



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



ARUSHA TECHNICAL COLLEGE (ATC)

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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May 2023

AR/PA/ATC/2021/22



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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

ACCT	Association of Citizen Contractors Tanzania
ATC	Arusha Technical College
CAG	Controller and Auditor General
CPA	Certified Public Accountant
ISSAIs	International Standard of Supreme Audit Institutions
IPSAS	International Public-Sector Accounting Standards
KRETC	Kikuletwa Research Training Centre
NACTE	National Council for Technical Education
PAA	Public Audit Act
PAR	Public Audit Regulation
PAC	Public Accounts Committee
PCB	Production and Consulting Bureau
PFA	Public Finance Regulations
PPA	Public Procurement Act
PPR	Public Procurement Regulations

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson,
Governing Board,
Arusha Technical College,
Junction of Moshi-Arusha and Nairobi Roads,
P. O. Box 296,
Arusha, Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Arusha Technical College, 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 Arusha Technical College as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Arusha Technical College 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. These matters were addressed in the context of my audit of financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

No.	Key audit matter	How my audit addressed the key audit matter
1.	Valuation of Special Purpose Properties	
	<p>In arriving at the conclusion on the accompanying financial statements, two hundred (200) audit adjustments were proposed and passed by management to correct various accounting errors made in the books of account in the current and prior years amounting to TZS 5,947,097,521.</p> <p>Based on my assessment, the errors are largely attributed to challenges in using the new government accounting system (MUSE) by management.</p> <p>Given that the audit approach used (Risk Based) involves assessment of risk and directing the audit tests to the most risk areas, and also given the number and magnitude of the adjustments passed to rectify such errors, it is difficult to ascertain whether additional errors exist which could cause material misstatements in the financial statements.</p>	<p>I have reviewed the adjustments and focused my work on:</p> <ul style="list-style-type: none"> • Evaluating and assessing the appropriateness of the adjustments passed by the management; • Reviewed documents supporting such adjustments; and • Tested the internal controls within the system used for processing manual adjustments in the system. <p>I have also evaluated the presentation and disclosure of the transactions within the financial statements.</p>

Other Information

Management is responsible for the other information. The other information comprises the report of the governing board, statement of governing board responsibilities and declaration by the head of finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

Responsibilities of Governing Board 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 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 for Arusha Technical College for the period ended 30 June 2022 as per the Public Procurement.

Conclusion

Based on the audit work performed, I state that procurement of works, goods and services of Arusha Technical College 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 Arusha Technical College for the financial year 30 June 2022 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Arusha Technical College is in compliance with the requirements of the Budget Act and other Budget Guidelines



Salhina M. Mkumba
Ag. Controller and Auditor General,
Dodoma, United Republic of Tanzania.
May 2023



2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE

2.1 INTRODUCTION

The Governing Board hereby submits its annual report together with the audited financial statements for the year ended 30 June 2022, which discloses the state of affairs of Arusha Technical College (the College) and ATC PCB Production and Consulting PLC (the "Subsidiary") (together referred to as the "Group").

2.2 VISION AND MISSION OF THE COLLEGE

Vision

The Vision of Arusha Technical College is to become a centre of excellence that provides a national and international high-level human resource through exemplary competence based Technical Education and Training.

Mission

The Mission of Arusha Technical College is to provide high quality career-focused, skills-based Technical Education and Training to enhance the role of individual as productive and responsible members of the society.

2.3 PRINCIPAL ACTIVITIES

The Arusha Technical College (ATC) is a statutory body, Public Technical Institution which was established by the Arusha Technical College (Establishment) Order, GN. No. 78 of 30 March 2007 and later in 2015 the Instrument which established it was revoked and replaced by the National Council for Technical Education (The Grant of Autonomous Status to the Arusha Technical College) Order No. 302 of 24 July 2015 which re-established the College as an autonomous institution. The College is governed by the National Council for Technical Education (Autonomous Technical Institutions) Regulations, 2015 GN. No. 463 published on 23 October 2015. The College offers various Technical Education Training (TET), Vocational Education Training (VET) and Engineering Programs.

The Main functions of ATC are as follows:

- Ensuring delivery of quality technical education and training;
- Provision of facilities for study and training in the principles, procedures and techniques and conduct training programs in Civil, Electrical, Mechanical, Electronic, Irrigation Engineering, Science and Laboratory Technology and such other related disciplines;
- Application of research and development in the disciplines specified above;
- Provision consultancy services to the Public; and
- Conducting examination and grant awards of the College as approved by the National Council for Technical Education (NACTE).

2.4 MANAGEMENT STRUCTURE

The routine management of Arusha Technical College is vested in the Rector who is assisted by the Deputy Rector for Academics, Research and Consultancy and the Deputy Rector for Administration, Finance and Planning. The Heads of Departments (academic and non-academic) who report to the deputy rectors are part of the Management Structure as well as heads of sections. Further, the Head of Procurement Management Unit, Public Relations Officer, Chief Internal Auditor and the Senior Legal Officer are also part of the Management Structure who report directly to the Rector.

2.5 CORPORATE GOVERNANCE

The Governing board believe in adopting the best practices in Corporate Governance. The Board, Management and the Group employees are committed to upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the attainment of good governance and excellent performance in any organization.

Members charged with Governance

Function

The Governing Board is responsible and accountable for providing effective corporate governance, direction and control of the College. The directors have a duty to exercise leadership, enterprise, integrity and judgment based on transparency, fairness, accountability and responsibility.

The Board is also responsible for confirming appointment of management, adopting a corporate strategy, policies, procedures and monitoring operational performance including identifying risks impacting the College. It is also responsible for managing good relationships with all the stakeholders.

Composition of directors

The governing board is comprised of eight (8) non-executive director and one (1) executive directors with a mix of skills, experience and diversity. The Governing Board Members who held office from the date of appointment 10 September 2021 and served responsibility during the financial year are:

SN	Name	Position	Age	Appointment Date	Nationality	Qualifications
1	Prof. Siza D. Tumbo	Chairperson	59	13 May 2018	Tanzanian	PhD
2	Ms. Diana Malambu	Vice Chairperson	53	10 Sep 2021	Tanzanian	Master's Degree
3	Ms. Margaret S. Musai	Member	59	10 Sep 2021	Tanzanian	PhD

SN	Name	Position	Age	Appointment Date	Nationality	Qualifications
4	Eng. Veronica F. Ninalwo	Member	50	10 Sep 2021	Tanzanian	Master's Degree
5	Dr. Michael Kisangiri	Member	49	10 Sep 2021	Tanzanian	PhD
6	Mr. Urbanus F. Merkiory	Member	51	10 Sep 2021	Tanzanian	Master's Degree
7	Dr. Adolph B. Rutayuga	Member	58	10 Sep 2021	Tanzanian	PhD
8	Mr. Yohana M. Raphael	Member	26	10 Sep 2021	Tanzanian	Bachelor Degree (Ongoing)
9	CPA Wibori P. Werema	Member	46	24 Aug 2022	Tanzanian	Master's Degree
10	Dr. Musa N. Chacha	Secretary	45	10 Feb 2020	Tanzanian	PhD

The secretary at the date of this report, who also served the position throughout the year, was Dr. Musa N. Chacha.

Outlined below is the attendance of the members at the quarterly board meetings, held during the year:

SN	Name	Meetings			
		51 st	52 nd	53 rd	Attendance
		28 Oct 2021	11 Feb 2022	13 May 2022	
1	Prof. Siza D. Tumbo	✓	✓	✓	100%
2	Ms. Diana Malambugi	✓	✓	✓	100%
3	Ms. Margaret S. Musai	✓	✓	✓	100%
4	Eng. Veronica F. Ninalwo	✓	✓	✓	100%
5	Dr. Michael Kisangiri	✓	✓	✓	100%
6	Mr. Urbanus F. Merkiory	✓	✓	✓	100%
7	Dr. Adolph B. Rutayuga	✓	✓	✓	100%
8	Mr. Yohana M. Raphael	✗	✓	✗	33%
9	CPA Wibori P. Werema	NA	NA	NA	NA
10	Dr. Musa N. Chacha	✓	✓	✓	100%

The Governing Board held three ordinary meetings only of the familiarization, first quarters and second quarters during the year under review in which they deliberated on various issues regarding the approved College budget, ongoing construction projects, academic affairs, staff affairs, introduction of new courses and implementation of the College's strategic plan.

Code of Corporate Practice and Conduct

The College is committed to the principles of effective corporate governance and the Governing Board is of the opinion that the College currently complies with principles of good Corporate Governance.

Ethics and organizational integrity

The College's Code of Conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its directors, managers, employees, students, suppliers, competitors, investors and the public in general. The directors and staff are expected to fulfil their ethical obligations in such a way that the business is run strictly according to fair commercial competitive practices.

Committees of the Governing Board

The Governing Board has four Sub-committees that assist in the supervision of the College operations and advise the Board on smooth running of the College. The Sub-committees are: -

- Academic and Technical Committee;
- Staff and Students Affairs Committee;
- Finance and Planning Committee; and
- Audit Committee

Academic and Technical Committee

Members of the Academic Committee are appointed from amongst the members of the Governing Board. During the year 2021/22, the following members served in the Committee.

