



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



TANZANIA COFFEE BOARD (TCB)

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023**



Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200,
Fax: 255 (026) 2117527,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

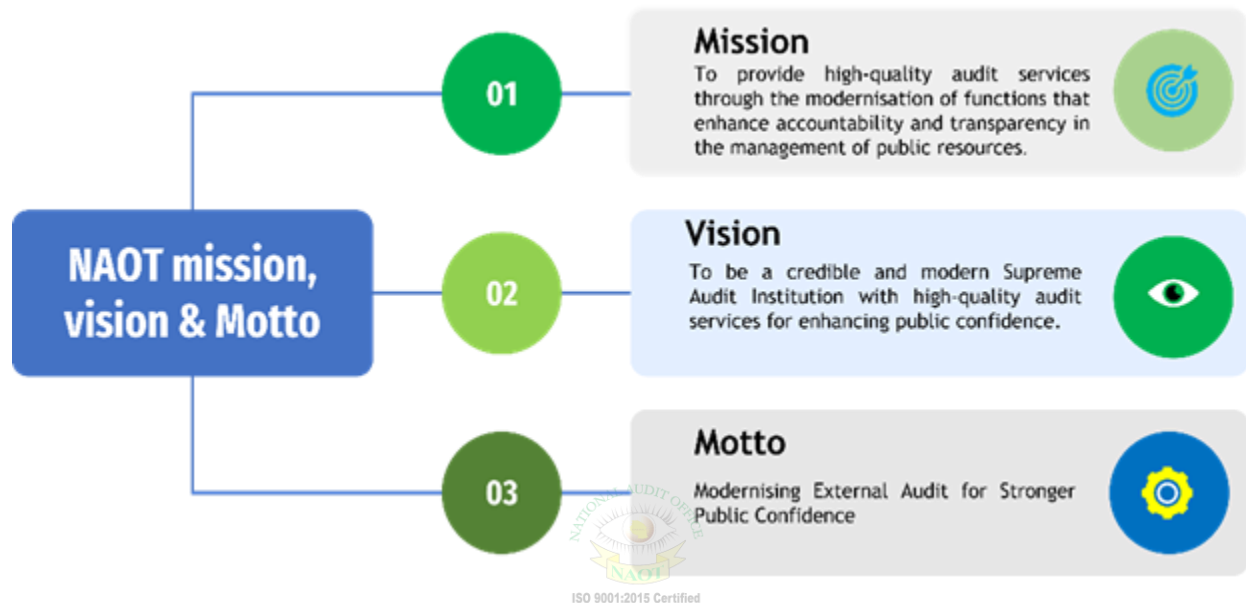
March 2024

AR/PAD/TCB/2022/23

About the National Audit Office

Mandate

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



Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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Abbreviations

CAG	Controller and Auditor General
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
ISSAIs	International Standard of Supreme Audit Institutions
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
PAA	Public Audit Act
PE	Personal Emoluments
PPA	Public Procurement Act
PPE	Property, Plant and Equipment
PPR	Public Procurement Regulations
PSSSF	Public Service Social Security Fund
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

Chairman of the Board,
Tanzania Coffee Board,
P.O. Box 732
Kilimanjaro,
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 2023, 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 2023, 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.

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Report of Those Charged with Governance, statement of directors’ responsibilities and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor’s report.

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 [R.E 2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on the procurement of works, goods, and services in the TCB for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

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

Irregular approval of LPO No 3711 involved TZS34, 220,000

I noted that LPO No 3711 of TZS 34,220,000 issued on 28 March 2023 for Supply of 1450M2 Paving Blocks for Dodoma Building was not appropriately approved by the tender board as the circular resolution with ref no TCB/TB/Circular/2022-2023/23 lacked a quorum of four members of the board out of seven. This is contrary to Sec 6(1) of the PPA, CAP 410 and regulations 58 (1&4) of the Public Procurement Regulations, 2013.



1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the TCB for the financial year 2022/23 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.

(i) Un- realistic revenue projection from the Board's own sources of revenue

I conducted a comprehensive comparison between the revenue projections and the actual collections from the budget categories. The analysis revealed significant variances, ranging from 3% to 23%, for the fiscal years 2021/22 and 2022/23, respectively. Additionally, I found that the Board did not consider the historical trend based on actual collections as the baseline for revenue projection. This contravenes Section 44(3) of the Budget Act [CAP. 439 R.E. 2020], which requires the Accounting Officer to align the budget with the annual cash flow plan issued under this section.

(ii) Irregular reallocations of budget from core activities involved TZS200, 000,000

My audit assessment of the budget performance revealed that the Board made a budget reallocation amounting to TZS 200,000,000. This reallocation was from core activities to non-core activities. For instance, TZS 200,000,000 originally allocated for coffee seedlings was redirected to building constructions. However, this contravenes Regulation 28(3)(d) of the Budget Regulations No. 11 of 2015, which stipulates that reallocation shall not be made if they involve shifting funds from core activities to non-core activities.

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

March 2024

2.0 REPORT OF THOSE CHARGED WITH GOVERNANCE FOR YEAR ENDED 30 JUNE 2023

2.1 Introduction

The Directors hereby submit their annual report together with the financial statements for the year ended 30 June 2023 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 be an outstanding Coffee Regulatory Institution in Africa.

2.4 Mission of the Board

To Create an Enabling Business Environment for Sustainable Coffee Industry Tanzania.



