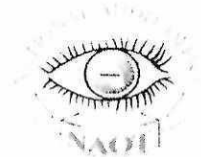


THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE



**TANZANIA NATIONAL BUSINESS COUNCIL (TNBC)**

**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/TNBC/2021/22

## **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.

© This audit report is intended to be used by Tanzania National Business Council and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.

## TABLE OF CONTENTS

ABBREVIATIONS .....	iii
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL.....	1
1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS.....	1
1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS.....	4
2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE.....	5
3.0 FINANCIAL STATEMENTS .....	24

## ABBREVIATIONS

<b>CAG</b>	Controller and Auditor-General
<b>CTI</b>	Confederation of Tanzania Industries
<b>EU</b>	European Union
<b>EUBG</b>	European Union Business Group
<b>EWP</b>	Engineered Wood Products
<b>FWG</b>	Finance for Development Working Group
<b>FYDP</b>	Five Year Development Plan
<b>IBD</b>	International Business Dialogue
<b>ICT</b>	Information Communication Technology
<b>IESBA</b>	International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants
<b>IFC</b>	International Finance Corporation
<b>IPSAS</b>	International Public-Sector Accounting Standards
<b>ISSAI</b>	International Standards of Supreme Audit Institutions
<b>LGAs</b>	Local Government Authorities
<b>MDA</b>	Ministries, Departments and Agencies
<b>MPPD</b>	Ministerial Public Private Dialogues
<b>NAO</b>	National Audit Office
<b>NBAA</b>	National Board of Accountants and Auditors
<b>NHIF</b>	National Health Insurance Fund
<b>PPDIF</b>	Public Private Dialogue Institutional Framework in Tanzania
<b>PPDs</b>	Public-Private Dialogues
<b>PSA</b>	Private Sector Associations
<b>PSSSF</b>	Public Services Social Security Fund
<b>RBCs &amp; DBCs</b>	Regional and District Business Councils
<b>TCCIA</b>	Tanzania Chamber of Commerce, Industry and Agriculture
<b>TDV 2025</b>	Tanzania Development Vision 2025
<b>TIC</b>	Tanzania Investment Centre
<b>TNBC</b>	Tanzania National Business Council
<b>TPSF</b>	Tanzania Private Sector Foundation
<b>TWGs</b>	Technical Working Groups
<b>USA</b>	United States of America
<b>WCF</b>	Workers Compensation Funds



## **1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL**

Chairman of the Executive Committee,  
Tanzania National Business Council,  
P.O. Box 3478,  
Dar es Salaam.

### **1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

#### **Unqualified Opinion**

I have audited the financial statements of Tanzania National Business 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 Tanzania National Business 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 International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Tanzania National Business 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.

#### **Key Audit Matters**

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

#### **Other Information**

Management is responsible for the other information. The other information comprises the Report of the Executive Committee, Statement of Executive Committee's responsibilities and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Further, Section 48(3) of the Public Procurement Act, 2011 (as amended in 2016) 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 Tanzania National Business Council for the financial year 2021/22 as per the Public Procurement Laws in Tanzania.

#### **Conclusion**

Based on the audit work performed, I state that procurement of works, goods and services of Tanzania National Business Council 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 Tanzania National Business 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 Tanzania National Business 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.





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

### **2.1 BACKGROUND**

In accordance with Public Corporation Act, 1992 and Tanzania Financial Reporting Standard No. 1 Report by Those Charged with Governance; the Executive Committee submit its report and financial statements of Tanzania National Business Council for the year ended 30 June 2022.

### **2.2 CORPORATE OUTLOOK**

#### **2.2.1 Incorporation**

Tanzania National Business Council (TNBC) was established through Presidential Circular No. 1 of 2001 published as Government Notice No. 691 in the Government Gazette No.39 issued on 28 September, 2001 as an institution for providing forum for public and private sector dialogue with a view of reaching consensus and mutual understanding on issues relating to the efficient management of resources in the promotion of social economic development of Tanzania. The aim is to create conducive environment for private sector led economic growth in terms of wealth and employment creation and revenue generation in the poverty alleviation process. The circular stipulate specific TNBC objectives as follows:

- i. To provide forum for Public Private sector Dialogue with a view of reaching consensus and mutual understanding of strategic issues relating to the efficient management of development resources.
- ii. To promote the goals of economic growth with social-equity and even development.
- iii. To review from time-to-time developments in external and domestic business environment, the challenges they pose to Tanzania, and propose a course of action.
- iv. To exchange views on the prevailing operating and regulatory environment, and propose ways to facilitate the public service delivery and make the civil service business friendly.
- v. To review and propose changes in the policy environment to enhance the attractiveness of Tanzania products in the world market.
- vi. To encourage and promote the formulation of coordinated policies on social and economic matters, including consideration of existing and proposed economic legislation, and make recommendations through the government to parliament or other appropriate bodies.

#### **2.2.2 Vision**

A credible and modern Tanzania National Business Council for high quality, closer and regular consultations for competitive business and investment environment in the economy.

#### **2.2.3 Mission**

To facilitate high quality Public Private Dialogues (PPDs), accountability and transparency initiative in the management of competitive business and investment environment.

## 2.3 PRINCIPAL ACTIVITIES

- The principal activity of the Council is to provide a forum for holding regular dialogue between the public and private sector and other stakeholders on issues pertaining to the socio-economic development of Tanzania;
- Cause to be conducted, such research or survey or study into any aspect of social and economic development policy as it may deem fit;
- Review specific research, reports or policy proposals submitted to it by any of its constituent bodies. It may also call for and consider any such reports if it is necessary to give a true picture of affairs before it;
- Set action target as well as performance benchmarks for implementing decisions or agreements reached, including assignment of responsibilities for performance; and
- Monitor and evaluate the implementation of policies and measures agreed upon, as to their effectiveness and/or unintended impact.

## 2.4 ENTITY OPERATING MODEL AND RESOURCES

TNBC receives Government subventions in the form of Salaries and Other operational charges for undertaking prioritized activities particularly coordinating Public Private Dialogues (PPD) at National and Sub National levels through Ministries, Regions and Districts as well as Private Sector associations. The outcomes of PPDs include improved policies, laws, regulations and circulars for conducive business environment for private sector participation, development and competitiveness. Overall, conducive business environment has sustained inclusive economic growth.

## 2.5 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

TNBC principal risks are relating to realization of its key performance indicators as reflected in its Strategic Plan 2021/22 - 2025/26. The mitigation measures are captured in the strategies to achieve the target and key performance indicators. In addition, TNBC has the following opportunities;

- Increased interest from other Development Partners to support PPDs initiatives.
- Improved macroeconomic environment in the country and attractive growing market conducive for private sector expansion.
- The current structure provides for flexibility which can be creatively used by secretariat and Executive Committee to forge relationship with implementing agencies to accelerate implementation of reforms and improve image of implementing agents.

## 2.6 STAKEHOLDERS' RELATIONSHIPS

TNBC collaborates and interacts with a range of stakeholders in the implementation of its functions. These include Parliament, President's Office, Prime Minister's Office, Treasury, Office of the Treasury Registrar, Ministries, Departments and Agencies (MDA), Regions and Districts through their Regional and District Business Councils (RBCs & DBCs), Executive Agencies, Regulatory Authority, Diaspora, Civil Society Organizations (CBOs, NGOs, CSOs and FBOs), Development Partners (DPs) Regional Integration Councils (SADC Business Council and EAC Business Council), Media, National Audit Office (NAO), Suppliers and Consultants, Professional Bodies, Academic Institutions, Law Enforcement organs, Special Needs Groups,



## **TANZANIA NATIONAL BUSINESS COUNCIL**

and the general public. The private sector is represented by leaders of the clusters through TPSF and other private sector organizations.

