



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



THE NATIONAL KISWAHILI COUNCIL

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

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March 2023

AR/PA/BAKITA/2021/22

About the National Audit Office

Mandate

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

Vision

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

Mission

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

Motto: "Modernizing External Audit for Stronger Public Confidence"

Core values

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

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

We do this by:

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

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ABBREVIATIONS

BAKITA	Baraza la Kiswahili la Taifa
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ISSAIs	International Standard of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
PAR	Public Audit Regulation
PAC	Public Accounts Committee
PFA	Public Finance Regulations
PPA	Public Procurement Act
PPR	Public Procurement Regulations

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
National Kiswahili Council,
P.O. Box 4766,
Dar es Salaam.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of the National Kiswahili Council, which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of the National Kiswahili Council as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap 348.

Basis for Opinion

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

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

Emphasis of Matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

On 8 October 2009 BAKITA acquired 8 apartments at Kijitonyama from the National Insurance Corporation (NIC) for a consideration of TZS 1.5 billion which was fully paid. I further noted that, the transfer process of 4 apartments (50%) out of 8 has not been completed due to the unresolved legal issues between NIC and its former employees who are still occupying the apartments. Because of that, the value of the land and the four buildings has not been

recognized in BAKITA's PPE rather has been recognized as an advance payment of TZS 750 million as disclosed under Note 7 to the financial statements. More details regarding the case has been detailed under Note 7.

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on procurement of works, goods and services in the National Kiswahili Council for the financial year 2021/22 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of works, goods and services of National Kiswahili Councils 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 Kiswahili Council for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of National Kiswahili Council 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.
March 2023



NATIONAL KISWAHILI COUNCIL

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

2.1 INTRODUCTION

The Executive Council has the pleasure in submitting its report, together with the financial statements of the Council for the year ended 30 June, 2022. The report highlights the Council's, work relationships with its stakeholders as well as its financial performance.

2.2 COUNCIL INFORMATION

The National Kiswahili Council of Tanzania was established by an Act of Parliament Act Number 27 of 1967 (Amended April 1983). The Council is under the supervision of Ministry of Arts, Culture and Sports.

2.3 VISION OF THE COUNCIL

To be an institution which is capable legally, financially and which is recognized nationally and internationally in co-ordinating and promoting development of Kiswahili language.

2.4 MISSION OF THE COUNCIL

To promote the use of standard Kiswahili within and outside the nation in co-operation with other stakeholders.

FUNCTIONS OF THE COUNCIL

According to the National Kiswahili Council Act No. 27 Sect. 4 of 9 August, 1967 as repealed by Act no. 7 of 1983 the Council has the following responsibilities:

- 1) To promote the development and usage of standard Kiswahili throughout the United Republic of Tanzania;
- 2) To co-operate with other bodies in the United Republic which are concerned to promote the Kiswahili language and to endeavour to co-ordinate their activities;
- 3) To encourage the use of Kiswahili language in the conduct of official business and public life generally;
- 4) To encourage the achievement of high standards in the use of Kiswahili language and to discourage its misuse;
- 5) To co-operate with the authorities concerned in establishing standard Kiswahili translations of technical terms;
- 6) To publish newspaper or magazine concerned with the Kiswahili language and literature; and
- 7) To provide services to the Government, public authorities and individual authors writing in Kiswahili with respect to the Kiswahili language.

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2.5 Organization structure

The day to day activities of the Council are managed by the Executive Secretary who is the Chief Executive Officer. The Executive secretary is accountable to the Executive Council which is obliged to meet at least once in every three months and is the highest policy making body of the Council.

2.6 Composition of the Board of Directors

The composition of the Executive Council includes elected members. It is led by a Chairperson elected by the Minister responsible for Arts, Culture and Sports. But for this particular financial year there was no Board because the board's term expired on 23 January 2021.

2.7 SOLVENCY EVALUATION

The Government has no intention to cease its subventions to the Council. Therefore, nothing has come to the attention of the management to indicate that the Council will not operate as a going concern in the foreseeable future.

2.8 EMPLOYEES WELFARE

2.8.1 Relationship between Management and Employees

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

The Council is convinced that equal opportunities for all, irrespective of ethnicity, race, gender, disability or religion, should be pursued. The Council accepts that it is only through total commitment, loyalty and dedication of its employees will be able to achieve its goal. The Council provides various benefits to staff such as long service awards for retiring employees, best worker rewards and Sports bonanza.