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 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(2) 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 Economic Planning (International Economics-Elective)	Associate Professor Trustee and Founder of Green for Education and Poverty Alleviation. Chairperson of the Board-Bondwa Secondary School. Project Leader -Green for Education and Poverty Alleviation project in Kagera Region.	20 April 2021
2.	Mr. Edson M. Rugaimukamu	Member Representative Western Zone	Tanzanian	54	Master of Business Administration Degree. CPA, ACPA.	General Manager-KCU	20 April 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.	20 April 2021
4.	Gotham Filipo Haule	Member Representative Southern Zone	Tanzanian	64	Diploma in General Agriculture.	Member-Mwekela AMCOS.	20 April 2021
5.	Mr. Timson Nzunda	Member Representative Tanzania Coffee Association -TCA	Tanzanian	54	Advanced Diploma in Economic Planning.	Director Lima Kwanza Ltd Chairman -TCA	20 April 2021
6.	Mr. Neel	Member	British	40	MSc. Investment	Director-Finagro	20 April 2021

S/N	Name	Position	Nationality	Age	Qualifications	Representative Organization	Date Appointment
	Vohora	Representative Tanzania Coffee Growers Association-TCGA.			Management BEng Hons Chemical Engineering.	Plantation & Edelweiss Estate Ltd Oldeani	
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	20 April 2021
8.	Bahati Ludhabihw Mwilo	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.	20 April 2021
9.	Chimagu E. Nyasebwa	Representative From Government /Ministry of Agriculture.	Tanzanian	44	MSc Economics	Director Of Crop Development.	20 April 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 2020/21, the board held four (4) Ordinary meetings during the year under review and there was no extraordinary meeting. The Board approved various decisions including deliberating and approving the annual procurement plan and budget for the financial year 2022/23 and issued directives on various matters

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 2021/22 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.	Tanzanian
2	Bahati L. Mlwilo	Member - Active	Master of Business Administration. -MSC International Coffee Economics and Science.	Tanzanian
3	Tinson T. Nzunda	Member - Active	Advanced Diploma in Economic Planning.	Tanzanian
4	Ms. Engerasia Mongi	Secretary - Active	Head of Legal Unit - TCB	Tanzanian

b) Meetings of the Board Audit Committee

Board Audit Committee held four (4) meeting in the financial year 2022/23

Function of the Audit Committee

- 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 2020/21-2024/25 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 2022/23

In the implementation of the financial year 2022/23, the Coffee Board set priorities to strengthen coffee production and productivity, stabilizing coffee price fluctuation and improving the business environment of the coffee sector. Coffee production and productivity have continued to increase and reached 82,491 tons equal to an increase of

23.4 percent from 66,837 tons for the year 2021/22. This level is the largest level of production from Tanzania to get independence.

A total of 17,866,980 quality coffee seedlings have been produced out of the expected 20,000,000 seedlings, equal to 89.3 percent of the set goals. 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. In addition, the Coffee Board improved the marketing system for Robusta and hard Arabica coffees and managed to attract 68 coffee buyers. The training given to farmers has also led to an increase in the quality of coffee by 18.72% and in CPU processed Arabica coffees by 68%.

For the same financial year, the amount of foreign currency earned from coffee increased by 15.4% from USD 204,194,355.45 to USD 235,636,163 of the total coffee sales. This was contributed by the raised of the coffee world market price and the improved coffee quality compared with the last year. Farmers were also received an average of TZS5,500 to 6,000 per Kg for Arabica coffee and TZS 2,000 - 2,300 for a kg of Robusta coffee which were the highest average price receive for the past ten years. The marketing system was also flourished 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 flourished whereby engagement of the stakeholders in different aspect such meetings was increased. This increased the trust of the stakeholders to the coffee board.

The planned activities and implementation of other strategic objectives for the financial 2022/23 were as follows;

Sn	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, 2023	A training on HIV/AIDS was conducted and 66 staff attended out of 70 staff which is equivalent to 94% of the set target.	Some of the staff were on annual leave and other travelled on official duties and thus, failed to attend the training
		Awareness to TCB staffs on the National Anticorruption Strategy is increased by June ,2023	Awareness of the National Anticorruption strategy was carried out to all staff and no new corruption cases were reported for the year 2022/23.	The target was reached
2	Business Environment of the coffee sector is enhanced	Engagement of key coffee stakeholders in decision making is increased to 90% by June 2023	The number of stakeholders meetings conducted were 7 equivalents to 175% of the target of conducting 4 meetings annually.	The target was achieved
3	Production and are productivity enhanced	Increase Coffee Production from 66,837 Tons to 120,000 Tons by June, 2023	Coffee production and productivity has continued to increase and reached 82,491 tons equal to an increase of 23.4 percent from 66,837 tons for the year 2021/22.	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, 2023	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	Number of contracts farming were increased by 5% compared to the previous year and the number of	Increased coffee stakeholders' contribution due to

TANZANIA COFFEE BOARD (TCB)

