



THE UNITED REPUBLIC OF TANZANIA



NATIONAL AUDIT OFFICE

NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS

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

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February 2024

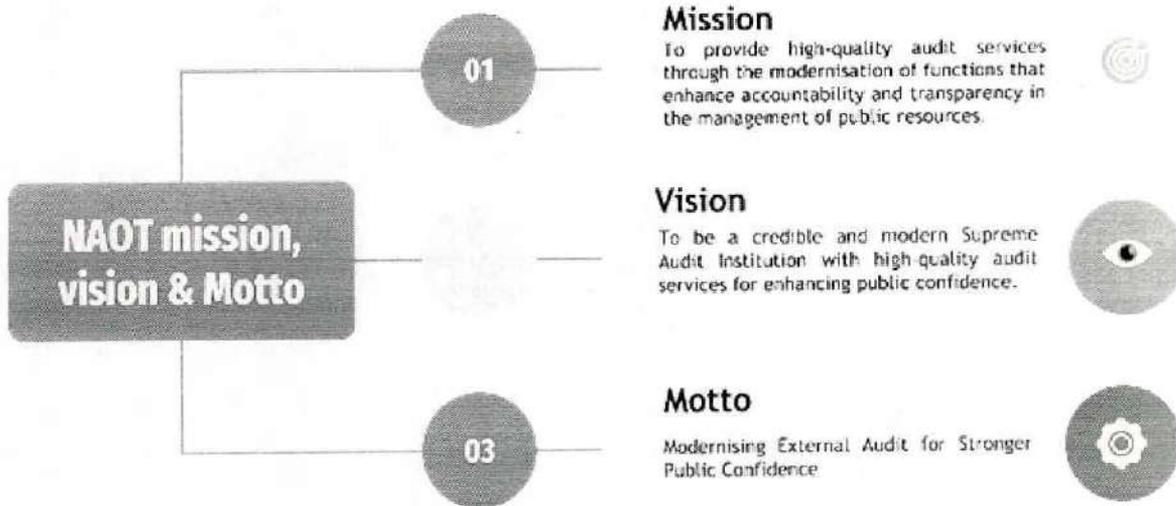
AR/PA/NBAA/2022/23

REPORT OF THE CONTROLLER AND AUDITOR GENERAL

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[R.E 2021]



Independence and objectivity

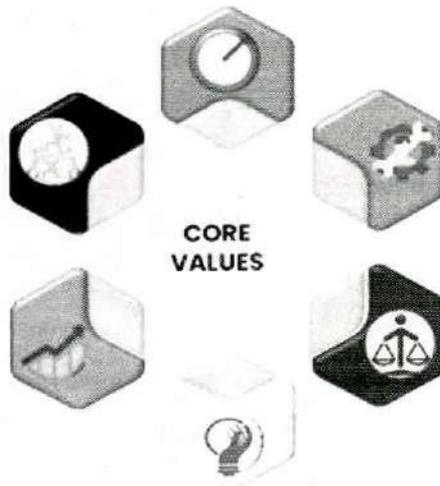
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

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

APC	Accountancy Professional Centre
AQR	Audit Quality Review
CAG	Controller and Auditor General
CPA	Certified Public Accountant
CPE	Continuing Professional Education
DSE	Dar es Salaam Stock Exchange
EIR	Effective Interest Rate
FCPA	Forensic Certified Public Accountant
GEPF	Government Employees Pension Fund
ICT	Information Computer Technology
IDM	Institute of Development Management
IFAC	International Federation of Accountants
IFM	Institute of Finance Management
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISSAIs	International Standard of Supreme Audit Institutions
LLB	Bachelor of Law
MBA	Master's in Business Administration
NBAA	National Board of Accountants and Auditors
NSSF	National Social Security Fund
OCAM	Ordem dos Contabilistas e Auditores de Mocambique
PAA	Public Audit Act, 2008
PAFA	Pan African Federation of Accountants
PGD	Post-graduate Diploma
PLC	Public Limited Company
PSSSF	Public Service Social Security Fund
SUZA	State University of Zanzibar
TZS	Tanzanian Shillings
UDSM	University of Dar es Salaam
UK	United Kingdom
ZIPA	Zanzibar Investment Promotion Agency

BOARD INFORMATION FOR THE YEAR ENDED 30 JUNE 2023
PRINCIPAL PLACE OF BUSINESS:

DODOMA OFFICE

The National Audit Office,
Audit House,
8th Floor,
4 Ukaguzi Road,
P O Box 1271,
41104 Tambukareli,
Dodoma, Tanzania.

DAR ES SALAAM OFFICE

Plot No 3,4 & 5,
Mhasibu House,
Bibi Titi Mohamed Street,
P O Box 5128,
Dar es Salaam, Tanzania.

ULTIMATE CONTROLLING ENTITY

United Republic of Tanzania,
Ministry of Finance,
Treasury Square Building,
18 Jakaya Kikwete Road,
P O Box 2802,
40468 Dodoma Tanzania.

BANKERS

Bank of Tanzania,
2 Mirambo Street 11884,
P O Box 2939,
Dar es Salaam, Tanzania.

CRDB Bank Plc,
Ali Hassan Mwinyi Road,
P O Box 268,
Dar es Salaam, Tanzania.

BOARD INFORMATION FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

BANKERS

NMB Bank Plc,
Ohio Street/Ali Hassan Mwinyi Road,
P O Box 9213,
Dar es Salaam, Tanzania.

LAWYERS

Attorney General office,
Attorney Street -Mtumba,
P O Box 630,
Dodoma, Tanzania.

PRINCIPAL AUDITORS

The Controller and Auditor General,
The National Audit Office,
Audit House,
4 Ukaguzi Road,
P. O. Box 950,
41104 Tambukareli,
Dodoma, Tanzania.

DELEGATED AUDITOR

Claritas International,
Morocco Junction, Mwai Kibaki Road,
4th Floor 395 Ursino Building,
P O Box 76062,
Dar es salaam, Tanzania.

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman of the Governing Board,
National Board of Accountants and Auditors,
Audit House, 4 Ukaguzi Road,
P.O. Box 1271,
DODOMA,
Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of the National Board of Accountants and Auditors, which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, the 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 the National Board of Accountants and Auditors 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 the National Board of Accountants and Auditors 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 by those charged with governance, Statement of Responsibilities by those charged with governance 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, 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 LEGISLATION

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 National Board of Accountants and Auditors for the financial year 2022/23 as per the Public Procurement Laws.

Conclusion

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

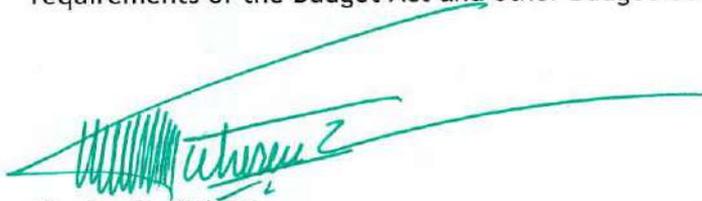
1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget Formulation and Execution

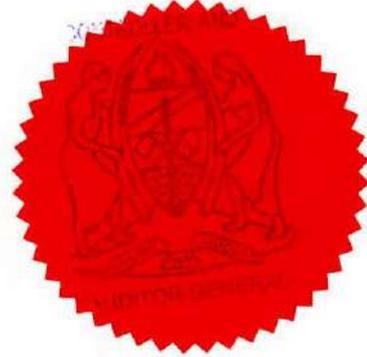
I performed a compliance audit on budget formulation and execution in the National Board of Accountants and Auditors for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the Budget formulation and execution of the National Board of Accountants and Auditors is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere,
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
February, 2024



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

2.1 INTRODUCTION

The Governing Board submits their report together with the financial statements for the financial year ended 30 June 2023, which disclose the state of financial affairs of the NBAA. The Governing Board's report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1, the report by those charged with governance.

2.2 NBAA PROFILE

The National Board of Accountants and Auditors (NBAA) is an independent regulatory body for the accountancy profession established under Section 3 of the Accountants and Auditors (Registration) Act, CAP 286, and operating under the Ministry of Finance. The NBAA was established in 1972 and started carrying out its activities from 15 January 1973.

2.3 NBAA'S VISION

"To become a world-class professional accountancy body in Tanzania that serves the interests of stakeholders and protects the public interest".

2.4 NBAA'S MISSION

"To protect the public interest and provide exemplary services to stakeholders through setting high-quality standards for the accountancy profession; registering members and practicing firms; regulating accountancy syllabi and conduct of members and practicing firms; developing the accountancy profession; advocating for good governance and building capacity of its human resource" This will be accomplished through:

- Setting high-quality standards for the profession;
- Regulating registration of members and students;
- Monitoring accountancy training and conducting professional examinations;
- Regulating the conduct of members and students; and
- Providing continuing professional development programmes to enhance member's professional knowledge and skills.

2.5 NBAA'S CORE VALUES

NBAA has five (5) basic corporate core values considered to be specific and related to the core business of the Board which can be memorized through the acronym PITIA. These core values outlined below state how the employees of the Board are expected to behave while serving members and other stakeholders of the accountancy profession in Tanzania.

- Professionalism
- Integrity

- Teamwork
- Innovation
- Accountability

2.6 PRINCIPAL ACTIVITIES

The principal activities of the NBAA according to Section 4 of the Accountants and Auditors (Registration) Act, CAP 286 are:

- Conducting examinations and issuing publications;
- Registration of members and professional firms;
- Regulation of the Accountancy Profession;
- Conducting of Continuing Professional Education (CPE) Programmes; and
- Formulating the appropriate National Accountancy Scheme and Syllabi.

2.7 EXTERNAL ENVIRONMENT ANALYSIS

The National Board of Accountants and Auditors (NBAA) is a professional accountancy organization operating under the Accountants and Auditors (Registration) Act, CAP 286. For the year under review, the Board managed to perform its activities as planned except for a few activities which were not completed due to the nature of the activity.

2.8 STRATEGIC OBJECTIVES

To preserve value over long term period, NBAA will continue to implement its strategic objectives stipulated in its Strategic Plan 2021/22-2025/26 namely:

- a) HIV/AIDS infections and non - communicable diseases reduced, and supportive services improved;
- b) Implementation of National Anti-Corruption Strategy enhanced, and corruption incidences reduced;
- c) Accountancy Profession improved and sustained;
- d) Governance and operations of the Board improved and sustained;
- e) Stakeholders' involvement and communication improved;
- f) Financial management improved and sustained.

To realise these objectives NBAA developed the following strategies:

- Implementing HIV/AIDS Policy;
- Preventing and combating corruption practices;
- Ensuring availability of relevant learning resources;
- Ensuring availability of comprehensive regulatory frameworks;
- Building capacity of accountancy trainers and other resource persons;
- Promoting accountancy profession and compliance with regulatory frameworks;
- Improving examination processes and administration;
- Improving business processes and service delivery;

- Building human resource capacity;
- Ensuring compliance with good governance practices;
- Improving ICT ability to support business processes and service delivery;
- Strengthening marketing of accountancy qualifications and functions of the Board;
- Improving corporate social responsibilities;

2.8 STRATEGIC OBJECTIVES (CONTINUED)

- Identifying new sources of revenue to enhance financial resources;
- Strengthening internal controls and risk management and
- Improving procurement management and compliance

Key performance indicators used in assessing progress of the Board's strategic objectives are:

- Number of cases of HIV/AIDS infections at NBAA;
- Number of stigmatization cases;
- Number of staffs living with HIV/AIDS supported;
- Number of corruptions incidences;
- Number of corruption complaints;
- Percentage of compliance with accounting standards;
- Percentage of compliance with auditing standards;
- Percentage of compliance with laws and regulations;
- Candidates' pass rate;
- Level of stakeholders' satisfaction on services delivery;
- Meetings of the Governing Board and Management are done as per the schedules and charters;
- Level of customers' satisfaction;
- Increase of NBAA new students and members;
- Number of visitors to the NBAA portal;
- Percentage increase in revenue;
- Audit opinion; and
- Rate of Compliance with the Public Procurement Act and its Regulations.

2.9 KEY STRENGTH

The following are the key strengths which assist the Board in pursuit its objective:

- Existence of the Accountants and Auditors (Registration) Act, CAP 286 requires any person employed as accountant or auditor to register with the Board;
- Public confidence and trust on the administration of NBAA's examinations; and
- Existence of competent staff recruited based on the qualifications enshrined in schemes of service.

2.10 RELATIONSHIP WITH STAKEHOLDERS

The NBAA continued to maintain its relations with the general public, local and international organizations and remained a member of the International Federation of Accountants (IFAC) from 1986. The NBAA also maintained close working relationships with all other IFAC member bodies, including accountancy associations throughout the world. The NBAA is among the 37 founding members of the Pan African Federation of Accountants (PAFA) established in May 2011 in Dakar, Senegal. The relations have enhanced the NBAA's current professional developments and technological changes taking place in other parts of the world.

NBAA has continued to maintain its associate membership with the Dar es Salaam Stock Exchange (DSE) until when DSE was demutualized to become DSE PLC, and NBAA remains to be one of the DSE PLC founding members.

For the purpose of discharging its duties the Board cooperate with other government and other stake holders. Main stakeholders who integrated with the Board in executing its responsibility of regulating accountancy profession are:

a) Ministry of Finance

In the matter of major economic policies and finance, the Ministry of Finance is issuing guidelines to the Board. The Ministry is also responsible for allocating fund from national budget and releasing fund to the Board as per approved budget.

Key concerns

They were concerned about entity growth prospects in a challenging operating environment, including management's decision to allocate financial capital in different priorities. The ministry is also interested in how we are embedding sustainability considerations into our business practices.

Value we create

Continuous engagement to ensure full disclosure and open communication so as to inform the Ministry on their investment decisions to the Board.

b) Regional and International Accountancy Professional Bodies

The Board collaborates with regional and international Professional Boards such as International Federation of Accountants (IFAC), Pan African Federation of Accountants (PAFA), African Organization of Supreme Audit Institutions (AFROSAI) and the Mutual Recognition Agreement signed among East Africa Community Institutes of Accountants in 2011 to ensure compliance to various Standards, regulations and requirements as well as sharing of knowledge, experience and benchmarking.

Key concerns

Their key concern is to improve and increase supervision and ensure accountants and auditors adhere to the compliance to standards.

Value we create

Continuous NBAA seminar, training and workshop to the auditors and accountants for capacity building and knowledge sharing.

c) Regulators

The Board collaborates with other regulators to ensure compliance with various standards, regulations and requirements, harmonization of rules, guidelines, procedures, and standards on issues relating to financial reporting.

Key concerns

The key concern is to improve and increase supervision and ensure accountants and auditors adhere to the compliance standards.

Value we create

NBAA has been taking measures against accountants and auditors who do not comply with the ethics of auditing and accounting. NBAA has been conducting workshops and seminar training for capacity building and knowledge sharing.

d) General public

The public continued to be the main partner in helping the board to pursue its objectives. This was done through their various contributions to the Board activities.

Key concerns

They desire NBAA to be more intuitive and time efficient. Providing excellent customer service.

Value we create

Developing innovative solutions that meet our customers' specific needs.

e) Employees

Our staff are key to making NBAA a great place to work. Motivated and skilled staff, together with efficient and value-creating solutions, services and operations offer value to our customers. Staff as part of society, contribute materially to the communities in which they live and work.

Key concerns

They want to grow as the entity grows, open doors for career progression, opportunities to contribute to society and a work environment that is friendly, safe and conducive to work-life balance.

Value we create

- Rewarding staff for the value they add to the Board;
- Developing our staff to further their careers and studies;
- Transforming into an inclusive society through gender equality; and,
- Motivating and energising our workforce.

f) Students/Members

These are important key stakeholders as they provide an assurance of how we NBAA fulfil the requirements of the enabling Act.

Key concerns

- Conducting examinations that are within the syllabus requirements;
- Enhancement of their professional competences;
- Personal and technical support, query resolution and advocacy;
- Sustainability of the accountancy profession within the country; and,
- Value of NBAA examinations and membership.

Value we create

- Availability of Continuous professional development;
- Provision of Technical and non-technical training;
- Timely delivery of professional support;
- Enhanced Information and Communication Technology; and,
- Availability of comprehensive and quality control procedures for examination conducted.

2.11 RESOURCES

In executing its duties, NBAA has the following key resources/inputs, some are tangibles and others are intangibles as explained further below:

a) Financial resources

The subvention from the Government accounted for 10.63% in 2023 (2022:10.92%) while the internal sources contributed 89.37% (2022: 89.08%) of the total fund required to finance Board's operations. The Board believes that the Government through the Ministry of Finance will continue to finance it in various activities.

b) Manufactured resources

NBAA sees manufactured capital as material goods, infrastructure and technology, leased or wholly owned and whose value is realized in the delivery of products and services. NBAA strives to tap manufactured capital to drive the realization of financial capital.

NBAA's manufactured capital is key to sustainable business growth. NBAA's flexibility and resilience in the market is enabled by the efficient use of manufactured capital, allowing it to respond to societal needs, be innovative, and efficiently deliver new products and services to the market. Furthermore, efficient deployment of manufactured capital reduces resource use and system downtime, thus enhancing both operational and cost efficiencies, ensuring sustainable growth. NBAA has continuously invested in technology platforms to make operations more efficient with less or without physical interactions with students and members.

c) Human resources

To deliver on our strategy we have a team of 58 (2022: 58) engaged employees serving our customers across the business, drawn from diverse backgrounds. NBAA is committed to developing an elaborate best-in-class employee value proposition to ensure our staff successfully delivers on the entity's strategies. NBAA wants to reinforce a culture of high performance underpinned by ethical conduct and personal responsibility for performance by continually investing in human resource development focusing on training, staff wellness, staff recognition, competitive remuneration and career growth.

d) Social and relationship resources

This is composed of ethical and transparent relationships with our customers, shareholders, investors, suppliers, regulatory bodies, government and society. It also includes the skill of sharing value with our stakeholders to improve individual and collective welfare.

e) Natural resources

Natural capital consists of renewable and non-renewable environmental resources, consumed or affected by our business for the prosperity of the organization. Here we are mainly talking about water, soil, ores, forests and biodiversity. We understand that, even though we are a service business, our activities impact the environment in one way or another. Our main sources of electricity and water consumption, for example, come from cooling systems and the use of electronic equipment. Our strategy to become a more digital institute has strongly contributed to a reduction in paper consumption. A large part of our internal processes no longer use paper, which is replaced by electronic and digital means. Our operations are highly dependent on the availability of electricity and, therefore, we seek to continually improve our energy efficiency through internal projects and consumption reduction targets.