SN	Name	Position
1	Dr. Michael Kisangiri	Chairperson
2	Eng. Veronica F. Ninalwo	Member
3	Mr. Yohana M. Raphael	Member
4	Dr. Baraka Kichonge	Secretary

The Academic and Technical Committee held two (2) 45th & 46th ordinary board meetings of the first and second quarters on 10 February 2022 and 12 May 2022 respectively; and made recommendations to the Governing Board in respect of matters relating to examination results, appointment of external examiners and appraisal on quality assurance and control.

Staff and Students Affairs Committee

Members of the Staff and Students Affairs Committee who served during the year were;

SN	Name	Position
1	Ms. Margaret S. Musai	Chairperson
2	Mr. Urbanus F. Merkiory	Member
3	Mr. Yohana M. Raphael	Member
4	Mr. Emmanuel Ishika	Secretary

The Staff and Student Affairs Committee held two (2) 43rd & 44th ordinary board meetings of the first and second quarters on 10 February 2022 and 12 May 2022 respectively; and made recommendations to the Governing Board for the approval of employee recruitment, promotion and confirmation; College proceeding cases, academic staff performance assessment and employees' disciplinary matters.

Finance and Planning Committee

Members of the Finance and Planning Committee who served during the financial year were:

SN	Name	Position
1	Dr. Adolf Rutayuga	Chairperson
2	Dr. Michael Kisangiri	Member
3	Ms. Margaret S. Musai	Member
4	Mr. William E. Mpepo	Secretary

The Finance and Planning Committee held two (2) 40th & 41st ordinary board meetings of the first and second quarters on 10 February 2022 and 12 May 2022 respectively, among the major recommendations made to Governing Board included progress on the development projects; quarterly performance reports; review of the development projects; and reallocation of funds

Audit Committee

Members of the Finance and Planning Committee who served during this financial year were;

SN	Name	Position
1	Eng. Veronica F. Ninalwo	Chairperson
2	CPA Wibori P. Werema	Member
3	Ms. Diana Malambugi	Member
4	CPA Kelvin O. Sanga	Secretary

During the year under review, the Audit Committee held two (2) 33rd & 34th ordinary board meetings of the first and second quarters on 10 February 2022 and 12 May 2022 respectively and one 32nd extra ordinary meeting on 30 November 2021 in which they deliberated on various issues regarding internal control system, revenue collection, expenditures, project management, human resources, payroll, review of the College financial statements and statutory audited reports.

2.6 PERFORMANCE FOR THE YEAR

Financial Performance

The College had an approved budget of TZS 16.82 billion where it earned a revenue of TZS 22.26 billion a performance of (132%) of which 87.9% is made up of revenue from non-exchange transactions (TZS 19.57 billion).

The College had a consolidated surplus of TZS 6.17 billion (2020/21: Surplus of TZS 3.23 billion). The surplus is mainly contributed by recognition of a non-cash grant of TZS 3.31 billion of the ADBF building (Ufundi tower) that was transferred from the Ministry of Education, Science and Technology to ATC special for classroom, teachers' offices and laboratories.

A summary of the key ratios of the College's financial performance and position is outlined below:

<i>Description</i>	2022	2021
Growth/(decline) in income	18%	(9%)
Increase / (Decrease) in operating expenditure	2%	54%
Increase in surplus for year	91%	24%
Gross profit margin	0%	0%
Trade receivables turnover days	90.5 days	69.7 days
Current ratio	5.65	5.28
Acid test ratio	4.37	4.02

Government Contribution

The college contributed TZS 60,000,000 as 15% of annual gross revenue contributions to the Consolidated Funds from the public and statutory corporations as Gazette in accordance with the Public Finance Act.

Student Enrolment Trends

The number of students enrolled in various training programs at the College had been increasing each year.

Year	Number of students						
	Diploma			Undergraduate			Grand Total
	Female	Male	Total	Female	Male	Total	
2021/22	421	1,696	2,117	159	577	736	2,853
2020/21	460	1,691	2,151	95	460	555	2,706
2019/20	415	1,725	2,140	82	431	513	2,653

2.7 FUTURE DEVELOPMENT PLANS

The College needs to have enough academic training facilities as well as social services facilities for both students and staff members and community at large. During financial year 2021/22 the College continued to construct some of academic infrastructure and rehabilitated the existing academic infrastructure i.e. Hostels, Class rooms, Offices, Laboratories, Theatre e.tc to cope with increasing number of students and staff. The College continued to implement its strategic plan including expansion of the KRETC.

2.8 EMPLOYEES' WELFARE

A founding value of the college has been to provide equal opportunities and a workplace that is representative of the wider communities in which we operate. Our goal is to make sure we continue to empower the careers, aspirations and ambitions of our people. We have been committed to treating all people equally and nurturing great talent, regardless of gender. This culture is something that we are incredibly proud of, and we believe that it is this supportive environment that has helped us to recruit and retain our exceptional team. We promote diversity within our business, our markets and beyond.

The College had 215 employees who served during the year, with a gender parity described below:

Gender	2022	2021
Male	171	165
Female	44	44
Total	215	209

Management - employees' relationship

There was continued good relation between employees and management for the year ended 30 June 2022. There were no unresolved complaints received by Management from the employees during the year. Communication of staff affairs have been made systematic on a regular basis through general meetings and Researchers, Academician and Allied Workers Union (RAAWU)/THTU/Management joint meetings, departmental meetings, management and staff meetings as well as through notices and College's circulars.

Training facilities

The College provides on-the-job training to all its employees to improve their technical skills and effectiveness. Where necessary, employees are also considered for external training courses that upgrade skills and enhance development. During the year, 41 members of staff were pursuing various training programmes as follows: -

- 12 - Doctorate programmes (PhD);
- 20 - Masters programmes;
- Seven - Undergraduate and Advanced Diploma Courses; and

- Two - Ordinary Diploma

People with Disabilities

The College gives equal opportunities to the disabled persons for vacancies they are able to fill including student who undergo studies they are treated equally. There was no disabled person employed during the

Medical Assistance

All members of staff with a maximum number of four beneficiaries (dependents) for each employee were provided medical insurance provided by National Health Insurance Fund (NHIF).

2.9 SOLVENCY

The College's consolidated and Separate Statement of Financial Position at 30 June 2022 is set out on page 17 of the enclosed financial statements. The Governing Board Members consider the College solvent and will continue to operate indefinitely, and will not go out of business and liquidate its assets.

2.10 CAPITAL FUND

The Capital Fund stated in the financial statements stands at TZS 460,526,280. It represents the value of two buildings i.e., Hostel number III- phase 1 valued at TZS 158,227,080 and the Laboratory block valued at TZS 302,299,200. The Construction of these buildings happened before the College became autonomous in 2015.

2.11 OWNERSHIP

Arusha Technical College is wholly owned by the Government of the United Republic of Tanzania.

2.12 RELATED PARTY TRANSACTIONS

Related party transactions were dealt with at an arm's length in the normal course of business and on terms and conditions similar to those applicable to other customers. The remuneration of directors and other key members during the year are disclosed in Note 37 to the financial statements.

2.13 CORPORATE SOCIAL RESPONSIBILITY

The College considers necessity services and giving back for survival of all human beings. The community around the College environment enjoyed some benefits in kind and physical i.e., granted a plot for garden activities, facilitated training on irrigation through demonstration plot at Demo plot and civil skill at ACCT Building. Furthermore, students of secondary and primary schools from various schools in Arusha visited the College for science training purpose. During the year, the College has leased a ritual plot to Masai group at the Eastern Quarters of the ATC Main Campus. Also has donated office furniture to the Kambi ya Chokaa Village located near to Kikuletwa Cascade III.

2.14 ENVIRONMENTAL PROTECTION

The College, being one of the higher learning institutions has taken considerable measures on preservation and proper maintenance of the environment. The College continued to maintain its green area.

2.15 HIV/AIDS POLICY

The College continued to engage itself in sensitization of its staff, staff families, students and other stakeholders in HIV/AIDS awareness programmes pursuant to the Presidential Directive made in December 1999 when HIV/AIDS was declared as a national disaster and therefore directed every sector to take measures in fighting the pandemic.

The College has adopted the following core principles as a basis for its HIV/AIDS policy.

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

2.16 ANTI-CORRUPTION

The College maintains transparency in conducting its business and observes good governance principles; fair public services and maximum customer care to both internal and external customers. The College has a Tender Board and Procurement Management Unit in place to ensure transparency in all procurement transactions.

2.17 RESPONSIBILITY OF GOVERNING BOARD

The members confirm compliance with the provisions of the requirements of International Public-Sector Accounting Standards (IPSAS), TFRS1, the National Council for Technical Education (The Grant of Autonomous Status to the Arusha Technical College Order No. 302 of 24 July 2015) and all other statutory legislations relevant to the College.

The members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the College to the date of approval of the audited financial statements, in accordance with International Public-Sector Accounting Standards (IPSAS), rules, regulations and legal provisions.

2.18 STATUTORY AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor of the Arusha Technical College by virtue of Article 143 of the Constitution of the United Republic of Tanzania and amplified in section 32 (4) of the Public Audit Act, Cap.418. However, by virtue of Section 33(1) of the Public Audit Act Cap.418, the CAG jointly with Claritas International conducted the audit of the Arusha Technical College for the financial year ended 30 June 2022.