Employees are members of Public Service Social Security Fund (PSSSF). The Government through Treasury contributes 15% of basic salary of each employee to the fund while employees cover 5% of their salaries. During the year the total amount of TZS 99,110,100 was contributed to PSSSF fund compared to the previous year TZS. 89,132,250. The Council operates insured (health benefit) plan where contributions are paid to the National Health Insurance Fund (NHIF), employees contribute 3% of their gross salary. During the year the total amount of TZS 19,822,020 was contributed to NHIF fund compared to the previous year TZS. 17,826,450.

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1.1.1. Equal Opportunity Employer

The Council is an equal Opportunity Employer and gives disabled persons opportunities for those vacancies that they are able to fill.

2.9 FINANCIAL POSITION

Total liability of the Council decreased from TZS 179,849,143 in the year 2020/21 to TZS 143,521,402 in the year 2021/22

2.10 FINANCIAL PERFORMANCE

During the year, the Council registered a surplus of TZS 278.9 million (2020/21: TZS 34.7 million). This surplus has been attributed by an increase of revenue from TZS 1.2 billion in 2020/21 to TZS 1.7 billion in 2021/22, while expenses for the mentioned years moved from TZS 1.2 billion to TZS 1.4 billion.

2.11 IMPLEMENTATION OF THE PLAN AND BUDGET 2021/22

The Council planned to implement activities worth TZS 1.6 billion, the actual achievements of implementation was TZS 1.7 billion equal to 104% of the entire budget. The setting of the plan was based on bottom-up approach, where by all stakeholders from the lower level were given equal opportunities to participate in the whole budgeting process to plan their needs according to priority and available scarce resources.

Main achievements for the financial year 2021/22 were as follows:

- i. Conducting International Broadcasting conference, in Arusha from 14-18 March 2022;
- ii. 870 Radio and 96 Television programs were conducted as planned;
- iii. Continuing teaching Kiswahili for foreigners and having Kiswahili examinations for foreigners. BAKITA conducted capacity building to 42 teachers who teach Kiswahili to foreigners;
- iv. Rehabilitation of 1 building at BAKITA headquarter which is located at Kijitonyama;
- v. We receive 1 Motor Vehicle from Ministry of Culture, Arts and Sports;
- vi. We receive Interpretation equipment from Ministry of Culture, Arts and Sports;
- vii. A database for Kiswahili experts was developed. For the year 2021/22, a number of 300 Kiswahili experts was registered in that database and make a total of 1166;
- viii. The Council provided consultancy services to the government and the public in translations, writing, editing and publishing with respect to Kiswahili;
- ix. Seminar for members of mass media on the proper use of Kiswahili was conducted as planned;
- x. Teaching of tutors for Kiswahili as a foreign language was conducted; and
- xi. Training BAKITA Staff (Teaching Swahili to foreigners) on how to conduct classes via zoom platform in order to train foreigners online.

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Implementation of Procurement Plan

For the financial year 2021/2022, the Council planned to use TZS142,000,000 for procuring furniture, Computers and ICT devices and maintenance of building, but the Council use TZS 47,954,458 in procuring furniture, Computers and ICT devices and maintenance of building because the budgeted revenue was not received as planned.

Apart from this, the Council received a Motor Vehicle worth TZS 92,000,000 and Interpretation equipments worth TZS.187,500,000 from Ministry of Culture, Arts and Sports.

Implementation of strategic plan

Among the issues in Strategic Plan of the Council are as mentioned below:

- 1) To promote the development and usage of standard Kiswahili throughout the United Republic of Tanzania;
- 2) To co-operate with the authorities concerned in establishing standard Kiswahili translations of technical terms;
- 3) To provide services to the Government, public authorities and individual authors writing in Kiswahili with respect to the Kiswahili language.
- 4) Commercialization of Kiswahili language

In implementing the strategic plan, the Council did the following in the financial year 2021/2022

- i. Conducted Radio and Television programs to promote the development and usage of standard Kiswahili.
- ii. The Council taught Kiswahili to Kiswahili.
- iii. A database for Kiswahili experts was developed. For the year 2021/22, a number of 300 Kiswahili experts was registered in that database and make a total of 1166;
- iv. The Council provided consultancy services to the government and the public in translations, writing, editing and publishing with respect to Kiswahili;
- v. Seminar for members of mass media on the proper use of Kiswahili was conducted as planned;
- vi. Teaching of tutors for Kiswahili as a foreign language was conducted; and

2.12 FUTURE PLANS OF THE COUNCIL

In the next financial year, the Council shall strive to at least have full powers and statutory authority to supervise and coordinate development of Kiswahili language within and outside Tanzania. It is the intention of the Council to enhance its operations in order to improve its sources of revenue and advertise its activities to get out of the dependence from central government funding. Also the Council is striving to ensure that there exists good working environment for its staff in general by rehabilitating building No. BKT/UTW/BUILD/001 to provide enough working space at Kijitonyama as well as acquiring up to date equipment such

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as computers and printing press.