2.12 APPROPRIATION OF RESERVES/SURPLUS

The NBAA is a public institution that is not for profit and for that reason; there is no declaration of dividends. Surplus generated, if any, is used for financing its future activities according to Section 29 of the Budget Act of 2015.

2.13 CORPORATE GOVERNANCE STATEMENT

The Board is committed to the principles of effective corporate governance. The Directors also recognise the importance of integrity, transparency and accountability. Corporate Governance is the backbone of any organization's strategy and success. It provides a framework within which corporate objectives are set and performance monitored, as well as providing assurance to stakeholders. Governance has proven from time immemorial to be paramount to the success of any institution.

Corporate governance continues to advance, with the focus currently being on environmental, social and governance (ESG) factors and the role of corporates in their attainment. The Code emphasizes the need for boards to adopt an ESG lens in guiding performance thereby promoting sustainable practices. NBAA has diversity in its board and hence it has ensured that the board is well equipped for the new advancement in Corporate Governance in respect to environmental, social and governance (ESG). NBAA has ensured its service offerings are aligned with the global best practices on ESG

a) Board operations and control

i. Principle on appointment of Board members

The Chairperson of the Governing Board is appointed by the President of the United Republic of Tanzania, for a term of three years. The appointment of the rest of the Governing Board members is done after every three years by the Minister for Finance and Planning after consultation with the NBAA as stipulated in the Accountants and Auditors (Registration) Act CAP 286 under clause 1-9 of the schedule. The Chairperson of the Governing Board may, unless he resigns or his membership is otherwise terminated, hold office for a maximum of two consecutive terms of three years each.

ii. Responsibilities of the Board

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

iii. Structure of the Board

To ensure effectiveness and value addition to the entity, the Board has a maximum of 13 members including the Chairman. In addition, the Board had established six Committees. The Board and its Committees have Charters which provide terms of reference and guidance on undertaking their oversight role. Thus, the Board ensures that its committees are appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them.

iv. The Board instruments

NBAA has developed the Board's Code of Ethics and Conduct in compliance with in accordance with the Treasury Registrar's Board of Directors Code of Ethics and Conduct Guidelines, 2016. The Code has been cascaded down to all employees, as well as to the established Charters of the Board and its Committees so as to guide the Board in undertaking its oversight role and planned activities. The Code and the Charters are reviewed where needs arises to cope with changes. Further, the Board develops a work plan and an evaluation toolkit annually, to ensure effectiveness.

v. Independence of Board members

The Board assesses the independence of Board members on an annual basis, to ensure that the Board always benefits from independent and objective judgment.

vi. Principle on age limit for the Board members

The Government has prescribed 70 years as the age limit for Board members.

vii. Governance and audit

The Board continues to oversee the management on implementation of the Controller and Auditor General's recommendations made during the statutory audit of the financial year 2021/22. In addition to that, the Board continues to oversee the implementation of recommendations made by the Office of the Treasury Registrar following Management/ Governance audit conducted in the financial year 2020/21.

viii. Rights of the Government and other stakeholders

NBAA recognizes, respects and protects the rights of the Government and other stakeholders through:

- Availing information on the NBAA's performance by publishing annual reports together with audited financial statements;
- Ensuring equitable treatment of all members in discharging the NBAA's functions; and Engaging the media on dissemination of important NBAA's information

ix. Stakeholder relations

The Board has identified categories of stakeholders which are Government, employees, regulators, Regional and International Accountancy Professional Bodies, members and the general community.

ix. Stakeholder relations

Before making its decisions, the Board takes the interests of all stakeholders into account to ensure that engagement with stakeholders is deliberate and planned. Furthermore, the Board wishes to ensure that communication with stakeholders is always transparent and effective.

x. Ethics and social responsibility

The Board has identified the following four ethical values, which underpin good corporate governance, to guide all its deliberations, decisions and actions:

- **Responsibility:** The Board assumes responsibility for the assets and actions of the entity (NBAA) and is willing to take corrective actions to keep the entity on a strategic path that is ethical and sustainable;
- **Accountability:** The Board justifies its decisions and actions to the Government and other stakeholders;
- **Fairness:** The Board ensures that it considers the legitimate interests and expectations of all stakeholders; and
- **Transparency:** The Board discloses information in a manner that enables stakeholders to make an informed analysis of the NBAA's performance and sustainability.

NBAA has developed the Board's Code of Ethics and Conduct, 2022 to ensure that its business is conducted according to the highest ethical standards and in compliance with all the applicable laws and regulations governing the regulation of the entity. The provision of the Code apply to all directors and the board ensures that all the directors, senior management and staffs adhere to it.

xi. Risk management and internal control

Risk management is about understanding the uncertainties facing the Corporation, and developing strategies to benefit from them, or minimise their impact on the achievement of the Corporation's targets and strategic objectives. The Corporation performs comprehensive examinations to assess the risks to which it is exposed and to determine the materiality of such risks. Thus, the risk-management strategy of the Corporation is designed to support the achievement of the Corporation's strategic objectives as a whole, while identifying and quantifying risks, establishing risk ownership, and maximizing business value, taking into consideration costs in terms of risk, by every responsible function at all levels of the Corporation.

b) Composition of the NBAA Governing Board

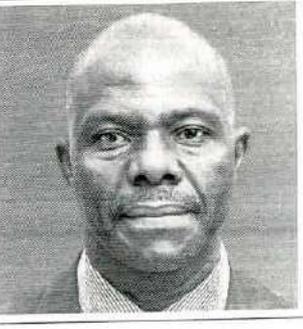
The NBAA Governing Board is composed of 13 members including the Chairman and the Executive Director as an ex-officio member.

NBAA is committed to having a great ‘mix’ of qualified individuals appointed to the Board, as diversity is not only a strength but also provides a great competitive edge. Diversity is observed through differentiation in the age of Directors, their gender, and professional qualifications.

The Governing Board which held office during the year under audit was appointed effective from 9 November 2021 to 8 November 2024.

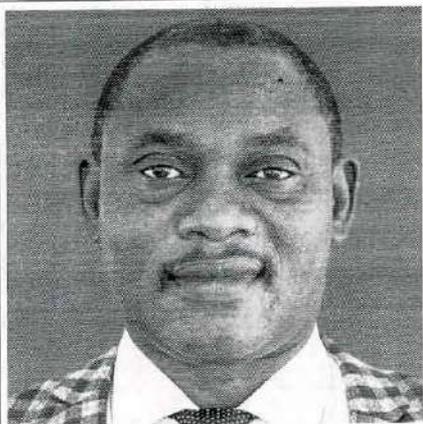
(Source: Board members appointment letter no. Na.CJA.55/382/01/TF (2)/37-49 dated 6 January 2022 by the Permanent Secretary of the Ministry of Finance and Planning).

Table 1: Composition of the Governing Board

	<p>CPA Prof Sylvia S. Temu Chairperson (Age: 65), Female, Tanzanian</p> <p>CPA Prof Sylvia holds a PhD in Business Administration (University of Bremen, Germany), Master of Business Administration (Diploma Kauffrau) Technical University of Berlin, Germany, Certificate in Technology Management and Cooperation (Technical University of Berlin, Germany), Bachelor of Commerce (Honours), Specializing in Accounting First Class (UDSM), and Certified Public Accountant (CPA).</p>
<p>CPA Prof Sylvia is Associate Professor in Business Management University of Dar es Salaam Business School and A former Director of Higher Education, Ministry of Education, Science and Technology from 2013 to 2017.</p> <p>She has also worked as Deputy Director Centre for Continuing Education (CCE), Director University Consultancy Bureau, Director of Planning and Finance, and Deputy Vice Chancellor Research at University of Dar es Salaam, where She has worked for thirty-three years. Also, she has an extensive experience in scholarly as she is also an academician who lectured at different levels at University of Dar es Salaam.</p>	
<p>CPA Prof. Ganka D. Nyamsogoro Director (Age: 51), Male, Tanzanian Doctor of Philosophy in Finance (UK), MSc. International Banking and Finance (UK), ADCA (IDM-Mzumbe), and Certified Public Accountant (CPA (T)).</p>	

Ganka has worked as the Acting Head, Department of Accounting and Finance (DAF), Associate Director - Directorate of Research and Postgraduate Studies (DRPS), Dean, School of Business, and the Principal, Mzumbe University Dar es Salaam Campus College before being appointed as the Deputy Vice Chancellor (Academic Affairs) of Mzumbe University from March 2017 to July 2021.

He has worked as a visiting lecturer for Development Finance and Quantitative Methods courses offered at master's level by the University of Bradford (UK). He has also worked as a visiting lecturer in Microfinance for International Development, a Masters Course at the University of Greenwich in the UK. He is also an adjunct professor and a moderator of examinations of several universities in Tanzania and Africa. He has supervised several Masters' dissertation in financial markets in Ghana, Nigeria, Bangladesh, India, and Sri Lanka. Currently, he supervises and examines PhD candidates registered in several universities in Africa. Ganka was the first chairman of the Mzumbe University Audit Committee. He has been a trainer in Portfolio and Investment Analysis, Capital Markets, Current Issues in Accounting and Finance, Banking and in Financial Management, Financial Accounting, and Cost and Management Accounting.



CPA Paul R. Bilabaye

Director (Age: 51), Male, Tanzanian

Post Graduate Diploma in Leadership (Alto University-Finland), Certified Procurement and Supplies Professional (CPSP), MBA-Corporate Management (Mzumbe University) and Certified Public Accountant (CPA (T))

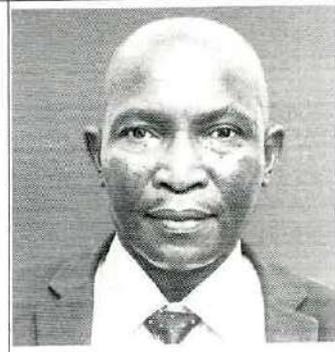
Currently he is the Capacity Development Specialist at Uongozi Institute. Before that he was working as the Head of Finance and Administration at Procurement and Supplies and Technician Board (PSPTB) before that he was acting as Director of Finance for Administration for four years (2009 - 2013), He has been a Finance Manager at National Board of Material Management (NBMM) (2006 - 2008). He has also worked at Tanzania Education Authority (TEA) as Senior Accountant. He also worked as Accounts Assistant at National Board of Material Management (NBMM) (1998 - 2001). He has also been a trainer/facilitator in various occasions like Uongozi Institute Training Programme to NACTE, TANESCO, Ministry of Minerals, Kibaha Town Council and TARURA, Uongozi Institute Training Programme to over 180 District Executive Directors and District Commissioners between 2017 - 2018 and so many other trainings.

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CPA John F. Ndetico

Director (Age: 57), Male, Tanzanian

Mr John holds a Master of Project Management (MPM) (Open University of Tanzania), Master of Business Administration (MBA) - Finance and Banking, Post Graduate Diploma (PGD)- Financial Management (Maastricht School of Management-Netheland) and Certified Procurement Supplies Professional, Advance Diploma in Certified Accountancy - IDM Mzumbe and Certified Public Accountant (CPA(T), Certificate of Directorship (CiDir) IODIT



He is the Customer Service Manager of Arusha Urban Water Supply and Sanitation Authority (AUWSA), He was employed by Arusha Urban Water Supply and Sanitation Authority as Finance Officer from 1st July 1999 to 4th August 2013 and then he was appointed as Commercial Manager from 5th August 2013 up to 3rd March 2020. He is a Member of the Pangani Water Basin Office Audit Committee and the chairman of the Tender Board at Arusha Urban Water Supply and Sanitation Authority.



CPA Witness M. Shilekirwa

Director (Age: 54), Female, Tanzanian

Ms Witness is a Chartered Accountant with Certified Public Accountant - FCPA (T). She holds master's in business administration (MBA) from East and Southern Africa Management Institute (ESAMI) and Advanced Diploma in Certified Accountancy from Mzumbe University (IDM) of Tanzania

She is a founder and Managing partner of Mazars Tanzania since 2016 with experience of over 20 years in professional firms. Witness begun her career at Price water house Coopers Tanzania, (formerly Coopers and Lybrand) in November 1996 as an audit assistant where she worked for 3 years before joining Deloitte Tanzania in 2000. Witness was seconded to Deloitte Canada in October 2004 until March 2006 when she returned to establish Wiscon Associates. In 2014 she started work as a correspondent of Mazars for 3 years until 2017 when the firm integrated with Mazars Global.

CPA Francis M. Mwakapalila

Director (Age: 56), Male, Tanzanian

Mr Francis holds a master's degree in Auditing Management and Consultancy from University of Central England, Birmingham, United Kingdom, Advanced Diploma in Accountancy from Institute of Finance Management (IFM) and Certified Public Accountants -CPA(T).

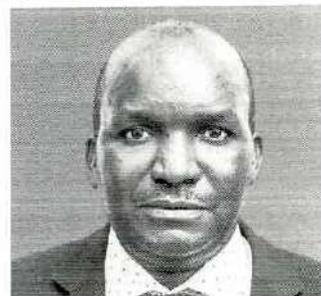


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He has been working with high -profile organisations and proven track record of developing and implementing financial management strategies as Director of Finance Tanzania Petroleum Development Corporations (TPDC) and Accountant General of The United republic of Tanzania. He has held various position in the United Government of Tanzania such Accountant General of the United Republic of Tanzania.

CPA Adv. Fredrick B. Msumali
Director (Age: 56), Male, Tanzanian.

Mr Fredrick holds a B.com (hons) in Finance -UDSM, MBA(Marketing) - UDSM, LLB -Tumaini University, Postgraduate Diploma in Legal Practice - Law school of Tanzania, Advocate of the High Court of Tanzania.



He is founding and Managing Partner of an Audit Firm (Elite Finance Managers), he also worked with Group Five (pty) International Ltd as a Finance Manager. His audit carrier started when he joined Price water house coopers. He was also involved in a World Bank Internal Audits in Tanzania and Zambia Missions. He is a practicing advocate who provided a number of legal solutions to his clients.



CPA Rukia J. Adamu
Director (Age: 67), Female, Tanzanian

Ms Rukia holds a Master's degree in Business Administration (UDSM) Advance Diploma in Certified Accountancy from IDM Mzumbe and Certified Public Accountants -CPA(T).

She worked as Deputy Director Accounting Operations, Deputy Director Management Accounting at Tanzania Revenue Authority Also, she worked as Group Management Accountant, National Credit manager, plant Accountant, and fixed asset Accountant with Tanzania Breweries Ltd Also She Worked as Chief Accountant, Finance and Administrative Manager with Dar Brew and Tanzania Distiller's Limited respectively both subsidiary companies of Tanzania Breweries Limited.

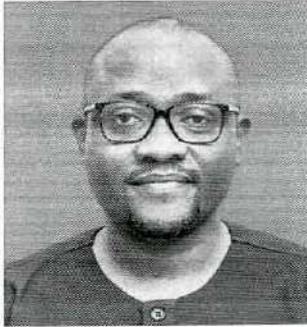
CPA Aisha R. Kapande
Director (Age: 44), Female, Tanzanian

Ms Aisha holds a Master of Business Administration (MBA) - University of Dar es salaam, Postgraduate Diploma in Finance Management- Institute of Finance Management (IFM) and Certified Public Accountants -CPA(T).



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She is amongst women in the accounting profession who works very hard, she is working with the Institute of Social Work as Chief Accountant, she has also worked with Hashi Energy Tanzania Ltd in the same position of Senior Accountant. She has also worked with Engen Marketing Tanzania and Chevron Tanzania (T) Ltd in different times under the position of Stock Accountant. On her way to Professional Accountant, she has also worked with Care International Tanzania under the position of Assistant Grant Officer (September 2003 to May 2004), Assistant Internal Auditor (June 2001 to October 2004) and under the position of Fund Accountant (March 2006 to February 2007).



CPA Issa I. Masoud

Director (Age: 41), Male, Tanzanian

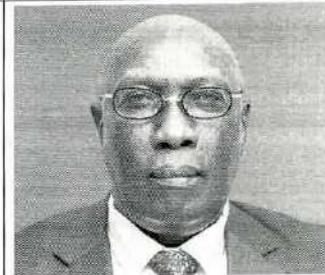
Mr Issa holds a Master's degree (Msc: Finance and Accounting), Advanced Diploma in Accountancy (ADA) and Certified Public Accountants -CPA(T).

He has been working with high -profile organization in the media arena thus Clouds Media Group who are owners of Clouds FM, Clouds TV, Times FM and other media forums as Finance Manager since 1 April 2014. He has also worked with BOA Bank Tanzania Ltd Morogoro Branch as a Senior Branch Manager.

CPA Dyoya G. Dyoya

Director (Age: 59), Male, Tanzanian

Mr Dyoya is a Certified Public Accountant in Public Practice. He holds a Master's degree in international Trade Economics (UDSM).



He has been working with high -profile organisations and proven track record of developing and implementing financial management strategies as follows Chief Internal Auditor Kilimanjaro Reginal Office, Chief Internal Auditor - Tanzania Airport Authority, Chief Internal Auditor at community Development , Gender and Children, Chief Internal Auditor Prime Minister office Chief Compliance Office at Judiciary and Ag Chief Internal Auditors at Ministry of Energy and Minerals Also he has an experiences on Trade and Business Negotiations, WTO/Multilateral Trading Systems, Regional Integration, Audit and Investigations and Accounting, Public Finance and Investment.

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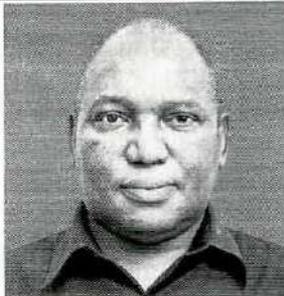
CPA Rukia H. Abdulla

Director (Age: 56), Female, Tanzanian

Mrs Rukia holds a Master of Science in finance from the University of Strathclyde (UK). Post Graduate Diploma in Financial Management (PGDFM) IFM, Advance Diploma in Certified Accountancy (ADCA) IDM-Mzumbe, Certified Public Accountant (CPA (T)) and Diploma in International Public Sector Accounting Standards (IPSAS)-NBAA.



She has been working with high -profile organizations and proven track record of developing and implementing financial management strategies as follows Manager - Finance and Administration at Zanzibar Roads Fund, Director of Finance at The State University of Zanzibar (SUZA), Acting Director of Finance at The State University of Zanzibar (SUZA), Head - Department of Finance at The State University of Zanzibar (SUZA), Bursar at The State University of Zanzibar (SUZA), Deputy Bursar at The State University of Zanzibar (SUZA), Financial Analyst at Zanzibar Investment Promotion Agency (ZIPA), Chief Accountant at Zanzibar Investment Promotion Agency (ZIPA).