BY ORDER OF THE GOVERNING BOARD



Ms. Diana Malambugi
Vice Chairperson

Date 27/3/2023



Dr. Musa N. Chacha
Rector

Date 27/3/2023

ARUSHA TECHNICAL COLLEGE (ATC)

3.0 STATEMENT OF GOVERNING BOARD RESPONSIBILITIES

The Arusha Technical College (ATC) Establishment Order No. 78 under the National Council for Technical Education (NACTE) Act No. 9 of 1997; requires the Governing Board to ensure that the College keeps proper books of accounts which disclose with reasonable accuracy at any time the financial position of the College.

The Governing Board accepts responsibility of the annual financial statements, which have been prepared in accordance with International Public-Sector Accounting Standards using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Generally Accepted Accounting Principles.

The Governing Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the College and of its operating results. The Governing Board further accepts responsibility for maintaining accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial controls. The Governing Board is also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

The Governing Board has made an assessment of ATC's ability to continue as a going concern and have no reason to believe the College will not be a going concern in the year ahead.

BY ORDER OF THE GOVERNING BOARD



Ms. Diana Malambugi
Vice Chairperson

Date: 27/3/2023



Dr. Musa N. Chacha
Rector

Date: 27/3/2023

4.0 DECLARATION OF THE HEAD OF FINANCE

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 Accounting/finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Governing Board to discharge the responsibility of preparing financial statements showing true and fair view position and performance in accordance with International Public-Sector Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Governing Board as stated in the Governing Board's Responsibility statement on an earlier page.

I, CPA Adisai S Msongole being the Head of Accounting and finance of Arusha Technical College (ATC) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 have been prepared in compliance International Public-Sector Accounting Standards and the applicable statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Arusha Technical College (ATC) as at 30 June 2022 and that they have been prepared based on properly maintained financial records.



Signed by:
CPA Adisai S Msongole - GA 1244
Bursar
Arusha, Tanzania

Date: 27/3/2023

5.0 FINANCIAL STATEMENTS

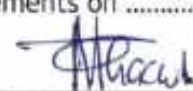
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	CONSOLIDATED			COLLEGE		
		2022	2021	2021	2022	2021	2021
		TZS '000	Restated TZS '000	As previously reported TZS '000	TZS '000	Restated TZS '000	As previously reported TZS '000
ASSETS							
Current Asset							
Bank and Cash Balances	5	10,276,046	13,967,250	13,967,250	10,276,046	13,967,250	13,967,250
Receivables	6	1,716,150	1,065,568	1,065,568	1,716,150	1,065,568	1,065,568
Inventories	7	3,524,777	4,840,674	4,840,674	3,524,777	4,840,674	4,840,674
		15,516,973	19,873,492	19,873,492	15,516,973	19,873,492	19,873,492
Non-Current Asset							
Works in progress	8	8,163,400	333,786	333,786	8,163,400	333,786	333,786
Intangible Assets	9	3,959	5,658	5,658	3,959	5,658	5,658
Property, Plant and Equipment	10	66,437,423	68,097,845	68,097,845	66,437,423	68,097,845	68,097,845
		74,604,782	68,437,289	68,437,289	74,604,782	68,437,289	68,437,289
Total Assets		90,121,755	88,310,781	88,310,781	90,121,755	88,310,781	88,310,781
LIABILITIES							
Current Liabilities							
Payables and Accruals	11	1,949,161	2,963,121	3,216,432	1,933,471	2,950,971	3,194,841
Deferred Income (Revenue)	12	796,996	547,154	547,154	796,996	547,154	547,154
		2,746,157	3,510,275	3,763,586	2,730,467	3,498,125	3,741,995
Non-Current Liabilities							
Income Deferred (Capital)	13	8,596,143	12,187,045	12,187,045	8,596,143	12,187,045	12,187,045
Total Liabilities		11,342,300	15,697,320	15,950,631	11,326,610	15,685,170	15,929,040
Net Assets		78,779,455	72,613,461	72,360,151	78,795,145	72,625,611	72,381,741
NET ASSETS/EQUITY							
Capital Contributed	35	460,526	460,526	460,526	460,526	460,526	460,526
Accumulated Surplus		78,318,929	72,152,935	71,899,625	78,334,619	72,165,085	71,921,215
Total equity		78,779,455	72,613,461	72,360,151	78,795,145	72,625,611	72,381,741

The members charged with governance approved these financial statements on and signed on its behalf by:



Vice Chairperson



Rector

27/3/2023

Date

ARUSHA TECHNICAL COLLEGE (ATC)

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	CONSOLIDATED			COLLEGE		
		2022 TZS'000	2021 Restated TZS'000	2021 As previously reported TZS'000	2022 TZS'000	2021 TZS'000	2021 As previously reported TZS'000
Revenue							
Revenue From Non-Exchange Transactions	14	19,564,516	16,524,630	16,524,630	19,564,516	16,524,630	16,524,630
Revenue From Exchange Transactions	15	2,692,668	2,408,130	2,408,131	2,692,668	2,408,130	2,408,131
		22,257,184	18,932,760	18,932,761	22,257,184	18,932,760	18,932,761
Expenses and Transfers							
Expenses							
Wages, Salaries and Employee Benefits	16	(5,908,840)	(5,937,163)	(5,937,163)	(5,908,840)	(5,937,163)	(5,937,163)
Supplies and Consumables	17	(7,576,146)	(6,336,203)	(6,576,534)	(7,572,606)	(6,332,663)	(6,576,534)
Maintenance Expenses	18	(292,834)	(769,220)	(769,220)	(292,834)	(769,220)	(769,220)
Impairment of Receivables	19	-	(55,588)	(55,588)	-	(55,588)	(55,588)
Depreciation & Amortization	20	(2,240,517)	(2,160,747)	(2,160,747)	(2,240,517)	(2,160,747)	(2,160,747)
		(16,018,337)	(15,258,921)	(15,499,252)	(16,014,797)	(15,255,381)	(15,499,252)
Transfer							
Grants, Subsidies and other Transfer Payments	21	(72,853)	(92,841)	(92,841)	(72,853)	(92,841)	(92,841)
		(16,091,190)	(15,351,762)	(15,352,093)	(16,087,650)	(15,348,222)	(15,592,093)
Total Expenses and Transfers							
		(16,091,190)	(15,351,762)	(15,352,093)	(16,087,650)	(15,348,222)	(15,592,093)
Surplus for the year		6,165,994	3,580,998	3,340,668	6,169,534	3,584,538	3,340,668

The members charged with governance approved these financial statements on and signed on its behalf by:

Vice Chairperson

Rector

27/3/2023

Date

ARUSHA TECHNICAL COLLEGE (ATC)

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

COLLEGE

	Capital Contributed TZS '000'	Accumulated Surplus TZS '000'	Total TZS '000'
Year ended 30 June 2022			
At 01 July 2021 - As previously reported	460,526	71,921,215	72,381,741
Prior year adjustments (Note 28)	-	243,871	243,871
Restated	460,526	72,165,086	72,625,612
Surplus for the Year	-	6,169,534	6,169,534
As 30 Jun 2022	460,526	78,334,619	78,795,145
Year ended 30 June 2021			
As 01 July 2020	460,526	68,580,547	69,041,073
Surplus for the Year	-	3,584,538	3,584,538
As at 30 Jun 2021	460,526	72,165,085	72,625,611

CONSOLIDATED

	Capital Contributed TZS '000'	Accumulated Surplus TZS '000'	Total TZS '000'
Year ended 30 June 2022			
At 01 Jul 2021 - As previously reported	460,526	71,899,625	72,360,151
Prior year adjustment (Note 28)	-	253,311	253,311
Restated	460,526	72,152,936	72,613,462
Surplus for the Year	-	6,165,994	6,165,994
As 30 Jun 2022	460,526	78,318,929	78,779,455
Year ended 30 June 2021			
As at 01 Jul 2020	460,526	68,562,497	69,023,023
Prior year adjustment (Note 28)	-	9,440	9,440
Restated	460,526	68,571,937	69,032,463
Surplus for the Year - Restated	-	3,580,998	3,580,998
As 30 Jun 2021	460,526	72,152,935	72,613,461

CONSOLIDATED AND SEPARATE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Consolidated 2022 TZS '000	2021 TZS '000	College 2022 TZS '000	2021 TZS '000
Cash flows from operating activities					
Receipts					
Government Subvention	14	5,614,994	9,260,711	5,614,994	9,260,711
Students income received	14b	4,125,244	2,771,822	4,125,244	2,771,822
Grant, Gifts and Donations	21	72,853	92,841	72,853	92,841
Cash received from Customers	26	2,443,643	1,856,524	2,443,643	1,856,524
Total		12,256,734	13,981,898	12,256,734	13,981,898
Payments					
Employee costs paid	23	(5,994,927)	(5,457,083)	(5,994,927)	(5,457,083)
Payments to suppliers	24	(7,589,679)	(8,880,705)	(7,589,679)	(8,880,705)
Maintenance expenses paid	26	(294,080)	(787,771)	(294,080)	(787,771)
Grants, Subsidies and other Transfer Payments	21	(72,853)	(92,842)	(72,853)	(92,842)
Total		(13,951,539)	(15,218,401)	(13,951,539)	(15,218,401)
Net cash from operating activities		(1,694,805)	(1,236,503)	(1,694,805)	(1,236,503)
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(650,003)	(2,375,809)	(650,003)	(2,375,809)
Payment for WIP	8	(7,829,614)	963,359	(7,829,614)	963,359
Net cash flows used in investing activities		(8,479,617)	(1,412,450)	(8,479,617)	(1,412,450)
Cash flows from financing activities					
Deferred Income - revenue received	12	5,729,071	2,183,908	5,729,071	2,183,908
Deferred Income - Capital received	13	754,147	1,502,130	754,147	1,502,130
Cash flow from financing activities		6,483,218	3,686,038	6,483,218	3,686,038
Net increase in cash and cash equivalents		(3,691,204)	1,037,085	(3,691,204)	1,037,085
Cash and cash equivalents at beginning of the year		13,967,250	12,930,165	13,967,250	12,930,165
Cash and cash equivalents at end of the year		10,276,046	13,967,250	10,276,046	13,967,250