The following are the plans for the financial year 2022/23:

- i. To standardize Kiswahili terminologies;
- ii. To prepare and conduct radio program and televisions;
- iii. To recognize & register Institutions and Centres which teach Kiswahili to foreigners;
- iv. To conduct seminars for members of mass media on the proper use of Kiswahili in radio, newspaper and TV for six regions;
- v. To print 2 publications of Furahia Kiswahili-Kiswahili kwawageni" and "Kamusiya Kiswahili-Kiingereza-Kifaransa;
- vi. To conduct International Kiswahili Day;
- vii. To conduct capacity building to interpreters with well advanced instruments installed at the council offices;
- viii. To conduct capacity building to teachers of Kiswahili for foreigners and to run seminars for strengthening the teaching skills of Kiswahili teachers for foreigners and capacity building of translators; and
- ix. Opening 3 classes abroad for teaching Kiswahili for foreigners in collaboration with Diasporas/Ambassadors.

2.13 COUNCIL SOCIAL RESPONSIBILITIES

Special need

The Council upholds its policy of being a socially responsible organization. The council has implemented a responsibility scheme as a way of interacting with the society. Council fulfils its core functions of promoting the development and usage of standard Kiswahili throughout Tanzania and to participate fully in the establishment of Kiswahili Commission for East Africa.

Gender

The Council ensures gender balancing in all its managerial and other day to day responsibilities. BAKITA has 38 permanent employees, out of this men are 21 and women are 17 compared to last year 26 permanent employees, out of that men were 15 and women were 11.

Environment

The Council ensures that all publication works undertaken are environmental friendly and all other Council's activities meets the BAKITA environment regulations. BAKITA has been doing translations of different environmental documents, journals, etc. from different languages into Kiswahili and also been conducting media programmes for environmental conservations.

HIV/AIDS

The Council has been joining hands with the nation in the fight against HIV/AIDS. The Council provides in-house education to its staff. The Council is currently compiling terminologies for

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the HIV/AIDS specialised dictionary.

2.14 AUDITORS

The Controller and Auditor-General (CAG) is the statutory auditor of National Kiswahili Council by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified by section 32(4) of the Public Audit Act, Cap 418. However, pursuant to section 33(1) of the Act, RS & Partners (Certified Public Accountants) were authorized to carry out Audit of National Kiswahili Council on behalf of the Controller and Auditor General for the financial year ended 30 June, 2022.



Chairperson



Executive Secretary

Date: 07/02/2022

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2.15 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The National Kiswahili Council Financial Rules and Regulations Section F of year 2018, requires BAKITA management to prepare Financial Statements of the Council for each financial year, as at the end of the financial period that gives a true and fair view of the state of affairs of the Council for that period.

The Executive Council confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgement and estimates have been made in the preparation of the financial statements for the year ended 30 June 2022. The Executive Council also confirms that the International Public Sector Accounting Standards (IPSAS) have been followed and that the financial statements have been prepared on the going concern basis.

The Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Council and which enable them to ensure that the financial statements comply with the National Kiswahili Council of Tanzania Act. They are also responsible for safeguarding the assets of the Council and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Procurement of goods, works, consultancy, and non-consultancy services to the extent that they are reflected in these financial statements have been done in accordance with the Public Procurement Act, 2011 and Regulations, 2013.



Chairperson



Executive Secretary

Date: 07/02/2023

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2.16 DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING OF NATIONAL KISWAHILI COUNCIL OF TANZANIA

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

It is the duty of a Professional Accountant to assist the Executive Council Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I CPA Hans H. Mbella being the Head of Finance/Accounting of National Kiswahili Council of Tanzania hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view in all material respect, the financial position, financial performance and cash flows of the National Kiswahili Council of Tanzania (BAKITA) as at 30 June 2022, in accordance with the International Public Sector Accounting Standards (IPSAS) and that they have been prepared based on properly maintained financial records.

Name: CPA Hans H. Mbella

Signature: 

Position: Chief Accountant

NBAA Membership No.: ACPA 2637.

