statements.

31. AUTHORIZATION FOR ISSUE

The financial statements of the Board have been authorised for issue by the Board of Directors in March 2023.

32. RECONCILIATION BETWEEN SURPLUS/DEFICIT PER STATEMENT OF BUDGET AND ACTUAL TO THAT OF STATEMENT OF FINANCIAL PERFORMANCE

The budget and the accounting bases differ. The financial statements of the Tanzania coffee Board are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. Re-casted amounts are as follows:

Item	Final Budget TZS “000”	Statement of financial Performance (A) TZS “000”	Reconciling items(B)		Statement of budget Vs actual(and cash flow statement)(A)+ or -(B) TZS “000”
			DR (+) TZS “000”	CR (-) TZS “000”	
PE	1,344,660	1,218,465	-	-	1,218,465
Own Source	9,267,900	7,117,775	4,617	217,725	7,330,883
Administration expenses	6,234,948	6,617,664	185,939	462,543	6,341,060
Selling and Distribution	4,170,912	1,481,173	-	-	1,481,173
Finance Charges	39,700	28,988	-	-	28,988
Other Expenses	167,000	124,912	59,400	66,420	117,892

Details for the reconciling items

- Non cash items Gain/(Loss) Loss on Exchange Transactions TZS ‘000 4,617 for the year under review. Net movement of receivables of TZS ‘000 217,725 during the year.

- Non cash items Depreciation of Tangible Asset Note 8 & 9 TZS'000 TZS 447,333 and amortization of Intangible Asset Note 10 TZS '000 15,210 and net effect of prior year payments and accrued expenses of TZS '000 185,939
- Movement in other expenses was caused by provision of audit fees of TZS ' 000 59,400.

33. EXPLANATION FOR THE DIFFERENCE BETWEEN BUDGET AND ACTUAL

- **Revenue**

Government Subvention the difference of TZS 126.195 Million is due to funds not received from the government.

Own Source the difference of TZS 245.259 Million is due to increase in the price of coffee in the world market. There was amount of other income of TZS 615.877 Million received from the defunct TCDTF. Also the difference is attributed to unrealistic budgeting.

Government Exchequer difference of TZS 2.4 Billion was due to funds budgeted for construction of office building at Njendengwa Dodoma not disbursed.

- **Expenditure**

The difference of TZS 79.827 Million under Administration Expenses is due to reallocation of funds for Dodoma Investment Centre as government did not release development funds.

The difference of TZS 2.689 Billion under Selling and Distribution is due to the fact that the Board could not collect adequate funds from own sources of income.

34. RECONCILIATION OF DIFFERENCES BETWEEN DEFICIT /SURPLUS ON THE STATEMENT OF FINANCIAL PERFORMANCE AND THE NET CASH FLOW FROM OPERATING ACTIVITIES

CASHFLOW FROM OPERATING ACTIVITIES

DESCRIPTION	30 JUNE 2022 AMOUNT IN TZS '000	30 JUNE 2021 AMOUNT IN TZS '000
Surplus/(Deficit) for the year	83,503	61,030
ADJUSTMENT OF NON CASH ITEMS		
Depreciation Charges for the year	447,333	473,553
Amortization of Intangible assets for the year	15,210	15,210
Gain /(Loss) on Exchange	(4,617)	(5,468)
CHANGES IN WORKING CAPITAL		
(Increase)/Decrease in Trade and Other Receivables	700,674	(53,760)
Increase/(Decrease) in Trade and other Payables	607,291	(2,656)
(Increase)/Decrease in Inventory	5,539	32,346

Increase/(Decrease) in Provisions	7,020	9,468
Net Cashflow from operating activities	1,861,953	529,723

The difference of TZS 73,752 between net cashflow from operating activities of TZS 1,861,953 in this note and that of the statement of cashflows of TZS 1,788,201 is due to unreconciled items in the Coffee Auction Proceeds Reconciliation. The unreconciled items are related to the overpayment of coffee suppliers which occurred in the year 2016/2017. The overpaid suppliers have been recategorized as receivables since then leading to effect on both receivables and payables.

35. CASH FLOW RECONCILIATION

	30 June 2022 TZS “000”	30 June 2021 TZS “000”
RECEIPTS		
35.1 OTHER OWN SOURCE REVENUE		
Regulatory Revenue	117,143	95,405
Warehouse and Godown Revenue	541,320	549,248
Clearing and Forwarding Revenue	1,024,447	789,121
Rental Revenue	421,362	418,656
Revenue from Coffee Roasting Unit	386,875	243,436
Other Revenue	791,940	202,981
Gain/(Loss) on Exchange	(4,617)	(5,468)
Add: Receivables 2020/2021	2,090,685	1,920,496
Less: Receivables 2021/2022	(1,872,960)	(2,090,685)
Total	3,496,195	2,123,190
35.2 ADMINISTRATION EXPENSES		
Administrative Expenses	6,617,664	5,218,490
Less: Amortization of Intangible Assets for the year	(15,210)	(15,210)
Less: Depreciation charge for the year	(447,333)	(473,553)
Add: Payables 2020/2021	521,249	238,215
Less: Payables 2021/2022	(335,310)	(521,249)
Total	6,341,060	4,446,693
35.3 OTHER EXPENSES		
Other Expenses	124,912	68,400
Add: Provisions 2020/2021	59,400	49,932
Less: Provisions 2021/2022	66,420	(59,400)
Total	117,892	58,932

36. PROCEEDS AND PAYMENT ON COFFEE AUCTION

Part II sect 5(2d) of the Tanzania Coffee Industry Act of 2001(revised in 2009) has given mandate to TCB to conduct coffee auctions, however the proceeds and payment relating to coffee auctions do not form part of TCB revenue and expenses hence do not qualify to be included in the statement of financial performance, since the cash, receivable and

payable balances of coffee auction affairs are managed by TCB and included in the Statement of Financial position it necessitate that cash balance, proceeds and payment for coffee auction to be included in the Statement of Cash flow.

Table below shows coffee auction proceeds and payments:

DESCRIPTION	NOTE	30 JUNE 2022	30 JUNE 2021
RECEIPTS (A)		TZS '000	TZS '000
Coffee Proceeds received from Coffee Auction		172,289,145	124,673,120
Unreconciled items		35,079	683,559
Add: Receivable 2020/2021		2,413,738	2,530,167
Less: Receivable 2021/2022		(2,003,552)	(2,413,738)
Total		172,734,410	125,473,108
PAYMENTS (B)			
Payments for Coffee Auction		172,284,595	125,187,418
Add: Payables 2020/2021		269,591	555,281
Less: Payables 2021/2022		(1,062,821)	(269,591)
Total		171,491,365	125,473,108
Variance (A-B)		1,243,045	-
RECONCILING ITEMS			
Bank Balance (900)		175,787	79,723
Bank Balance (901)		101,395	7,914
Recoveries through DPP		322,544	-
CRDB Coffee Proceeds - Kagera Auction		643,319	-

***The unreconciled items of TZS 35,079,000 are unreconciled proceeds from coffee auction sales. The unreconciled items are related to the overpayment of coffee suppliers which occurred in the year 2016/2017. The overpaid suppliers have been recategorized as receivables since then leading to effect on both receivables and payables.