CPA Pius A. Maneno,

Executive Director and Secretary to the Board (Age: 57), Male, Tanzanian

Mr. Maneno holds B.COM (UDSM), Masters in accounting and International Finance (UK), Post graduate Diploma in Management (Netherland). Certified Public Accountant (CPA (T)) and Chartered Company Director New Zealand.

He is Executive Director of National Board of Accountants and Auditors, He worked as Manager Corporate Services of the National Board of Accountants and Auditors, Manager Finance and Administration of the National Board of Accountants and Auditors.

c) Attendance of Governing Board meetings

During the year, the Governing Board held four meetings.

Table 2:Governing Board meetings

SN	Name	Position	Ordinary meetings			
			188 30-Sep-22	189 22-Dec-22	190 30-Mar-23	191 27-Jun-23
1	CPA Prof. Sylvia S. Temu	Chairperson	✓	✓	✓	✓
2	CPA Prof. Ganka D. Nyamsogoro	Vice Chairperson	✓	✓	✓	✓
3	CPA Paul R. Bilabay	Director	✓	x	✓	✓
4	CPA Issa M. Iddi	Director	✓	✓	✓	✓
5	CPA Witness M. Shilekirwa	Director	✓	x	✓	✓
6	CPA Francis M. Mwakapalila	Director	✓	✓	x	✓
7	CPA Rukia J. Adamu	Director	✓	✓	x	✓
8	CPA John F. Ndetico	Director	✓	✓	✓	✓
9	CPA Adv Fredrick B. Msumali	Director	✓	✓	x	✓
10	CPA Aisha R. Kapande	Director	✓	x	✓	✓
11	CPA Dyoya G. Dyoya	Director	✓	✓	✓	✓
12	CPA Rukia H. Abdulla	Director	✓	✓	✓	✓
13	CPA Pius A. Maneno	Executive Director and Secretary to the Board	✓	✓	✓	x

Source: Governing board minutes for the year 2022/2023

During the year 2022/23, the Governing Board discussed and deliberated the following agendas.

- Regulatory visits report for the year 2021/22;
- Board of survey report for the year 2021/22;
- Quarterly internal audit reports;
- Follow up on external auditors' recommendations for financial year 2020/21;
- CPD calendar for the Year 2023;
- Budget implementation report for the year 2022/23;
- Staff matters;
- External auditors' plan and engagement letter for deliberation and ratification;
- Draft financial statements for the year ended June 2022;
- Submission from management ICT Steering Committee;
- Progress report on the preparation for 44th Board's graduation ceremony;
- Highlights of the results of the 1st intake of Certificate in IPSAS and 12th intake Diploma in IPSAS programme;
- Reviewed NBAA organizational structure;

- Procurement report for the financial year 2022/23;
- Proposed NBAA recurrent and capital budgets for the financial year 2023/24;
- Vetting of the examination results of the 12th intake Diploma in IPSAS examinations - August;
- Vetting of the results of the 14th mid-session examinations;
- Approved Theme for the NBAA 50 years anniversary and the Accountants Annual Conference 2022;
- Audit quality review report of the year 2022/23;
- Updates on technical issues for 2022 for deliberation and noting;
- Evaluation team and report on results for the best presented financial statements awards for the year 2021 for deliberation and ratification;
- Technical team for exposure draft and consultation papers for deliberation and noting;
- Budget for NBAA 50th year anniversary for deliberation and approval;
- APC business performance report for the year 2022/23;
- NBAA and Treasury Registrar's performance contract: Implementation status report for deliberation, guidance and approval;
- NBAA 50th years anniversary celebration - Implementation status report;
- ED'S OPRAS 2022 for deliberation, guidance and recommendation for approval;
- Draft audited financial statements for the year 2021/22 for deliberation and adoption;
- Annual risk implementation report for financial year 2021/22, NBAA risk register and treatment action plan;
- Preliminary preparation for the review of the NBAA examination Scheme for approval;
- Vetting and highlights of the results of the 96th Board's examinations - November 2022;
- Examiners' report the results of the 96th Board's examinations December 2022;
- List of candidates qualifying for Accounting Technician, CPA (T), CPA (T) Equivalent Certificate - November 2022;
- List of candidates qualifying for awards - November 2022;
- Registration of new members;
- Report on withdrawal from suspension - M/s Information Development Services (PF 099) for deliberation and approval;
- Request on granting waiver of CPD hours requirement to Graduate Accountants (GAs) applying for upgrade to Associate Certified Public Accountants for approval;
- Report on the accountancy profession's pre-budget proposals for the year 2023/2024 in the Government budget for deliberation and ratification;
- Risk management performance report for the year 2022/23 to the Governing Board for deliberation and approval;
- Implementation status report of ICT Projects in the Financial Year 2022/23 to the Governing Board for deliberation guidance and adoption;
- Progress report on the review of the NBAA examination Scheme;
- Report on the application for exemptions to the Governing Board for deliberation and approval;
- Vetting of the results of the 13th Intake of Diploma in IPSAS examinations to the Governing Board for deliberation and approval;

- Highlights of the results of the 11th intake Diploma in IPSAS examinations - February 2022;
- Vetting of the results of the 15th mid-session examinations;
- Highlights of the results of the 13th mid-session examinations - February 2022;
- Proposal to review the Memorandum of Understanding between ICAI and NBAA for deliberation and approval;
- List of active temporary members to the Governing Board for deliberation and adoption;
- Report on the implementation of IPSAS Accrual in Tanzania: the case of MDAS to the Governing Board for deliberation and adoption;
- Proposal to the Governing Board to conduct a survey on customer satisfaction;
- International Standard on Quality Management (ISQM-1);
- Adoption of Unique Document Identification Number (UDIN) to the Governing Board for deliberation and approval;
- Allegation against APC Centre CEO for adoption;
- NBAA Board evaluation guide for deliberation and approval;
- Proposed revised NBAA repair and maintenance policy for deliberation and approval;
- Application for exemptions to Training Institutions for deliberations and approval;
- Vetting of the results of the 97th Board's examinations - May 2023;
- Guideline for extractive industries reporting for deliberation and noting;
- Progress report on implementation of the external auditors' recommendations for the year 2021/22;
- Proposed Theme for the Accountants' Annual Conference 2023; and
- Determination of Four Disciplinary matters from Membership and Disciplinary Committee.

d) Committees of the NBAA Governing Board

The Governing Board functions through six committees namely:

- i. Finance and Human Resources Committee;
- ii. The Technical Services Committee;
- iii. The Education and Publications Committee;
- iv. The Membership, Ethics and Compliance Committee;
- v. The Public Sector Committee; and
- vi. The Audit Committee.

Committees of the NBAA Governing Board comprise of members and non-members of the NBAA Governing Board. Committee Members of the NBAA Governing Board who served during the year were appointed by the Governing Board for a period of three years effective from 9 November 2021 to 8 November 2024 following appointment of the new Governing Board on 9 November 2021.

i. Finance and Human Resources Committee

The Finance and Human Resources Committee is a policy-making Committee of the Board. The Finance and Human Resources Committee may act on behalf of the full Governing Board in

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matters of urgency, or when a meeting of the full Board is not feasible, the Finance and Human Resources Committee's actions are subject to full Board ratification. The functions of the Finance and Human Resources Committee are to advise, consult with, and make recommendations to the Board concerning matters requested by the Board.

The Committee members were appointed on 9 November 2021. During the year, Finance and Human Resources committee held four meetings.

Table 3: Members of the Finance and Human Resources Committee as at 30 June 2023

No.	Committee Members	Position	Ordinary Meeting			
			3 07-Sep-22	4 06-Dec-22	5 06-Mar-23	6 12-Jun-23
1	CPA Prof. Ganka D. Nyamsogoro	Chairperson	✓	✓	✓	✓
2	CPA Rukia J. Adamu	Member	✓	✓	✓	✓
3	CPA Francis M. Mwakapalila	Member	✓	✓	x	x
4	CPA Witness M. Shilekirwa	Member	✓	✓	✓	✓
5	CPA Issa I. Iddi	Member	x	x	✓	✓
6	CPA Pius A. Maneno	Executive Director and Secretary to the Committee	✓	✓	✓	x

Source: Minutes of meetings of finance and human resource committee for the year 2022/23

d) Committees of the NBAA Governing Board

ii. Technical Services Committee

The Technical Services Committee deals with all matters pertaining to the following issues:

- i. Issuance of technical statements and standards for both the private as well as the public sectors in accounting, auditing and allied subjects;
- ii. Review of the impact of existing or proposed legislature and government directives on financial reporting and on the profession generally;
- iii. Reacting to the exposure drafts of International Accounting Standards Board (IASB), International Federation of Accountants (IFAC) and other related accounting and auditing bodies;
- iv. Assist the government in promoting greater transparency and improved governance by improving its financial reporting systems;
- v. Liaise with other regulatory agencies with the view of establishing specific financial reporting requirements, if any;
- vi. Assist members with any professional technical issues including the correct interpretation of both the Board's and International accounting/auditing standards to facilitate the exercise of compliance;

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- vii. Undertake studies and research on new technical issues relevant to the development of the profession in Tanzania;
- viii. Undertake studies on monitoring compliance with issued standards; and
- ix. Any other issues as may be directed by the Governing Board.

During the year, Technical Services Committee held four meetings. The Committee Members were appointed on 9 November 2021, and include two co-opted members, Tanzanians, who are appointed by the Governing Board.

Table 4: Members of the Technical Services Committee as at 30 June 2023

No.	Committee Members	Position	Ordinary Meeting			
			64 08-Sep-22	65 24-Nov-22	66 20-Mar-23	67 27-Jun-23
1	CPA Witness M. Shilekirwa	Chairperson	✓	✓	✓	✓
2	CPA Paul R. Bilabay	Member	✓	✓	✓	✓
3	CPA Dr. Neema K. Mssusa	Member	✓	✓	✓	✓
4	CPA Sathina M. Mkumba	Member	✓	x	✓	✓
5	CPA Wilson A. Ngao	Member	✓	x	✓	x
6	CPA Pius A. Maneno	Executive Director and Secretary to the Committee	✓	✓	✓	✓

Source: Minutes of meetings of Technical Services Committee for the year 2022/2023

iii. Education and Publications Committee

The Committee deals with matters pertaining to the following:

- i. Candidacy registration and examination entry;
- ii. Stipulate minimum entry requirements to the NBAA's examinations;
- iii. Review fees related to examination activities, Review honorarium fees relating to examination activities;
- iv. Review the examination by-laws and regulations, procedures and guidelines from time to time as appropriate; and
- v. Deal with disciplinary matters on issues relating with examination misconduct by candidates, invigilators or NBAA secretariat involved with examination issues.

During the year, Education and Publications Committee held four meetings. The Committee Members were appointed on 9 November 2021, and include two co-opted members, Tanzanians, who are appointed by the Governing Board.

Table 5: Members of the Education and Publications Committee as at 30 June 2023

No.	Committee Members	Position	Ordinary Meeting			
			101	102	103	104
			22-Sep-22	14-Dec-22	14-Mar-23	19-Jun-23
1	CPA Prof. Ganka D. Nyamsogoro	Chairperson	✓	✓	✓	✓
2	CPA Rukia H. Abdulla	Member	✓	✓	✓	✓
3	CPA Issa M. Iddi	Member	✓	✓	✓	✓
4	Dr Marcelina A. Baitilwake	Member	✓	✓	X	✓
5	Dr. Shufaa A. Albeity	Member	✓	✓	✓	✓
6	CPA Pius A. Maneno	Executive Director and Secretary to the Committee	✓	X	✓	X

Source: Minutes of meetings of Education and Publications Committee for the year 2022/2023

iv. Membership, Ethics and Compliance Committee

The Membership, Ethics and Compliance Committee deals with all matters pertaining to the following issues:

- i. Receive, consider and decide upon applications for registration of Practicing Accountants, Accounting Technicians and Practicing Firms;
- ii. Determination of registration, subscription and practicing fees; and
- iii. Critically review the relevance of CPE proposed by the Secretariat and recommends the same to the Governing Board for approval;
- iv. Evaluate the quality of CPE learning materials and learning resources for the NBAA's CPE Programme; keep a register of resource persons and participants, and follow-up compliance with CPE requirements as enshrined in the IFAC's Statement of Member's Obligations (SMOs);
- v. Responsible for the management and supervision of the Board's Audit Quality Review Scheme;
- vi. Monitor members and firms to ensure compliance with standards, professional Code of Conduct and ethics;
- vii. Critically review the regulatory reports and come up with recommendations on the way forward;
- viii. Set up the criteria for conducting an investigation process for noncompliance;
- ix. Oversee any investigation of activities which are within its terms of reference;
- x. Recommend sanctions and disciplinary actions against defaulters to the Governing Board as provided for in the NBAA establishing law;
- xi. Review from time to time the relevance and appropriateness of provisions of the NBAA Membership and Practicing By-Laws in response to developments in the profession and demands in the global markets;
- xii. Develop a set of high-quality, understandable and enforceable rules;
- xiii. Collaborate with all the regulatory bodies on the issues of compliance;
- xiv. Create linkages with other affiliate professional associations; and
- xv. Promote and organize member's social functions.

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During the year, the Membership, Ethics and Compliance Committee held four meetings. The Committee Members were appointed on 9 November 2021, and include two co-opted members, Tanzanians, who are appointed by the Governing Board.

Table 6: Members of the Membership, Ethics and Compliance Committee as at 30 June 2023

No.	Committee Members	Position	Ordinary Meeting			
			118 09-Sep-22	119 08-Dec-22	120 16-Mar-23	121 14-Jun-23
1	CPA Rukia J. Adamu	Chairperson	✓	✓	✓	✓
2	CPA Adv Fredrick B. Msumali	Member	✓	✓	✓	x
3	CPA Dyoya G. Dyoya	Member	✓	✓	✓	✓
4	CPA Oswald M Urassa	Member	✓	✓	✓	x
5	CPA Leticia M. Nchwali	Member-Qualification: Certified Public Accountant	✓	✓	✓	✓
6	CPA Pius A. Maneno	Executive Director and Secretary to the Committee	✓	✓	✓	x

Source: Minutes of meetings of Membership, Ethics and Compliance Committee for year 2022/23

v. Public Sector Committee

The Public Sector Committee deals with all matters pertaining to the following:

- i. All legal and fiscal matters affecting the profession;
- ii. Review and submit the accountants' professional pre-budget proposals to the Government;
- iii. Review post-budget critiques and make appropriate recommendations to the Governing Board;
- iv. Work closely with the Government (both central and local) in improving its financial reporting systems with the view of enhancing transparency, accountability, and integrity of government operations leading to improved governance;
- v. Work closely with the government on the issue of reviewing outdated legislation on financial reporting and streamlining the country's commercial laws;
- vi. Bring awareness of the public in regard to its right to access public financial reports and information; and
- vii. Advise the government on issues relating to good governance in order to improve efficiency in public sector operations.

During the year, the Public Sector Committee held one meeting. The Committee Members were appointed on 9 November 2021, and include two co-opted members, Tanzanians, who are appointed by the Governing Board.

NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS

Table 7: Members of the Public Sector Committee as at 30 June 2023

No.	Committee Members	Position	Ordinary meeting	
			7 Dec 2022	
1	CPA Francis M. Mwakapalila	Chairperson		✓
2	CPA John F Ndetico	Member		✓
3	CPA Aisha R Kapande	Member		✓
4	CPA Adv Nicholas M.F Duhia	Member		✓
5	CPA Nicodemus D Mkama	Member		x
6	CPA Pius A. Maneno	Executive Director and Secretary to the Committee		✓

Source Minutes of meetings of Public Sector Committee for year 2022/23

vi. Audit Committee

The overall objective of the Board's Audit Committee is to ensure that the NBAA is creating and maintaining effective control systems within the Board and that management demonstrates and stimulates the necessary respect of the internal control structure amongst all parties.

The Committee is also to ensure that the Board's Audit Committee members, as well as the internal and external auditors work closely and have unlimited access to whatever information they require in performing their duties.

The Audit Committee is also responsible for ensuring that both the internal and external auditors are independent. During the year under review the Audit Sector Committee held four meetings.

Table 8: Members of the Audit Committee as at 30 June 2023

No.	Committee Members	Position	Ordinary Meeting			
			42	43	44	45
			21-Sep-22	13-Dec-22	15-Mar-23	13-Jun-23
1	CPA Paul R Bilabay	Chairperson	✓	x	✓	✓
2	CPA Rukia H Abdulla	Member	✓	✓	✓	✓
3	CPA John F Ndetico	Member	✓	✓	✓	✓
4	CPA Adv Fredrick B Msumali	Member	✓	✓	✓	x
5	Mr Benjamin Mkwizu	Member	✓	✓	✓	✓
6	Adv Agnes A. Kessy	Secretary: Qualifications: LLB (UDSM), MBA and Post graduate diploma in legal practices.	✓	✓	✓	✓

Source Minutes of meetings of the Audit Committee for the year 2022/23

2.14 MANAGEMENT

Management of the NBAA under the leadership of the Executive Director is organized in four line Departments as follows:

- The Corporate Services Department;
- The Education and Training Services Department;
- The Members Services Department; and,
- The Technical and Advisory Services Department.

There are three staff functions under the Executive Director's Office as follows:

- Internal Audit Unit;
- Legal Unit; and,
- Procurement Management Unit.

2.15 EVENTS AFTER THE REPORTING PERIOD

There were no material events, adjusting, or non-adjusting that had occurred after the reporting date and thus required adjustment or disclosure in the financial statements.

2.16 SOLVENCY

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

2.17 CAPITAL MAINTENANCE

The capital of the NBAA includes a development fund, revolving fund, reserves, and retained surplus. The NBAA complied with all requirements relating to the maintenance of capital. Capital is maintained through national budget allocation to the NBAA through the Ministry of Finance and Planning.

	2023	2022
Description	TZS '000	TZS '000
Special reserve	1,831,198	1,953,748
Contribution from the Government	6,568,922	6,568,922
Accumulated surplus	16,232,589	15,119,440
	<u>24,632,709</u>	<u>23,642,110</u>

2.18 FINANCIAL RESULTS FOR THE YEAR 2022/23

I. Financial performance

a) Revenue from exchange transactions

Revenue from exchange transactions has decreased by 10.67% from TZS 508 million in the year 2021/22 to TZS 454 million in the year ended 30 June 2023. The decrease was attributed to the decrease in revenues generated from advisory services as the result of decrease in number and values of advisory services obtained during the year. Also, change of the state dates of the OCAM project on adoptions and implementation of Accrual IPSAS in Mozambique from April to August 2023 reduces the amount expected to be collected from the services.

b) Revenue from non-exchange transactions

Revenue from non-exchange transactions has increased by 15.9% from TZS 15.27 billion in the year 2021/22 to TZS 17.70 billion in the year ended 30 June 2023. The increase is the result of the recognition of NBAA Dodoma plots which were paid for by the Ministry of Finance amounting to TZS 387.12 million.