Sn	Objective	Target	Implementation Report	Remarks/Reason
		development projects by June 2023	development project implemented by development partners remained at 7 the same as last financial year.	increase in coffee prices.
4	Efficiency of TCB to deliver services improved	Competence of the Board in providing services is increased by June 2023	The construction of the Dodoma building has been completed 100 percent.	The target was achieved
5	TCB adhere to Good Governance Practices	Compliance of TCB to statutory guidelines, rules and Policies is observed by June, 2023	Four (4) Board Directors Meetings were conducted equivalent to 100% of the targeted 4 meetings.	The target was achieved
		TCB workers' rights and good working conditions are adhered by June, 2023	Two (2) Workers Council Meetings and four staff meetings were conducted equivalent to 100% of the planned target of 6 meetings	The target was achieved
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, 2023	A total of 102 cooperatives have been trained to build their capacity in marketing and production equivalent to 128% of the set target of training 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, 2023	The marketing system has been improved by starting an online auction and increasing new buyers up to 68 buyers	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 increased from 35% to 45% by June, 2023	Quality has improved by 28.72% and CPU processed coffee has reached 68%	Shortage of water for coffee processing hinders the TCB to reach its target
		Exportation of roasted coffee is Increased from 7% to 10% by June, 2023	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, 2023	The board participated in 7 local and 2 international coffee conferences and exhibitions which is equivalent to 75% 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 2023	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 2023	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 2023	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 2022/23

- (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 coffee raw materials processing;

(iv).in adequate fund to finance development activities as per the strategic plan

2.12 Future Strategies to overcome the challenges

i) Ensure Competitive Price

Realization of fair price through increased coffee quality, certification, value addition, and 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, and 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 analysed 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	High	High	Audited financial statement	Allocation of Approved Funds	Develop and submit budget on time

Stakeholder	Interest	Power	Stakeholder's needs	TCB needs	Strategies, Initiatives and Resources
Planning			Annual Budget and Plans Effective utilisation of resources Contribute to National development plans Adherence to National Budgetary guidelines.		Preparing and Submitting proposals for development funds
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 2023 the Board has a net surplus of TZS 36.98 million compared to a net surplus of TZS 79.97 million made during the year ended 30 June 2022. The decrease in performance resulted mainly from increase of the operational and administrative costs including depreciation expenses.

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 2023, 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 9.29 billion from both exchange and non-exchange transactions. The revenue has increased by 11.44% from the revenue recorded in the previous year (2022: TZS8.34 billion) 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 10.76% from TZS 8.25 billion (30 June 2022) to TZS 9.2 billion (30 June 2023). 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 decreased by 46.23% from TZS 79,973,000 (30 June 2022) to a net surplus of TZS 36,975,000 (30 June 2023). The decrease is mainly contributed by the increase of the operational and administrative costs including depreciation expenses as mentioned above.

Statement of Financial Position

- During the year total assets of the Board increased by 21.89% from TZS 39.05 billion (30 June 2022) to TZS 50.01 billion (30 June 2023). The increase is mainly due to increase of farmers' coffee development fund resulted from Kagera online auction.
- The current ratio has decreased to 1.31 (30 June 2023) from 3.98 (30 June 2022) same to the quick ratio which has decreased to 1.30 (30 June 2023) from 3.95 (30 June 2022). 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 2023 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 control 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 1 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 2023. 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 20.27 million for the staff trainings compared to TZS 36.41 million which was spent in the year 2021/22. 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 17.75 million to cover staff medical expenses compared to TZS 27.25 million that was used during the year 2021/22.

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 69 out of which 47 were Male and 22 were female compared to 70 employees out of which 48 were Male and 22 were female (2021/22).

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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 2023 has been shown on Note 26.

2.27 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 9.43 million (2021/22: 16.65 million).

2.28 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.

2.29 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.

2.30 Statutory auditors

The Controller and Auditor General (CAG) is the sole Auditor of the financial statements ended June 2023 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.

BY ORDER OF THE BOARD OF DIRECTORS

Prof. Aurelia Kamuzora
Chairperson of the Board

Date

Primus Kimaryo
Director General

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, **Peter John Mollel** 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 2023 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. ACPA 2175

Date:.....

5.0 FINANCIAL STATEMENTS

5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	2022/23	RESTATED 2021/22
		TZS “000”	TZS “000”
ASSETS			
Current Assets			
Cash and Cash equivalents	5	8,371,690	1,719,878
Trade and Other Receivables	6	7,333,766	3,803,749
Inventories	7	75,983	46,639
Total Current Assets		15,781,439	5,570,266
Non-Current Assets			
Investment Property	8	12,543,793	12,165,102
Property, Plant and Equipment	9	21,639,953	21,250,082
Intangible Asset	10	46,029	61,238
Total Non-Current Assets		34,229,775	33,476,423
Total Assets		50,011,214	39,046,688
LIABILITIES			
Current Liabilities			
Trade and Other Payables	11	12,015,861	1,398,131
Provisions	12	10,320	66,420
Total liabilities		12,026,181	1,464,551
Net Assets		37,985,033	37,582,137
NET ASSETS / EQUITY			
Capital Fund	13	311,332	311,332
Accumulated surplus		37,673,701	37,270,805
Net assets/ Equity		37,985,033	37,582,137

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

Prof. Aurelia Kamuzora
Chairperson of the Board

Primus Kimaryo
Director General

5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

Revenue		2022/23	RESTATED 2021/22
Revenue from Non- exchange Transactions	Notes	TZS “000”	TZS “000”
Government Subvention	14	1,811,444	1,218,465
Exporters Contribution	15	4,105,739	3,834,688
Regulatory Revenue	16	106,787	117,143
		6,023,970	5,170,296
Revenue from Exchange Transactions			
Warehouse	17	669,823	541,320
Clearing and forwarding	18	1,596,219	1,024,447
Rental	19	459,550	421,362
Coffee Roasting Unit (CRU)	20	225,295	386,875
Other Revenue	21	314,773	791,940
		3,265,660	3,165,944
Total Revenue		9,289,630	8,336,240
Expenses:			
Administration Expenses	22	7,413,947	6,621,194
Selling and Distribution	23	1,735,089	1,481,173
Finance Charges	24	39,619	28,988
Other Expenses	25	64,000	124,912
Total Expenses		9,252,655	8,256,267
Surplus for the year		36,975	79,973