### **2.7 STRUCTURE OF THE COUNCIL**

The President of the United Republic of Tanzania chairs and appoints members of the Council (TNBC). The Council is made up of 50 members, drawn from both Public and Private sectors with equal representation, 25 being Public members and 25 selected private sector representatives. The Government representatives are drawn from Ministers of the URT and senior government officials while Private Sector representatives are appointed to the Council through the Tanzania Private Sector Foundation (TPSF), which is the focal organization for the Private Sector Associations in Tanzania.

### **2.8 EXECUTIVE COMMITTEE**

#### **2.8.1 Composition**

The Executive Committee is composed of 16 members, 8 from the public sector and 8 from private sectors and is charged with the responsibility of overseeing the daily activities of the Council. It is chaired by Chief Secretary (President's Office) and Co-Chaired by the Chairperson of the Tanzania Private Sector Foundation. The Executive Committee is assisted by Sub Committees of Finance and Administration; and Operations in fulfilling its oversight role. The Chairpersons of the Sub Committees provide updates of sub committees' deliberations and report to the Executive committee on matters that require attention, consideration or approval.

#### **2.8.2 Sub Committee of Operations**

The Sub Committee of operations assists Executive Committee with respect to issues relating to economic, business and investment and Public Private Dialogues. The Sub Committee is expected among others to do the following:

- To review and approve Strategic and Annual Work Plans;
- To review reports and policy recommendations to improve Investment Climate and Business Environment; and
- To oversee the operations of Working Committees.

#### **2.8.3 Finance and Administration Sub Committee**

The Sub Committee of Finance and Administration assists Executive Committee with issues relating to financial reporting, audit, human capital, administration and governance. The Sub Committee is expected among others to do the following:

- To review Strategic Plan and oversee its implementation
- To review and approve annual work plans and budget
- To scrutinize and adopt audited accounts
- To attend staff and administrative matters and
- To review organization governance issues including internal audit reports and oversee adherence to internal controls and good governance practices

#### 2.8.4 Executive Committee Meetings

During the year 2021/22, three meetings were conducted; one normal Executive Committee meeting and two meetings of Finance and Administration Sub-Committee and Operation Sub-Committee were held to address among other issues agenda for the 13<sup>th</sup> TNBC meeting held on 7 June 2022. Similarly, the Executive Committee approved Public Private Dialogue Institutional Framework in Tanzania (PPDIF, 2020) and Strategic Plan 2021/22 - 2025/26 to guide TNBC operations. The implementation of the PPDIF is expected to significantly improve the integration and coordination of Public Private Dialogues in the Country and promote competitive business environment for inclusive and sustainable development.

#### 2.8.5 Membership

The appointment of members in the Executive Committee is by virtue of their positions in the Government and Private sector associations. During the year under review, the Government changed structures and leadership in some Ministries which has resulted into changes of members of TNBC Executive Committee. The changes have brought in Dr. John Antony Jingu as a new member from Prime Minister's Office - Policy, Parliament and Coordination while merging investment to the Ministry of Industry and Trade reduced the number of Executive Committee members from 16 to 15. The following tables 1, 2 and 3 present members of the Executive Committee and its Sub Committees at the end of the year.

**NB:** The Government leadership change made in January 2023 has necessitated changes in the Executive Committee as follows:

- i. **Chairman:** The Executive Committee Ambassador Hussein A. Kattanga has been replaced by Dr. Moses Mpogole Kusiluka
- ii. **Members:** Emmanuel M. Tutuba has been replaced by new Permanent Secretary - Ministry of Finance and Planning Dr. Natu El-Maamry Mwamba while Godius Kahyarara has been replaced by Dr. Hashil T. Abdallah and Mululi Majula Mahendeka as a new Permanent Secretary - President's Office- State House.



**TANZANIA NATIONAL BUSINESS COUNCIL**

**Table 1: Members of the Executive Committee as at 30 June 2022**

S/N	Name	Position	Age	Date of appointment	Institution	Nationality	Titles
1	Hussein A. Kattanga	Chairman	53	2021	Public Sector	Tanzanian	Chief Secretary
2	Angelina Ngalula	Co-Chairperson	46	2016	Private Sector	Tanzanian	Chairperson - TPSF
3	John Antony Jingu	Member	49	2021	Public Sector	Tanzanian	Permanent Secretary - Prime Minister's Office - Policy Coordination
4	Godius Kahyarara	Member	56	2021	Public Sector	Tanzanian	Permanent Secretary - Ministry of Investment Industry and Trade
5	Riziki S. Shemdoe	Member	47	2016	Public Sector	Tanzanian	Permanent Secretary - President's Office POLAG
6	Evaristo Emmanuel Longopa	Member	42	2020	Public Sector	Tanzanian	Deputy Attorney General - Attorney General Office
7	Emmanuel M. Tutuba	Member	48	2021	Public Sector	Tanzanian	Permanent Secretary - Ministry of Finance and Planning
8	Moses M. Kusiluka	Member	48	2021	Public Sector	Tanzanian	Permanent Secretary - President's Office-State House
9	Paul Makanza	Member	54	2021	Private Sector	Tanzanian	Vice chairman- Tanzania Private Sector Foundation
10	Suzan Mashibe	Member	49	2019	Private Sector	Tanzanian	Board Director - Tanzania Private Sector Foundation
11	Abdulmajid Nsekela	Member	50	2021	Private Sector	Tanzanian	Board Director - Tanzania Private Sector Foundation
12	Paul Koyi	Member	60	2019	Private Sector	Tanzanian	Board Director - Tanzania Private Sector Foundation
13	Suzan Laiser	Member	63	2021	Private Sector	Tanzanian	Board Director - Tanzania Private Sector Foundation
14	Ngwisa W. Mpembe	Member	50	2021	Private Sector	Tanzanian	Board Director - Tanzania Private Sector Foundation
15	Jacqueline Mkindi	Member	46	2021	Private Sector	Tanzanian	Board Director - Tanzania Private Sector Foundation
16	Godwill G. Wanga	Secretary	58	2020	Secretariat	Tanzanian	Executive Secretary - TNBC

# TANZANIA NATIONAL BUSINESS COUNCIL

Table 2: Members of Operations Sub Committee as at 30 June 2022

S/N	Name	Position	Age	Date of appointment	Institution	Nationality	Titles
1	Riziki S. Shemdoo	Chairman	47	2016	Public Sector	Tanzanian	Permanent Secretary - President's Office POLAG
2	John Antony Jingu	Member	49	2021	Public Sector	Tanzanian	Permanent Secretary - Prime Minister's Office - Policy Coordination
3	Evaristo Emmanuel Longopa	Member	42	2020	Public Sector	Tanzanian	Deputy Attorney General - Attorney General Office
4	Suzan Mashibe	Member	49	2019	Private Sector	Tanzanian	Board Director - Tanzania Private Sector Foundation
5	Paul Koyi	Member	60	2019	Private Sector	Tanzanian	Board Director - Tanzania Private Sector Foundation
6	Ngwisa W. Mpembe	Member	50	2021	Private Sector	Tanzanian	Board Director - Tanzania Private Sector Foundation

Table 3: Members of Finance and Administration Sub Committee as at 30 June 2022

S/N	Name	Position	Age	Date of appointment	Institution	Nationality	Titles
1	John Antony Jingu	Chairman	49	2021	Public Sector	Tanzanian	Permanent Secretary - Prime Minister's Office - Policy Coordination
2	Godius Kahyarara	Member	56	2021	Public Sector	Tanzanian	Permanent Secretary - Ministry of Investment Industry and Trade
3	Moses M. Kusiluka	Member	48	2021	Public Sector	Tanzanian	Permanent Secretary - President's Office- State House
5	Paul Makanza	Member	54	2021	Public Sector	Tanzanian	Vice chairman- Tanzania Private Sector Foundation
6	Suzan Laiser	Member	63	2021	Private Sector	Tanzanian	Board member - TPSF Board Director - Tanzania Private Sector Foundation



## 2.9 CAPITAL STRUCTURE AND TREASURY POLICIES

The Presidential Circular stipulates that the business and affairs of the Council shall be financed on a cost-sharing basis between the Government and the private sector. However, due to the infancy of the private sector, the government has been fully financing the Council. TNBC treasury policies are guided by TNBC financial manual, government circulars, guidelines, and processes in ensuring that the Council has adequate resources to continue operations for the foreseeable future.