ARUSHA TECHNICAL COLLEGE (ATC)

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

COLLEGE	Original Budget	Budget reallocations	Final Budget	Actual Amounts on Comparable Basis	Difference final Budget & Actual	%	Notes
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000		
RECEIPTS	A	B	C=A+B	D	D-C		
Government Grants	11,780,251	1,581,331	13,361,582	19,564,516	6,202,933	46%	32.1
Revenue from Exchange Transaction	3,459,630	-	3,459,630	3,343,250	(116,380)	-3%	32.2
Total Receipts	15,239,881	1,581,331	16,821,212	22,907,766	6,086,553		
PAYMENTS							
Grants, Subsidies and other transfer payment	30,000	36,000	66,000	72,853	6,853	10%	32.3
Maintenance expenses	263,116	18,339	281,455	531,372	249,917	89%	32.4
Supplies and consumables used	4,001,957	463,181	4,465,138	8,595,438	4,130,300	93%	32.5
Wages, salaries, and employee benefit	6,238,244	81,317	6,319,561	5,908,840	(410,721)	-6%	32.6
Acquisition of the property, plant and Equipment	3,728,928	1,960,130	5,689,058	8,779,617	3,090,559	54%	32.7
Total payments	14,262,245	2,558,967	16,821,212	23,888,120	7,066,907		
Net Receipts/Payments	977,636	(977,636)	-	(980,354)	(980,354)		

*Reconciliation between actual amount on comparable basis and surplus for the year is provided in note 29.

** Explanations for significant differences between final budget and actual amount on comparable basis are provided in note 32

ARUSHA TECHNICAL COLLEGE (ATC)

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

	Original Budget	Budget reallocations	Final Budget	Actual Amounts on Comparable Basis	Difference final Budget & Actual	Performance Percentage
	TZS'000 A	TZS'000 B	TZS '000 C=A+B	TZS '000 D	TZS'000 D-C	
RECEIPTS						
Government Grants	11,780,252	1,581,331	13,361,583	19,564,516	6,202,933	46%
Revenue from Exchange Transaction	3,459,630	-	3,459,630	3,343,250	(116,380)	-3%
Total Receipts	15,239,882	1,581,331	16,821,213	22,907,766	6,086,553	
PAYMENTS						
Grants, Subsidies and other transfer payment	30,000	36,000	66,000	72,853	6,853	10%
Maintenance expenses	263,116	18,339	281,455	292,834	11,379	4%
Supplies and consumables used	4,001,957	463,181	4,465,138	8,843,417	4,378,279	98%
Wages, salaries, and employee benefit	6,238,244	81,317	6,319,561	5,908,840	(410,721)	-6%
Acquisition of the propert, plant and Equipment	3,728,928	1,960,130	5,689,058	8,779,617	3,090,559	54%
Total payments	14,262,245	2,558,967	16,821,213	23,897,561	7,076,348	
Net Receipts/Payments	977,636	(977,636)	-	(989,795)	(989,795)	

ARUSHA TECHNICAL COLLEGE (ATC)

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

(a) Statute and Principal Activities

Arusha Technical College (ATC) was established in March 2007, as an autonomous Institution, through the Arusha Technical College Establishment Order No. 78 under the National Council of Technical Education (NACTE) Act No. 9 of 1997. The ATC replaced the then Technical College Arusha (TCA) that existed since 1978.

ATC is charged with the following main functions.

- (i) Ensuring delivery of quality technical education and training;
- (ii) Provision of facilities for study and training in the principles, procedures and techniques and conduct training programs in Civil, Electrical, Mechanical, Electronic, Irrigation Engineering, Science and Laboratory Technology and such other related disciplines;
- (iii) Application of research and development in the disciplines specified above;
- (iv) Provision consultancy services to the Public; and
- (v) Conducting examination and grant awards of the College as approved by the National Council for Technical Education (NACTE).

(b) Basis of Preparation

The financial statements have been prepared under historical cost convention. The financial statements comply with International Public-Sector Accounting Standards (IPSAS) on accrual basis.

(c) Functional and Presentation currency

The functional currency of ATC is Tanzania Shillings (TZS) which is also a presentation currency. The figures have been rounded to the nearest thousand (TZS '000) unless indicated otherwise.

(d) Critical accounting estimates and judgments

In the application of the ATC's accounting policies, which are described in note 2, the directors of the College are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Critical accounting estimates and judgements (Continued)

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are summarized below.

i) Impairment losses on financial assets

At the end of each reporting year, the College reviews the carrying amounts of its financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognized in comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount.

ii) Property and equipment

Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial ATC reviewed useful lives of its fixed assets to align them with the "Public Assets Management Guideline 2019. The review resulted into change of depreciation rates of the underlying assets. The change has been applied prospectively in accordance with IPSAS 3. The updated useful lives of assets and their respective depreciation rates have been disclosed in note 2 (b).

iii) Going concern assumption

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

2. PRINCIPAL ACCOUNTING POLICIES

a) Translation of foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in surplus or deficit in the period in which they arise.

b) Property, Plant and Equipment

All items of Property, Plant and Equipment are initially recorded at cost. Cost comprises of expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate only when it is probable that service potential associated with the item will flow to the College and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Subsequently, items of property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The cost of major renovations that increases the service potential of the underlying assets is capitalized and subsequently depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. No depreciation is charged if the residual value of an item is equal to or greater than its carrying value.

Depreciation

Depreciation is calculated on a straight-line basis, at annual rates estimated to write off the cost of each asset over its estimated useful life. The asset useful lives and the depreciation rates below are the result of the change of useful lives done by the College during the current financial year. Further details are in note 10.

Description	Economic Life (Years)	Rate
Land	-	-
Buildings	50	2%
Civil Structures	50	2%
Laboratory workshop equipment	15	7%
Motor Cycles	5	20%
Motor vehicles	7	14.3%
Library books	7	14.3%
Office, Hostel and household furniture	5	20%
Office, Hostel and household equipment	5	20%
Computer and accessories	4	25%
Access Roads	4	25%
Bridges	20	5%

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

b) Property, Plant and Equipment (Continued)

Depreciation is charged on assets from the date when they are ready for use and stops at the earlier of net book value reaching the salvage value and date when the asset is derecognized by the College.

Gains or losses on disposal of fixed assets are determined by comparing the disposal proceeds with the carrying amount and are credited/ charged to the Statement of Financial Performance

Impairment of plant, property & equipment

An impairment loss is recognized for immediately when there is strong evidence that carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value of service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Likewise, the assets' residual values and useful lives are reviewed only when the conditions to warrant the review exists at the date of the Statement of Financial Position. Items of PPE that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Capital Work in Progress

Capital work in progress represents the costs incurred for capital projects that are under construction and are stated at cost. The cost comprises of the cost of materials, labour and overheads. The capital projects that are in progress are not depreciated.

Amortization of Intangible Assets

Intangible assets, including computer software have useful lives of five years. The related cost is amortized at the rate of 20% per annum.

c) Inventories

Inventories comprising material and repair stocks for machines, engines and vehicle parts, and other equipment, are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method.

Provision is made for the full value of obsolete inventories and stocks which are surplus to requirements. Net realizable value is the estimated selling price in the ordinary course of business less applicable selling expenses. Obsolete items are materials or spares which have no further use due to obsolescence, technological changes or other factors.

d) Revenue Recognition

Revenue comprises of Revenue from non-exchange transaction (Government Subvention and Revenue Grants), Amortization grants Students Tuition Fees, registration fees and other income (Revenue from consultations, conferences, hiring etc.) as analysed below: -

Government Subvention

Funds disbursed by the Government to the College are recognized when received by the College and credited in the Statement of Financial Performance.

Revenue Grants

Revenue grants received for operating expenditure are recognized when received by the College and credited in the Statement of Financial Performance.

Tuition and other Student Fees

Tuition and other student fees are recognized on accrual basis in the accounting period in which the related academic year falls due.

Other revenue

Other revenue is recognized in the accounting period in which it accrues and/or realized.

e) Deferred Grant Income

Grants with restriction or conditions received in monetary form for capital expenditure or in form of non-monetary assets are recognized in the statement of financial position as deferred grants income. Value of capital grants for properties whose values appreciate over time such as land are not amortized while grants for other assets are financial instruments.

f) Non-derivative financial instruments

Non-derivative financial assets comprise investment in securities, loans receivable, trade and other receivable and cash and cash equivalents.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

The measurement basis for financial assets and financial liabilities depends on whether to which group of financial asset or financial liability the underlying asset and liability has been classified.

Financial assets

The College classifies its financial assets as loans and receivables considered as non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the College provides money or services directly to a debtor or student with no intention of trading the receivable. All loans and receivables held by the College fall under this category. Financial assets are initially recognized at fair value or at cost plus transaction costs for all financial assets not carried at fair value.