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

Prof. Aurelia Kamuzora
Chairperson of the Board

Primus Kimaryo
Director General

5.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Capital Fund TZS “000”	Accumulated Surplus TZS “000”	Total TZS “000”
Year ended 30 JUNE 2023				
As at 1st July 2022		311,332	37,270,805	37,582,137
Surplus for the year		-	36,975	36,975
Prior year adjustment	28		365,921	365,921
As at 30 June 2023		311,332	37,673,701	37,985,033
As at 1st July 2022		311,332	36,858,265	37,169,597
Surplus for the year		-	79,973	79,973
Prior year adjustment			332,567	332,567
Adjustment of Revaluation gain	28	-	-	
As at 30 June 2022		311,332	37,270,805	37,582,137

Prof. Aurelia Kamuzora
Chairperson of the Board

Primus Kimaryo
Director General



5.4 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

		2022/023	2021/22
		TZS “000”	TZS “000”
Cash flows from operating activities			
Gross Receipts			
Government Subvention (PE & OC)	14	1,811,444	1,218,465
Cash received on fees, refunds, licences and commissions	35.1	3,844,202	3,496,195
Exporters Contribution	15	4,105,739	3,834,688
Cash received from coffee auction	36	202,308,405	172,699,331
Total Receipts		212,069,790	181,248,679
Gross Payments			
Payments for administrative expenses	35.2	(6,612,044)	(6,341,060)
Payments for selling and distribution expenses	23	(1,735,089)	(1,481,173)
Finance Cost	24	(39,619)	(28,988)
Other expenses	35.3	(120,100)	(117,892)
Payments for coffee auction	36	(196,176,912)	(171,491,365)
Total Payments		(204,683,764)	(179,460,478)
Net cash flows from operating activities		7,386,027	1,788,201
Cash flows from investing activities			
Acquisition of PPEs	8&9	(734,215)	(852,161)
Net cash outflows in investing activities		(734,215)	(852,161)
		6,651,812	936,040
Cash flows from financing activities			
Cash repayments of amounts borrowed			-
Net increase/(decrease) in cash and cash equivalents		6,651,812	936,040
Cash and Cash equivalents:			
At start of the year		1,719,878	783,838
Net foreign exchange differences			-
At end of the year	5	8,371,690	1,719,878

Prof. Aurelia Kamuzora
Chairperson of the Board

Primus Kimaryo
Director General

5.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	Original	Final	Actual	Variance	Variance%
	TZS'000	TZS'000	TZS'000	TZS'000	
REVENUE	TZS	TZS	TZS	TZS	
Government subvention (PE, OC & Devo)	2,757,073	2,757,073	1,811,444	945,629	34%
Own Sources	6,074,214	6,074,214	7,949,941	(1,875,727)	-31%
Total Revenue	8,831,287	8,831,287	9,761,385	(930,098)	-11%
EXPENSES					
Administration Expenses	6,966,252	6,966,252	6,612,044	354,208	5%
Selling and distribution	1,724,635	1,724,635	(1,735,089)	10,454	-61%
Finance Charges	55,200	55,200	39,619	15,581	28%
Other Expenses	85,200	85,200	(120,100)	34,900	-41%
Total Expenses	8,831,287	8,831,287	8,506,852	324,435	

Prof. Aurelia Kamuzora
Chairperson of the Board

Primus Kimaryo
Director General

5.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 AND DISCLOSURES

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 was 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-IPSAS 17

All categories of property, plant and equipment are initially recorded at historical cost. Subsequently, the assets are stated at historical cost, less accumulated depreciation and accumulated impairment in value.

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.

Depreciation

TCB has adopted a straight/ line method for depreciation of Public Assets which is allocated systematically over the useful life of the respective assets as issued in Government Asset Guideline on 10 December 2012 and updated information on the minute sheet from DGAM with Ref. No. KA.32/370/01/96 dated 16 August 2017 and the accounting policies applicable. The depreciable amount of an asset shall be allocated on a systematic basis over its estimated useful life. The prevailing International Standard for depreciation shall be applied over the useful life of the assets. Depreciation is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful lives as follows: -

Asset category	Rate p.a.
Land	0.0%
Buildings	2.0%
Computer and Desktop and laptops	25.0%
Equipment	20.0%
Furniture	20.0%
Motor vehicle light duty (below 5 tones)	20.0%

Depreciation is charged on assets from the date when available for use and that depreciation of an asset shall cease when the asset is derecognized.

Major Renovations

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Carrying Amount

Property, plant and equipment are reviewed whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Disposal

Gains or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the statement of financial performance.

Capital work in progress

Work-in-progress consists of the cost of assets, labour and other costs associated with property, plant and equipment being constructed by the University. Once the asset becomes operational, the related costs are transferred from work-in-progress to the appropriate asset category and start to be depreciated.