The capital structure of the Council for the year under review represents equity attributable to the government contribution/grants to TNBC totalled TZS 6,723,036,000 represented by the capital fund and short-term dues and liabilities.

### 2.9.1 Financial Performance

The total income of TZS 2,697 million (TZS 1,396 million in 2020/21) is made up of government revenue grant of TZS 2,681 million (TZS 1,254 million in 2020/21) and other income of TZS 15.9 million (TZS 141.9 million in 2020/21).

The government revenue grant increased by approximately 114 % from TZS 1,254 million in 2020/21 to TZS 2,681 million. The increased revenue signifies government commitment in improving business environment in Tanzania through Public Private Dialogues. This has improved TNBC's ability to meet its obligations in delivering its mandate and objectives.

The surplus during the year amounted to TZS 912 million compared to TZS 57 million registered in the prior year. The increase in surplus by TZS 855 million is mainly attributed to the funds released by the Government for the settlement of long outstanding dues amounting to TZS 846,314,795.

Table 4 below is a summarised presentation of the statement of financial performance to support the above descriptions.

**Table 4: Summarised statement of financial performance**

	2021/22	2020/21	Changes	
	TZS'000	TZS'000	TZS'000	%
Total income	2,696,980	1,396,299	1,300,681	93%
Total expenses	1,784,320	1,338,852	445,468	33%
Surplus	912,660	57,447	855,214	

### 2.9.2 Financial Position

The Total Assets of TNBC at the end of the year amounted to TZS 6,723 million (TZS 6,459 million in 2020/21), which is an increase of TZS 264 million or equivalent to 4%. The increase is mainly attributable to the acquisition of motor vehicles and computer during the year. The total assets amount is represented by the total liabilities of TZS 422 million (TZS 1,071 million in 2020/21) and reserves of TZS 6,300 million (TZS 5,388 million in 2020/21). The total liabilities of the Council are made up of current liabilities of TZS 325.8 million (TZS

991 million in 2020/21) and non-current liabilities of TZS 97 million (TZS 80.5 million in 2020/21).

The current liabilities decreased by TZS 635 million equivalent to 67% from TZS 991 million to TZS 325.8 million, due to the settlement of long outstanding debts during the year. The non-current liabilities increased by TZS 16.5 million equivalent to 20% during the year. The increase is a net of amortization of deferred capital grants and the increase in non-current obligation of gratuity.

Reserves increased by TZS 912 million equivalent to 17% from TZS 5,387 million to TZS 6,300 million due to surplus registered during the year resulted from funds released to settle TNBC long outstanding debts.

Table 5 below is a summarised presentation of the statement of financial position to support the above descriptions.

**Table 5: Summarised statement of financial position**

	2021/22	2020/21	Changes	
	TZS'000	TZS'000	TZS'000	%
<b>Assets</b>				
Current Assets	68,112	18,179	49,933	275%
Non-Current Assets	6,654,926	6,441,071	213,855	3%
<b>Total assets</b>	<u>6,723,038</u>	<u>6,459,250</u>	<u>263,788</u>	<u>4%</u>
<b>Current liabilities</b>	325,836	991,212	(665,376)	-67%
Non-current liabilities	97,036	80,534	16,502	20%
<b>Total liabilities</b>	422,872	1,071,746	(648,874)	-61%
<b>Reserves</b>	6,300,166	5,387,504	912,662	17%
<b>Total equity and liabilities</b>	<u>6,723,038</u>	<u>6,459,250</u>	<u>263,788</u>	<u>4%</u>

### 2.9.3 Cash Flow

During the year, the cash generated from operating activities amounted to TZS 302 million (TZS 11 million in 2020/21) resulted as net of receipts of TZS 2,681 million (TZS 1,254 million in 2020/21) and payments of TZS 2,379 million (TZS 1,243 million in 2020/21).

Out of the funds generated from operations, TZS 252 million (TZS 6 million in 2020/21) was used in investing activities for acquisition of motor vehicles and computers in 2021/22 and office equipment in 2020/21 respectively. Consequently, the net cash generated during the year amounted to TZS 49.9 million (TZS 4.5 million in 2020/21).

Table 6 below is a summarised presentation of the statement of cash flow to support the above descriptions.



**Table 6: Summarised statement of cash flow**

	2021/22 TZS'000	2020/21 TZS'000
Cash flows from operating activities		
Receipts	2,681,082	1,254,321
Payments	(2,379,424)	(1,243,365)
	301,658	10,956
Net cash flows to investing activities	(251,726)	(6,424)
Net increase in cash and cash equivalent	49,932	4,532
Cash and cash equivalent at the beginning of the year	18,180	13,647
Cash and cash equivalent at the end of the year	68,112	18,180

## 2.10 KEY PERFORMANCE INDICATORS

TNBC Strategic plan 2021/22 - 2025/26 identifies objectives, strategies, targets and key performance indicators. The key performance indicators for each strategic objective are tabulated below:

**Table 7: Key Performance Indicators**

S/N	Objectives	Key performance indicators
A	Health services improved and HIV/AIDS infections reduced	Prevalence of NCDs to TNBC staff
		HIV & AIDS incidence rate to TNBC staff
		Perception of SLWHA living with HIV and AIDS on quality of supportive services.
B	Effective implementation of National Anti-Corruption strategy enhanced and sustained	Perception level of stakeholders on TNBC service delivery and ethical behaviour
C	Fora for public-private dialogues with a view of reaching mutual consensus and understanding of strategic issues relating to the efficient management of development resources coordinated, facilitated and conducted	Percentage of stakeholders satisfied with TNBC PPDs and related services
D	Goals of economic growth with social equity and even development promoted	Development level of Tanzania economy in regional and international ranking.
E	Developments in external and domestic business environment and their challenges regularly reviewed and course of action proposed	Level of key stakeholders' perception on TNBC capacity to execute its mandate and roles in resolving business challenges.
F	Views on prevailing operating and regulatory environment exchanged and ways to facilitate improved public service delivery and make civil service business friendly proposed	Level of key stakeholders' perception on TNBC capability to execute its mandate and roles on improving public and civil service in favour of conducive business environment.
G	The policy environment to enhance attractiveness of Tanzania products in the world market reviewed and changes proposed	Level of key stakeholders' perception on TNBC capability to execute its mandate and roles on improving attractiveness of Tanzania products in world market.
H	Recommendations on formulation of coordinated policies and legislation on social and economic matters through government	Level of stakeholders' perception on TNBC mandate and roles on promotion of coordinated and harmonized policies and

S/N	Objectives	Key performance indicators
	to parliament or other appropriate bodies issued	legislation on social and economic matters through the Government, Parliament and other relevant bodies.
I	Human resource development and organizational management enhanced	Level of satisfaction of clients with TNBC services delivery. Staff turnover rate Level of stakeholders' satisfaction with TNBC services delivery
J	Communication and stakeholders engagement improved	Perception level of stakeholders' engagement with TNBC

The implementation of the SP 2021/22-2025/26 is executed through Annual Plan and Budget. The implementation performance of TNBC's SP will be evaluated in line with the KPIs after two and a half years of its implementation. However, the detailed review of the implementation of the annual plan and budget is given under item 2.12 herein below.