Date: 07/03/2023

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3.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		30.06.2022	30.06.2021
ASSETS	NOTE	TZS	TZS
Non current Assets			
Property, Plants and Equipment	5	1,080,244,394	842,671,327
Current Assets			
Cash and bank balance	6	18,179,793	9,943,226
Advance payment	7	750,000,000	750,000,000
Accounts Receivable	8	7,400,000	4,000,000
Inventory	9	27,206,634	33,819,816
Total current Assets		802,786,427	797,763,042
TOTAL ASSETS		<u>1,883,030,821</u>	<u>1,640,434,369</u>
Current Liabilities			
Accruals and payables	10	70,966,402	40,713,016
Long term liabilities			
Loans	11	72,555,000	139,136,127
TOTAL LIABILITIES		143,521,402	179,849,143
TOTAL NET ASSETS		<u>1,739,509,419</u>	<u>1,460,585,226</u>
GRANTS, RESERVES & LIABILITIES			
Grants & Reserves			
Tax payers fund		1,772,621,500	1,772,621,500
Accumulated Deficit		(33,112,081)	(312,036,274)
NET ASSEST		<u>1,739,509,419</u>	<u>1,460,585,226</u>
TOTAL GRANTS, RESERVES AND LIABILITIES		<u>1,883,030,821</u>	<u>1,640,434,369</u>

Notes are an integral part of the financial statements which were approved and authorized for issue on behalf of the Board of Directors by:


 Chairperson

Date 07/02/2023


 Executive Secretary

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 TZS	2020/21 TZS
Revenue			
Revenue from non-exchange transactions	12	1,308,803,555	796,979,811
Revenue from exchange transactions	13	393,540,153	416,436,245
Total Revenue		1,702,343,708	1,213,416,056
 EXPENSES			
Cost of books sold	14	10,253,182	5,689,526
Salaries, Wages & Employee Benefits	15	999,575,493	919,059,605
Direct expenses	16	86,786,132	46,728,631
Supplies and consumables	17	190,886,824	131,108,928
Maintenance expenses	18	13,777,294	19,894,593
Treasury Register Contribution	19	2,000,000	3,750,000
Audit Fees	20(h)	30,259,200	25,600,000
Depreciation	5	89,881,390	26,887,925
TOTAL		<u>1,423,419,515</u>	<u>1,178,719,208</u>
 Surplus for the year		<u>278,924,193</u>	<u>34,696,848</u>

Notes are an integral part of the financial statements which were approved and authorized for issue on behalf of the Board of Directors by:



Chairperson

Date 07/03/2023



Executive Secretary

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2022

	Notes	2021/22 TZS	2020/21 TZS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts:			
Revenue from non-exchange transactions	20(a)	1,308,803,555	796,979,811
Revenue from exchange transactions	20(a)	<u>390,140,153</u>	<u>416,436,245</u>
Total cash receipts		1,698,943,708	1,213,416,056
Payments			
Cost of books sold	20(b)	3,640,000	13,164,654
Salaries, Wages & Employee Benefits	20(c)	979,061,306	938,078,955
Direct expenses	20(d)	86,786,132	46,728,631
Supplies and consumables	20(e)	190,886,824	131,108,928
Maintenance expenses	20(f)	13,777,294	19,894,593
TR Contribution	20(g)	2,000,000	3,750,000
Audit Fees	20(h)	<u>20,520,000</u>	<u>23,400,000</u>
Total cash Payments		1,296,671,556	1,176,125,761
Net cash flows from operating activities		402,272,152	37,290,295
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	5	<u>(327,454,458)</u>	<u>(40,719,523)</u>
Net Cash flows used in investing activities		(327,454,458)	(40,719,523)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans	20(i)		<u>(6,068,176)</u>
Net cash flows used in financing activities		(66,581,127)	(6,068,176)
Net change in cash and cash equivalents		8,236,567	(9,497,404)
Cash and cash equivalents			
At the beginning of the period		<u>9,943,226</u>	<u>19,440,630</u>
At the end of the period	6	<u>18,179,793</u>	<u>9,943,226</u>

Notes are an integral part of the financial statements.

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

	Taxpayer Fund	Accumulated Surplus/ (Deficit)	TOTAL
		TZS	TZS
Balance As At 1 July 2020	1,772,621,500	(346,733,122)	1,425,888,378
Surplus for the Year	-	34,696,848	34,696,848
Balance As At 30 June, 2021	1,772,621,500	(312,036,274)	1,460,585,226
Balance As At 1 July 2021	1,772,621,500	(312,036,274)	1,460,585,226
Surplus for the Year		278,924,193	278,924,193
Balance As At 30 June, 2022	1,772,621,500	(33,112,081)	1,739,509,419

Notes are an integral part of the financial statements.