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

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the 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 comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Tanzania and at various commercial banks at the end of the financial year. For the purposes of these financial statements, undeposited collections and advances if any to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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.

i. Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by TCB

During the period under review, TCB had both operating and/or financial relationship with Government entities including the Treasury. TCB also worked with other Government institutions including, the Cotton Board, Tanzania Electric Supply Company Ltd, Moshi Urban water supply and sanitation Authority (MUWSA), the Government Procurement Services Agency (GPSA), Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA), and SUMA JKT involved in construction of the Board Building in Dodoma TaCRI.

ii. Individuals owning, directly or indirectly, an interest with TCB that gives them significant influence over TCB

TCB is a public institution wholly owned by the Government and therefore there is no individual owning the institution either directly or indirectly. The Government has commissioned the affairs of TCB to the TCB board of Directors which manages the daily activities through the Key Management personnel including, the Director General, the Director of Coffee Quality and Promotion, Director Coffee Development and Director of Corporate Services.

iii. Key management personnel, and close members of the family of key management personnel

TCB encourages employment of key management personnel on merit and shun away from favouritism or nepotism.

The key management personnel include the Members of the Board, the Director General, the Director Coffee Quality and Promotion, Director Coffee Development and Director Corporate Services. During the year under review, the remuneration of the key management personnel amounted to TZS 171,320 million (2022: TZS 162,430 million). The key management personnel had no loans with either TCB or commercial banks. The remuneration with the personnel is as shown in the table below: -

Table 3: Remuneration of the key management personnel for the year 2022/23

	2022/23	2021/22
	TZS	TZS
	"000"	"000"
Salaries and allowances	107,320	104,430
Pension		
Directors' Fees	64,000	58,000
Total	171,320	162,430

(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 2023 was as follows:

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Bank Balances	8,371,690	1,719,787
Trade and Other Receivables	7,333,766	3,803,749
Maximum exposure to credit risk	15,705,456	5,523,536

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		5,346,916	-	780,220	1,906,630
At 30 June 2022					
Trade and other receivables		1,298,935	-	645,956	1,858,858-

(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 2023

	<i>Less than 1 year</i> TZS'000	<i>Above 1 year</i> TZS'000
At 30 June 2023		
Borrowings	-	-
Trade and other payables	11,430,209	585,652
At 30 June 2022		
Trade and other payables	966,134	431,997

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.

5.7 NOTES TO THE FINANCIAL STATEMENTS**5. CASH AND CASH EQUIVALENTS**

	30 June 2023	30 June 2022
	TZS "000"	TZS "000"
Cash on hand	1,054	492
Cash at bank (Note a)	8,370,636	1,719,386
	<u>8,371,690</u>	<u>1,719,878</u>
Note a - Bank Balances		
BoT USD & TZS Accts	97,394	57,334
CRDB Coffee Proceeds Acct No. 01J1038896702, 02J1038998900, and 02J1038998901	1,726,705	920,920
CRDB Other Accounts No 903, 707, 708, 709 and 710	347,782	117,046
NMB USD and TZS Account	6,184,627	582,676
NBC Ltd Acc No. 17103002621	14,127	41,410
	<u>8,370,636</u>	<u>1,719,386</u>

6. TRADE AND OTHER RECEIVABLES

	30 June 2023	30 June 2022
	TZS "000"	TZS "000"
Trade Receivables from Exchange Transactions	4,524,858	3,058,658
Staff Debtors	175,905	169,097
Other Receivables	2,705,767	648,758
Total	<u>7,406,530</u>	<u>3,876,513</u>
Less: Provision for doubtful debts	<u>(72,764)</u>	<u>(72,764)</u>
	<u>7,333,766</u>	<u>3,803,749</u>

7. INVENTORIES

	30 June 2023	30 June 2022
	TZS "000"	TZS "000"
General Stocks	63,107	37,482
Stock of raw materials	12,876	9,175
Adjustment		
	<u>75,983</u>	<u>46,639</u>

8. INVESTMENT PROPERTIES

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

	30 June 2023	30 June 2022
	TZS “000”	TZS “000”
As at 1st July 2022	12,165,102	11,533,095
Additions during the year - work in progress	607,437	860,752
Adjustment		
Depreciation	(228,745)	(228,745)
As at 30 June 2023	12,543,793	12,165,102

Investment Property is the Board’s building located at Moshi Municipal in Kilimanjaro region and a warehouse located in Tanga, the building at Moshi Municipal 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 12,543,793. The rental revenue for the year ended 30 June 2023 was TZS 459,550 (2021/22: TZS 421,362).

The addition of TZS 607 million as at 30 June 2023 is Work in Progress for the Board’s Building and a coffee shop which is under construction in Dodoma.



TANZANIA COFFEE BOARD (TCB)