## 2.11 PREJUDICIAL ISSUES

There has been no legal action taken against TNBC or its management during the year the year under review.

## 2.12 OVERVIEW STATEMENT OF SERVICE PERFORMANCE/IMPLEMENTATION INFORMATION DURING THE YEAR

During the year 2021/22, TNBC continued in pursuing its mandate by effectively conducting closer and regular consultation/dialogues between Government and private sector on issues concerning business environment and economic development of the country. Specifically, the public private dialogues focused on realising consensus resolutions toward promoting better environment for businesses, investments and economic growth. In the year under review, TNBC implemented the following activities:

### 2.12.1 TNBC Meeting

During the year under review, the 13<sup>th</sup> TNBC meeting was facilitated and conducted successfully. The meeting was chaired by Her Excellency Samia Suluhu Hassan, The President of The United Republic of Tanzania with the presence of high Government Officials including Prime Minister, Ministers, Permanent Secretaries and private sector representatives. Main highlights of the 13<sup>th</sup> TNBC meeting include the resolve to fast-track implementation of reforms that promotes business, investments and the economy through timely implementation of blueprint for regulatory reforms to improve the business environment. Also, it was resolved that TNBC Tourism Working Group should embark on preparation of recommendations for tourism sector post COVID-19 development. Furthermore, there was a consensus on the need for improving government revenue and expenditure framework to widening tax base and improvement of the tax systems and administration.



### **2.12.2 Ministerial Public Private Dialogues (MPPDs)**

During the year 2021/22 three (3) MPPD meetings were facilitated and coordinated under different ministries as follows: -

#### **i. Investment:**

One (1) Investment Ministerial dialogue meeting was conducted chaired by the then Minister of State, Prime Minister's Office - Investment to gather comments/ proposals/ views on how the private sector of Tanzania can benefit from COVID-19 funds released to curb effects resulted from the COVID-19 pandemic.

#### **ii. Forest Sector:**

Two (2) Forest Ministerial dialogue meetings were conducted on the 23 November and 13 December 2021 and chaired by the Minister for Tourism and Natural Resources to discuss development of EWP industries together with resolving challenges for exportation of forestry products especially veneer and resin.

#### **iii. Trade and Investment:**

Two (2) Trade and Investment Ministerial dialogue meetings were conducted on 4 October and 19 November 2021 and chaired by the Permanent Secretary of Ministry of Investment, Industries and Trade to analyse opportunities for local industries during implementation of projects that are financed by the COVID-19 funds. Likewise, MPPD meeting held with importers of used cars to discuss on the best mode of conducting inspection for imported used motor vehicles. It was resolved to get rid of the destination inspection method and start applying the pre-shipment inspection method for used motor vehicles to be imported in the country.

#### **iv. Tourism Sector:**

Two (2) Tourism Ministerial Public Private Dialogue (MPPD) meetings were conducted in September and October and were chaired by the Minister for Tourism and Natural Resources to analyse challenges facing tourism sector and proposed actions to be taken. Among of the resolutions was to fast-track implementation of blueprint reforms for the tourism sector.

### **2.12.3 Technical Working Groups (TWGs)**

During the year under review, TNBC continued with the facilitation and coordination of five (5) TWGs in areas of Agriculture, Industrialization, Tourism, Business Environment, and Forestry. Additionally, the formation of Finance for Development Working Group (FWG) was approved during the year. Highlights of the main achievements of TWGs include coordination of one (1) Forestry Technical working group to develop EWP Framework action plan and establishment of the EWP Steering Committee as part of implementations of one of the 12 TNBC Meetings.

### **2.12.4 International Business Dialogue (IBD)**

During the year under review, TNBC coordinated the private sector and participated in the International Business Dialogues held in United State of America, Oman, Burundi, Belgium and France to promote Tanzania's business and investment opportunities in the said

countries. In addition, TNBC shared the lessons learnt with the public especially private sector through identification of barriers that current affect trade and investment flows between Tanzania and rest of the World.

#### **2.12.5 Regional and District Business Councils (RBCS & DBCS)**

In the effort to ensure that the Public Private Dialogues are conducted at all levels, TNBC established Regional and Districts Business Councils in 2005 and 2008 respectively. The aim is to enable Local government to address business and investment challenges in LGAs where regular interaction with businesses happens. TNBC is responsible for building capacity of RBCs and DBCs and scaling up issues that require national attention, to the national level.

During the year 2021/22 TNBC facilitated Fifteen (15) Regions to conduct and coordinate RBCs and DBC meetings, in Songwe, Mtwara, Manyara, Mbeya, Mwanza, Rukwa, Singida, Dodoma, Tabora, Ruvuma, Morogoro, Njombe, Kigoma, Simiyu na Dar es Salaam and Districts are as follows Mkuranga, Ilemela, Nyamagana, Sengerema, Kwimba, Magu, Misungwi, Kibaha na Ukerewe. In addition, TNBC escalated to TNBC Executive Committee meeting, policy and legal issues which were emanated from RBC and DBC meetings and required national attention. Such issues include the need to strengthen PPDs at sub-national levels; lack of tax knowledge to majority of business persons in sub-national levels that leads to accumulation of unpaid taxes; high compliance costs; challenges to trade across borders; inadequate infrastructures to support exportation of horticulture products; multiplicity of taxes and levies in LGAs.

#### **2.12.6 Staff Welfare and Management**

In sustaining welfare, relationship and good governance, open communication between management and staff were maintained throughout the year. In addition, TNBC has maintained its stance as an equal opportunity employer with consideration to gender and people with disability. TNBC has 12 employees, out of which 4 are females and 8 are males. TNBC effected all statutory contributions for its employees including Health Insurance (National Health Insurance Fund - NHIF), Pensions, (Workers Compensation Funds - WCF) and employee contractual gratuity.

#### **2.12.7 Staff Training**

TNBC maintained the policy for staff training, career development and equal opportunity for promotion to its entire staff as stipulated in TNBC manuals and Government circulars regarding training. During the year under review, TNBC facilitated training to its staff through workshops and seminars for continuous professional development whereas TZS 1,100,000 was incurred for training during the year compared to TZS 17,468,000 incurred in the year 2020/21 for training TNBC staff on government systems namely PLANEP, GARI ITS and HMCIMS.

#### **2.12.8 Organizational Development Initiatives**

TNBC is also mandated to implement and participate in various activities geared towards development of the organisation and strengthens her relationship with key stakeholders. The implemented activities include:



**i. Visits to Border Regions**

During the year under review, TNBC conducted a special visit to the border regions to identify cross border issues impacting smooth trade across the border. The activity also involved visiting to Sirari Border in Mara region and Namanga Border in Arusha.

**ii. Collaboration with Private Sector Associations**

During the year under review, TNBC collaborated with Private Sector Associations on initiatives that focus on enhancing private sector development. Specific areas of collaboration include.

**(a) Role to coordinate Private Sector Participation in FYDP III**

During the year under review, TNBC continued to coordinate private sector participation in the implementation of FYDP III as mandated by the government.

**(b) Meetings with Private Sector Associations (PSAs)**

During the year under review, TNBC conducted strategic meeting with different PSAs to strengthen her relationship with the private sector to agree and align key priority areas for intervention. TNBC conducted meeting with TPSF, TCCIA, CTI, and EUBG.

**(c) Preparation of Meeting Documents with PSAs for High level PPDs**

During the year under review, TNBC played an important role in coordination of private sector prior to engagement with the public sector. TNBC supported TPSF in preparation of private sector position paper that was presented in the 13<sup>th</sup> TNBC Meeting.