At subsequent reporting date loans and receivables are measured at amortized cost using the effective interest rate method. Receivables which do not carry interest rate are stated at their nominal value.

Appropriate allowances for estimated irrecoverable amounts are recognized in the statement of financial performance when there is objective evidence that the College will not be able to collect all amounts due according to the original terms of the receivables.

Derecognition

The College derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the College neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the College recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the College retains substantially all the risks and rewards of ownership of a transferred financial asset, the College continues to recognize the financial asset. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in surplus or deficit.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss (FVTPL)' or 'other financial liabilities. The College's other liability include borrowings and trade and other payables.

Subsequent measurement

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate,

transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The College derecognizes financial liabilities when, and only when, the College's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in surplus or deficit.

Impairment

Non-cash generating assets

The policy applies to all non-cash-generating assets, except assets arising from construction contracts, inventories, financial assets that are included in the scope of financial instruments, investment property measured at fair value, non-cash-generating property, plant and equipment that is measured at revalued amounts, and other assets in respect of which accounting requirements for impairment are included in another IPSAS.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount. An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. Recoverable service amount is the higher of a non-cash-generating asset's fair value, less costs to sell and its value in use. Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Cash generating assets

This policy applies to the accounting for the impairment of all cash-generating assets except inventories, assets arising from construction contracts, financial assets that are within the scope of financial instruments, investment property measured at fair value, cash-generating property, plant, and equipment that is measured at revalued amounts, deferred tax assets, assets arising from employee benefits, intangible assets that are regularly revalued to fair value, goodwill, biological assets related to agricultural activity measured at fair value less estimated point-of-sale costs, deferred acquisition costs and intangible assets arising from an insurer's contractual rights under insurance contracts, noncurrent assets classified as held for sale and discontinued operations, and other cash-generating assets in respect of which accounting requirements for impairment are included in another IPSAS.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. ATC assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, ATC estimates the recoverable amount of the asset. The College tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test may be performed at any time during the reporting period, provided it is performed at the same time every year. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount.

That reduction is an impairment loss. An impairment loss is recognized immediately in surplus or deficit. When the amount estimated for an impairment loss exceeds the carrying amount of the asset to which it relates, the College recognizes a liability if, and only if, that is required by another IPSAS.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. Value in use of a cash-generating asset is the present value of estimated future cash flows expected to be derived from the continuing use of an asset, and from its disposal at the end of its useful life. Discount rate is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognized in prior periods for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. That increase is a reversal of an impairment loss.

Re-designation of an asset from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the listed indications applicable to the asset after re-designation.

g) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. They comprise of cash in hand, cash at bank, deposits held on call and fixed deposits.

h) Provisions

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

i) Employees Benefits

Retirement benefits

The College has statutory obligations to contribute to various pension schemes in favour of all the employees employed under permanent and pensionable terms. The pension schemes to which the College contributes are Public Service Social Security Fund (PSSSF). Contributions to these funds are recognized as expenses in the period the employees render the related services.

Short Term Benefits

The cost of all short-term benefits such as salaries, employees' entitlements to leave pay, medical aid, long service awards, other contributions are recognized during the period in which the employees render the related services.

Gratuity

The College pays gratuity of 25% of annual basic salary when falls due to employees working with the College on contract basis.

Terminal Benefits

Terminal benefits are payable whenever an employee's services are terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange of these benefits.

j) New and amended standards adopted by the College

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

New and amended standards that have been issued during the year but not effective

The standards and amendments that are issued, but not yet effective are disclosed below. Convoy of Hope intends to adapt these standards, if applicable when they become effective.

(i) New and amended standards adopted by the College (Continued)

IPSAS 41: Financial Instruments

This standard establishes new requirements for classifying, recognizing and measurement of financial instruments, and replaces IPSAS 29: Financial Instruments: recognition and measurement.

IPSAS 41 greatly enhance the relevance of information for financial assets and liabilities. It provides users of financial information with more useful information than those provided in IPSAS 29 by:

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

This standard is effective for annual reporting periods beginning on or after 1 January 2022.

IPSAS 42: Social benefits

The objective of this standard is to define social benefits and determining when expense and liabilities of social benefits are recognized and how they are measured. It provided for guidance on accounting for social benefit expenditure. IPSAS 42 seeks to improve the relevance, faithful representativeness and comparability of the information that the reporting entity provided in the financial statements regarding social benefits. The information provides help to users of financial statement to assess:

- The nature of such social benefits provided by the entity
- The key features of operation of those social schemes
- The impact of such social benefits provided on the entity's financial performance, financial position and cash flows

This standard is effective for annual reporting periods beginning on or after 1 January 2022. The directors have assessed the relevance of the standards, amendments and interpretations with respect to Gaming Board's operations and concluded that they do not have a material impact on the Gaming Board's financial statements.

3. FINANCIAL RISK MANAGEMENT

Financial Instruments

IPSAS 30 requires disclosure of information about the nature and extent of risks arising from financial instruments: - Qualitative disclosures about exposures to each class of risk and how those risks are managed. Quantitative disclosures about exposures to each class of risk, separately for credit risk, liquidity risk, and market risk. Disclosures about liquidity risk include maturity analyses for both non-derivative and derivative liabilities such as issued financial guarantee contracts. Disclosures about market risk include sensitivity analyses.

a) Credit risk

The College's principal financial assets are bank balances, cash and other receivables. The College's credit risk is primarily attributable to its receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables estimated by the management based on the long outstanding balances and the assessment of the current economic environment. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The College minimizes credit risk from its trade receivables by implementing 100% collection before a student starts an academic year. Overdue balances are pursued vigorously. Credit risk arising from cash at bank is managed by having deposits with more than one bank of good standing. The carrying amounts of financial assets represent the maximum credit exposure (gross). The maximum exposure to credit risk at the reporting date was as follows:

Past due-But-Not- Impaired

As at 30 June 2022, trade and student debtors were past due but not impaired. Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour.

Other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

The College establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivable.

Cash and cash equivalents

The College held cash and cash equivalents of TZS 10,630,204,000 at 30 June 2022 compared to 30 June 2021 TZS 13,967,250,000 which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institutions counterparties of good standing.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

c) Market risk

Market risk comprises mainly three types of risks: currency risk, interest rate risk, and price risk. Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates will affect the College's surplus or deficit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing returns.

d) Foreign exchange risk

Foreign exchange risk arises from commercial transaction if the College incurs a significant portion of its in-US dollar and the Euro while its earnings are based in Tanzania shillings. The college is not exposed to foreign exchange risk arising from various foreign currency exposures. Its transactions of foreign currencies are insignificant.

Sensitivity analysis

As stated above the College does have insignificant financial instruments that are in foreign currency (ies). The College considers it acceptable not to conduct sensitivity analysis.

e) Cash flow and fair value interest rate risk

As the College does not have significant interest-bearing assets. The College's income and operating cash flows are substantially independent of changes in market interest rates. The College does not have borrowings.

4. SEGMENT REPORTING

In accordance with IPSAS 18, the College has the Production Consultancy Bureau segment that was established in May 2010 and is registered by the Engineers Registration Board as a Local Engineering Consulting Firm and Material Testing Laboratory by the Engineers Registration Act, 1997 as amended by Act No. 24 of 2007. The bureau was established as per ATC Establishment Order in compliance with the National Policy on Technical Education of 1996 to provide the following service.

- (a) Specialized activities like failure investigations, third party inspection services, damage assessment, materials selection;

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- (b) Consultancy services through provision of professional consultations in various engineering disciplines, feasibility studies, ICT services, professional training programs, architectural consultations; and
- (c) Production services in engineering like civil, mechanical, automotive, structural, electrical, woodworks.

The segment is reported in a manner consistent with the internal reporting. All transactions between business segments and the College is conducted on an arm's length basis, with intra-segment revenue and costs eliminated in the College's financial statements. Income and expenses directly associated with the segment is included in determining the segment's performance.

The segment information has been prepared in accordance with the "management approach" considering the engineering registration requirements that requires submission of a full set of financial statements on annual basis. Further presentation of the segment on the basis of the internal reports about components of the bureau which are regularly reviewed by the Governing Board who are the chief operating decision makers in order to allocate resources to segment and to assess its performance.

Primary segment information - Business Segments

The following tables present profit and loss and assets and liability information regarding the college's segment.