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Motor Vehicles	Plant & Machinery	Furniture's and Fixtures	Office Equipment	Computer	Total
	TZS "000"	TZS "000"	TZS"000"	TZS"000"	TZS "000"	TZS "000"	TZS "000"	TZS "000"
2023								
Rate/ Useful Life	0	50.00	5.00	15.00	5.00	5.00	4	
Cost / Valuation								
At 1 st July 2022	17,296,343	4,107,795	565,194	221,545	193,335	170,034	85,220	22,690,311
Additions					18,749	58,078	49,951	126,778
Addition - non cash	50,855	426,960						477,815
Adjustments								
WIP: Renovation of TCB Houses								
At 30 June 2023	17,347,198	4,534,756	565,194	221,545	212,084	228,112	135,161	23,244,050
Accumulated Depreciation								
At 1 July 2022	-	(914,015)	(234,799)	(36,573)	(93,689)	(88,996)	(21,303)	(1,389,374)
Charge for the period	-	(72,415)	(66,079)	(14,770)	(20,659)	(37,448)	(3,353)	(214,723)
Adjustments								
At 30 June 2023	-	(986,430)	(300,878)	(51,343)	(114,347)	(126,444)	(24,655)	(1,604,097)
Net book value								
As at 30 June 2023	17,347,198	3,548,326	264,316	170,202	97,737	101,668	110,505	21,639,953
	Land	Building	Motor Vehicles	Plant & Machinery	Furniture's and Fixtures	Office Equipment's	Computer	Total
	TZS "000"	TZS "000"	TZS"000"	TZS"000"	TZS "000"	TZS "000"	TZS "000"	TZS "000"
2022								
Rate/ Useful Life	0	50.00	5.00	15.00	5.00	5.00	4	
Cost / Valuation								
At 1 st July 2021	17,296,343	4,001,942	380,500	221,545	177,023	133,936	85,210	22,296,499
Additions	-		184,694		16,312	36,098		237,103
Revaluation gain	-	-		-	-	-		-
Adjustments								
WIP: Renovation of TCB Houses		105,853						105,853
At 30 June 2022	17,296,343	4,107,795	565,194	221,545	193,335	170,034	85,210	22,639,456
Accumulated Depreciation								
At 1 July 2021	-	(850,996)	(152,200)	(23,360)	(80,396)	(119,691)		(1,226,643)
Charge for the period	-	(63,019)	(82,599)	(13,212)	(23,821)	(18,164)	(21,303)	(222,118)
Adjustments					10,529	48,858		59,386
At 30 June 2022	-	(914,015)	(234,800)	(36,572)	(93,689)	(88,996)	(21,303)	(1,389,374)
Net book value								
As at 30 June 2022	17,296,343	3,193,780	330,394	184,973	99,647	81,037	63,908	21,250,082

TANZANIA COFFEE BOARD (TCB)

10. INTANGIBLE ASSET

	SAGE Evolution	Auction System	Total
	TZS “000”	TZS “000”	
2022-2023			
Rate/ Useful Life	7	7	
Cost / Valuation			
At 01 July 2022	48,790	57,677	106,467
Additions			
At 30 June 2023	48,790	57,677	106,467
Accumulated Amortization			
At 01 July 2022	20,910	24,319	45,229
Charge for the period	6,970	8,240	15,210
At 30 June 2023	27,880	29,820	60,438
Net book value			
As at 30 June 2023	20,910	25,119	46,029
	SAGE Evolution	Auction System	
	TZS “000”	TZS “000”	
2021-2022			
Rate/ Useful Life	7	7	
Cost / Valuation			
At 01 July 2021	48,790	57,677	106,467
Additions	-	-	-
Revaluation gain	-	-	-
At 30 June 2022	48,790	57,677	106,467
Accumulated Amortization			
At 01 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

***Intangible assets have been assessed to have a finite useful life 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 2023	30 June 2022
		TZS “000”
Trade Creditors	1,915,769	193,965
District Councils (Cess)	266,053	117,971
Other Creditors	9,834,039	1,086,195
	<u>12,015,861</u>	<u>1,398,131</u>

***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

	30 June 2023	30 June 2022
	TZS “000”	TZS “000”
Audit	10,320	66,420
	<u>10,320</u>	<u>66,420</u>

13. CAPITAL FUND

	30 JUNE 2023	30 JUNE 2022
	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
	<u>161,332</u>	<u>161,332</u>
Total Capital Fund	<u>311,332</u>	<u>311,332</u>

14. GOVERNMENT SUBVENTION

	30 June 2023	30 June 2022
	TZS “000”	TZS “000”
Personal Emoluments	1,511,444	1,218,465
Capital Development Grant	300,000	
	<u>1,811,444</u>	<u>1,218,465</u>

15. EXPORTERS CONTRIBUTION

	30 JUNE 2023	30 JUNE 2022
	TZS “000”	TZS “000”
Export fee De	3,479,115	2,573,344
Export fee -Auction	626,624	1,261,344
	4,105,739	3,834,688

16. REGULATORY REVENUE

	30 June 2023	30 June 2022
	TZS “000”	TZS “000”
Tanga Branch	41,627	22,403
Dar es Salaam Branch	65,160	94,740
	106,787	117,143

17. WAREHOUSE AND GODOWN REVENUE

	30 June 2023	30 June 2022
	TZS “000”	TZS “000”
Tanga Branch	329,390	244,680
Dar es Salaam Branch	340,433	296,640
	669,823	541,320

18. CLEARING AND FORWARDING REVENUE

	30 June 2023	30 June 2022
	TZS “000”	TZS “000”
Tanga Branch	216,869	95,804
Dar es Salaam Branch	1,379,350	928,643
	1,596,219	1,024,447

19. RENTAL REVENUE

	30 June 2023	30 June 2022
	TZS “000”	TZS “000”
Rental Income - From Private Entities	233,601	238,617
Rental Income - From Government Entities		
• Medical Stire Department(MSD)	225,949	182,745
	459,550	421,362

20. REVENUE FROM COFFEE ROASTING UNIT

30 June 2023	30 June 2022
TZS “000”	TZS “000”

TANZANIA COFFEE BOARD (TCB)

Ghahawa	135,177	232,125
Tancafe	90,118	154,750
	<u>225,295</u>	<u>386,875</u>

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 30 June 2023.