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

		Original Budget [A]	Final Budget [B]	Actual on Comparable Basis [C]	Difference [C-B]
Revenue				TZS	
Revenue from non-exchange transactions	20(a)	1,069,117,000	1,069,117,000	1,308,803,555	239,686,555
Revenue from exchange transactions	20(a)	558,629,012	558,629,012	390,140,153	(168,488,859)
Total Revenue		1,627,746,012	1,627,746,012	1,698,943,708	71,197,696
Payments					
Cost of books sold	20(b)	24,700,000	24,700,000	3,640,000	(21,060,000)
Salaries, Wages & Employee Benefits	20(c)	1,211,328,012	1,211,328,012	979,061,306	(232,266,706)
Direct expenses	20(d)	75,200,000	75,200,000	86,786,131	11,586,131
Supplies and consumables	20(e)	131,718,000	131,718,000	190,886,824	59,168,824
Maintenance expenses	20(f)	18,800,000	18,800,000	13,777,294	(5,022,706)
TR Contribution	20(g)	8,000,000	8,000,000	2,000,000	(6,000,000)
Audit Fees	20(h)	16,000,000	16,000,000	20,520,000	4,520,000
Acquisition of property, plant, and equipment		142,000,000	142,000,000	327,454,458	185,454,458
Debt repayment				66,581,127	66,581,127
Total Payments		1,627,746,012	1,627,746,012	1,690,707,140	(62,961,128)
Net increase /(decrease) in cash and cash equivalents		-	-	8,236,567	
Cash and cash equivalents					
At the beginning of the period		-	-	9,943,226	
At the end of the period				18,179,793	

Notes are an integral part of the financial statements. Explanation on Budget and Actual Variance are in Note 21.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

2 BASIS OF PREPARATION

These annual financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) of the International Accounting Standards Board and are consistent with those from the previous year.

The annual financial statements are prepared on the historical cost. The annual financial statements are prepared on a going concern basis.

The annual budget is prepared on cash basis, and the budget period is 12 months ended 30 June 2022.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted, which are consistent with those of previous years, are shown below.

3.1 Cash and cash equivalents

Cash and bank balances in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less and is measured at amortized cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.2 Employment benefits

Employee benefits include salaries, pensions and other related - employment costs. Employee benefits are recognized on accrual basis.

The Council operates a defined contribution plan. Employees are members of PSSSF. The Government through Treasury contributes for each employee out of the basic salary. Additionally, the Council operate insured (health benefit) plan where contributions are paid to the National Health Insurance Fund (NHIF).

3.3 Revenue from exchange transactions

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Incomes collected are accounted for

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on accrual, basis. When grants are related to an expense item, it is recognised as revenue over the year necessary to match the grant on systematic basis to the costs that it is intended to pay.

3.4 Government Grants and Development Funds

Government with conditions are recorded as capital fund on receipt and released to the revenue and expenditure account upon utilization. Government grants without conditions are recognised in the statement of financial performance in the period in which they are received.

Services-in-kind (If any) are not recognised as revenue but are disclosed in the financial statements.

3.5 Subvention from Treasury

Subvention comprises of funds received from Treasury other operational costs. These are credited to statement of financial performance in the period in which they are received.

3.6 Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria. Depreciation is calculated on a straight-line basis over the useful life of the assets. The annual rates of depreciation which have been consistently applied are:

Table 6: Depreciation Rates of Property, Plant and Equipment

These rates are as per Council's financial regulations.

Description	Rate	Years
Land	NIL	
Buildings	4%	25
Plant and machinery	10%	10
Furniture, fixture and equipment	15%	7
Motor vehicles	25%	4
Computer hardware	20%	5

The council has adopted the provisions of Section 95 of IPSAS 17 Property, Plant and Equipment.

The carrying values of cash -generating property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. However, no impairment loss has been discovered during 2019/20 in the National Kiswahili Council financial statement.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-

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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 in the year the asset is derecognised.

The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end.

3.7 Intangible assets

Intangible assets (consisting of computer software's) is recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is charged against surplus/deficit in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The expected useful life is approximately 5 years.

3.8 Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Council expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in surplus/deficit 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 recognised as a finance cost.

3.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials-purchase cost on first in first out basis;
- Stationeries and other consumables- cost is determined on first in first out; and
- Finished goods and work in progress- cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.10 Investments and other financial assets

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Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. No any transaction has been made during the period.