ARUSHA TECHNICAL COLLEGE (ATC)

4. SEGMENT REPORTING (CONTINUED)

ATC PCB - STATEMENT OF FINANCIAL PERFORMANCE

DESCRIPTION	2022 TZS '000	2021 TZS '000
REVENUE		
Revenue from exchange transactions	2,599,904	2,319,592
Total Revenue	<u>2,599,904</u>	<u>2,319,592</u>
EXPENSES		
Administrative expenses	68,170	38,044
Production costs	2,333,931	2,042,478
Depreciations	4,775	4,697
Total Expenses	<u>2,406,876</u>	<u>2,085,219</u>
Surplus for the year	<u>193,028</u>	<u>234,373</u>

ATC PCB - STATEMENT OF FINANCIAL POSITION

	2022 TZS '000	2021 TZS '000
ASSETS		
Non - current assets		
Property, plant and equipment	<u>7,565</u>	<u>12,340</u>
Current Assets		
Receivables and prepayments	1,089,267	703,004
Cash and cash equivalents	187,005	101,323
Total current assets	<u>1,276,272</u>	<u>804,327</u>
Total Assets	<u>1,283,837</u>	<u>816,667</u>
LIABILITIES		
Trade and other payables		
Trade and other payables	<u>721,075</u>	<u>446,932</u>
Net Assets	<u>562,762</u>	<u>369,735</u>
NET ASSETS		
Capital contributed by:		
Capital Fund	107,694	107,694
Accumulated surplus	455,068	262,041
Total Net Assets	<u>562,762</u>	<u>369,735</u>

ARUSHA TECHNICAL COLLEGE (ATC)

In computing the above segment information

- **Segment Revenue**

Arusha Technical College Production & Consultancy Bureau (ATC-PCB) obtained most of its production income from measurements and testing laboratories and workshops mostly being masonry, soil & bitumen lab and water quality lab. Consultancy receipts increased by 9% due new contracts with various government inst such as UVICO which awarded by the Ministry of Education, Science & Technology on provide consultation works of supervision for RVTSC

- **Segment Expenses**

The bureau expenses are directly matched to its activities/projects. The expenses increased from TZS 2,085,219,000 to TZS 2,406,286 due to increased consultancy activities performed in various regions within Tanzania mainland.

- **Assets and liabilities**

The bureau assets were made of bank and cash balances, Trade and other receivables, Inventory and Property, plant & equipment. During the year the bureau's total assets increased from TZS 816,667,000 to TZS 1,283,837,000 that was largely contributed by increase of bureau generating income activities by the end of the reporting period.

Concurrently the bureau's liabilities were made of accruals and trade payables. Trade and other payables increased to TZS 721,075,000 in 2021/22 from TZS 446,932,000

- **Intersegment transaction**

Inter-segment transactions have been generally made on arm's length per the bureau's policy

ARUSHA TECHNICAL COLLEGE (ATC)

5	BANK AND CASH BALANCES	2022 TZS'000	2021 TZS'000
	Own Source Collection (BOT)	265,382	243,312
	Deposit General	(63,517)	11,042
	Development Expenditure	8,929,877	2,202,711
	Development EASTRIP (BOT)	-	9,600,954
	Own source Collection ATC PCB (CRDB)	187,005	101,323
	Own source Collection ATC Main (CRDB)	21,319	12,558
	Own source Collection (NMB)	5,971	9,119
	EASTRIP (NMB)	-	181,039
	Own Source Collection (TCB)	153,025	86,369
	Own Source Development Expenditure	46,416	63,612
	Own Source Recurrent Expenditure	(7,042)	-
	Loan's board(CRDB)	-	488,289
	REA (CRDB)	-	80
	Research (CRDB)	-	2,513
	NUFFIC (NMB)	-	45,419
	DIDF (NMB)	-	11,663
	Sports (NMB)	-	1,850
	Evining Classes (NMB)	-	2,782
	General Fund (NMB)	-	100,971
	Oljoro Irrigation (NMB)	-	109,556
	Petty Cash	143	144
	Recurrent Expenditure	704,562	691,944
	Unapplied Cash	32,905	-
		<u>10,276,046</u>	<u>13,967,250</u>
6	RECEIVABLES		
	Receivables from exchange transactions	1,410,754	1,161,729
	Prepayment	452,987	-
	Staff advances and Imprest	24,411	75,841
	Allowances for impairment of receivables	(172,002)	(172,002)
		<u>1,716,150</u>	<u>1,065,568</u>
7	INVENTORIES		
	Building	-	78,112
	Consumables	211,895	83,056
	Learning Materials	3,312,882	4,679,506
		<u>3,524,777</u>	<u>4,840,674</u>
8	WORKING IN PROGRESS		
	Ufundi tower Building	4,876,780	-
	Workshop Machinery & Equipment	99,530	99,530
	Ufundi Radio	7,349	7,349

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	Boys & Girls Hostel Kikuletwa	193,212	-
	Software-FDRI	23,726	-
	Kikuletwa Cascades	-	42,649
	Toilet Highway	23,711	23,711
	Medical Building	1,104,938	124,636
	Girls Hostel	1,418,084	11,304
	Hydropower Plant Kikuletwa	23,170	23,170
	EASTRIP	392,900	1,437
		<u>8,163,400</u>	<u>333,786</u>
9	INTANGIBLE ASSETS		
	Cost		
	At start and end of the year	46,876	46,876
	Amortization		
	At start of year	(41,218)	(37,905)
	Amortisation charge during the year	(1,699)	(3,313)
	At end of the year	<u>(42,917)</u>	<u>(41,218)</u>
	Net book value	<u>3,959</u>	<u>5,658</u>

ARUSHA TECHNICAL COLLEGE (ATC)

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PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Civil Structure	Laboratory / Workshop Equipment & plant and Machinery	Office, Hostel & Household equipment	Office, Hostel and Household furniture	Motor vehicles & Cycles	Library Books	Computer and Accessories	Access Roads	Bridges	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 1 July 2021												
COSTS	35,901,469	28,839,059	815,007	12,845,736	199,050	1,527,599	699,900	368,845	1,148,893	710,481	15,288	83,071,327
Adjustment OB Cost		(46,449)		6,211	(6,208)				(7,579)			(54,025)
Additions	-	-	-	68,531	40,775	23,442	362,566	-	154,689	-	-	650,003
At 30 June 2022	35,901,469	28,792,610	815,007	12,920,478	233,617	1,551,041	1,062,466	368,845	1,296,003	710,481	15,288	83,667,305
DEPRECIATION												
At 1 July 2021	-	(8,843,859)	(52,592)	(3,053,005)	(121,244)	(1,002,450)	(417,527)	(265,501)	(718,396)	(497,368)	(1,539)	(14,973,481)
Adjustment OB depreciation				(2,904)			20,661		(35,340)			(17,583)
Depreciation charge	-	(576,779)	(54,333)	(818,052)	(14,947)	(209,979)	(109,134)	(29,552)	(247,659)	(177,619)	(764)	(2,238,818)
Accumulated Depreciation	-	(9,420,638)	(106,925)	(3,873,961)	(136,191)	(1,212,429)	(506,000)	(295,053)	(1,001,395)	(674,987)	(2,303)	(17,229,882)
Carrying Amount												
At 30 June 2022	35,901,469	19,371,972	708,082	9,046,517	97,426	338,612	556,466	73,792	294,609	35,494	12,985	66,437,423
At 30 June 2021	35,901,469	19,995,200	762,415	9,792,731	77,806	525,149	282,373	103,344	430,497	213,112	13,749	68,097,845

ARUSHA TECHNICAL COLLEGE (ATC)

	2022	2021
	TZS 000	Restated TZS 000
11 PAYABLES AND ACCRUALS		
Trade payables	708,316	1,732,803
Salaries payable and other accrued employment costs	1,221,185	1,459,723
Withholding tax	3,970	2,315
	<u>1,933,471</u>	<u>3,194,841</u>
Prior year adjustments (Note 28)	-	(243,870)
Total - College	<u>1,933,471</u>	<u>2,950,971</u>
ATC PCB Plc	15,690	21,590
Prior year adjustment (Note 28)	-	(9,440)
ATC PCB Plc - restated*	<u>15,690</u>	<u>12,150</u>
Total - consolidated	<u>1,949,161</u>	<u>2,972,561</u>
* This amounts in 2021 and 2022 represent audit fees payable of TZS 3,540,000 and unpaid tax fines and penalties of TZS 12,150,000.		
12 DEFERRED INCOME - REVENUE		
Balance at the beginning of year	547,154	182,254
Revenue grants received during the year	5,729,071	2,183,908
Amount released to statement of financial performance	<u>(5,479,229)</u>	<u>(1,819,008)</u>
Balance at end of year	<u>796,996</u>	<u>547,154</u>
13 DEFERRED INCOME CAPITAL		
Balance at the beginning of year	12,187,045	13,358,004
Capital grants received during the year	754,147	1,502,130
Amount released to the Statatement of financial performance	<u>(4,345,049)</u>	<u>(2,673,089)</u>
Balance at end of year	<u>8,596,143</u>	<u>12,187,045</u>

The balance relates grants with restriction or conditions received in monetary form for capital expenditure or development projects including Kikuletwa Hydro EASTRIP Project, Oljoro Project, DIDF and Evening Program.