The increase was caused by the increase in collections from examination fees and seminar/workshop participation fees caused by the increase in number of candidates and seminar/workshop participants. Furthermore, this increase was attributed to the increase in donations received from well-wishers to finance NBAA 50 years anniversary.

c) Employment costs

Employment costs have increased by 15.65% from TZS 4.57 billion (2021/22) to TZS 5.28 billion during the year. This is primarily attributed by increase in staff welfare costs and other incentives to some staff during the year.

d) Operating expenses

Operating expenses have increased by 21.37 % from TZS 5.16 billion reported in 2021/22 to TZS 6.26 billion in 2023. The increase was attributed by the increase in hall hiring costs as the result of increase in number of seminar and workshop participants during the year. Also, increase in wages, honorarium and incentives due to increase in number of activities with the intention of increasing of regulation to members and candidates.

e) Administrative expenses

Administrative expenses have increased by 25 % from TZS 3.44 billion (2021/22) to TZS 4.29 billion in the year. This has primarily been attributed by the increase in costs due to upgrading and integrations of the ICT systems particularly the exercise of data entry, cleaning and system report module preparations. Also, the increase in costs was attributed by the increase in special tasks in preparation of various documents after review of the NBAA Establishment Act and costs

incurred to finance NBAA 50 years anniversary. Furthermore, the Board disbursed TZS 100 million (2021/22: 100 million) to Treasury Registrar as contribution to the consolidated fund.

f) Finance costs

Finance costs have decreased to TZS 1.02 billion from TZS 1.08 billion reported in year 2021/22. The decrease is mainly attributed to use of the reducing balance interest computation with an interest rate of 5% for the period of 20 years of which interest tends to decrease over time.

g) Depreciation

Depreciation expenses have increased by 23% from TZS 339 million to TZS 332 million in the year 2022/23. The decrease is primary attributed by increase of depreciation as the result of acquisition of the new assets, impairment loss and completion of rehabilitation of Mhasibu House.

II. Financial position

a) Cash and cash equivalents

Cash and cash equivalents stood at TZS 1.79 billion as at 30 June 2023 compared to a position of TZS 1.13 billion as at 30 June 2022. More cash was held as a result of decrease in loan repayment made towards year end from TZS 1.73 billion to TZS 1.21 billion and decrease in number of staff who borrow from the staff housing loan revolving fund. Also, the balance was set aside to pay ongoing activities relating to consultancy costs for construction of Dodoma Office and acquisition of reception and Board room furniture. The movement of cash and cash equivalent is demonstrated on the Statement of Cash Flows for the year ended 30 June 2023.

b) Receivables from exchange transactions

Receivables from exchange transactions decreased by 17% from TZS 2 billion as at 30 June 2022 to TZS 1.66 billion as at 30 June 2023. The decrease is primarily attributed to decrease in staff loan receivable as a result of decrease in number of staffs who borrow from the staff housing loan revolving fund and write off loan due to various reasons including death of the staff.

c) Loan receivable from APC Investment Centre

The value of the loan receivable balance from APC Investment Centre decreased by 1% from TZS 20.45 billion as at 30 June 2022 to TZS 19.85 billion as at 30 June 2023. The decrease was attributed by restructuring of the loan effective from 1 July 2020 which resulted to a waiver and write off of accrued penalties, overstated loan amounting to TZS 4.560 billion and an overpayment of TZS 0.518 billion.

d) Inventories

As of 30 June 2023, inventories stood at TZS 3.1 million which is a decrease of 99.23% from TZS 399.86 million which was reported in 2022. The decrease is primarily attributed to the fact that

as at period end the Board decided to close the bookshop and the books were transferred to the library. Also, The Board encourages the use of electronic learning materials for candidates and the use of Just in Time in the purchase of office consumables.

e) Investment in joint venture

As at June 2023, net carrying amount of investment in joint venture stood at TZS 7.99 billion compared to TZS 7.60 billion reported in 2022. The increase is a result of the net impact of additional capital of TZS 0.39 billion as an excess amount over the received amount from APC Centre paid by the Board as NSSF Loan Repayment and decrease of share of loss from the joint venture.

f) Financial assets

Financial assets have remained with the same i.e., TZS 76.3 million as there was no change in the value of the price per share.

g) Property and equipment

Property and equipment have increased by 6.73% from TZS 3.42 billion in 2021/22 to TZS 3.65 billion in the year 2022/2023. The increase was attributed by the transfer of books from bookshop to the library amounting to TZS 0.308 billion, the acquisition of office furniture's, equipment's and Payment of retention amount on Mhasibu house rehabilitation contracts.

h) Payables from exchange transactions

As at 30 June 2023, payables from exchange transactions stood at TZS 233.02 million which is a result of decrease of 42.97% from TZS 408.60 million which was reported in 2021/22. The Board have low outstanding payments that across the year compared to the prior year specifically in administration costs such as utilities and other operational costs. Also the Board has reclassify the long outstanding payables to other income.

i) Borrowings

Borrowings represent loan from NSSF which stood at TZS 20.65 billion in 2023 compared to TZS 20.847 billion which was reported in 2022; The decrease was attributed by restructuring of the loan effective from 1 July 2020 that resulted to a waiver and write off of accrued penalties, overstated loan amounting to TZS 4.560 billion and overpayment of TZS 0.518 billion.

2.19 KEY ACHIEVEMENTS DURING THE YEAR

The NBAA is currently implementing its strategic plan for the period covering 2021/22 - 2025/26. This is a rolling plan which at every year-end is reviewed and updated to ensure that it is still appropriate and valid for the NBAA to achieve its mission. The NBAA's strategic plan for 2021/22 to 2025/26 which came into operation with effect from 1 July 2021 focus on achieving five objectives as follows:

NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS

- HIV/AIDS infections and non - communicable diseases reduced, and supportive services improved;
- Implementation of National Anti-Corruption Strategy enhanced, and corruption incidences reduced;
- Accountancy Profession improved and sustained;
- Governance and operations of the Board improved and sustained;
- Stakeholders' involvement and communication improved; and,
- Financial management improved and sustained.

Table 9: Achievements of the NBAA for the year ended 30 June 2023

No.	Performance Indicator	Target / Plan		Actual / Achievement	
		2023	2022	2023	2022
1	Administer two examinations per annum: NBAA successfully administered two examinations; one in November 2022 and another examination session in May 2023.	2	2	2	2
2	Successfully administered two mid-session examinations for accountants who possess foreign qualifications. Examinations were conducted in August 2022 and February 2023.	2	2	2	2
3	Conduct IPSASs Diploma Course: NBAA planned to conduct two IPSAs diploma courses. Board managed to conduct two IPSASs Diploma course sessions during the year. One session was completed on August 2022 and the another in February 2023.	2	2	2	2
4	The Board planned to conduct training quality assurance regulatory visit to 15 Tuition Providers. The Board managed to visit 15 tuition providers.	15	15	14	14
5	Issue 2 Publications of the Accountants Magazine: Two issues of 'The Accountant' Magazine were planned and two published during the year.	2	2	2	2
6	Issue 2 Publications of the Accountants Journal: Two issues of 'The Accountant' Journal were planned and 2 published during the year.	2	2	1	2
7	Conduct 25 Seminars per annum: NBAA conducted 25 seminars/webinar during the year of which some were conducted jointly with other institutions such as Bank of Tanzania, and Tanzania Revenue Authority (TRA).	25	25	25	24
8.	Implement IFAC's 7 Statement of Membership Obligations: NBAA geared itself towards implementation of the IFAC's 7 Statement of Membership Obligations during the year.	1	1	1	1
9.	Conduct Audit Quality Review (AQR) workshop for all small and medium auditing firms: NBAA conducted two workshops on Audit quality Review for small and medium audit firms in the country.	2	2	2	2
10	Conduct Audit Quality Review (AQR) for all auditing firms under the circle of three years: NBAA planned to conduct Audit Quality Review for 52 firms within a year under the circle of	52	70	51	51

NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS

No.	Performance Indicator	Target / Plan		Actual / Achievement	
		2023	2022	2023	2022
	three years and 51 firms visited. The unvisited firms were caused by sickness reasons and the Board rescheduled those firms to be visited early next year 2023/24.				
11	Conduct 6 workshops per annum: NBAA conducted 6 workshops during the year under review.	6	6	6	6
12	The Board planned to conduct ten (10) Accountancy professional Advisory programmes for various stakeholders as per the demand.	10	12	10	10
13	Organize and submit a pre-budget proposal to the Government through the Minister for Finance: The NBAA through its Public-Sector committee continued to contribute to the national budget by submitting its pre-budget proposals to the Minister for Finance as an input to the country's fiscal and monetary plans. The proposal for the year 2023/24 had recommendations on withholding taxes, value added tax, flaws in the Income Tax Act 2004, multiplicity of taxes, and other non-taxes issues.	1	1	1	1
14	During the year under review, the Board planned and managed to service NSSF Loan by paying TZS 1,218,792,000.	1	1	1	1
15	During the year under review the Board planned and manage to service PSSF Loan by paying TZS 677,625,000.	1	1	1	1
16	During the year under review the Board planned and managed to improve and integrate different systems like MEMS, ERMS, e-office corporate website and GEPG to facilitate smoothly operation.	95%	95%	95%	95%
17	During the year under review the Board continued with the review of the Accountant and Auditors (Registration) Act CAP 286 by laws. The amended bylaws was sent to Ministry of Finance for review and further processes.	100%	100%	100%	100%

Source: NBAA performance contract with the Treasury Register for the year ended June 2023

2.20 ENTITY OPERATING MODEL

Summarized below is the entity operating model.

Value we create:	Our capital	Process	Output	Outcome
        	<p>Resources:</p> <p>a) Financial resources / capital</p> <p>b) Manufactured resources / capital</p> <p>c) Human resources / capital</p> <p>d) Social and relationship resources / capital</p> <p>e) Natural resources / capital</p>	<p>Principal activities:</p> <p>a) Conducting examinations and issuing publications.</p> <p>b) Registration of members and professional firms.</p> <p>c) Regulation of the Accountancy Profession.</p> <p>d) Conducting of Continuing Professional Education (CPE) Programmes; and</p> <p>e) Formulating the appropriate National Accountancy Scheme and Syllabi.</p>	<p>Key achievements during the year:</p> <p>a) Code of Ethics, Technical Issues and Professional Standards: These standards guide the behaviour and practice of members on the performance of their duties and reporting requirements.</p> <p>b) Members: Registered Accountants and Auditors; and Registered Audit/Accountancy Firms</p> <p>Members are expected to offer approved services only.</p> <p>c) Professional Examinations: CPA and IPSAS examination offered to members.</p> <p>d) Accounting Advice to the Government: Advice on various issues on accounting, auditing, tax and related matters.</p> <p>e) Continuing Professional Education: Members are provided with updated impacting the accountancy profession.</p> <p>f) Training: Training to members and general public on accounting and related areas.</p> <p>g) Research and Advisory: NBAA provide a range of research and advisory services on applications of the standards, cash flow and wealth management. NBAA also offers Employment Bureau Services.</p> <p>h) Publications: NBAA issues Journals and Accountant Magazine to inform the public about current issues from the accountancy profession.</p>	<p>Relationship with stakeholders:</p> <p>a) Ministry of Finance: Continuous engagement to ensure full disclosure and open communication so as to inform their investment decisions.</p> <p>b) Regional and International Accountancy: Continuous NBAA seminar, training and workshop to the auditors and accountants for capacity building and knowledge sharing.</p> <p>c) Regulators: The Board collaborates with other regulators; has been taking measure to the accountants and auditor who do not comply to the ethics of auditing and accounting; and conducting workshops and seminar training for capacity building and knowledge sharing.</p> <p>d) General public: Developing innovative solutions that meet our customers' specific needs.</p> <p>e) Employees: Rewarding staff for the value they add; developing our staff to further their careers and studies; Transforming into an inclusive society through gender equality; and motivating and energising our workforce.</p> <p>f) Students/Members: Availability of Continuous professional development; Provision of Technical and non-technical training; Timely delivery of professional support; Enhanced Information and Communication Technology; and Availability of comprehensive and quality control procedures for examination conducted.</p>

2.21 LEGAL AND REGULATORY REQUIREMENTS

The NBAA is a regulatory body for the accountancy profession in Tanzania. The NBAA reports to the Ministry of Finance and Planning and is required to comply with the Government procedures and laws of the land. The regulatory functions of the NBAA are guided by the establishing Act (The Accountants and Auditors (Registration) Act CAP 286 and its bylaws. During the year under review, the NBAA complied with all the applicable laws.

2.22 ENVIRONMENTAL CONTROL PROGRAM

The NBAA monitors the impact of its operations on the environment, which is mainly through the use of power, water and the generation of waste. The NBAA minimizes its impact through the better use of its premises and inbuilt facilities to ensure that there is proper waste management.

2.23 PRINCIPAL RISKS AND UNCERTAINTIES

The Governing Board accepts final responsibility for the risk management and internal control systems of the NBAA. It is the task of management to ensure that adequate internal control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the NBAA's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and,
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures.

1. Strategic risks

These are risks to the Board's direction and existence. These risks can impact the attainment of the Board's long-term objectives or sustainability targets and threatens its existence. These include issues such as funding availability, political risks, legal and regulatory changes, reputation and changes in the physical environment.

Unethical, fraud and corruption incidences, examination leakage, registration of unqualified candidate(s) into examinations, registration of unqualified members, incorrect conclusion on performance of audit firm, irrelevant topic during CPD presentation, decrease of seminar participant, members breach professional code of ethics, presence of unqualified accountant/auditors providing accounting/auditing services, wrong research recommendations, possibility of natural/man-made calamities outbreak to NBAA Offices, Ineffective security on

data and information, failure to advise Management and Governing Board on different matters pertain to the achievement of Board objectives.

Mitigation measures

- Continue timely monitoring and evaluation of accountants and auditors on their practice;
- Continue to take disciplinary measures against unethical members;
- Ensure approval of the funds before project commencement;
- Conduct virtual meetings and provide awareness on legal issues, Real Time Offsite Backup;
- Installation of fire-rated doors at the server room;
- Undergo regular training on cyber security and provision of awareness on ICT Policy;
- Installing genuine software, updates/patches and strong antivirus software; and,
- Implementation of recommendations onto penetration test report, using a very strong firewall and providing awareness on Budget Act 2015 staff.

2. Legal and compliance risks

These concern issues of compliance with laws, regulations, guidelines, circulars and regulatory requirements applicable to daily conduct of the Board's operations. It also concerns inadequate legal frameworks and litigation issues.

Non-compliance to procurement legislations/processes, Noncompliance with report requirements and other Government Directives.

Mitigation measures

- Provide awareness on legal issues and capacity building to staff (training).

3. Operational risks

These concerns day-to-day issues that the Board could be confronted with as it strives to deliver its strategic objectives. Risks at this level relate to systems, resources and processes and include events such power failures and competitive technology, system malfunction or loss of key staff, exams leakage.

Failure to develop and implement behaviour change towards non-communicable disease and HIV AIDS, Possibility of having outdated materials in bookshop, Errors in the examination papers, Damage or loss of examination question paper or answer scripts, Declaration of wrong examination results, Errors in the examination papers, Unregistered person attempting examination on behalf of a registered candidate, out dated books in library, Data loss due to inefficient records management, Failure to complete Audit Quality Review cycle, Data loss of the Researched assignment, Provision of misleading technical pronouncements and advices, Employees perform less than expectation.

Mitigation measures

- Provide protective gears;
- provide awareness programs and other initiatives to all staff;
- Update examination control guideline regularly; and,
- Examination paper storage to be more secured;
- Vetting of all examiners;
- Board examination syllabus needs to be reviewed regularly;
- Capacity building to staff;
- Recruit additional staff; and,
- Provide awareness on legal issues.

4. Financial and fraud

These concerns fraudulent practice such as possible misappropriation of assets, corruption and misconduct and financial viability and stability of the Board. The Board maintain its long-term and overall financial stability with zero tolerance on fraud. Decrease in demand of advisory services.

Mitigation measures

Develop and enforce Ethics and Code of conduct Policy and Communicate and enforce whistle blowing policy

2.24 FUTURE DEVELOPMENT PLANS

In the next financial year, the NBAA shall continue to review 24 study kits for its developed syllabi which was tested for the first time in November 2019, and also to alleviate the shortage of reading materials in its curriculum.

The NBAA shall further continue to automate its activities including integrating its information system through networking and enhance its service delivery to its stakeholders.

It is the intention of the NBAA to enhance the number of members on the NBAA's register by bringing on board those accountancy professionals not yet registered and in particular encouraging more members of the disadvantaged groups to join the profession.

In addition, the NBAA will continue to re-enforce the mandatory CPE scheme and offer specialized CPE programs to enhance quality of its members' skills. The NBAA will embark on continuous cost-cutting measures to make sure that value for money is achieved in all the NBAA's activities.

Furthermore, the NBAA will continue to engage stakeholders, in order to get funding for strengthening capacity by restructuring its organization; working with Government in streamline legislations concerning financial reporting and auditing in the country; streamline the NBAA's operations and building the technical capacity of its staff.

NBAA also will also implement its five-year Strategic Plan for years 2021/22 to 2025/26 and review its operating students and membership Bylaws following the amendments of the Accountants and Auditors (Registration) Act expected to be finalized in 2022/23.

The Board will continue to service NSSF loan used in the construction of APC Centre and Purchase of the PSSF equity invested at APC Centre as per agreements. Also, The Board planned to build its new office in Dodoma before June 2026.

2.25 GENDER PARITY

The NBAA is 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. As at 30 June 2023 and 2022 the NBAA had the following distribution of employees by gender:

Gender	2023		2022	
	No.	Percentage	No.	Percentage
Male	32	57%	32	57%
Female	26	43%	26	43%
Total	58	100%	58	100%

Source: Personnel record from the human resources unit

2.26 RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions and balances, including director's emoluments, have been disclosed in Notes to the financial statements.

2.27 POLITICAL AND CHARITABLE DONATIONS

During the financial year 2022/23, NBAA did not make any political or charitable donations (2022: None).