**iii. Meetings with Development Partners**

During the year under review, TNBC conducted strategic meetings with development partners group to expand her visibility and strengthen cooperation towards implementation of TNBC functions. Strategic meetings were conducted with World Bank (IFC), Pakistan Embassy, EU, EUBG, and USA.

**2.12.9 Monitoring of Implementation of TNBC resolutions**

During the year under review TNBC in collaboration with the Prime Minister's Office monitored the implementation of the resolutions emanated from 12 TNBC meetings from 18 ministries and 5 Institutions responsible for implementation of resolutions. Also, monitored resolutions of 42<sup>nd</sup> Special Executive Committee and Technical Working Group meetings. This involved following up with the implementing agents, analysing and compiling implementation reports and communicating results to the Executive Committee, TWGs and 12<sup>th</sup> TNBC meeting. Some of the resolutions were integration of ICT system to smoothen and facilitation of investments under TIC, preparation on Private Sector Development Policy and reviewing the PPD Institutional Framework in Tanzania.

### 2.12.10 Cross cutting issues on HIV/AIDS Infection, Non-Communicable Diseases and Anti-Corruption

During the year under review, TNBC implemented National Strategies on HIV/AIDS and Non-Communicable diseases and Anti-corruption. Seminars on HIV/AIDS and non-communicable diseases and Anti-corruption were delivered to TNBC staff for awareness creation and enhancement of work ethics and integrity. TNBC provided all the necessary services including protective gears to Staff.

### 2.13 FUTURE OUTLOOK

TNBC is a leading consultative body for public and private sector in Tanzania. TNBC is committed to innovatively sustain economic and social reforms, building on success achieved and experience gained over years. During the financial year 2022/23, TNBC will focus on areas with high economic development impacts in performing its core function of providing fora for regular dialogue between public and private sector with view of reaching consensus on social economic development of Tanzania and guided by Tanzania Development Vision 2025, TNBC Strategic Plan(2021/22 - 2025/26), Election Manifesto. It is envisaged that this will be achieved through the following;

- i. Strengthen Public-Private Dialogues (PPDs) at sub-national levels (District Business Council and Regional Business Council), Sectorial/Ministerial (Technical Working Groups and Ministerial Public Private Dialogues), and National Business Council.
- ii. Linking Sectorial/ Ministerial Public Private Dialogues with TNBC and promoting innovative solutions and interventions to the Executive Committee and TNBC meetings with strategic intent of triggering action by both public and private sectors.
- iii. Strengthen PPDs on business environment technical working group mainly focusing on implementation of blueprint initiative addressing legal and regulatory challenges in all sectors of the economy.
- iv. Strengthen PPDs on finance technical working group mainly focusing on addressing Tanzania revenue and expenditure framework that will enable to widen tax base and improve tax administration.
- v. Strengthen PPDs in tourism sector through Tourism Working Group mainly focusing on implementation of blueprint initiative.
- vi. Strengthen PPDs in industrialization sector through Industrialization Working Group mainly focusing on Industrialization Policy Formulation Framework, blueprint initiative and related issues.
- vii. Strengthen PPDs in forestry sector through Forestry Working Group mainly focusing on development of engineered wood products (EWP) within the forestry value chain.
- viii. Strengthen PPDs in agriculture sector through Agriculture Working Group mainly focusing on development of value chains in strategic crops such as coffee, edible oil, horticulture, fisheries and Livestock.
- ix. Enhance participation in the trade facilitation, tax reform's task force, and other effective committees, which impact on business environment.



- x. Strengthening and encouraging private sector participation in public processes focusing on development, review and updating policies, strategies, guidelines, laws, and regulations on business, investment and economic issues.
- xi. Encouraging the private sector actors to fully comply with taxation and others laws of the country and participate in public initiatives such as corporate social responsibilities, mitigation and responses to disaster such as post-COVID19 initiatives, and supporting of business or entrepreneurial startups.
- xii. Initiate and execute working groups to promote PPDs in transport, logistics and natural resources (Oil and Gas) sectors.
- xiii. Enhancing competitive business and investment environment for sustaining economic growth PPDs.
- xiv. Implementation of the Strategic Plan 2021/22-2025/26 and Client Service Charter towards realization of the key performance indicators of improved business environment and investment climate towards high-income economy.
- xv. Continue with follow up on implementation of all consensus resolutions reached in PPDs.
- xvi. TNBC will continue to organize regular consultations between public and private sector in all levels with the purpose of improving business environment and lowering cost of doing business in Tanzania. The TNBC agenda and engagement ought to be streamlined into a consultative platform for consensus resolutions to address challenges and not a platform for issues generation.
- xvii. TNBC will strengthen communication of the achievements and successes to enhance visibility and public confidence and motivates more positive actions towards realizing the objectives of FYDP, election manifesto and TDV 2025. TNBC will thus continue to organize regular consultations between Government and Private Sector in all levels with the purpose of lowering cost of doing business.

## **2.14 EMPLOYEE WELFARE**

### **i. Management and Employees' Relationship**

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

During the year under review, open communication was maintained with employees through regular meetings between management and staff in order to promote good governance.

### **ii. Medical Assistance**

TNBC has engaged National Health Insurance Fund (NHIF) to deal with staff medical requirements. During the year, Employer contributed towards the Fund Total TZS 21,445,200 (TZS 24,209,700 in 2020/2021).

**iii. Financial Assistance to Staff**

Loans are available to all confirmed employees in the form of salary advance and staff loans.

**iv. Employees Benefit Plans**

During the year under review, TNBC contributed TZS 48,240,000 (TZS 48,797,000 in 2020/2021) to PSSSF. These represent employer contribution only. The Remaining part was contributed by employee to the respective Pension Funds.

For Employees on contract the Council pays a gratuity at the end of the contract term at the rate agreed in the contract of each employee, and for Permanent employed staff, the Council pays contribution to the Pensions Fund, which is publicly, administered pension plans, on a mandatory basis.

**v. Persons Living with Disabilities**

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, forever effort is made to ensure that their employment with the Council continues and appropriate training is arranged. It is the TNBC policy that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**2.15 GENDER PARITY**

TNBC had 12 (12 in 2020/21) employees out of which 4 are females and 8 are males.

**2.16 ENVIRONMENTAL**

TNBC is taking measures to strengthen preparedness for natural disasters risks and protection of the environment through various risk management initiatives. TNBC continued to comply with the National Environment Management Council (NEMC) requirements.

**2.17 STATUTORY AUDITOR**

The Controller and Auditor-General (CAG) is the statutory auditor of the Council pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005), and as amplified in section 10 of the Public Audit Act, Cap 418. However, in accordance with section 33 of the same Act, BAAS ASSOCIATES were authorized by the Controller and Auditor General to carry out the statutory audit of Tanzania National Business Council for the year ended 30 June 2022 on his behalf.




## 2.18 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements of the Council, as indicated above were approved by the Executive Committee and authorized for issue on.....and are signed on its behalf by:



.....  
Mukuli Majula Mahendeka  
Member of Executive Committee



.....  
Angelina Ngalula  
Co-Chairperson-Executive Committee

06/03/2023  
Date

### 3.0 STATEMENT OF EXECUTIVE COMMITTEE RESPONSIBILITY

It is the responsibility of the Executive Committee to prepare financial statements that gives a true and fair view of the financial position and state of affairs of Tanzania National Business Council operations at the end of every financial year. It is also the responsibility of the Executive Committee to ensure that the Council maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the Council.

The Executive Committee also is responsible for the safeguarding of the assets of the Council and taking reasonable steps in the prevention and detection of fraud, error, and other irregularities. Therefore, the Executive Committee hereby confirms that suitable policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the Council's Financial Statements for the year ended 30 June 2022.