After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in surplus/deficit when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

3.11 Financial Risk Management

The overall risk management focuses on unpredictable financial markets and is aimed at minimizing potential adverse effects on the council's financial performance. The final responsibility of the council's risk management is primarily vested in the hands of the Executive council. Management has a duty of developing and maintaining adequate operational and financial internal control systems.

a) Liquidity Risk Management

The Council has a prudent liquidity risk management procedures policy through maintaining sufficient cash to cover committed credit facilities and working capital requirements as budgeted in each financial year based on the approved funds disbursed to the council from the Government, donors as well as own generated funds.

Maturity profile of non-derivative financial liabilities based on the contractual cash flows, including Loans due to Books publication contract as follows:

	Carrying amount	Contractual Cash flows	Within 1 Year	More than 1 Year
YEAR 2022	TZS	TZS	TZS	TZS
Books Publishers contract	72,555,000	72,555,000	0	72,555,000
Total	72,555,000	72,555,000	0	72,555,000

There is low liquidity risk on the amounts due to related parties, as settlement can be rearranged and terms of obligations can be renegotiated by virtue of the parties, relationship, and at under arm's length. Low liquidity risk is also attached to the accruals and other payables the Authority ensures that they are followed up and settled immediately when they fall due.

b) Credit Risk Management

The potential credit risk involves short-term cash and receivables which are managed as follows:

3.12 Short Term Cash Surpluses:

The council may deposit with banks of high credit reputation its short- term surpluses.

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3.13 Receivables

The Authority's receivables mainly constitute of office rent. The management of the council ensures that the tenants pay the rental bills intact and promptly.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgments

In the process of applying the Council's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

For determination of the useful lives of property, plant and equipment, Management uses reasonable judgment in determining the useful lives and hence depreciation rates of the items of property, plant and equipment.

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5 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor Vehicles	Plant and machinery	Office Furniture & Fittings	Computers and Equipment	Total
COST						TZS	
Balance as at 1st July 2021	433,923,048	471,875,767	26,000,000	1,800,000	89,348,538	47,164,300	1,070,111,653
Additions during the year	-	8,082,138	92,000,000		13,217,040	214,155,280	327,454,458
Balance as at 30th June 2022	433,923,048	479,957,905	118,000,000	1,800,000	102,565,578	261,319,580	1,397,566,111
ACCUMULATED DEPRECIATION							
Balance as at 1st July 2021	-	89,473,371	26,000,000	1,440,000	76,060,235	34,466,720	227,440,327
Charge for the year	-	19,198,316	23,000,000	180,000	4,297,732	43,205,342	89,881,390
Balance as at 30 June 2021	-	108,671,687	49,000,000	1,620,000	80,357,967	77,672,062	317,321,717
CARRING VALUE							
As at 30 June 2022	433,923,048	371,286,218	69,000,000	180,000	22,207,611	183,647,518	1,080,244,394
As at 30 June 2021	433,923,048	382,402,396	-	360,000	13,288,303	12,697,580	842,671,327
	Land	Buildings	Motor Vehicles	Plant and machinery	Office Furniture & Fittings	Computers and Equipment	Total
COST	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Balance as at 1 July 2020	433,923,048	449,599,225	26,000,000	1,800,000	76,165,760	41,904,097	1,029,392,130
Additions during the year		22,276,542			13,182,778	5,260,203	40,719,523
Balance as at 30 June 2021	433,923,048	471,875,767	26,000,000	1,800,000	89,348,538	47,164,300	1,070,111,653
ACCUMULATED DEPRECIATION							
Balance as at 1 July 2020	-	70,598,340	26,000,000	1,260,000	70,443,092	32,250,970	200,552,401
Charge for the year	-	18,875,031	-	180,000	5,617,144	2,215,750	26,887,925
Balance as at 30 June 2021	-	89,473,371	26,000,000	1,440,000	76,060,236	34,466,720	227,440,326
CARRING VALUE							
As at 30 June 2021	433,923,048	382,402,396	-	360,000	13,288,303	12,697,580	842,671,327
As at 30 June 2020	433,923,048	379,000,885	-	540,000	5,722,668	9,653,127	828,839,729