21. OTHER REVENUE

	30 JUNE 2023	30 JUNE 2022
	TZS “000”	TZS “000”
Gain/ (Loss) on Exchange rate	13,417	4,617
Curing Charges Commission	85,670	103,785
Income Received from TCDTF	155,263	615,877
Sample charges, Local roast, import fees and conference fees	60,423	67,661
	<u>314,773</u>	<u>791,940</u>

22. ADMINISTRATION EXPENSES

	30 JUNE 2023	30 JUNE 2022
	TZS “000”	TZS “000”
Depreciation	214,723	222,118
Donations and Condolence	9,432	19,905
Gift and Prizes	36,138	33,182
Office consumables	150,442	75,318
Computer supplies and accessories	39,373	7,071
Newspapers and Magazines	2,078	2,412
Printing and photocopying	6,841	116
Outsourcing Costs	1,523,804	1,050,477
Petrol	2,288	
Diesel	179,531	128,456
Conference Facilities	7,428	12,211
Internet and Email connections	36,416	25,248
Posts and Telegraphs	16,998	16,831
Telephone Charges to Government Entities	2,764	7,041
Fertilizer	7,800	8,292
Mobile Charges	31,848	31,178
Publicity	3,072	15,565

TANZANIA COFFEE BOARD (TCB)

Remuneration of instructors	18,209	12,467
Entertainment	95,898	111,737
Agricultural Chemicals	399	62,728
Plumbing Supplies and Fixtures	44,287	36,087
Insurance Expenses	52,949	42,771
Electrical and Other Cabling Materials	12,021	36,681
Motor Vehicles and Water Craft	63,675	53,745
Tyres and Batteries	18,115	14,041
Mechanical electrical and electronic spare parts	17,529	24,003
Computer's printers' scanners and other	4,587	
Legal Unit	856	
Consultancy fees	35,220	51,399
Field allowance	110,904	63,823
Honoraria	120,760	42,605
Air travel tickets domestic	57,254	38,839
Per Diems-Domestic	788,741	665,335
Subsistence allowance	42,048	15,969
Responsibility allowance	85,438	68,589
Laboratory supplies		1,332
Special Uniforms and Clothing	9,050	2,281
Special Allowance	374,247	147,840
Telephone Allowance		4,423
Taxes Levied by another Level of Government	48,170	45,308
Sundry Expenses	8,455	9,461
Professional allowance	75,065	35,340
Tuition Fees	7,428	36,414
Books and Reference		155
Visa application fees	589	3,449
Court Attire	500	1,000
Paint and Weather Protection		5,664
Roofing Materials	8,021	
Research and Dissertation	3,500	8,721
Household appliance	3,800	3,800
Furniture		
Staff costs (Note 20a)	2,672,816	2,265,646
Water Charges	40,160	33,189
Fumigation	60	2,798
Outsource Maintenance Contract Services		-
Electricity	73,245	69,270

TANZANIA COFFEE BOARD (TCB)

Contribution to CF		12,500
Mechanical Electrical And Electronic Spare Parts		
Laundry and Cleaning	984	
Seedling	-	675,480
Other Gas	4,036	16,878
Amortization	15,210	15,210
Depreciation of Investment property	228,745	228,745
	7,413,947	6,621,194

(a) STAFF COSTS	30 JUNE 2023	30 JUNE 2022
	TZS "000"	TZS "000"
Acting Allowance	31,596	19,593
WCF Employer		5,113
NHIF & PSSSF employers' contribution	230,620	184,073
Gratuities	1,854	42,742
Extra Duty	286,340.50	232,591.50
Risk Allowance		900
Sitting allowance	94,828	100,355
Housing allowance	141,604	114,183
Leave Travel	22,938	9,565
Food and Refreshments	161,664	149,082
Special Foods HIV/AIDS	100	2,845
Uniforms	6,884	3,330
Medical and Dental Refunds	17,752	27,250
Training Allowances	13,005	
Transport Assistance	197,480	151,767
Ground travel	114,478	102,043
Civil Servants Salaries	1,281,006	1,022,627
Training Materials	3,766	
Moving Expenses	20,115	36,719
Non-Civil Servants Contracts	46,786	60,867
	2,672,816	2,265,646

23. SELLING AND DISTRIBUTION COSTS

	30 JUNE 2023	30 JUNE 2022
	TZS "000"	TZS "000"
Subscription Fees	47,676	50,627
Subscription to other International Institutions	170,147	

TANZANIA COFFEE BOARD (TCB)

Educational Radio and TV broadcasting		640
Exhibition Festivals and Celebrations	95,613	56,819
Air Travel Tickets foreign	49,097	70,305
Per Diems-Foreign	73,395	154,106
Rent - Office Accommodation	14,770	302,888
Agricultural Implements	131,862	1,210
CRU Sales expenses	189,153	264,878
Advertising and Publication	12,470	41,856
Casual Labours	642,013	467,836
Cement Bricks and Building Materials	73,239	3,752
Warehousing	235,654	66,256
	1,735,085	1,481,173

24. FINANCE CHARGES

	30 JUNE 2023 TZS "000"	30 JUNE 2022 TZS "000"
Bank Charges and Commissions	39,619	28,988
	39,619	28,988

25. OTHER EXPENSES



	30 JUNE 2023 TZS "000"	30 JUNE 2022 TZS "000"
Audit Fees Paid to Private Entities	-	61,812
Audit Fees Paid to CAG	-	5,100
Audit supervision expenses	-	-
Director's Fees	64,000	58,000
	64,000	124,912

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.

	30 JUNE 2023 TZS "000"	30 JUNE 2022 TZS "000"
Directors' fees	64,000	58,000
Sub Total	64,000	9,000
Remuneration to Key Management Personnel	107,320	104,430
Sub Total	171,320	162,430
Grand Total	171,320	162,430

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 30 June 2023, the Board had unliquidated commitments (Open LPOs) for construction of Njedengwa Investment project which was not finalized by the end of the financial year 2022/23.