2.28 ACCOUNTING POLICIES

NBAA being a non-commercial public entity has prepared and presented its financial statements in compliance with IPSAS. The summary of key accounting policies is provided in the Notes to

the financial statements. The policies have consistently been applied by the Board throughout the reporting period.

2.29 EMPLOYEES WELFARE

a) Management and employees' relationship

The relationship between the Management and employees was good. There were no unresolved complaints received by Management from the employees during the year.

b) Training facilities

During the year, two members of staff were sponsored for bachelor's degrees; five staff for master's degrees, twenty-five other employees were sponsored for short term training programs and 7 staff were sponsored for retirement programme

In addition, several in house training sessions were conducted on information technology and public relations issues including Board members training. Training cost for above facilities amounted to TZS 210.87 million (2022: TZS 199.53 million) reported under staff training and other benefits.

b) Medical assistance

All Members of staff and their spouse together with a maximum number of four beneficiaries (dependents) for each employee were availed with medical insurance where employer contribute three percent of employee basic salary moreover the NBAA subsidized to all employees who have not been able to access green card. Currently, these services are provided by the National Health Insurance Fund (NHIF). Cost relating to medical assistance amounted to TZS 63.29 million (2022: TZS 63.78 million).

c) Financial assistance to staff

This is available to all confirmed employees depending on the assessment by management of the need and circumstance and ability to make payment in accordance with the existing Board's Staff Regulations of 2014. Management has established a Revolving Fund and has influenced staff to establish and join the NBAA Savings and Credit Co-Operative Society (SACCOS) to assist in promoting the welfare of its employees. During the year under review management succeeded to issue loans amounting to TZS 359.74 million to staff (2022: TZS 393.18 million) through the established revolving fund.

2.30 PERSONS WITH DISABILITIES

The Board is an equal opportunity employer and as a matter of policy, recruitment processes are transparent and competitive. In case of applications for employment by persons with disabilities will be considered bearing in mind the aptitude of the applicant concerned. In event of members of staff becoming disabled, every effort shall be 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 in case of staff with disabilities should, as far as possible, be identical to that of other employees.

2.31 RESPONSIBILITIES OF THE AUDITORS

Auditors' objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes an opinion. In addition, Sect. 10(2) of the PAA No. 11 of 2008 require auditors to satisfy themselves that, the financial statements have been prepared in accordance with the appropriate accounting standards. Furthermore, Sect. 48(3) of the Public Procurement Act No. 7 of 2011 (as amended 2016) require auditors to report whether the audited entity has complied with the provisions of the Law and its Regulations.

2.32 PREJUDICIAL ISSUES

The NBAA faces a number of challenges including lack of ability to attract and retain competent and experienced manpower to manage its critical technical functions. This may lead to its failure to accomplish its roles as both a regulator and a member body due to low salaries paid to its manpower however the Board is working with the Government to improve the working environment including increasing the number of staff and salary.

2.33 IMPACT OF COVID 19

No effect has been observed that affects operations the Board.

2.34 CAPITAL COMMITMENT

As at the reporting date, NBAA had a capital commitment amounting to TZS 146 million (2022: 98 million). The commitment relates to the development of e-learning infrastructure and other supporting equipment.

The Board also has a commitment to repurchase PSSF equity at APC Investment Centre as result of the joint venture review which require NBAA to repurchase PSSF equity as per repayment schedule which show payment of TZS 677 million each year and this amount includes principal equity amount and premium. As at reporting date the Board has commitment amounting TZS 8.92 billion as shown on Joint venture Agreement Purchase schedule.

2.35 STATUTORY AUDITORS

The Controller and Auditor General is the statutory auditor of the National Board of Accountants and Auditors - (NBAA) by the virtue of article 143 of the Constitution of the United Republic of Tanzania as amplified under Section 30 (1) of the Public Audit Act (PAA) No 11 of 2008. Claritas International were authorized to carry audit of NBAA for the financial year ended 30 June 2023.

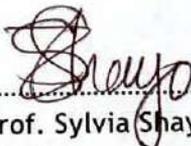
2.36 RESPONSIBILITY OF THE AUDITOR

The Controller and Auditor General (CAG) has a statutory responsibility to report to the stakeholders as to whether, in his opinion, the financial statements of the Corporation present fairly the financial position, financial performance and cash flows for the year that ended in accordance with the International Public Sector Accounting Standards (IPSASs), and in the manner required by the Auditors and Accountants (Registration) Act, CAP 286 and the Public Finance Act, Cap. 348. Furthermore, International Standards on Auditing requires auditors to report whether the report by Those Charged with Governance is consistent with the financial statements and that it contains no misstatement of facts.

2.37 STATEMENT OF COMPLIANCE

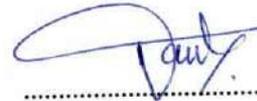
The Report by Those Charged with Governance is prepared in compliance with the new Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021.

This report was approved by the Governing Board on and signed on behalf by:



.....
CPA Prof. Sylvia Shayo Temu
Chairman
Governing Board

Date:



.....
CPA Paul R. Bilabaye
Chairman
Audit Committee

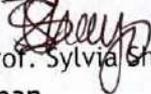
3.0 STATEMENT OF RESPONSIBILITIES OF GOVERNING BOARD FOR THE YEAR ENDED 30 JUNE 2023

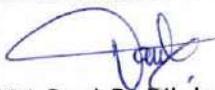
Section 36 of the Auditors and Accountants (Registration) Act, CAP 286 requires NBAA to keep proper records and books of account, which should lead to the preparation of financial statements. The governing board is required to prepare financial reports for each financial year that give a true and fair view of the state of affairs of the NBAA, its operations, and sources and applications of the funds obtained during the period.

The governing board accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimate in conformity with International Public Sector Accounting Standards (IPSASs) and in the manner required by applicable laws. The Governing Board are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the NBAA and of its operating results. The Governing Board further accept responsibility for the maintenance of the accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

Nothing has come to the attention of the Governing Board to indicate that the NBAA will not remain a going concern for a foreseeable future from the date of this statement.

This statement was approved by the Governing Board on and signed on behalf by:


CPA Prof. Sylvia Onayo Temu
Chairman
Governing Board


CPA Paul R. Bilabay
Chairman
Audit Committee

Date:

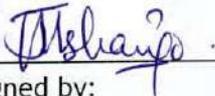
4.0 DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditor (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act CAP 286, 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 those charged with governance 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 International Public Sector Accounting Standards (IPSAS) and statutory financial reporting requirements. Full legal responsibility for the preparation of the financial statements' rests with those charged as stated in their responsibilities on an earlier page.

I, **Juma Antipas Mshanga** being the Head of Finance of the National Board of Accountants and Auditors 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 statutory financial reporting requirements.

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



Signed by:

CPA Juma Antipas Mshanga - ACPA 3425,
Ag. Chief Accountant,
Dodoma, Tanzania.

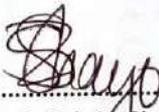
Date: _____

5.0 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

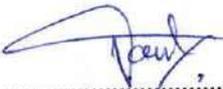
	Notes	2022/23 TZS '000	Restated 2021/22 TZS '000
ASSETS			
Current assets			
Cash and cash equivalents	7	1,790,085	1,126,968
Receivables from exchange transactions	8	1,660,534	1,997,578
Financial assets	9	76,300	76,300
Loan receivables from APC Investment Centre	10	802,482	802,482
Inventories	11	3,098	399,859
		<u>4,332,499</u>	<u>4,403,187</u>
Non-current assets			
Investment in joint venture	12	7,993,259	7,602,807
Property and equipment	13	3,648,975	3,418,748
Loan receivables from APC Investment Centre	10	19,845,276	20,045,146
Land	14	9,578,652	9,292,532
Intangible assets	15	179,938	258,035
		<u>41,246,100</u>	<u>40,617,268</u>
TOTAL ASSETS		<u>45,578,599</u>	<u>45,020,455</u>
LIABILITIES			
Current liabilities			
Payables from exchange transactions	16	233,019	408,593
Provision for liabilities and charges	17	65,113	122,125
Borrowings - NSSF loan	18	802,482	802,482
		<u>1,100,614</u>	<u>1,333,200</u>
Non-current liabilities			
Borrowings - NSSF loan	18	19,845,276	20,045,146
		<u>24,632,709</u>	<u>23,642,109</u>
NET ASSETS		<u>24,632,709</u>	<u>23,642,109</u>
NET ASSETS			
Special reserve	49	1,831,198	1,953,748
Contribution from the Government	48	6,568,922	6,568,922
Accumulated surplus		16,232,589	15,119,439
TOTAL NET ASSETS		<u>24,632,709</u>	<u>23,642,109</u>

The notes form an integral part of financial statements which were approved by Governing Board and authorized for issue on..... and were signed on its behalf by:



 CPA Prof. Sylvia Shayo Temu
 Chairman
 Governing Board

Date:



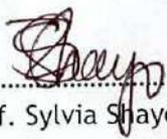
 CPA Paul R. Bilabaye
 Chairman
 Audit Committee

NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

		2022/23	<i>Restated</i> 2021/22
	Notes	TZS '000	TZS '000
REVENUE			
Revenue from non-exchange transactions	19	17,700,423	15,272,760
Revenue from exchange transactions	20	454,310	508,589
Other income	21	1,192,622	1,078,839
		<u>19,347,355</u>	<u>16,860,188</u>
EXPENSES			
Operating expenses	22	6,263,440	5,160,627
Employment costs	23	5,282,205	4,567,251
Administrative expenses	24	4,297,765	3,443,284
Other expenses	25	211,171	184,678
Finance costs	26	1,018,921	1,076,324
Depreciation of property and equipment	13	332,364	339,772
Share of loss in joint venture	12	828,339	1,187,075
		<u>18,234,205</u>	<u>15,959,011</u>
Surplus for the year		<u>1,113,150</u>	<u>901,177</u>

The notes form an integral part of financial statements which were approved by Governing Board and authorized for issue on..... and were signed on its behalf by:



 CPA Prof. Sylvia Shayo Temu
 Chairman
 Governing Board

Date:



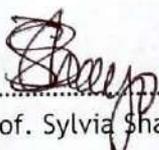
 CPA Paul R. Bilabaye
 Chairman
 Audit Committee

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

	Special reserve funds TZS '000	Contribution from the Government TZS '000	Accumulated surplus TZS '000	Total TZS '000
Year ended 30 June 2022				
At the beginning of the year	1,827,001	6,568,922	14,030,453	22,426,376
Special reserve fund interest	126,747	-	-	126,747
Surplus for the year	-	-	901,177	901,177
At the end of year	1,953,748	6,568,922	14,931,630	23,454,300
Prior year Adjustments (Note 53)	-	-	187,809	187,809
Restated balance as at the end of the year	1,953,748	6,568,922	15,119,439	23,642,109
Year ended 30 June 2023				
At the beginning of the year	1,953,748	6,568,922	15,119,439	23,642,109
Special reserve fund net interest	112,902	-	-	112,902
Provision of Housing loan	(235,452)	-	-	(235,452)
Surplus for the year	-	-	1,113,150	1,113,150
At the end of year	1,831,198	6,568,922	16,232,589	24,632,709

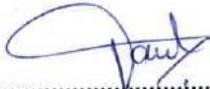
*The details on the rationale and the movement on the special reserve are as per Note 49 to the financial statements.

The notes form an integral part of financial statements.



 CPA Prof. Sylvia Shayo Temu
 Chairman
 Governing Board

Date:



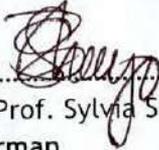
 CPA Paul R. Bilabay
 Chairman
 Audit Committee

NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

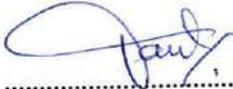
	Notes	2022/23 TZS '000	2021/22 TZS '000
Operating activities			
Receipts			
Ministry of Finance (Subvention and Development Fund)	28	371,299	246,779
Professional fees	29	3,703,069	3,577,343
Examination fee	30	4,893,990	4,028,383
Seminar fees	31	6,718,330	5,459,850
Fee from advisory services	32	217,250	316,848
Sale of publications	33	22,713	26,021
Miscellaneous revenue	34	147,126	35,431
Rents	35	72,514	49,247
Donation income	36	233,064	107,000
Payments			
Advisory expenses	37	(186,698)	(278,814)
Examination expenses	38	(2,912,657)	(2,516,578)
Seminar expenses	39	(2,992,634)	(2,523,079)
Employment costs	40	(3,898,439)	(2,879,547)
Administrative expenses	41	(4,260,372)	(2,913,273)
Other expenses	42	(18,223)	(13,131)
Net cash generated from operating activities		2,110,332	2,722,480
Investing activities			
Purchase of property, plant, and equipment	13	(341,325)	(131,939)
Additions on intangible assets	15	-	(148,680)
Interest/ dividend received	34	112,902	134,427
Proceeds from sale of property, plant, and equipment	13	-	31,100
Net cash used in investing activities		(228,423)	(115,092)
Financing activities			
Repayment of NSSF loan	18	(1,218,792)	(1,737,188)
Purchase of PSSF equity interest	12	(640,000)	(677,625)
Repayment of loan by APC Investment	10	640,000	600,000
Net cash used in financing activities		(1,218,792)	(1,814,813)
Increase in cash and cash equivalents		663,117	792,575
At the beginning of the year		1,126,968	334,393
At the end of the year	7	1,790,085	1,126,968

The notes form an integral part of financial statements.



 CPA Prof. Sylvia Shayo Temu
Chairman
Governing Board

Date:



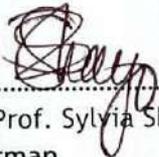
 CPA Paul R. Bilabay
Chairman
Audit Committee

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

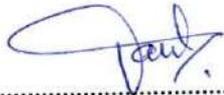
	Original Budget TZS 000	Final Budget TZS 000	Actual amount on comparable basis TZS 000	Deviation TZS 000
Receipts				
Ministry of Finance (Subvention and Development Fund)	2,125,607	2,125,607	1,993,026	132,581
Professional fees	3,795,382	3,795,382	3,703,069	92,313
Examination fee	5,159,143	5,159,143	4,893,990	265,153
Seminar fees	6,744,453	6,744,453	6,718,330	26,123
Fee from advisory services	769,600	769,600	217,250	552,350
Sale of publications	10,000	10,000	22,713	(12,713)
Miscellaneous revenue	24,148	24,148	147,126	(122,978)
Dividend	2,600	2,600	-	2,600
Rents	60,000	60,000	72,514	(12,514)
Interest on Housing Loan	134,000	134,000	112,902	21,098
Donation income	228,334	228,334	233,064	(4,730)
Repayment of loan by APC Investment	677,625	677,625	640,000	37,625
	<u>19,730,892</u>	<u>19,730,892</u>	<u>18,753,984</u>	<u>976,908</u>
Payments				
Advisory expenses	(461,760)	(461,760)	(186,698)	(275,062)
Examination expenses	(3,029,800)	(3,029,800)	(2,912,657)	(117,143)
Seminar expenses	(3,108,205)	(3,108,205)	(2,992,634)	(115,571)
Employment costs	(5,161,845)	(5,161,845)	(5,133,046)	(28,799)
Administrative expenses	(5,068,845)	(5,068,845)	(4,260,372)	(805,873)
Other expenses	(19,500)	(19,500)	(18,223)	(1,277)
Repayment of NSSF Loan	(1,218,792)	(1,218,792)	(1,218,792)	-
Purchase of PSSSF Equity interest	(677,625)	(677,625)	(640,000)	(37,625)
Purchase of Assets	(987,120)	(987,120)	(728,445)	(258,675)
	<u>(19,733,492)</u>	<u>(19,733,492)</u>	<u>(18,090,867)</u>	<u>(1,640,025)</u>
Surplus	-	-	<u>663,117</u>	<u>(663,117)</u>

*The budget and financial statements are prepared on a different basis. The statement of comparison of the budget and actual amounts above is prepared on the same basis as the budget. Additional information about the budget and a reconciliation of amounts as per the above statement and the actual amounts are disclosed in Note 53 and 54 to the financial statements.

*Explanations on the deviations is on Notes 56 of these financial statements


.....
CPA Prof. Sylvia Shayo Temu
Chairman
Governing Board

Date:


.....
CPA Paul R. Bilabay
Chairman
Audit Committee

6.0 NOTE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

The National Board of Accountants and Auditors (NBAA) is an independent regulatory body for the accountancy profession established under the Accountants and Auditors (Registration) Act, CAP 286 and operating under the Ministry of Finance. NBAA was established in 1972 and started carrying out its activities from 15 January 1973. The principal activities of the NBAA are disclosed in the Governing Board Report. The address of its registered office is:

8th Floor, NAOT Building,
411404 Tambukareli,
PO Box 1271,
Dodoma.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments at fair value.

The Statement of budget and actual has been prepared using cash basis of accounting, further classification schemes adopted for presentation is similar to the formats adopted for the financial statements. The budget period is for 12 months which is similar to adopted reporting period of financial statements.

Statement of compliance

The financial statements of the NBAA have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and comply with the Accountants and Auditors (Registration) Act, CAP 286. The financial statements are presented in Tanzania shillings (TZS) and all values are rounded to the nearest thousand shillings (TZS '000') unless otherwise stated.

Going concern

The financial statements have been prepared on going concern basis which assumes that the Board will continue in operational existence for the foreseeable future.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted by the NBAA are consistent with those of the previous financial year except where otherwise stated.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IPSAS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported

amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The most significant use of judgement and estimates are as follows:

a. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives and discount rates.

b. Impairment losses on trade receivables

The NBAA reviews its trade receivables at each reporting date to assess whether an impairment loss should be recognized in the Statement of Financial Performance. The NBAA reviews its trade receivables at each reporting date to assess whether an impairment loss should be recognized in the Statement of Financial Performance. In particular, judgement by the directors is required in the estimation of the amount and timing of future cash flows when determining the level of impairment loss required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the impairment. The details of provision for impairment of trade receivables are in Note 8.

c. Held to maturity investments

The NBAA follows the guidance of IPSAS 29 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the NBAA evaluates its intention and ability to hold such investments to maturity. If the NBAA fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortized cost.

d. Useful lives of property, plant and equipment and intangible assets

The NBAA has made accounting estimation of the useful lives of property and equipment and intangible assets based on the expected pattern of consumption of the future economic benefits and reviewed its depreciation rates. The useful lives of items of property and equipment have

been estimated annually and are in line with the rate at which they are depreciated. The depreciation rates of property, plant and equipment are given in note 13.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue from non-exchange transactions

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the NBAA and the revenue can be reliably measured.

Subvention from Treasury: Subvention comprises of funds paid by Treasury to cater for employees' salaries. These are credited to the Statement of Financial Performance in the period which they are received.