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Notes	2021/22 TZS	2020/21 TZS
6 Cash and Cash equivalents		
Petty Cash	1,384,707	1,264,807
NMB Bank House A/C 20101100005	13,088,104	10,000
NMB Bank House A/C 20101100019	125,765	(5,750,867)
BOT A/C9925262681	3,581,217	14,419,286
Total	<u>18,179,793</u>	<u>9,943,226</u>
 7 Advance payment		
This relate to Buildings at Kijitonyama acquired from the National Insurance Corporation (NIC) under the purchase agreement dated 8 October 2009 for purchase consideration of TZS 1.5 Billion which was fully paid. The transfer process of four buildings has not yet been completed due to the unresolved legal issues between NIC and its former employees still occupying four apartments out of eight. Due to the incomplete transfer of the buildings, the value of the four buildings has not been recognized in PPE rather has been recognized as advance payment of TZS 750,000,000. The matter is in Land case No. 126/2019 which was dismissed after the Court sustained the preliminary objection raised by the Defendants. Aggrieved by the decision, the Appellants have filed Civil Appeal No. 291/2020 in the Court of Appeal which is still pending.		
 8 Accounts Receivable	 7,400,000	 4,000,000
This receivable is for rental contract from one of the Council's buildings		
 9 Inventory		
KamusiKuuya Kiswahili	32,500	1,462,500
Other books	27,174,134	32,357,316
Total	<u>27,206,634</u>	<u>33,819,816</u>
 10 Accruals and payables		
Audit Fees	38,919,200	29,180,000
RAAWU Payable		949,868
Utility	3,075,000	-
Special allowance	5,400,000	-
House allowance	4,200,000	-
Responsibility Allowance	6,270,500	6,270,500
EGA	8,789,054	-
Extra duty	250,000	250,000
Longhorn	4,062,648	4,062,648

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Total	<u>70,966,402</u>	<u>40,713,016</u>
11 Long term loan		
Longhorn		66,581,127
Books Publishers	72,555,000	72,555,000
Total	<u>72,555,000</u>	<u>139,136,127</u>
12 Revenue from non-exchange transactions		
Personnel Emoluments	803,195,700	696,979,811
Other charges	159,367,325	100,000,000
Grants-Fixed Assets	279,500,000	
Donations	66,740,530	
Total	<u>1,308,803,555</u>	<u>796,979,811</u>
13 Revenue from exchange transactions		
Translation & Imprimatur Income	271,353,200	348,196,304
Publication Income	78,923,584	20,045,623
Miscellaneous Income	43,263,369	48,194,318
Total	<u>393,540,153</u>	<u>416,436,245</u>
14 Cost of books sold		
Opening stock	33,819,816	29,469,540
Purchases	3,640,000	10,039,802
Goods available for sale	37,459,816	39,509,342
less: Closing stock	27,206,634	33,819,816
cost of sales	<u>10,253,182</u>	<u>5,689,526</u>
15 Employee benefits		
Salaries and Wages	677,435,671	600,118,380
PSSSF	99,110,100	89,132,250
NHIF	19,822,020	17,826,450
WCF	3,303,670	2,971,075
Director's fee	-	9,850,000
Per diem Allowance	51,770,132	62,957,500
House Allowance	16,800,000	13,200,000
Sitting Allowance	6,200,000	9,050,000
Leave Travel	5,522,200	7,427,400
Training expenses	4,855,000	9,156,250
Utility	10,680,000	7,830,000
Honoraria	15,002,500	17,442,000
Terminal benefits	2,115,000	2,397,500
Extra Duty	32,488,500	29,289,000
Subsistence Allowance	-	605,000

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	Special allowance	20,400,000	17,000,000
	Ground Travel	34,070,700	22,806,800
	Total	<u>999,575,493</u>	<u>919,059,605</u>
16	Direct expenses		
	Remuneration to Instructors	65,656,132	46,728,631
	Kamusi project	21,130,000	-
	Total	<u>86,786,132</u>	<u>46,728,631</u>
17	Supplies and consumables		
	Telephone, Internet and Postage	14,813,054	14,221,048
	Electricity	15,400,000	15,650,000
	Office Consumables	17,962,950	20,724,740
	Advertisement	3,586,000	9,339,600
	Burial Expenses	800,000	7,246,000
	Casual labor	5,100,000	4,800,000
	Legal expenses	-	3,000,000
	Conference Facilities	22,150,000	6,915,240
	Food and Refreshment	22,072,300	29,598,600
	Security expenses	18,690,000	8,400,000
	Printing	-	9,026,600
	Gifts and Prizes	300,000	890,000
	Water Bills	1,071,600	1,287,100
	Fuel and Oils	18,506,120	
	Bank charges	30,000	10,000
	Broadcasting conference	50,404,800	
	Total	<u>190,886,824</u>	<u>131,108,928</u>
18	Maintenance expenses		
	Maintenance -Building	9,418,424	12,096,345
	Repair and Maintenance -Motor Vehicle	4,358,870	7,798,248
	Total	<u>13,777,294</u>	<u>19,894,593</u>
19	TR Contribution	2,000,000	3,750,000
20	Reconciliation of Actual Amounts on a comparable basis and actual amount on the financial statements		
20(a)	Cash receipts		
	Revenue from non-exchange transactions	1,308,803,555	796,979,811
	Revenue from exchange transactions	393,540,153	416,436,245
	Decrease / (Increase) in Receivables	(3,400,000)	-
		390,140,153	416,436,245