ARUSHA TECHNICAL COLLEGE (ATC)

14 REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2022 TZS 000	2021 TZS 000
Personal Emolument (PE)	4,976,789	4,827,098
Other Charges (OC)	638,205	4,433,613
Sub-total	5,614,994	9,260,711
<u>Amortisation of capital grants</u>		
Development Grant (Local)	2,825,995	2,673,089
Development Grant (Foreign)	1,519,054	-
Sub-total	4,345,049	2,673,089
<u>Amortisation of recurrent grants</u>		
Recurrent Grants	372	85,379
African Development Bank (AfDB)	3,306,733	-
World Bank (IDA)	2,048,920	1,238,882
European Union (EU)	99,588	456,200
Japan/ JICA	23,616	29,547
United States of America	-	9,000
Sub-total	5,479,229	1,819,008
Student Income	4,125,244	2,771,822
	19,564,516	16,524,630

14(a) Student Income

Tuition Fee	3,584,837	2,323,211
Application fee	45,806	50,989
Project and Dissertation Supervision	27,150	11,301
Registration Fees	33,234	30,686
Certificate of Competence	56,100	38,255
Identification fees	43,650	41,275
Examination Fees	127,982	126,474
Miscellaneous Income	146,766	96,996
Graduation Gown hire	8,605	6,895
Accommodation Fees	51,050	45,440
Fines	64	-
Tender Documents	-	300
	4,125,244	2,771,822

15 REVENUE FROM EXCHANGE TRANSACTIONS

Consultancy Fees	1,954,881	1,840,809
Workshop manufacturers	644,447	478,782
Conference Facility	27,380	18,491
Rent	65,960	70,048
	2,692,668	2,408,130

ARUSHA TECHNICAL COLLEGE (ATC)

16	WAGES, SALARIES AND EMPLOYEE BENEFITS	2022	2021
		TZS 000	TZS 000
	Civil Servants	4,711,931	4,961,350
	Civil Servants Contracts	98,327	21,367
	Electricity Allowance	60,496	16,180
	Extra-Duty	225,590	220,210
	Furniture	34,000	31,889
	Gratuities	9,223	42,642
	Honoraria	79,335	46,994
	Housing Allowance	25,300	9,000
	Invigilators Allowances	15,000	19,376
	Leave Travel	12,758	6,312
	Moving Expenses	16,431	3,000
	Non-Civil Servant Contracts	24,508	81,666
	Professional Allowances	66,523	44,590
	Responsibility Allowance	93,220	71,107
	Sitting Allowance	50,610	60,592
	Special Allowance	282,974	275,614
	Subsistence Allowance	18,828	25,274
	Court Attire Allowance	500	-
	Food and Refreshment	58,513	-
	National Health Insurance Schemes	3,900	-
	Public Sector Social Security Fund (PSSSF)	20,873	-
		<u>5,908,840</u>	<u>5,937,163</u>
17	SUPPLIES AND CONSUMABLES USED		
	Accommodation	1,200	28,116
	Advertising and publication	38,735	29,289
	Air Travel Tickets	49,085	26,326
	Audit fees	103,763	103,596
	Audit supervision expenses	39,609	22,984
	Bank Charges and Commissions	3,570	2,967
	Bed and Mattresses	5,550	-
	Books, Reference and Periodicals	-	3,191
	Burial Expenses	7,441	5,850
	Catering Services	3,519	-
	Computer Software	5,824	-
	Computer Supplies & Accessories	56,747	16,175
	Conference Facilities	23,361	1,790
	Consultation fees	-	65,552
	Diesel	66,550	40,823
	Drugs and Medicines	6,410	5,376

ARUSHA TECHNICAL COLLEGE (ATC)

17	SUPPLIES AND CONSUMABLES USED	2022	2021 Restated
		TZS 000	TZS 000
	Electricity	118,000	144,001
	Entertainment	16,037	4,187
	Examination Expenses	63,745	77,277
	Exhibition, Festivals and Celebrations	39,580	38,804
	Food and Refreshments	88,917	130,637
	Fumigation	9,600	3,200
	Gifts and Prizes	10,147	8,439
	Ground travel (bus, railway taxi, etc.)	113,833	77,794
	Internet and Email connections	119,903	69,267
	Insurance Expense	12,400	-
	Interest Expense	9,655	-
	Legal fees	-	11,316
	Lodging/Accommodation	3,859	-
	Mobile Charges	62,262	55,680
	Newspapers and Magazines	2,929	4,272
	Office Consumables (papers, pencils, pens and stationaries)	1,221,313	1,053,632
	College contribution	-	(34,039)
	Outsourcing Costs (includes cleaning and security services)	353,384	352,849
	Operation and Training Fuels	46,041	-
	Per Diem - Domestic	1,188,748	1,022,978
	Per Diem - Foreign	151,359	8,973
	Petrol	-	20,160
	Printing and Photocopying Costs	88,999	24,994
	Publicity	2,000	1,677
	Registration, Accreditation, Admission and Articulation	12,000	32,806
	Remuneration of Instructors	494,159	496,394
	Rent of Vehicles and Crafts	460	-
	Research and consultancies	26,350	27,100
	Research and Dissertation	35,400	-
	Seeds	-	100
	Sewage Charges	4,909	10,000
	Small engineering tools and equipment	-	2,000
	Software License Fees	14,940	20,489
	Special Uniforms and Clothing	13,490	11,500

ARUSHA TECHNICAL COLLEGE (ATC)

17	SUPPLIES AND CONSUMABLES USED	2022	2021 Restated
		TZS 000	TZS 000
	Sporting Supplies	4,402	14,083
	Student Meals	808,040	1,235,905
	Subscription Fees	44,060	17,514
	Sundry Expenses	42,020	39,930
	Technical Service Fees	7,865	10,450
	Training Allowances	293,570	472,992
	Training Materials	1,402,928	315,126
	Tuition Fees	129,997	138,508
	Inventory Write offs	-	352,074
	Water Charges	59,362	64,110
	Visa Application Fees	1,902	-
	Other expenses	42,677	-
		<u>7,572,606</u>	<u>6,576,534</u>
	Prior year adjustment (Note 28)	-	243,871
	Total - Collage	<u>7,572,606</u>	<u>6,332,663</u>
	ATC Production and Consultancy PLC Bureau	<u>3,540</u>	<u>3,540</u>
		<u>7,576,146</u>	<u>6,336,203</u>
18	MAINTENANCE EXPENSES		
	Cement, Bricks and Building Materials	35,141	247,144
	Mechanical, electrical, and electronic spare parts	12,116	-
	Direct labour (contracted or casual hire)	23,702	90,320
	Electrical and Other Cabling Materials	7,418	11,424
	Oil and Grease	11,631	-
	Materials	-	2,048
	Paint and Weather Protection Coatings	6,927	101,111
	Panel and body shop repair materials and services	7,661	4,696
	Pipes and Fittings	49,912	18,086
	Plumbing Supplies and Fixtures	408	92,470
	Roofing Materials	32,224	83,332
	Small tools and equipment	-	4,972
	Spare Parts	67,875	41,881
	Tyres and Batteries	11,488	6,441
	Wood and Timber Supplies	26,331	65,295
		<u>292,834</u>	<u>769,220</u>
19	IMPAIRMENT OF RECEIVABLES		
	Impairment charge	-	55,588

ARUSHA TECHNICAL COLLEGE (ATC)

	2022 TZS 000	2021 TZS 000
20 DEPRECIATION & AMORTIZATION		
Depreciation	2,238,818	2,157,434
Amortization	1,699	3,313
	<u>2,240,517</u>	<u>2,160,747</u>
21 GRANTS, SUBSIDIES AND OTHER TRANSFER PAYMENTS		
Contribution to CF (15%)	60,000	54,000
National Council for Technical Education (NACTE)	6,000	38,841
Revenue Transfer	6,853	-
	<u>72,853</u>	<u>92,841</u>
22 CASH RECEIVED FROM CUSTOMERS		
Receivables from exchange transactions at the beginning of the year	989,727	438,121
Add: Exchange transactions earned during the year	2,692,668	2,408,130
Less: Receivables from exchange transactions at the end of the year	(1,238,752)	(989,727)
	<u>2,443,643</u>	<u>1,856,524</u>
23 EMPLOYEE COSTS PAID		
Accrued salaries and other employee costs at the beginning of the year	1,358,702	802,781
Add: Employee costs incurred during the year	5,908,840	5,937,163
Less: Accrued salaries and other employee costs at the end of the year	(1,221,185)	(1,358,702)
Total employee costs paid during the year	<u>6,046,357</u>	<u>5,381,242</u>
24 PAYMENTS TO SUPPLIERS		
College		
Amount due to suppliers at the beginning of the year	1,592,269	4,245,653
Add: Purchases during the year (see below)	6,256,709	6,303,162
Less: Amount due to suppliers at the end of the year	(712,286)	(1,592,269)
Payment to suppliers during the year	<u>7,136,692</u>	<u>8,956,546</u>
Consolidated		
Amount due to suppliers at the beginning of the year	1,604,419	4,254,263
Add: Purchases during the year (see below)	6,260,249	6,306,702
Less: Amount due to suppliers at the end of the year	(727,976)	(1,604,419)
Payment to suppliers during the year	<u>7,136,692</u>	<u>8,956,546</u>

ARUSHA TECHNICAL COLLEGE (ATC)

	2022 TZS 000	2021 TZS 000
25 PURCHASES DURING THE YEAR		
College		
Closing stock at the end of the year	3,524,777	4,840,674
Add: Supplies and consumables used during the year	7,572,606	6,332,663
Less: Opening stock at the beginning of the year	(4,840,674)	(4,870,175)
Purchases during the year (included under payments to suppliers above)	<u>6,256,709</u>	<u>6,303,162</u>
Consolidated		
Closing stock at the end of the year	3,524,777	4,840,674
Add: Supplies and consumables used during the year	7,576,146	6,336,203
Less: Opening stock at the beginning of the year	(4,840,674)	(4,870,175)
Purchases during the year (included under payments to suppliers above)	<u>6,260,249</u>	<u>6,306,702</u>
26 MAINTENANCE EXPENSES PAID		
Accrued maintenance costs at the beginning of the year	-	18,550
Add: Maintenance expenses incurred during the year (per SOFP)	292,834	769,221
Less: Accrued maintenance costs at the end of the year	402,803	-
Maintenance expenses paid during the year	<u>695,637</u>	<u>787,771</u>