Revenues from non-exchange transactions: Revenues from non-exchange transactions with other entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfers are free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Board and can be measured reliably.

Grants and development funds: Grants are recognized when there is past event that give raise to the control to the resources and future economic benefits to the Board.

When the Board receives grants attached with conditions to return the grants when conditions are not fulfilled, the Board recognizes a deferred revenue and releases the amount as revenue when conditions are meet.

When the Board receives grants without conditions to return the grants when conditions are not fulfilled, the Board recognizes a revenue instantly.

Professional fees, examination fees and seminar fees: Revenue from professional, examination and seminar fees collected are recognized when received.

b) Revenue from exchange transactions

Dividend revenue: Revenue is recognized when the NBAA's right to receive the payment is established.

Consultancy fees: Revenue from consultancy fees is accounted for on accrual basis.

Rental revenue: Rental revenue is recognized when earned.

Other revenue: Other revenue is recognized in the period in which it is earned. This includes sale of publications and library services. Unconditional donation income is recognized when it is received.c) **Cash and cash equivalents**

For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise cash in hand, deposits held with banks and investments in money market instruments with an origin or maturity of three months or less that are readily convertible to known amount of cash and which are subject to insignificant risk of change in value.

d) Inventories

Inventories held for sale, i.e., bookshop books, are stated at the lower of cost or net realizable value. Inventories for consumption, i.e., stationeries, are stated at the lower of cost and current replacement cost.

Cost is determined by the First-In-First-Out (FIFO) method. Net realizable value is the estimate of the selling price in the ordinary course of business, less the selling expenses. Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

Provision for impairment is made for slow moving and obsolete stocks.

e) Provisions

Provisions are recognized when the NBAA has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the NBAA expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

f) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of the NBAA are measured using the currency of the primary economic environment in which the NBAA operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings, which is the NBAA's functional and presentation currency and all values are rounded to the nearest thousand (TZS'000) except where otherwise indicated.

ii. Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets (bid price) and liabilities (offer price) denominated in foreign currencies are recognized in the Statement of Financial Performance.

g) Related parties

Related parties comprise of Government of the United Republic of Tanzania, Ministry of Finance, APC Investment Centre, members of the Governing Board and Management Advisory Committee of the NBAA who have either significant influence or control over the NBAA's affairs.

h) Property and equipment

All property and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation, less any cumulative asset impairment. Where an asset is acquired through a non-exchange transaction, its costs shall be measured at its fair value as at the date of acquisition.

Subsequent expenditures are capitalized only when they increase the current economic benefits and meet the recognition criteria. Expenditure incurred to replace a component of item of property and equipment is accounted for separately and capitalized while the major replaced component is derecognized. All other expenditure items, which do not meet recognition criteria, are recognized in the Statement of Financial Performance as expenses as they are incurred.

Depreciation on assets is calculated on the straight-line method to write off the cost of each asset, over their estimated useful lives. The depreciation rates are as follows:

Asset category	Years
Buildings	50
Office furniture	10-30
Households' furniture	10-30
Motor vehicles	20
Office equipment	5-12
Library books	5
Graduation gowns	5

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

i) Intangible assets

Intangible assets consist of computer application software and computer packages. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Generally, costs associated with developing computer software programs are recognized as an expense when incurred. Intangible assets acquired are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite live are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortization, which has been consistently applied, is 20.0% - 33.33%. The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the Statement of Financial Performance. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Research and development costs

The Board expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Board can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use.
- Its intention to complete and its ability to use the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset will begin when development is completed, and the asset is available for use.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It will be amortized over the period of its expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j) Financial instruments

i. Financial assets

Initial recognition and measurement

The NBAA's financial assets include cash, trade and other receivables, and TBL Share investments. All financial assets are recognized initially at fair value or cost plus, in the case of investments not at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets are as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of financial performance. The losses arising from impairment are recognized in the statement of financial performance in finance costs.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through surplus or deficit. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the Statement of Financial Performance in finance costs and removed from the available-for-sale reserve.

The NBAA evaluated its available-for-sale financial assets whether the ability and intention to sell them in the near term is still appropriate.

De-recognition

NBAA will derecognize financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) when:

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The rights to receive cash flows from the asset have expired and
- The NBAA 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 under a 'pass-through' arrangement; and either
 - 1) the NBAA has transferred substantially all the risks and rewards of the asset, or
 - 2) the NBAA 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 NBAA assesses at each reporting date whether there is any 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 NBAA of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and

where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the NBAA 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 NBAA determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Board 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 present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the Statement of Financial Performance. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the NBAA.

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 the Statement of Financial Performance.

Available-for-sale financial investments

For available-for-sale financial investments, the NBAA assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement - is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement.

ii. Financial liabilities

Initial recognition and measurement

The NBAA's financial liabilities include trade and other payables, and borrowings. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of comprehensive income.

De recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Trade payable

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

k) Interests in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The NBAA's investments in joint venture are accounted for using the equity method. Under the equity method, the investment in joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the NBAA's share of net assets of the joint venture since the acquisition date. After application of the equity method, the NBAA determines whether it is necessary to recognize an impairment loss on its investment in joint

venture. At each reporting date, the NBAA determines whether there is objective evidence that the investment in joint venture is impaired.

If there is such evidence, the NBAA calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share of profit of a joint venture' in the Statement of Financial Performance.

Upon loss of joint control over the joint venture, the NBAA measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Value added tax

Revenues, expenses, and assets are recognized net of the amount 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 as part of the expense item as applicable; and

Value added tax

- Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

l) Corporate tax

The NBAA is exempted from corporate tax on its surplus.

m) Operating lease

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. A payment made on acquiring a leasehold land has been presented as prepaid operating lease rental and are charged to the income statement on a straight-line basis over the period of the lease. The amount received from tenants in respect of NBAA's leased out spaces are recognized as other income.

n) Employee benefits

Employee benefits are recognized on accrual basis.

Short-term benefits

Employee benefits include salaries, pensions, annual leave and other related - employment costs. The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognized as an expense.

Post-employment benefits

NBAA and its employees contribute to the Public Service Social Security Fund (PSSSF), a statutory defined contribution plan, under the PSSSF Act, 2018. The organization's contributions to the defined contribution scheme are charged to the Statement of Financial Performance in the year in which they relate. NBAA has no other obligations to pay employees the benefit relating to employee's services in the current and prior period.

Other long-term benefits

Employee entitlements to gratuity and long service awards are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date.

o) Impairment of non-financial assets

The NBAA assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the NBAA makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognized in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was

recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Financial Performance. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

p) Comparatives

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

q) Deferred income

When the Board receives revenue but does not meet the criteria for revenue recognition or revenue recognition process has not been completed is accounted for as Deferred Income and disclosed in the Statement of Financial Position.

6. STANDARDS, AMENDMENTS, AND INTERPRETATIONS ISSUED

a) New and revised IPSAS mandatorily effective at the end of the reporting period

There were no new or revised IPSAS that were mandatorily effective and adopted by the Board as at the end of the reporting period.

b) Standards and interpretations in issue but not yet effective

At the reporting date, the following new and/or revised accounting standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements. The Board has not yet assessed the impact of these changes on their financial statements when they become effective.

IPSAS Improvements/details of the new standards

IPSAS 41, Financial Instruments IPSAS 41 improves financial reporting for financial instruments, by:

- 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;
- Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- 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.

Effective for annual periods beginning on or after 1st January 2022. Earlier application is permitted.

IPSAS 42, Social Benefits

The standard provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment.

It seeks to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. To accomplish this, IPSAS 42 establishes principles and requirements for:

- Recognizing expenses and liabilities for social benefits;
 - Measuring expenses and liabilities for social benefits;
 - Presenting information about social benefits in the financial statements; and
 - Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity
- Effective for annual periods beginning on or after 1 January 2022.

IPSAS 43, Leases

While the IPSASB has retained the IPSAS 13's finance lease/operating lease distinction for lessors, the distinction is no longer relevant for lessees. All lease contracts, including rental contracts, will be recognised on the statement of financial position of the lessees, with some exceptions in limited circumstances.

For lessees, IPSAS 43 introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13, Leases. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13.

IPSAS 43 will replace IPSAS 13 for reporting periods beginning on or after 1 January 2025 with a retrospective application by default.

IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations

IPSAS 44 specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:

- Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and,

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- Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

IPSAS 44 will be effective for reporting periods beginning on or after 1 January 2025

	2022/23 TZS '000	2021/22 TZS '000
NOTE 7 CASH AND CASH EQUIVALENTS		
CRDB Ac 01J1042978100	91,273	239,704
CRDB Ac 0150005553500	-	8
CRDB Ac 01J1042978101	30,136	80,468
CRDB Ac 01J1042978102	6,439	216,398
BOT Ac 9925261011	1,597,217	549,001
CRDB Ac 01J1005553500	51,036	21,609
BOT Ac 993244221	11,098	11,862
Standard chartered Ac 8702020497700	-	2
NMB Ac 22310034889	2,886	7,916
	<u>1,790,085</u>	<u>1,126,968</u>

Cash and cash equivalents comprise cash held with banks. Cash and cash equivalents were not pledged to fulfil collateral requirements. More cash was held as a result of a decrease in loan repayment made towards year-end from TZS 1.737 billion to TZS 1.218 billion, commitments for NBAA Dodoma Office constructions and office furniture.

	2022/23 TZS '000	2021/22 TZS '000
NOTE8 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Receivables from the exchange transaction	151,060	292,473
Less: Provision for impairment of trade receivables	(56,273)	(175,694)
Net receivables from exchange transaction	<u>94,787</u>	<u>116,779</u>
Staff loan from revolving fund	1,291,547	1,370,872
Provision for impairment of staff loan	(249,127)	-
Other receivables	213,850	143,863
Receivable from related parties (Note 43)	309,477	366,064
	<u>1,660,534</u>	<u>1,997,578</u>
Movement of provision for impairment of trade receivables:		
At the beginning of the year	175,695	175,695
Recovery from Bad Debts	(119,422)	-
At the end of the year	<u>56,273</u>	<u>175,695</u>

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		2022/23	2021/22
NOTE9	FINANCIAL ASSETS/ QUOTED EQUITIES	TZS '000	TZS '000
	As at 30 June	76,300	76,300

NBAA owns 7,000 fully paid ordinary shares of Tanzania Breweries Limited with par value of TZS 100 each. As at the reporting date 30 June 2023, each share had a market value of TZS 10,900 (2022: TZS 10,900).

		2022/23	2021/22
NOTE10	LOAN RECEIVABLE FROM APC	TZS '000	TZS '000
	Loan to APC Investment	20,847,629	22,026,889
	Loan and penalties written off(Note 53)	-	(518,396)
	Accrued interest	1,018,921	1,076,324
	Transferred to additional investment	(578,792)	(1,137,188)
	Loan repayment by APC	(640,000)	(600,000)
	Carrying amount	20,647,758	20,847,629
	Current portion	802,482	802,483
	Non-current portion	19,845,276	20,045,146
		20,647,758	20,847,629

NOTE11	INVENTORIES		
	Stationery	5,588	176,863
	Books and publication stocks	308,266	312,486
	Transfer of bookshop books to library	(308,266)	-
	Less: Provision for obsolete stock	(2,490)	(89,490)
		3,098	399,859
	<i>Movement of provision of obsolete stock:</i>		
	At the beginning of the year	89,490	89,490
	Transfer of obsolete to impairment	(87,000)	-
	At the end of the year	2,490	89,490

		TZS	TZS
NOTE12	INVESTMENT IN JOINT VENTURE		
	At the beginning of the year	7,602,807	6,975,069
	Additional investment in joint venture	578,792	1,137,188
	Share of loss for the period	(828,339)	(1,187,075)
	<i>Purchase of PSSSF equity at APC</i>		
	Net assets purchase from PSSSF	338,583	128,691

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Goodwill on Purchase of equity contributions from PSSSF.	301,416	548,934
At 30 June	<u>7,993,259</u>	<u>7,602,807</u>
Share of loss for the period		
Loss as reported by APC Investment	(1,294,280)	(1,946,024)
Percentage of NBAA contribution in APC Investment	64%	61%
Share of loss in the investment for the period	<u>(828,339)</u>	<u>(1,187,075)</u>

APC Investment Centre is an investment in joint venture between NBAA and GEPF Retirement Benefits Fund (merged with other pension funds effective from August 2018 to form Public Service Social Security Fund- PSSSF). The investment was finalized and commenced operations as a separate entity in year, 2017. As per the joint venture agreement, contribution for the investment at the inception was 55.6% for PSSSF and 44.4% for NBAA. However, currently the contribution is 64 (2022: 61%) for NBAA and 36% (2022: 39%) for PSSSF due to subsequent additions by NBAA. As per the joint venture agreement, the joint venture capital will be repurchased by NBAA over a period of years and thereafter, the equity shareholding will change.

The carrying amount of investment in Joint Venture include goodwill amounting to TZS 301.42 million resulting from the difference between the cost of investment and net assets of purchased part of PSSSF equity interest by NBAA in APC Investment Centre.

EXTRACT OF FINANCIAL STATEMENTS OF APC INVESTMENT CENTRE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	2022/23 TZS '000	2021/22 TZS '000
Revenue	4,368,632	3,494,575
Cost of sales	<u>(717,488)</u>	<u>(594,097)</u>
Gross profit	<u>3,651,144</u>	<u>2,900,478</u>
Other income	99,650	58,616
Staff costs	(818,286)	(765,150)
Administrative expenses	(1,216,381)	(1,059,918)
Depreciation and amortization expenses	(1,991,487)	(2,003,725)
Finance costs	<u>(1,018,921)</u>	<u>(1,076,325)</u>
	<u>(4,945,425)</u>	<u>(4,846,502)</u>
Loss for the year	<u>(1,294,281)</u>	<u>(1,946,024)</u>

EXTRACT OF FINANCIAL STATEMENTS OF APC INVESTMENT CENTRE

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

ASSETS	2022/23	2021/22
NON-CURRENT ASSETS	TZS	TZS
Land	424,755	424,755
Property, plant and equipment	26,737,933	28,632,105
Intangible assets	-	974
Total non-current assets	27,162,688	29,057,834
CURRENT ASSETS		
Inventory	52,677	43,068
Trade and other receivables	561,162	496,948
Cash and cash equivalents	1,656,773	749,344
Total current assets	2,270,612	1,289,360
TOTAL ASSETS	29,433,300	30,347,194
EQUITY		
Equity contribution	25,839,773	24,686,233
Retained earnings	(17,284,411)	(15,990,131)
Total equity	8,555,362	8,696,102
LIABILITIES		
Non-current liabilities		
Loan from NBAA	20,647,758	21,366,025
Current liabilities		
Trade and other payables	216,706	275,334
Advances from customers	13,474	9,733
Total current liabilities	230,180	285,067
Total liabilities	20,877,938	21,651,092
TOTAL EQUITY AND LIABILITIES	29,433,300	30,347,194

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NOTE 13 PROPERTY AND EQUIPMENT

	Buildings TZS '000	Office household and furniture TZS '000	Motor vehicles TZS '000	Office equipment TZS '000	Library books TZS'000	Graduation gowns TZS '000	Total TZS'000
<u>Cost</u>							
At 1 July 2022	2,691,947	387,086	634,590	2,049,694	221,867	66,594	6,051,778
Additions	42,257	39,842	-	259,226	308,266	-	649,591
At 30 June 2023	<u>2,734,204</u>	<u>426,928</u>	<u>634,590</u>	<u>2,308,920</u>	<u>530,133</u>	<u>66,594</u>	<u>6,701,369</u>
<u>Accumulated depreciation</u>							
At 1 July 2022	779,144	210,633	261,182	1,198,758	168,843	14,470	2,633,030
Charge for the year	54,684	27,837	39,675	187,787	15,722	6,659	332,364
Impairment loss	-	-	-	-	87,000	-	87,000
At 30 June 2023	<u>833,828</u>	<u>238,470</u>	<u>300,857</u>	<u>1,386,545</u>	<u>271,565</u>	<u>21,129</u>	<u>3,052,394</u>
Carrying value							
At 30 June 2023	<u>1,900,376</u>	<u>188,458</u>	<u>333,733</u>	<u>922,375</u>	<u>258,568</u>	<u>45,465</u>	<u>3,648,975</u>
<u>Cost</u>							
At 01 July 2021	2,691,947	387,086	781,828	1,917,755	221,867	66,594	6,067,077
Additions	-	-	-	131,939	-	-	131,939
Disposal	-	-	(147,238)	-	-	-	(147,238)
At 30 June 2022	<u>2,691,947</u>	<u>387,086</u>	<u>634,590</u>	<u>2,049,694</u>	<u>221,867</u>	<u>66,594</u>	<u>6,051,778</u>
<u>Accumulated depreciation</u>							
At 1 July 2021	725,305	182,077	348,270	1,006,532	150,026	7,811	2,420,021
Charge for the year	53,839	28,556	39,675	192,226	18,817	6,659	339,772
Disposals	-	-	(126,763)	-	-	-	(126,763)
At 30 June 2022	<u>779,144</u>	<u>210,633</u>	<u>261,182</u>	<u>1,198,758</u>	<u>168,843</u>	<u>14,470</u>	<u>2,633,030</u>
Carrying value							
At 30 June 2022	<u>1,912,803</u>	<u>176,453</u>	<u>373,408</u>	<u>850,936</u>	<u>53,024</u>	<u>52,124</u>	<u>3,418,748</u>

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NOTE 14 LAND	2022/23 TZS '000	2021/22 TZS '000
Cost		
At the beginning of the year	9,292,532	9,292,532
Addition during the year	387,120	-
Disposal of Dodoma plots	(101,000)	-
At the end of the year	<u>9,578,652</u>	<u>9,292,532</u>
Amortization		
At the beginning of the year	-	(93,945)
Charge for the year	-	(93,864)
At the end of the year	-	(187,809)
Write off amortization of land	-	187,809
Carrying value	<u>9,578,652</u>	<u>9,292,532</u>

At the beginning of the year, the Board owned three plots no. 1191 and 1192 Block AA Chinyonyo Dodoma and plot 2,3 and 4 Block A Kisutu Dar es salaam. On 27 July 2022, The Government revoke ownership of Plot number 1191 and 1192 Block AA Chinyonyo Dodoma from NBAA for public interest (Standard Gauge Railway (SGR) Construction). The government through City Council reallocate NBAA other plots 40 and 41 Block D Mbuyuni Kizota Dodoma through letter number HJD/L.20/1/4 dated 12 August 2022 at a cost of TZS 387,120,000. The Board has been given the rights of occupancy for 99 years to all plots.