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	Cash payments		
20(b)	Cost of books sold	3,640,000	10,039,802
	Add: Opening balance of Payable	4,062,648	7,187,500
	Less: Closing Balance of Payable	4,062,648	4,062,648
	Cash payment	3,640,000	13,164,654
20(c)	Salaries, Wages & Employee Benefits	999,575,493	919,059,605
	Payables as July 1,	7,470,368	26,489,718
	Payables as June 30,		
	RAAWU Payable	-	(949,868)
	Utility	(3,075,000)	-
	PPF Penalty	(5,400,000)	-
	Acting Allowance	(4,200,000)	-
	Responsibility Allowance	(6,270,500)	(6,270,500)
	Terminal Benefits	(8,789,055)	-
	Extra duty	(250,000)	(250,000)
	Cash payment	979,061,306	938,078,955
20(d)	Direct expenses	86,786,132	46,728,631
20(e)	Supplies and consumables	190,886,824	131,108,928
20(f)	Maintenance expenses	13,777,294	19,894,593
20(g)	TR Contribution	2,000,000	3,750,000
20(h)	Audit fee	30,259,200	25,600,000
	Less: Closing Balance	38,919,200	29,180,000
	Add: Opening Balance	29,180,000	26,980,000
	Cash payment	20,520,000	23,400,000
20(i)	Loans		
	Closing Balance	72,555,000	139,136,127
	Less: Opening Balance	139,136,127	145,204,303
	Cash payment	(66,581,127)	(6,068,176)

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21 EXPLANATION ON BUDGET AND ACTUAL VARIANCE

	Percentage	Reasons for variance
Revenue		
Revenue from non-exchange transactions	22%	Variation due Grants from Central Government for Motor Vehicle and Interpretation equipments which was not budgeted in the budget of the Council.
Revenue from exchange transactions	(30)%	Variation was due to the decrease of Translation income.
Payments		
Cost of books sold	(85)%	Variation was caused by decrease of own revenue, BAKITA buys books using its own revenue.
Salaries, Wages & Employee Benefits	(19)%	Variance was due to the budget for recruitment of employees who were not employed.
Supplies and consumables	45%	The actual amount spent was high than budget because the activity of Broadcasting conference was not budgeted but the Council received the donations for a particular activity.
Maintenance expenses	(27)%	The actual amount spent is low than budgeted because the collection from own source was low than budgeted.

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22 CAPITAL COMMITMENTS

The Council had no capital commitments as at 30 June 2022.

23 CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2022.

24 RELATED PARTY TRANSACTIONS

These represent transaction in respect of Board members and key Management Remuneration. The related party transactions are in respect to the following:

Detail	2021/22	2020/21
	TZS	TZS
Board Members Remuneration	0	6,510,000
Key Management Remuneration	331,068,000	316,343,000
Total	331,068,000	322,853,000

STATEMENT OF RECONCILIATION BETWEEN DEFICIT/SURPLUS FOR THE YEAR AND NET CASH FLOWS FORM OPERATION ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2022

	2021/22	2020/21
	TZS	TZS
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts:		
Surplus / (Deficit) for the year	278,924,194	34,696,848
Depreciation	89,881,390	26,887,925
Change in Accounts Receivable	(3,400,000)	-
Change in Inventory	6,613,182	(4,350,276)
Change in Accruals and payables	30,253,386	(19,944,202)
Net cash flows from operating activities	402,272,152	37,290,295
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(327,454,458)	(40,719,523)
Net Cash flows from investing activities	(327,454,458)	(40,719,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Longhorn debt repayment	(66,581,127)	(6,068,176)
Net cash flows used in financing activities	(66,581,127)	(6,068,176)
Net increase /(decrease)in cash and cash equivalents	8,236,567	(9,497,404)
Cash and cash equivalents		
At the beginning of the period	9,943,226	19,440,630
At the end of the period	18,179,793	9,943,226