The Executive Committee further confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going-concern basis. The Executive Committee has a reasonable expectation that Tanzania National Business Council has adequate resources to continue in operation for the foreseeable future.

The Executive Committee also accepts responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.



Muluhi Majula Mahendeka  
Member of Executive Committee



Angelina Ngalula  
Co-Chairperson-Executive Committee

06/03/2023  
Date



#### 4.0 DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING

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 Governing Board and Management to discharge the responsibility of preparing financial statements of the Authority showing a 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 the Governing Board.

I, **Oliva Vegulla**, being the Director of Finance and Administration of Tanzania National Business Council (TNBC) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 have been prepared in compliance with International Public-Sector Accounting Standards (IPSAS) and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Tanzania National Business Council (TNBC) as on that date and that they have been prepared based on properly maintained financial records.

Signed by: **Oliva Vegulla**

Position: **Director of Finance and Administration**

NBAA Membership No.: **GA 1005**

*Olivegulla*

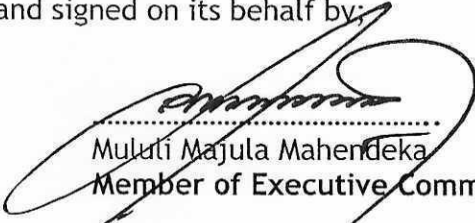
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## FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	30-Jun-22 TZS'000	30-Jun-21 TZS'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalent	5	68,112	18,179
		<u>68,112</u>	<u>18,179</u>
<b>Non-Current Assets</b>			
Property plant and equipment	6	6,654,926	6,441,071
		<u>6,654,926</u>	<u>6,441,071</u>
<b>Total assets</b>		<u>6,723,038</u>	<u>6,459,250</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payables	7	325,836	991,212
		<u>325,836</u>	<u>991,212</u>
<b>Non-current liabilities</b>			
Gratuity	8	78,300	45,900
Deferred capital grant	9	18,736	34,634
		<u>97,036</u>	<u>80,534</u>
<b>Total liabilities</b>		<u>422,872</u>	<u>1,071,746</u>
<b>Reserves</b>			
Capital fund	10	6,402,000	6,402,000
Accumulated deficit		<u>(101,834)</u>	<u>(1,014,496)</u>
		<u>6,300,166</u>	<u>5,387,504</u>
<b>Total equity and liabilities</b>		<u>6,723,038</u>	<u>6,459,250</u>

Notes form part of the financial statements which were approved by the Executive Committee and signed on its behalf by:

  
 Muluti Majula Mahendeka  
 Member of Executive Committee

  
 Dr. Godwill Wanga  
 Executive Secretary

06/03/2023  
 Date

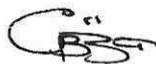


## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2021/22 TZS'000	2020/21 TZS'000
Government revenue grant	11	2,681,082	1,254,321
Other income	12	15,898	141,978
<b>Total income</b>		<b>2,696,980</b>	<b>1,396,299</b>
<b>Expenses</b>			
Operating expenses	13	216,411	56,525
Administrative expenses	14	192,093	143,274
Staff salaries and benefits	15	1,315,858	1,103,255
Executive committee	16	6,402	1,480
Audit fee		14,000	14,000
Depreciation	17	37,872	19,125
Financial costs	18	1,682	1,193
<b>Total expenses</b>		<b>1,784,318</b>	<b>1,338,852</b>
<b>Surplus</b>		<b>912,662</b>	<b>57,447</b>

Notes form part of the financial statements.

  
 Mululi Majula Mahendeka  
 Member of Executive Committee

  
 Dr. Godwill Wanga  
 Executive Secretary

06/03/2023

Date

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

	Capital Fund TZS 000	Accumulated deficit TZS 000	Total TZS 000
Balance at 1 July 2020	6,402,000	(1,071,943)	5,330,057
Surplus for the year	-	57,447	57,447
Balance at 30 June 2021	6,402,000	(1,014,496)	5,387,504
Balance at 1 July 2021	6,402,000	(1,014,496)	5,387,504
Surplus for the year	-	912,662	912,662
Balance at 30 June 2022	6,402,000	(101,834)	6,300,166

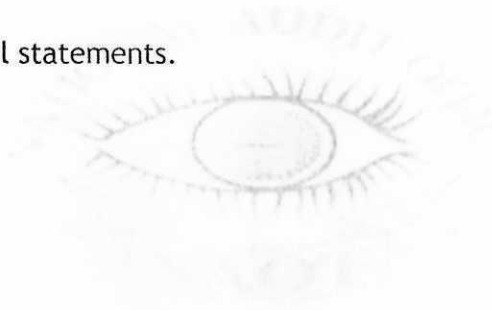
Notes form part of the financial statements



**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2021/22 TZS 000	2020/21 TZS 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts			
Grants	11	2,681,082	1,254,321
Payments			
Employees costs	19.1	(1,912,368)	(1,033,383)
Other costs	19.2	(467,054)	(209,982)
Net cash flows from operating activities	19.3	<u>301,660</u>	<u>10,956</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	6	<u>(251,727)</u>	<u>(6,424)</u>
Net cash flows used in investing activities		<u>(251,727)</u>	<u>(6,424)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalent		49,933	4,532
Cash and cash equivalent at the beginning of the year		18,179	13,647
Cash and cash equivalent at the end of the year	5	<u><u>68,112</u></u>	<u><u>18,179</u></u>

Notes form part of the financial statements.



**TANZANIA NATIONAL BUSINESS COUNCIL (TNBC)**

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

	Approved budget TZS 000	Final budget TZS 000	Actual amount TZS 000	Variances TZS 000	%	Remarks
<b>Revenue</b>						
Government transfers	1,916,476	1,916,476	2,681,082	764,606	40	(1)
Total receipts	1,916,476	1,916,476	2,681,082	764,606	40	
<b>Payments</b>						
Operating expenses	219,035	219,035	216,411	2,624	1	
Administrative expenses	240,000	240,000	228,561	11,439	5	
Staff salaries	781,079	781,079	714,840	66,239	8	
Staff benefits	314,862	314,862	1,197,528	(882,666)	(280)	(1)
Acquisition of property, plant & equipment	338,000	338,000	251,726	86,274	26	(2)
Executive Committee	7,000	7,000	6,402	598	9	
Audit expenses	15,000	15,000	14,000	1,000	7	
Financial costs	1,500	1,500	1,682	(182)	(12)	
	<b>1,916,476</b>	<b>1,916,476</b>	<b>2,631,150</b>	<b>(714,674)</b>		
<b>Surplus</b>	-	-	<b>49,932</b>	<b>49,932</b>		

There is no column for original budget since it is the same as final budget. The statement is prepared on Cash basis.

(1) Funds received to settle outstanding dues for staff and suppliers that were not budgeted.

(2) Assets were acquired at a lesser amount than budgeted, due changes of the motor vehicle model to match with the available funds.

Notes form part of the financial statements.



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

**1. GENERAL INFORMATION**

The Tanzania National Business Council ("The Council" or "TNBC") was established through Presidential Circular No. 1 of 2001 published in the Government Gazette No.39 issued on 28 September 2001.

The Council discharges its functions under the Prime Ministry Office.

The principal activity of the Council is to provide a forum for holding regular dialogue between the public and private sector and other stakeholders on issues pertaining to the socio-economic development of Tanzania.

The Council's registered office and address of its principal place of business is:

14 JAMHURI STREET

P.O.BOX 3478

DAR-ES-SALAAM

Phone: +255 22 2122984-6

Email: tnbc@tnbc.go.tz, es@tnbc.go.tz

**2. PRINCIPAL ACCOUNTING POLICIES**

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

**2.1 Basis of Preparation**

The financial statements have been prepared under the historical cost convention. No adjustments have been made for inflationary factors affecting the accounts. These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) accrual basis. The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Council's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are separately disclosed in a note.