NOTE 15 INTANGIBLE ASSETS	2022/23 TZS '000	2021/22 TZS '000
Cost		
At the beginning of the year	382,995	234,315
Addition during the year	-	148,680
At the end of the year	<u>382,995</u>	<u>382,995</u>
Amortization		
At the beginning of the year	(124,960)	(46,863)
Charge for the year	(78,097)	(78,097)
At the end of the year	<u>(203,057)</u>	<u>(124,960)</u>
Carrying value	<u>179,938</u>	<u>258,035</u>

Intangible asset related to the in-house software for students' registration and members registration

2022/23	2021/22
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NOTE 16	TRADE AND OTHER PAYABLES	TZS 000	TZS 000
	Trade payables	95,324	238,741
	Students' deposits	-	16,877
	Other payables	137,695	152,975
		<u>233,019</u>	<u>408,593</u>
NOTE 17	PROVISION OF LIABILITIES AND CHARGES		
	At start of year	122,125	112,118
	Charge for the year	65,113	122,125
	Used amounts reversed	(122,125)	(112,118)
	At the end of the year	<u>65,113</u>	<u>122,125</u>
	Provision of liabilities and charges represents provision for staff leave and long-term service awards		
NOTE 18	BORROWINGS		Restated
	At the start of the year	20,847,629	22,026,889
	Accrued interests (note 26)	1,018,921	1,076,324
	Loan repayment during the year	(1,218,792)	1,737,188
	Loan and penalties written off (Note 53)	-	(518,396)
	As at 30 June	<u>20,647,758</u>	<u>24,322,005</u>
	Current portion	802,482	802,483
	Non-current portion	19,845,276	20,045,146
		<u>20,647,758</u>	<u>20,847,629</u>

On 1 November 2010, NBAA entered into a long-term agreement with National Social Security Fund (NSSF). Under the terms of this agreement, NSSF lent a sum of TZS 15,000,000,000 for a period of 10 years at interest rate of 15% per annum accrued from the first date of first disbursement and paid semi-annually. The loan was secured by the government guarantee number TYC/T/200/613/40. The whole loan amount was received between April 2012 and April 2013. In March 2020, NSSF and NBAA completed loan restructuring that resulted to waived penalties and converted the outstanding loan and interest agreed to a starting principal loan amount of TZS 22.962 billion effective from 1 July 2020. With the new restructured terms, the loan is repayable for a period of 20 years i.e., up to 30 June 2040 at an interest rate of 5%. The revised repayments terms require a fixed repayment of TZS 1.737 billion annually. The loan Balance stood at 20.65 billion at the end June 2023. The repayment of a fixed amount of TZS 1,737 million annually was adhered to.

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	2022/23	2021/22
	TZS '000	TZS '000
NOTE 19 REVENUE FROM NON-EXCHANGE		
Subvention from Treasury (salary and land)	2,290,120	1,937,631
Professional fees and training	3,703,069	3,610,740
Examination fee	4,893,990	4,092,983
Seminar fees	6,580,180	5,513,782
Other non-exchange income	233,064	107,000
Gain on disposal of motor vehicle	-	10,624
	<u>17,700,423</u>	<u>15,272,760</u>
NOTE 20 REVENUE FROM EXCHANGE TRANSACTIONS		
Fee from advisory services	205,250	398,090
Sale of publications	22,713	26,022
Miscellaneous revenue	147,126	35,230
Rent	79,221	49,247
	<u>454,310</u>	<u>508,589</u>
NOTE 21 OTHER INCOME		
Dividend income	2,030	2,515
Other income from payable	52,248	-
Interest income from loan to APC Investment Centre	1,018,921	1,076,324
Doubtful debts recovery	119,423	-
	<u>1,192,622</u>	<u>1,078,839</u>
NOTE 22 OPERATING EXPENSES		
a. Advisory expenses		
Traveling and accommodation	30,400	74,131
Venue hiring	37,885	8,296
Wages/honorarium and incentives	34,017	149,760
Consultancy costs	25,138	47,067
Meal allowance/expenses	16,090	15,150
Printing, postages, and telephone	40,318	6,414
Fuel	2,850	2,777
	<u>186,698</u>	<u>303,595</u>

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NOTE 22 b. Examination expenses	2022/23 TZS '000	2021/22 TZS '000
Traveling and accommodation	605,109	414,785
Venue hiring and exam assembly	492,600	472,992
Printing and stationery	226,904	137,413
Examination setting and moderation	124,380	103,480
Marking and moderation of exams	372,907	323,805
Wages/honorarium and incentives	254,900	129,447
Invigilation	96,280	79,328
Meal allowance / expenses	129,433	94,523
Extra duty allowance	361,650	347,180
Staff welfare and medical	262,214	196,060
NBAA students prize	12,600	11,501
Postages and telephone	210	10
Vehicle fuel	1,850	5,415
	<u>2,941,037</u>	<u>2,315,939</u>
NOTE 22 c. Seminar expenses		
Traveling and accommodation	168,395	107,824
Venue hiring	1,847,984	1,668,479
Wages/honorarium and incentives	832,350	488,154
Printing and stationery	272,569	260,128
Telephone and postages	707	2,820
Advertisement and entertainment	11,000	7,705
Fuel	2,700	5,983
	<u>3,135,705</u>	<u>2,541,093</u>
NOTE 23 EMPLOYMENT COSTS		
Salaries and wages	1,910,912	1,974,636
Staff telephone, furniture and other benefits	325,706	196,400
Staff training	70,879	51,534
Staff medical and pension contribution	250,137	193,815
Staff leave passage	239,774	243,027
Staff uniforms and staff welfare	2,484,797	1,907,839
	<u>5,282,205</u>	<u>4,567,251</u>

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NOTE 24 ADMINISTRATIVE EXPENSES	2022/23 TZS '000	2021/22 TZS '000
Directors' fees	81,212	38,975
Board meeting expenses	374,236	276,113
Postages and telephones	5,412	1,344
Vehicle running expenses	22,892	115,180
Traveling and accommodation	915,078	656,267
Facilitation expenses	23,416	16,571
Printing, publications and stationery	28,794	103,615
Subscriptions and periodicals	158,247	137,987
Advertising	34,423	10,743
Promotional materials	25,755	21,549
Audit fees	77,434	64,664
AQR consultancy cost	66,840	66,840
Tender valuation	23,550	27,076
Honoraria and incentives for special task	1,777,688	1,305,771
Office expenses	110,596	99,311
Hall/venue hiring	221,694	163,970
Cost of books sold	7,526	17,150
Office rent	69,763	69,763
Land rent and property taxes	23,986	10,288
Electricity and water	85,887	80,602
Repairs and maintenance	46,153	30,957
Insurance	17,183	28,548
Disbursement to treasurer	100,000	100,000
	<u>4,297,765</u>	<u>3,443,284</u>
 NOTE 25 OTHER EXPENSES		
Bank charges	18,223	12,717
Amortization of land	-	93,864
Amortization of intangible assets	78,097	78,097
Loss on foreign Exchange	176	-
Loss on disposal of Land	101,000	-
Provision for staff advances	13,675	-
	<u>211,171</u>	<u>184,678</u>

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NOTE 26 FINANCE COSTS	2022/23 TZS '000	2021/22 TZS '000
Interest on borrowings (note 18)	1,018,921	1,076,324

NOTE 27 CASH FLOW RECONCILIATION (BY INDIRECT METHOD) SURPLUS FOR THE YEAR RECONCILED TO CASH FLOW FROM OPERATING ACTIVITIES

	Notes		
Operating activities			
Surplus for the year		1,113,150	907,177
<i>Adjust for:</i>			
Depreciation expenses	13	332,364	339,772
Amortization lease	14	-	93,864
Amortization intangible	15	78,097	78,097
Recovery from Bad Debts	8	(119,422)	-
Land Acquired	19	(387,120)	-
Foreign Exchange loss	25	177	-
Loss on disposal	25	101,000	-
Share of loss	12	828,339	1,187,075
Provision for the long services			122,125
Cost of disposal	19		8,048
 <i>Working capital changes:</i>			
Changes in receivables	8	101,593	27,216
Changes in inventory	11	396,761	31,342
Changes in payables	16	(334,607)	(72,236)
Cashflow from operating activities		2,110,332	2,722,480

NOTE 28 SUBVENTION FROM GOVERNMENT

Subvention Salary Paid Direct to staff	1,234,607	1,387,649
Subvention Salary Paid through NBAA	371,299	246,779
Subvention Development Paid direct to Dodoma city	387,120	-
Total Subvention	1,993,026	1,634,428

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NOTE 29	PROFESSIONAL FEES		
	Membership application fee	117,900	65,105
	Candidate application fee	1,086,787	1,140,386
	Annual subscription fee	<u>2,498,382</u>	<u>2,361,852</u>
		<u>3,703,069</u>	<u>3,577,343</u>
NOTE 30	EXAMINATION FEES	2022/23	2021/22
		TZS 000	TZS 000
	CPA examination fees	4,777,770	3,924,583
	IPSAS examination fee	<u>116,220</u>	<u>103,800</u>
		<u>4,893,990</u>	<u>4,028,383</u>
NOTE 31	SEMINAR FEE		
	Seminar fees	5,792,730	4,615,450
	Workshop fee	<u>925,600</u>	<u>844,400</u>
		<u>6,718,330</u>	<u>5,459,850</u>
NOTE 32	FEE FROM ADVISORY SERVICES		
	Fee from consultancy services	<u>217,250</u>	<u>316,848</u>
NOTE 33	SALES OF PUBLICATIONS		
	Sales of books	<u>22,713</u>	<u>26,021</u>
NOTE 34	MISCELLANEOUS REVENUE		
	Searching fee	300	350
	Late Certificate collection	24,740	10,210
	Certificate covers	<u>122,086</u>	<u>24,871</u>
		<u>147,126</u>	<u>35,431</u>
NOTE 35	RENT REVENUE		
	Rent collection	<u>72,514</u>	<u>49,249</u>
	Rent received from renting of ten (10) rooms at Mhasibu house during the year 2022/23.		
NOTE 36	DONATION REVENUE		
	Donation collection	<u>233,064</u>	<u>107,000</u>
	Donations received from 42 well-wishers who support our activities especially annual and NBAA fifty years celebration during the year 2022/23.		

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	2022/23 TZS 000	2021/22 TZS 000
NOTE 37 ADVISORY EXPENSES		
Traveling and accommodation	30,400	57,302
Venue hiring	37,885	8,296
Wages/honorarium and incentives	34,017	161,710
Consultancy	25,138	27,167
Meal allowance / expenses	16,090	15,149
Printing, postages and telephone	40,318	6,414
Fuel	2,850	2,776
	<u>186,698</u>	<u>278,814</u>
Payables Opening balance	24,781	89,521
Payables paid during the year	(24,781)	(89,521)
Payable closing balance	-	24,781
Total Advisory expenses	<u>186,698</u>	<u>303,595</u>
NOTE 38 EXAMINATION EXPENSES		
Traveling and accommodation	456,834	524,697
Venue hiring and exam assembly	512,600	516,328
Printing and stationery	227,008	154,857
Examination setting and moderation	174,380	103,479
Marking and moderation of exams	422,907	323,791
Wages/honorarium and incentives	331,000	129,447
Invigilation	96,280	79,328
Meal allowance / expenses	119,278	124,483
Extra duty allowance	361,650	347,180
Staff welfare and medical	196,060	196,061
NBAA students prize	12,600	11,502
Postages and telephone	210	10
Vehicle fuel	1,850	5,415
	<u>2,912,657</u>	<u>2,516,578</u>
Payables Opening balance	-	200,639
Payables paid during the year	-	(200,639)
Payable closing balance	28,380	-
Total examination expenses	<u>2,941,037</u>	<u>2,315,939</u>

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	2022/23	2021/22
	TZS 000	TZS 000
NOTE 39 SEMINAR EXPENSES		
Traveling and accommodation	156,611	107,824
Venue hiring	1,835,792	1,646,178
Wages/honorarium and incentives	713,432	488,154
Printing and stationery	272,569	265,346
Telephone and postages	530	2,820
Advertisement and entertainment	11,000	7,705
Fuel	2,700	5,052
	<u>2,992,634</u>	<u>2,523,079</u>
Payables Opening balance	18,013	-
Payables paid during the year	(18,013)	-
Payable closing balance	143,071	18,013
Total seminar expenses	<u>3,135,705</u>	<u>2,541,092</u>
 NOTE 40 EMPLOYMENT COSTS		
Salaries and wages	584,206	287,032
Staff telephone, furniture and other benefits	388,006	196,300
Staff training	70,879	51,534
Staff medical and pension contribution	226,477	193,815
Staff leave passage	239,774	243,027
Staff uniforms and staff welfare	2,389,097	1,907,839
	<u>3,898,439</u>	<u>2,879,547</u>
Direct payment to staff by MOF and Statutory Contribution	1,383,766	1,687,704
Total employment costs	<u>5,282,205</u>	<u>4,567,251</u>
 NOTE 41 ADMINISTRATIVE EXPENSES		
Directors' fees	81,212	38,975
Board meeting expenses	374,236	276,113
Postages and telephones	5,412	1,344
Vehicle running expenses	22,892	115,180
Traveling and accommodation	861,455	403,754
Facilitation expenses	23,416	16,571
Printing, publications and stationery	28,794	126,156
Subscriptions and periodicals	158,247	137,987
Advertising	34,423	10,743

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Promotional materials	25,755	21,549
Audit fees	64,658	68,700
AQR Consultancy Cost	66,840	66,840
Tender valuation	23,550	27,076
Honoraria and incentives for special task	1,814,520	993,821
Office expenses	110,596	72,778
Hall/venue hiring	221,694	224,196
Office rent	69,763	69,763
Land rent and property taxes	23,986	10,288
Electricity and water	85,887	71,849
Repairs and maintenance	46,153	30,957
Insurance	17,183	28,633
Disbursement to treasurer	100,000	100,000
	4,260,372	2,913,273
	4,260,372	2,913,273
Payables Opening balance	530,811	-
Payables paid during the year	(530,811)	-
Payable closing balance	37,393	530,811
Total administration expenses	4,297,765	3,443,284
	4,297,765	3,443,284

NOTE 42 OTHER EXPENSES

Bank charges	18,223	13,131
	18,223	13,131

NOTE 43 RELATED PARTY TRANSACTIONS AND BALANCES

Identification of related parties

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over the party in making financial and operational decisions. In the normal course of business, a number of transactions are entered into with related parties. The NBAA's related parties are members of the Governing Board, members of Senior Management, Ministry of Finance and the APC Investment Centre.

Key management personnel

Key management personnel as defined by IPSAS 20, Related Party Disclosures are all directors or members of the governing body of the entity; and other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity. Below are transactions and balances held with related parties as at the reporting date:

Transactions

(a) Directors' fees	81,212	38,975
	81,212	38,975

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(b) Key management personnel Short term benefits	<u>996,654</u>	<u>929,915</u>
(c) Ministry of Finance (Salary Subvention Fund)	<u>2,290,120</u>	<u>1,937,631</u>
(d) Transactions with APC Investment Centre Conference and venue hiring	1,318,818	1,413,302
Additional investment	<u>578,792</u>	<u>1,137,188</u>
	<u>1,897,610</u>	<u>2,550,490</u>
Balance		
(a) Loan to APC Investment for Construction of Bunju Centre As at 1 July 2022	20,847,629	22,026,889
Net loan movement	<u>(199,871)</u>	<u>(1,179,260)</u>
As at 30 June 2023	<u>20,647,758</u>	<u>20,847,629</u>

NOTE 43 RELATED PARTY TRANSACTIONS AND BALANCES

(b) Balances with related parties	2022/23	2021/22
	TZS '000	TZS '000
<i>Loans/advances to key management personnel</i>		
At the beginning of the year	366,064	446,715
Loans given	-	109,842
Repayments	<u>(56,587)</u>	<u>(190,493)</u>
Loans/advances outstanding balances (Note 8)	<u>309,477</u>	<u>366,064</u>

The loans to related parties from revolving fund are subject to interest and have specific dates of repayment. The loans to related parties from revolving fund are subject to market interest rate of 7.85% per annum.

NOTE 44 FINANCIAL INSTRUMENTS

44.1 Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the Board's financial instruments.

Financial assets	Carrying amounts	
	2023	2022
	TZS '000	TZS '000
Receivables from exchange transactions	1,660,534	1,997,578

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Loan receivable from APC Investment Centre	20,647,758	20,846,629
Cash and cash equivalents	1,790,085	1,126,968
Financial assets	76,300	76,300
	<u>24,174,677</u>	<u>24,047,475</u>
Financial liabilities		
Trade and other payables	233,019	408,591
Provision for liabilities and charges	65,113	122,125
Borrowings	20,647,758	20,847,629
	<u>20,945,890</u>	<u>21,378,345</u>

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NOTE 44.2 Financial instruments by category

	Loans and receivables	Available-for- sale financial assets	Total
As at 30 June 2023	TZS '000	TZS '000	TZS '000
Financial assets			
Receivable from exchange transactions	1,660,534	-	1,660,534
Loan receivables from APC Investment Centre	20,647,758	-	20,647,758
Cash and cash equivalents	1,790,085	-	1,790,085
Financial assets	-	76,300	76,300
	<u>24,098,377</u>	<u>76,300</u>	<u>24,174,677</u>

	Held at amortized cost	Total
	TZS '000	TZS '000
Financial liabilities		
Payables from exchange transactions	233,019	233,019
Provision for liabilities and charges	65,113	65,113
Borrowings -NSSF Loan	20,647,758	20,647,758
	<u>20,945,890</u>	<u>20,945,890</u>

	Loans and receivables	Available-for- sale financial assets	Total
As at 30 June 2022	TZS '000	TZS '000	TZS '000
Financial assets			
Receivable from exchange transactions	1,997,578	-	1,997,578
Loan receivables from APC Investment Centre	20,846,629	-	20,846,629
Cash and cash equivalents	1,126,968	-	1,126,968

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Financial assets	-	76,300	76,300
	<u>23,971,175</u>	<u>76,300</u>	<u>24,047,475</u>
		Held at amortized cost	Total
Financial liabilities		TZS '000	TZS '000
Payables from exchange transactions		408,591	408,591
Provision for liabilities and charges		122,125	122,125
Borrowings - NSSF Loan		20,847,629	20,847,629
		<u>21,378,345</u>	<u>21,378,345</u>

44.3 Fair value hierarchy and measurement

The table below shows an analysis of the financial instruments at a fair value by level of the fair value hierarchy. The financial instruments are grouped into levels 1 to 3 based on the degree to which fair value is observable.