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 year's wrong classification, understatement or te. 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 365,921 million is amount related to various transactions as analysed below:

Prior Year adjustment Analysis



	30 June 2023
	TZS "000"
Recognition of House surrendered by defendants as part of a plea bargain arrangement between DPP and defendants -DPP	357,600
Withholding Tax adjustments	(28,276)
Nett effect of account receivable balance adjustments due to wrong posting of prior years	(39,666)
Recognition of property located at Ileje District -Mbeya which was previously omitted due to ownership issues.	69,360.06
Recognition of Land Ileje District - Mbeya which was previously omitted due to ownership issues.	6,905
	365,921

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 2024.

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,OC&DEVO	2,757,073	1,811,444		-	1,811,444
Own Source	6,074,214	7,478,186	471,755		7,949,941
Administration expenses	6,966,252	7,435,282		801,903	6,612,044
Selling and Distribution	1,724,635	1,735,089		0	1,735,089
Finance Charges	55,200	39,619	0	0	39,619
Other Expenses	85,200	64,000	66,420	10,320	120,100

Details for the reconciling items

- Non-cash items Gain/ (Loss) Loss on Exchange Transactions TZS 13,417 million for the year under review. Net movement of receivables of TZS 458,338 million during the year.
- Non-cash items Depreciation of Tangible Asset Note 22 TZS 443,468 million and amortization of Intangible Asset Note 22 TZS 15,210 million and net effect of prior year payments and accrued expenses of TZS 343,225 million
- Movement in other expenses was caused by provision of audit fees of TZS 10,320 million.

33. EXPLANATION FOR THE DIFFERENCE BETWEEN BUDGET AND ACTUAL

- Revenue**

Government Subvention the difference of TZS 945,629 million is due to funds not received from the government.

Own Source the difference of TZS 1,875,727million is due to increase in the price of coffee in the world market. There was amount of other income of TZS 155,263 million received from the TCDF.

- Expenditure**

The difference of TZS 34,900 million under Other Expenses is due to net effect of realisation of audit expenses provided from previous year 2021/2022 and current year of 2022/2023. The difference of TZS 10,454 million 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 2023 AMOUNT IN TZS '000	30 JUNE 2022 AMOUNT IN TZS '000
Surplus/(Deficit) for the year	36,974.65	79,973
ADJUSTMENT OF NON-CASH ITEMS		
Depreciation Charges for the year	443,468	447,333
Amortization of Intangible assets for the year	15,210	15,210
Gain /(Loss) on Exchange	(13,417)	(4,617)
CHANGES IN WORKING CAPITAL		
(Increase)/Decrease in Trade and Other Receivables	(3,530,017)	700,674
Increase/(Decrease) in Trade and other Payables	10,617,730	607,291
(Increase)/Decrease in Inventory	(29,344)	5,539
Increase/(Decrease) in Provisions	56,100	7,020
Net Cashflow from operating activities	7,596,704	1,861,953

The difference of TZS 210,676.36 between net cashflow from operating activities of TZS 7,596,761 in this note and that of the statement of cashflows of TZS 7,386,028 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 2023 TZS “000”	30 June 2022 TZS “000”
RECEIPTS		
35.1 OTHER OWN SOURCE REVENUE		
Regulatory Revenue	106,787	117,143
Warehouse and Go down Revenue	669,823	541,320
Clearing and Forwarding Revenue	1,596,219	1,024,447
Rental Revenue	459,550	421,362
Revenue from Coffee Roasting Unit	225,295	386,875
Other Revenue	314,773	791,940
Gain/(Loss) on Exchange	(13,417)	(4,617)
Add: Receivables 2021/22	1,872,960	2,090,685
Less: Receivables 2022/23	(1,387,788)	(1,872,960)
Total	3,844,202	3,496,195
35.2 ADMINISTRATION EXPENSES		
Administrative Expenses	7,435,382	6,617,664
Less: Amortization of Intangible Assets for the year	(15,210)	(15,210)
Less: Depreciation charge for the year	(443,468.28)	(450,863)
Add: Payables 2021/22	335,310	521,249
Less: Payables 2022/23	(678,536)	(335,310)
Total	6,612,044	6,341,060
35.3 OTHER EXPENSES		
Other Expenses	64,000	124,912
Add: Provisions 2021/22	66,420	59,400
Less: Provisions 2022/23	(10,320)	66,420
Total	120,100	117,892



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 2023 TZS ‘000	30 JUNE 2022 TZS ‘000
RECEIPTS (A)			
Coffee Proceeds received from Coffee Auction		206,323,596.25	172,289,145
Unreconciled items		32,839.39	35,079
Add: Receivable 2021/22		2,003,552	2,413,738
Less: Receivable 2022/23		(6,018,742.19)	(2,003,552)
Total		202,341,245.46	172,734,410
PAYMENTS (B)			
Payments for Coffee Auction		206,451,416.07	172,284,595

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Add: Payables 2021/22	1,062,821	269,591
Less: Payables 2022/23	(11,337,325)	(1,062,821)
Total	196,176,912.09	171,491,365
Variance (A-B)	6,164,333.37	1,243,045
RECONCILING ITEMS		
Bank Balance (900)	267,766	175,787
Bank Balance (901)	412,958	101,395
Recoveries through DPP		322,544
CRDB Coffee Proceeds - Kagera Auction	1,044,399	643,319
NMB Expenditure TZS	4,437,628.32	

***The unreconciled items of TZS 32,839,390 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 categorized as receivables since then leading to effect on both receivables and payables.