**2.2 Foreign Currency Translations**

Items included in the financial statements are presented in the Tanzania shillings currency units rounded to the nearest 1,000-shilling, which is also the Council's functional currency.

Foreign currency transactions are translated into Tanzanian shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the reporting date,

which are expressed in foreign currencies, are translated into Tanzania shillings at the rates ruling at the date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

### 2.3 Revenue Recognition

Revenue from non-exchange transactions is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Revenue received from the Government for personnel emoluments and other charges are credited to the Statement of Financial Performance in the period which they are received.

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 is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

Grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. When the entity receives grants attached with conditions to return the grants when conditions are not fulfilled, the entity recognizes deferred revenue and releases the amount as revenue when conditions are met. When the entity receives grants without conditions to return the grants when conditions are not fulfilled, the entity recognizes revenue instantly.

### 2.4 Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The costs include expenditure directly attributable to the acquisition of the items. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method.

The estimated useful lives are as follows:

S/N	Class of assets	Useful life (Years)
1.	Motor vehicles	5
2.	Computer equipment	4
3.	Other office equipment	8
4.	Furniture and fittings	8
5.	Office Building	50



If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

## **2.5 Impairment of Assets**

At each reporting date, property, plant and equipment, intangible assets, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and the amount of an impairment loss is recognized immediately in the statement of financial performance.

## **2.6 Financial Instruments**

All financial instruments of the Council are non-derivative financial instruments. These non-derivative instruments are cash and cash equivalents and accounts payables.

## **2.7 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdraft (if any) that are repayable on demand and form an integral part of the Council's cash management are included as component of cash and cash equivalents for the purpose of the cash flow statement.

## **2.8 Other Non-Derivative Financial Instruments**

Accounts payable is made up of sundry creditors, accruals and provisions for employees' entitlements. These represent amounts due for services and/or materials received to prior year-end, but not paid for as of the statement of financial position date and liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier respectively. Accounts payable are recognized initially at cost and subsequently measured at amortized cost.

## **2.9 Employee Benefits**

### **2.9.1 Short-Term Employee Benefits**

These include salaries and wages, annual leave and other short-term benefits. These are charged to statement of financial performance as they are incurred.

### **2.9.2 Post-Employment Benefits**

The Council operates a defined contribution plan for employees other than contract employees.

Employees of the Council are members of Public Services Social Security Fund (PSSSF); where the employees and employer contribute to the fund based on monthly basic salaries at the rates of 5%

for employee and 15% for employer. The employer's contribution amount is charged to the statement of financial performance when due.

PSSSF will bear the pension obligations of the Council's staff after members' retirement from active employment with the Council.

### **2.9.3 Termination Benefits**

Termination benefits are benefits provided in exchange for the termination of an employee's employment as a result of either:

- The Council's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept an offer of benefits in exchange for the termination of employment.

The amount of terminal benefits is calculated based on the provisions of the Employment and Labor Relations Act. The amount payable in respect of the terminal benefits is charged to the statement of financial performance in the period it is incurred.

### **2.9.4 Gratuity**

An employee appointed by the Council on contract of fixed duration is entitled to be paid a gratuity equivalent to 25% of his total drawn basic salary paid annually. The amount payable for each year is accrued and charged to the statement of financial performance in the period when it is incurred.

### **2.9.5 Provisions**

Provisions are recognized when the Council has a present legal or constructive obligation as a result of past events; and it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

## **3. MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

As at the reporting date the Council's current liabilities exceeded its current assets by TZS 336 million (1.019 billion for 2020/21). The accumulated deficit is TZS 100 million (1,014 million in 2020/21). These conditions indicate that a material uncertainty exists that may cast significant doubt on the Council's ability to continue as a going concern. These conditions are mainly caused by the provisions of employees' statutory claims and benefits of which the Council has obligation to settle. These claims and benefits are expected to be settled by the Central Government through the Ministry of Finance and Planning, as the Council's operations are fully funded by the Government.

In view of that the Executive Committee is of the view that the Council is a going concern; accordingly, the financial statements have been prepared on a going concern basis.



#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IPSAS accrual basis requires the use of estimates and assumptions that affect the amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on the Executive Committee's best knowledge of the 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 recognised 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 is the useful Lives of Property, Plant and Equipment. TNBC has made accounting estimation of the future useful lives of property, plant and equipment based on the expected pattern of consumption of the future economic benefits and reviewed its depreciation rates. The useful lives of items of property, plant 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 2.4.

#### 5. CASH AND CASH EQUIVALENT

	2021/22 TZS'000	2020/21 TZS'000
Cash on hand	1,000	1,000
Cash at bank	67,112	17,180
	<u>68,112</u>	<u>18,180</u>

TANZANIA NATIONAL BUSINESS COUNCIL (TNBC)

**6. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT**

	Land	Office building	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Total
	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000
<b>Cost</b>							
At 1 July 2021	6,316,000	86,000	200,832	83,168	47,313	97,863	6,831,176
Additions	-	-	245,744	5,983	-	-	251,727
Disposal	-	-	-	-	-	-	-
As at 30 June 2022	6,316,000	86,000	446,576	89,151	47,313	97,863	7,082,903
<b>Depreciation</b>							
At 1 July 2021	-	1,720	200,832	80,733	33,065	73,755	390,105
Charge for the year	-	1,720	20,479	2,300	1,140	12,233	37,872
As at 30 June 2022	-	3,440	221,311	83,033	34,205	85,988	427,977
<b>Net Book Value</b>							
As at 30 June 2022	6,316,000	82,560	225,265	6,118	13,108	11,875	6,654,926
As at 30 June 2021	6,316,000	84,280	-	2,435	14,248	24,108	6,441,071



## 7. ACCOUNTS PAYABLES

	2021/22	2020/21
	TZS'000	TZS'000
Creditors	36,219	52,083
Accrued expenses	14,000	30,508
Statutory payments due	1,787	5,881
Staff allowances	10,190	566,082
Extra duty allowances	-	300
Leave allowances	-	138,628
Gratuity	263,640	197,730
<b>Total</b>	<b>325,836</b>	<b>991,212</b>

## 8. GRATUITY

	2021/22	2020/21
	TZS'000	TZS'000
Current obligation	263,640	197,730
Non-current Obligation	78,300	45,900
	<b>341,940</b>	<b>243,630</b>

## 9. DEFERRED CAPITAL GRANT

	2021/22	2020/21
	TZS'000	TZS'000
Opening net assets on 1st July	34,634	51,773
Additional acquisition of asset during the Year	-	-
<b>Total deferred capital grant</b>	<b>34,634</b>	<b>51,773</b>
Release of deferred capital grant during the year	(15,898)	(17,139)
<b>Balance of deferred capital grant on 30th June</b>	<b>18,736</b>	<b>34,634</b>

Deferred capital grant is in respect of the conditional assets acquired to be used solely for the provision of services to facilitate a forum for holding regular dialogue between the public and private sectors on issues pertaining to the social-economic development in Tanzania.

## 10. CAPITAL FUND

	2021/22	2020/21
	TZS'000	TZS'000
Opening balance	6,402,000	6,402,000
Additions during the year	-	-
<b>Closing balance</b>	<b>6,402,000</b>	<b>6,402,000</b>

**TANZANIA NATIONAL BUSINESS COUNCIL (TNBC)**

**11. GOVERNMENT REVENUE GRANT**

	2021/22	2020/21
	TZS'000	TZS'000
Transfers for personnel emoluments	784,525	861,596
Transfers for other charges	1,896,557	392,725
<b>Total Government transfers</b>	<b><u>2,681,082</u></b>	<b><u>1,254,321</u></b>

The TNBC other charges grant has increased mainly due to enhanced allocation of TNBC OC which was previously underfunded hence affecting TNBC activities and released of funds to settle long outstanding dues.