- (i) Level 1: Fair value measurements are those derived from quoted prices (unadjusted) active in active markets for identical assets or liabilities.
- (ii) Level 2: Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e. as a price) or indirectly (i.e., derived from prices); and
- (iii) Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are based on observable market data (unobservable inputs).

	Level 1 TZS '000	Level 2 TZS '000	Total TZS '000
As at 30 June, 2023			
Financial assets			
Receivables from exchange transaction	-	1,660,534	1,660,534
Loan receivables from APC Investment	-	20,647,758	20,647,758
Cash and cash equivalents	-	1,790,085	1,790,085
Financial assets	<u>76,300</u>	<u>-</u>	<u>76,300</u>
	<u>76,300</u>	<u>24,098,377</u>	<u>24,174,677</u>

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Financial liabilities

Payables from exchange transactions	-	233,019	233,019
Provision for liabilities and charges	-	65,113	65,113
Borrowings -NSSF Loan	-	20,647,758	20,647,758
	-	20,945,890	20,945,890

As at 30 June, 2022

Financial assets

Receivables from exchange transaction	-	1,997,578	1,997,578
Loan receivables from APC Investment	-	20,846,629	20,846,629
Cash and cash equivalents	-	1,126,968	1,126,968
Financial assets	76,300	-	76,300
	76,300	23,971,175	24,047,475

Financial liabilities

Payables from exchange transactions	-	408,591	408,591
Provision for liabilities and charges	-	122,125	122,125
Borrowings -NSSF Loan	-	20,847,629	20,847,629
	-	21,378,345	21,378,345

45 FINANCIAL RISKS

Risk is an inherent feature of the activities of any entity. NBAA endeavors to manage risk by having in place appropriate functional structures, systems and procedures. These structures, systems and procedures evolve continuously in response to changes in the environment in which the Authority operates. The following are the main types of the risks the Board is exposed to in the course of executing its operations:

- Credit risk
- Currency risk
- Liquidity risk

45.1 Credit risk

Credit risk is the risk of financial loss to NBAA if counterparties to financial instruments fail to meet their contractual obligations. The risk principally arises from the NBAA's investments, trade and other receivables as well as cash and cash equivalents.

NBAA does not regard there to be any significant concentration of credit risk. NBAA mitigates the credit risk by maintaining cash and cash equivalents with reputable financial institutions; and recovering staff debts in terms of the applicable regulations directly from the employee's salary and/or pension. NBAA further limits its exposure to credit risk by investing with only reputable companies listed on stock exchange.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. The amount that best represents the NBAA's maximum exposure to credit risk at 30 June 2023 and 30 June 2022 is the carrying value of its financial assets in the statement of financial position.

No collateral is held for any of these assets. NBAA does not grade the credit quality of receivables. The carrying amount of the financial assets represents the maximum credit exposure. As at 30 June 2023, the maximum exposure to credit risk was as follows:

	Neither past due nor impaired TZS'000	Past due and impaired TZS'000	Total TZS'000
As at 30 June, 2023			
Receivables from exchange transaction	1,355,134	305,400	1,660,534
Loan receivable from APC	20,647,758	-	20,647,758
Cash and cash equivalents	1,790,085	-	1,790,085
Financial assets	76,300	-	76,300
Maximum exposure to credit risk	23,869,277	305,400	24,174,677

NOTE 45.1 Credit risk

	Neither past due nor impaired TZS'000	Past due and impaired TZS'000	Total TZS'000
As at 30 June, 2022			
Receivables from exchange transaction	1,821,883	175,695	1,997,578
Loan receivable from APC	20,846,629	-	20,846,629
Cash and cash equivalents	1,126,968	-	1,126,968
Financial assets	76,300	-	76,300
Maximum exposure to credit risk	<u>23,871,780</u>	<u>175,695</u>	<u>24,047,475</u>

45.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. NBAA's operations utilize various foreign currencies and consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies and accepting the local currency invoices only. The loss on foreign currency fluctuation during the year arose from the translation of bank balances. The foreign currencies bank accounts have been disclosed.

45.3 Liquidity risk

Liquidity risk is the risk that NBAA faces by not having adequate funds to settle day to day obligations as they fall due. NBAA has a prudent liquidity risk management through which it maintains sufficient cash to cover committed credit facilities received, working capital as well as capital project requirements. Liquidity risk management by the Board includes proper fund planning and close monitoring by the finance department. As at 30 June 2023, the Board had a positive liquidity gap of TZS 3.23 billion (2022: 2.67 billion). The liquidity gap has improved following restructuring of the NSSF loan through which the repayment terms have extended to another 20 years up to 2040.

The table below is an undiscounted cash flow analysis for both financial assets and financial liabilities that are presented in the statements of financial position according to their contractual maturities at the statement of financial position date.

NOTE 45.3 Liquidity risk

	Contractual obligation				Total TZS'000
	0-3 months	3-6 months	6-12 months	Above 12 months	
	TZS'000	TZS'000	TZS'000	TZS'000	
As at 30 June, 2023					
Financial assets					
Receivables from exchange transaction	1,660,534	-	-	-	1,660,534
Loan receivable from APC Investment	-	401,241	401,241	19,845,276	20,647,758
Cash and cash equivalents	1,790,085	-	-	-	1,790,085
Financial assets	-	-	-	76,300	76,300
	<u>3,450,619</u>	<u>401,241</u>	<u>401,241</u>	<u>19,921,576</u>	<u>24,174,677</u>
Financial liabilities					
Payables from exchange transaction	233,019	-	-	-	233,019
Provision for liabilities and charges	-	-	-	65,223	65,113
Borrowings - NSSF Loan	-	401,241	401,241	19,845,276	20,647,758
	<u>233,019</u>	<u>401,241</u>	<u>401,241</u>	<u>19,910,999</u>	<u>20,945,890</u>
Liquidity risk gap	<u>3,217,600</u>	<u>-</u>	<u>-</u>	<u>11,077</u>	<u>3,228,787</u>
As at 30 June 2022					
Financial assets					
Receivables from exchange transaction	1,997,578	-	-	-	1,997,578
Loan receivable from APC Investment	-	401,241	401,241	20,564,543	21,366,025
Cash and cash equivalents	1,126,968	-	-	-	1,126,968
Financial assets	-	-	-	76,300	76,300
	<u>3,124,546</u>	<u>401,241</u>	<u>401,241</u>	<u>20,639,843</u>	<u>24,566,871</u>
Financial liabilities					
Payables from exchange transaction	408,591	-	-	-	408,591
Provision for liabilities and charges	-	-	-	122,125	122,125
Borrowings - NSSF Loan	-	401,241	401,241	20,564,543	21,366,025
	<u>408,591</u>	<u>401,241</u>	<u>401,241</u>	<u>20,685,668</u>	<u>21,896,741</u>
Liquidity risk gap	<u>2,715,955</u>	<u>-</u>	<u>-</u>	<u>-45,825</u>	<u>2,670,130</u>

NOTE 46 EMPLOYEE BENEFITS

NBAA has a defined contribution plan for its employees with the Public Services Social Security Fund (PSSSF), under which the employees contribute 5% of their monthly salary and 15% is contributed by the NBAA.

	2022/23	2021/22
	TZS '000	TZS '000
Employer's contribution	<u>226,477</u>	<u>245,164</u>

NOTE 47 CAPITAL MAINTENANCE

The capital of The Board includes capital grant, development fund, revolving fund, reserves and retained surplus. Capital is maintained through Parliamentary allocations budget to the Board through the Ministry of Finance and Planning.

	2022/23	2021/22
	TZS '000	TZS '000
The capital balance stood at:		
Accumulated surplus	16,197,727	15,119,439
Contribution from the Government (Note 33)	<u>6,568,922</u>	<u>6,568,922</u>
As at 30 June	<u>22,766,649</u>	<u>21,688,361</u>

NOTE 48 CONTRIBUTION FROM THE GOVERNMENT

	2022/23	2021/22
	TZS '000	TZS '000
Contribution from the Government	<u>6,568,922</u>	<u>6,568,922</u>

Contribution from the Government amounting to TZS 6,569 million (2022: TZS 6,569 million) is made up of the initial contributions made by the Government in form of assets, i.e., land and buildings as well as monetary contribution in establishing the Board.

NOTE 49 SPECIAL RESERVE

The Board set up a Revolving Fund Account since the 1994/95 financial year for the purpose of extending loans to entitled staff for purchase of motor vehicles, household items and construction of houses. Loans are subject to 7.85% (2022: 7.85%) interest. Interest generated will be accumulated to increase the revolving fund.

The special reserve balance stood at:

At the beginning of the year	1,953,748	1,827,001
Interest received - revolving fund	112,902	126,747

Provision of staff loan	(235,452)	-
	<u>1,831,198</u>	<u>1,953,748</u>

NOTE 50 COMMITMENTS AND CONTINGENCIES

50.1 Capital commitments

As at the reporting date, NBAA had capital commitment amounting to TZS 146 million (2022: 98 million). The commitment relates to the construction contract of NBAA Dodoma offices and purchase of office furniture's.

The Board also has commitment to repurchase PSSSF equity at APC Investment Centre as result of the joint venture review which require NBAA to repurchase PSSSF equity as per repayment schedule which show payment of TZS 677,625,409 each year and this amount includes principal equity amount and premium. As at reporting date the Board has commitment amounting to TZS 8,926,969,822 as shown on Joint venture Agreement Purchase schedule.

50.2 Operating lease commitments

a. Leases as lessee

Future minimum lease payment under operating lease

	2022/23 TZS '000	2021/22 TZS '000
Within one year	69,763	69,763
Later than one year and not later than five years	69,763	69,763
	<u>139,526</u>	<u>139,526</u>

Operating lease commitments relates to rental of NBAA Dodoma offices. Minimum lease payment recognized as an expense during the year amount to TZS 69.8 million (2022: TZS 69.8 million). Leased premises are contracted for the one year, with renewal options.

b. Leases as lessor

	2022/23 TZS '000	2021/22 TZS '000
Future minimum lease receipt under operating leases		
Within one year	<u>79,221</u>	<u>87,500</u>

Operating lease commitments relates to rental of NBAA office space to other organizations under operating leases. Property rental income earned during the year was TZS 79.22 million (2022: TZS 87.5 million).

50.3 Contingent liabilities

As at the year ended 30 June 2023, NBAA had no pending circumstance which could necessitate disclosure of the contingent liability (2022: Nil).

51 EVENTS AFTER THE REPORTING PERIOD

There were no material events, adjusting or non-adjusting that had occurred after the reporting date and thus requiring adjustment or disclosure in the financial statements.

52 SEGMENT REPORTING

These financials statements do not include segment reporting. From the view of the Governing Board, NBAA does not engage in activities that generate multiple sources of revenue which would require separate reports for the purpose of evaluating the NBAA's performance and for making decisions about the future allocation of resources.

53 RESTATED COMPARATIVE FIGURES FOR PREVIOUS YEARS

Loan from NSSF

During the year 2023, loan from NSSF repayment schedule was reviewed, as a result, an error was noted in the repayment schedule previously used to service the loan from NSSF such that accumulated interest on the loan from NSSF as of 30 June 2021 was overstated by TZS 4,788,972,418, out of this TZS 228,046,306 relates to overstatement of interest expenses for year 2020/21 while TZS 4,560,926,113 relates with other previous year. Also, the review revealed that NBAA services the loan in excess by TZS 518,396,000 in previous caused by the overstatement of the loan. This error had led to overstatement of Loan from NBAA and understatement of accumulated deficit by TZS 4,788,972,418 and the amount was adjusted accordingly in financial year 2020/21. The overpaid amount was adjusted in financial year 2021/22 as an error from the previous years.

Loan to APC Investment Centre

Loan to APC Investment Centre was also reviewed, as a result, an error in the loan repayment schedule that was previously used to service the loan to APC investment Centre was noted such that accumulated interest on the loan to APC Investment Centre as of 30 June 2021 was overstated by TZS 4,788,972,418, out of this TZS 228,046,306 relates to overstatement of interest income for year 2020/21 while TZS 4,560,926,113 relates with other previous years. Also, the review revealed that NBAA services the loan in excess by TZS 518,396,000 in previous caused by the overstatement of the loan. This error had led to overstatement of loan to APC Investment Centre and understatement of accumulated deficit by TZS 4,788,972,418 and the amount was adjusted accordingly in financial year 2020/21. The overpaid amount was adjusted in financial year 2021/22 as an error from the previous years.

Land

An error in recording land was also noted. land was amortized based on the number of the years stated on the title and was expenses each year making an accumulated amortization of land of

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TZS 187,809,000 from previous years. This error led to the understatement of the surplus by TZS 187,809,000. This error was adjusted in financial year 2021/22.

The effects of adjustments in the financial statements are as follows:

	Previously Stated amount TZS '000	Adjustments TZS'000	Restated amount TZS'000
Statements of Financial Position			
Assets			
Loan to APC Investment Centre	21,366,025	(518,396)	20,847,629
Land	9,104,723	187,809	9,292,532
Liabilities			
Loan from NSSF	21,366,025	(518,396)	20,847,629
Equity			
Accumulated deficit/surplus	14,931,630	187,809	15,119,439
			2022/23 TZS '000

54 BUDGET RECONCILIATION	1,113,150
Surplus per statement of financial performance	663,117
Surplus per budget	450,033
**Difference	450,033

The accompanying financial statements have been presented on accrual basis of accounting, while the budget has been prepared using cash basis of accounting. The difference between the budget performance and statement of financial performance is made up the non-cash transaction such as amortization of capital grant, and depreciation charge during the year and finance costs which were not budgeted. Reconciliation of the difference is shown below:

	2022/23 TZS '000
**Reconciliation of the difference	
Interest income from APC Investment Centre (note 21)	1,018,921
Depreciation charge for the year (note 13)	(332,364)
Share of loss in joint venture (note 12)	(828,339)
Land Received from Ministry of Finance	(387,120)
Finance costs (note 26)	(1,018,921)
Loss on disposal of asset (note 25)	(101,000)
Provision of staff loan	(13,675)

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Other Income from payables	522,48
Amortization of intangible assets and pre-operating lease (note 25)	(78,097)
Purchase of assets (Budget Vs Actual)	728,445
Recovery of doubtful debts	119,422
Net receivables and payables	71,898
Repayment of the NSSF loan (note 18)	1,218,792
Purchase of PSSSF's equity interest (note12)	640,000
Loan repayment from APC Investment Centre (note 10)	(640,000)
Total	450,033

55 COMPERATIVE FIGURES

Whenever necessary, comparative figures have been reclassified to conform to changes in presentation in the current year

56 EXPLANATIONS ON DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

	Original Budget TZS 000	Final Budget TZS 000	Actual TZS 000	Difference TZS 000	Explanations of the Variance
Receipts					
Ministry of Finance (Subvention and Development Fund)	2,125,607	2,125,607	1,993,026	132,581	Decrease was caused by un replaced retirees, appointment to other institution and transfers.
Professional fees	3,795,382	3,795,382	3,703,069	92,313	The decrease was attributed by decrease in collection of supervision fee.
Examination fee	5,159,143	5,159,143	4,893,990	265,153	Decrease number of students registered for examination than number of students expected and budgeted for the year ended June 2023 from 15,840 to 14560. Also, the decreased number of Student for IPSAS Diploma Course and postponement of IPSAS Certificate Course.
Seminar/workshop fees	6,744,453	6,744,453	6,718,330	26,126	Decrease in number of members attending seminars and workshop from 10840 participant in plan to 10468.
Fee from advisory services	769,600	769,600	217,250	552,350	The decrease in revenue was attributed by the changing of the starting date of the OCAM project from April to August 2023 which affect the collection expected from the project.
Sale of publications	10,000	10,000	22,713	(12,713)	Increase in number of books sold during the year than expected.
Miscellaneous revenue	24,148	24,148	147,126	(122,978)	Increase in collection from unexpected services than expected and budgeted for the year. The

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	Original Budget TZS 000	Final Budget TZS 000	Actual TZS 000	Difference TZS 000	Explanations of the Variance
					additional income resulted by the increase in collections from transcript and convocation fee.
Dividend	2,600	2,600	-	2,600	Dividend was declared but not yet received by the board. The Board completed all procedures required for payment waiting for the payments
Rents	60,000	60,000	72,514	(12,514)	Increase of rental due increase of occupation by existing tenants.
Interest received Housing Loan	134,000	134,000	112,902	21,098	Decrease number staff applying for the loan than expected
Donation income	228,334	228,334	233,064	(4,730)	Increase in income from well-wishers as donation
Repayment of loan by APC Investment	677,625	677,625	640,000	37,625	The remaining amount was paid direct by APC Centre on behalf of the Board.
Total receipts	19,733,492	19,733,492	18,753,984	976,908	
Payments					
Operating expenses	(6,599,765)	(6,599,765)	(6,091,989)	(507,776)	Decrease in number of members attending seminars and workshop from 10840 participant in plan to 10468 and Decrease number of students registered for examination than number of students expected and budgeted for the year ended June 2022 from 15,840 to 14,560 and decrease number of IPSAS Candidates.
Employment costs	(5,161,845)	(5,161,845)	(5,133,046)	(28,799)	Decrease in costs caused by decrease in incentive driven events (up country treatments), changing ways of doing work due to technology (Acting Allowances), outside traveling allowances and other.

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	Original Budget TZS 000	Final Budget TZS 000	Actual TZS 000	Difference TZS 000	Explanations of the Variance
Administrative expenses	(5,066,245)	(5,066,245)	(4,260,672)	(808,873)	The decrease was attributed by decrease in international meetings attended physically due to COVID 19, few assets was serviced and repaired due default liability period after rehabilitation of Mhasibu house, unpurchased of Library books caused by closure of library due to rehabilitation and change mode of performing some activities.
Other expenses	(19,500)	(19,500)	(18,223)	(1,277)	Decrease in unexpected costs from bank transaction charges and other costs.
Repayment of NSSF Loan	(1,218,792)	(1,218,792)	(1,218,792)	-	N/A
Purchase of PSSSF Equity interest	(677,625)	(677,625)	(640,000)	(37,625)	The remaining amount was paid direct by APC Centre on behalf of the Board
Purchase of assets	(987,120)	(455,100)	(728,445)	(258,675)	The decrease in costs was attributed by the overlapping of activities to the first quarter of financial year 2022/2023.
Total payments	(19,733,492)	(19,733,492)	(18,090,867)	(1,640,025)	
Surplus	-	-	663,117	(663,117)	