**12. OTHER INCOME**

	2021/22	2020/21
	TZS'000	TZS'000
Release from deferred capital grant	15,898	17,139
Decrease in provisions	-	124,839
	<b><u>15,898</u></b>	<b><u>141,978</u></b>

**13. OPERATING EXPENSES**

	2021/22	2020/21
	TZS'000	TZS'000
Capacity building	1,100	17,468
TNBC meeting	-	960
RBC(s)	67,275	23,431
Working groups	4,784	11,806
Ministerial PPD	5,331	2,860
International business dialogue	137,921	-
	<b><u>216,411</u></b>	<b><u>56,525</u></b>

The increased operating expenses is due to the increased TNBC activities specifically International Business Dialogue (IBD) introduced during the year.

**14. ADMINISTRATIVE EXPENSES**

	2021/22	2020/21
	TZS'000	TZS'000
Air tickets	3,795	4,209
Internet, telephone, fax	12,411	3,162
Motor vehicle repair and maintenance expenses	2,759	6,521
Motor vehicle fuel	19,989	18,891
Office consumables	5,990	5,457
Food and refreshment	8,435	5,247
Ground transport	4,398	2,408
Electricity charges	7,851	7,627
Office repair and maintenance	-	1,527
Books, references and periodicals	-	1,485
Sitting allowances	8,050	6,600



**TANZANIA NATIONAL BUSINESS COUNCIL (TNBC)**

	2021/22	2020/21
	TZS'000	TZS'000
Cleaning supplies	8,848	7,668
Perdiem	55,795	43,063
Sundry expenses	22,803	1,550
Posts and telegraphy	200	860
Burial expenses	-	16,520
Printing and photocopying	9,793	2,579
Subscriptions to professional boards	1,975	1,500
Extra Duty allowances	2,790	930
Security Services	5,472	5,472
Honoraria	500	-
Telephone charges	590	-
Production and Printing of Training Materials	2,402	-
Advertising and publication	288	-
Outsource maintenance contract services	4,109	-
Air conditioners	350	-
Training allowances	2,500	-
	<u>192,093</u>	<u>143,275</u>

The increased administration expenses is due to the accrued land rent expense; included in sundry expenses, for the TNBC plot at Ghana avenue and some repairs of office building and equipment.

**15. STAFF SALARIES AND BENEFITS**

	2021/22	2020/21
	TZS'000	TZS'000
Staff salaries	714,840	700,620
Housing allowance	143,510	141,006
Fuel allowance	60,312	56,112
Pension expenses	48,240	48,797
Leave travel	48,770	10,800
Telephone allowances	23,600	23,400
Gratuity	239,141	98,310
NHIF Expenses	21,445	24,210
Furniture allowance	16,000	-
	<u>1,315,858</u>	<u>1,103,255</u>

The increased of staff salaries and benefits is mainly attributed to accrued staff gratuity paid during the year that had not been previously provided in the accounts; as well as furniture allowance and leave allowances paid during the year.

**16. EXECUTIVE COMMITTEE EXPENSES**

	2021/22	2020/21
	TZS'000	TZS'000
Ground Transport (Bus, Train, Water)	70	-
Per Diem - Domestic	2,300	-
Food and refreshment	2,182	480
Sitting allowances	1,850	1,000
	<u>6,402</u>	<u>1,480</u>

**17. DEPRECIATION EXPENSES**

	2021/22 TZS'000	2020/21 TZS'000
Office buildings	1,720	1,720
Motor vehicles	20,479	-
Office equipment	1,140	4,780
Furniture and fittings	12,233	12,233
Computers and related equipment	2,300	392
	<u>37,872</u>	<u>19,125</u>

The increase in depreciation expenses during the year was due to purchase of new assets; two motor vehicles and computer.

**18. FINANCIAL COSTS**

	2021/22 TZS'000	2020/21 TZS'000
Bank charges	1,682	1,193
	<u>1,682</u>	<u>1,193</u>

**19. CASH FLOWS WORKINGS**

**19.1 EMPLOYEES COSTS**

	2021/22 TZS 000	2020/21 TZS 000
Opening balance - provisions for employees' costs	948,640	1,003,606
Staff salaries and benefits	1,315,858	1,103,255
	<u>2,264,498</u>	<u>2,106,861</u>
Less: Closing balance - provisions for employees' costs	352,130	948,640
	<u>1,912,368</u>	<u>1,158,221</u>
Decrease in provisions	-	(124,838)
Cash paid to employees	<u>1,912,368</u>	<u>1,033,383</u>

**19.2 OTHER COSTS**

	2021/22 TZS 000	2020/21 TZS 000
Opening balances - accounts payables	88,472	81,982
Operating expenses	216,411	56,525
Administrative expenses	192,093	143,274
Executive committee	6,402	1,480
Audit fee	14,000	14,000
Financial costs	1,682	1,193
	<u>519,060</u>	<u>298,454</u>
Closing balances - accounts payables	52,006	88,472
Cash paid for other costs	<u>467,054</u>	<u>209,982</u>



**19.3 RECONCILIATION STATEMENT ON NET CASH FLOW FROM OPERATING ACTIVITIES**

	2021/22	2020/21
	TZS 000	TZS 000
Surplus for the year	912,660	57,447
<b>Adjustments for non-cash items:</b>		
Depreciation	37,872	19,125
Release from deferred capital grant	(15,898)	(17,139)
<b>Changes in working capital:</b>		
(Decrease) / increase in accounts payable	(36,468)	6,489
Decrease in provisions for employees' expenses	(596,510)	(54,966)
Net cash flows from operating activities	<u>301,658</u>	<u>10,956</u>

**20. RECONCILIATION OF BUDGET AND STATEMENT OF PERFORMANCE SURPLUS**

**RECONCILIATION OF SURPLUS IN THE STATEMENT OF BUDGET & ACTUAL AND STATEMENT OF FINANCIAL PERFORMANCE**

	2021/22	2020/21
	TZS 000	TZS 000
Surplus as per statement of financial performance	912,660	57,447
Amortization of deferred capital grant	(15,898)	(17,139)
Depreciation charge for the year	37,872	19,125
Purchases of property, plant and equipment	(251,726)	(6,424)
Changes in accounts payable	(36,467)	6,489
Changes in provisions for employee expenses	(596,510)	(54,966)
Surplus as per budget and actual statement	<u>49,932</u>	<u>4,532</u>

**21. RELATED PARTY TRANSACTIONS**

During the year under review, the Council made transactions with the following related parties:

**(1) Prime Ministry Office**

Government subvention received from the Prime Ministry Office:

	2021/22	2020/21
	TZS'000	TZS'000
Transfers for personnel emoluments	784,525	861,596
Transfers for other charges	1,896,557	392,725
<b>Total Government transfers</b>	<u>2,681,082</u>	<u>1,254,321</u>

**(2) Key Management Employees - 3 members**

	2021/22	2020/21
	TZS'000	TZS'000
Short term benefits	297,600	297,600
Gratuity	74,400	74,400
Statutory allowances	86,232	86,232
	<u>458,232</u>	<u>458,232</u>

**22. COMPARATIVE FIGURES**

The previous year's figures have been regrouped wherever necessary in order to make them comparable with the current year figures.

**23. CONTINGENT LIABILITY**

TNBC had no contingent liability as at 30 June 2022.

**24. CAPITAL COMMITMENTS**

TNBC had no capital commitment as at 30 June 2022.

**25. POST REPORTING EVENTS**

There were no events after the reporting date which requires adjustments or disclosure in the financial statements.