ARUSHA TECHNICAL COLLEGE (ATC)

27 RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES AND SURPLUS FOR THE YEAR

	Notes	Consolidated 2022 TZS '000	2021 TZS '000	College 2022 TZS '000	2021 TZS '000
Surplus		6,165,994	3,580,998	6,169,534	3,584,538
Adjustment for non-cash items:		-	-	-	-
Depreciation and Amortization	20	2,240,517	2,160,746	2,240,517	2,160,746
Prior year adjustment	28	-	9,440	-	9,440
Net adjustments in property, plant and equipment	10	71,607	(1)	71,607	8,610
Release of Deferred Income - revenue	12	(5,479,229)	(1,819,008)	(5,479,229)	(1,819,008)
Release of Deferred Income - capital	13	(4,345,049)	(2,673,089)	(4,345,049)	(2,673,089)
Operating loss before working capital change		(1,346,160)	1,259,086	(1,342,620)	1,271,237
Changes in working capital					
Inventory		1,315,897	235,220	1,315,897	235,220
Receivables		(650,582)	(627,447)	(650,582)	(627,447)
Payables and accrued expenses		(1,013,960)	(2,103,362)	(1,017,500)	(2,115,512)
		<u>(348,645)</u>	<u>(2,495,589)</u>	<u>(352,185)</u>	<u>(2,507,739)</u>
Net cash from operating activities		<u>(1,694,805)</u>	<u>(1,236,503)</u>	<u>(1,694,805)</u>	<u>(1,236,502)</u>

28 PRIOR YEAR ADJUSTMENTS

	Statement of financial Position	Statement of financial performance	Impact
<u>Impact on the financial year 2021</u>	TZS'000	TZS'000	
College			
Trade and other payables	(243,871)	-	Decrease
Accumulated surplus	243,871	-	Increase
Supplies and consumables used	-	(243,871)	Decrease
Consolidated			
Trade and other payables	(243,871)	-	Decrease
Accumulated surplus	243,871	-	Increase
Supplies and consumables used	-	(243,871)	Decrease
<i>Prior year adjustments of TZS 243,871,000 represent correction of errors arising from system challenges</i>			
<u>Impact on the financial year 2020</u>			
Trade and other payables	(9,440)	-	Decrease
Accumulated surplus	9,440	-	Increase

Prior year adjustment of TZS 9,440,000 represents reversal of tax fines and penalties over accrued in the year 2019/20.

29 CONSOLIDATED AND SEPARATE RECONCILIATION OF ACTUAL AMOUNT ON COMPARABLE BASIS AND SURPLUS FOR THE YEAR

	Consolidated TZS'000	Separate TZS'000
Actual amount on comparable basis	(989,795)	(980,354)
Movement in accounts receivable	(650,582)	(650,582)
Movement in accounts payable	1,267,271	1,261,370
Acquisition of the property, plant and equipment	8,779,617	8,779,617
Depreciation on property, plant and equipment	(2,240,517)	(2,240,517)
Surplus for the year	<u>6,165,994</u>	<u>6,169,534</u>

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30 RECONCILIATION OF ACTUAL AMOUNTS ON A COMPARABLE BASIS AND ACTUAL AMOUNTS IN THE CASHFLOW STATEMENT - COLLEGE

	Operating TZS'000	Financing TZS'000	Investing TZS'000	Total TZS'000
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement	7,799,263	-	(8,779,617)	(980,354)
Basis Differences	610,788	-	-	610,788
Timing Differences	-	-	(2,240,517)	(2,240,517)
Entity Differences	-	-	8,779,617	8,779,617
Actual Amount in the Statement of Cash flows	<u>8,410,051</u>	<u>-</u>	<u>(2,240,517)</u>	<u>6,169,534</u>

31 CONSOLIDATED RECONCILIATION OF ACTUAL AMOUNTS ON A COMPARABLE BASIS AND ACTUAL AMOUNTS IN THE CASHFLOW STATEMENT - CONSOLIDATED

	Operating TZS'000	Financing TZS'000	Investing TZS'000	Total TZS'000
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement	7,789,822	-	(8,779,617)	(989,795)
Basis Differences	616,689	-	-	616,689
Timing Differences	-	-	(2,240,517)	(2,240,517)
Entity Differences	-	-	8,779,617	8,779,617
Actual Amount in the Statement of Cash flows	<u>8,406,511</u>	<u>-</u>	<u>(2,240,517)</u>	<u>6,165,994</u>

32 EXPLANATIONS FOR THE DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS ON COPARABLE BASIS

32.1 Government grants, TZS 6,203 million

The favourable variance of Government grants by 46% was due to increase in disbursement and consolidation of development fund for UVICO, EASTRIP and other income from ATC PCB.

32.2 Revenue from exchange transactions, TZS 116 million

The unfavourable variance of Revenue from exchange transaction by 3% is attributable to less actual income earned against budget from various revenue sources including consultancy fee, workshop, production, conference facility and rent income.

32.3 Grants, Subsidies and Other Transfer, TZS 6.8 million

The unfavourable variance of Grants, Subsidies and Other Transfer by 10% is attributable to unbudgeted contribution to Government of 15% amounting TZS 6,853,000.

32.4 Maintenance expenses, TZS 11 million

The unfavourable variance of Maintenance expenses by 4% is due to increase the cost of repair and maintenance due to inflation.

32.5 Supplies and consumables used, TZS 4,378 million

The unfavourable variance of Supplies and consumables used by 98 % is due mainly attributed by the increase in activities such as advertising and publication, audit supervision expenses, computer supplies and accessories, ground transport, internet and email connection, office consumables, diesel, training materials and per diem domestic

32.6 Wages, salaries and employee benefits, TZS 411 million

Favourable variance of Wages, salaries and employees benefits by 6% was due to savings on various payments including gratuities, invigilators allowances, non-civil servant contracts, sitting allowances and subsistence allowances to the tune of TZS 411 million during the year.

32.7 Acquisition of property, plant and equipment, TZS 3,091 million

Favourable variance of property, plant and equipment by 54% was due to less acquisition of fixed assets and non-completion of building construction projects by the year end. Most of the projects were completed subsequent to the year end (November 2022).

33 BUDGET REALLOCATION

The budget reallocation resulting to the net increase in budgeted revenue by TZS 1,581 million and budgeted expenditure by TZS 2,558,967 was approved on 9 September 2022 in the 54th Governing Board Meeting. The budget covers the period of twelve (12) months from 1st July 2021 to 30 June 2022. These reallocations were due to carryover and UVICO fund from MoEST for the completion works of Ufundi Tower.

34 BUDGETARY BASIS AND CLASSIFICATION BASIS ADOPTED IN THE BUDGET

The Centre uses cash basis of budget preparation and classification. Consequently, the actual amounts used in the statement of comparison of budget have been adjusted to ensure comparability as the financial statements are prepared using accrual basis of accounting.

35 CAPITAL FUND

The Capital Fund stated in the financial statements at (30 June 2021: TZS 460,526,280) represents value of the buildings and all assets built/granted by the Government before College became an autonomous body.

36 TAXATION

The Governing Board considers that the Arusha Technical College being a government institution is deemed to have been exempted from paying taxes. Materials exclusively for education purposes or research are exempted from import duty by virtue of para 17 of part B of the Fifth Schedule of East African Community Customs Management Act, 2004. They are also exempted from VAT under item 14 of part II of the exemption Schedule of the Act No. 5 of 2014.

37 RELATED PARTY TRANSACTIONS

The College is full owned by the government of the United Republic of Tanzania. There are other entities that are related to the College through common ownership. A number of transactions are entered into with related parties in the normal course of business. These include claims to the ministry, the governing board expenses and payments to key personnel.

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During its operations, the College enters into transactions with related parties, which include the Government of the United Republic of Tanzania, the ultimate shareholder of the College, the related party transactions during the year are as follows:

(i) Expenses incurred with related party

	2022	2021
	TZS '000	TZS '000
Board Expenses	55,004	74,500
Directors Fees	64,000	64,000
Key management personnel	161,616	183,117
	<u>280,620</u>	<u>321,617</u>

(ii) Balances with Related party

Dividends (15% on Gross Revenue)	60,000	54,000
National Council for Technical Education (NACTE)	6,000	38,841
	<u>66,000</u>	<u>92,841</u>

38. CONTINGENT LIABILITIES AND COMMITMENTS*Legal Claims*

At the year end the College had a total of 2 decided cases pending for execution that has been recognised in the college consolidated financial statements. The College was a respondent in one case claiming a relief of TZS 42,449,000 and an applicant in one case involving TZS 65,220,000 as detailed in **table 9** below.

Table 1: Litigations claims against the Arusha Technical College

Case No:	Parties	Claim	Amount (TZS)	Status
Appeal No. 61 of 2017	Arusha Technical College Vs Victor Meena & Another	Dissatisfied by the decision of the High Court Labor Division hence filed an appeal against the said decision	65,220,000	Waiting Summons from the Court of Appeal
Application for Execution	Dafay Nicholas Laway Vs Arusha Technical College	Execute the order of the High Court Labor Division in Revision No. 75 & 84 of 2016	42,449,000	The applicant file long adjournment for the matter to be pending waiting answer of his letter from Permanent Secretary the President's Office, Public Service Management and Good Governance.
Total			107,669,000	

39. CAPITAL COMMITMENTS

There were no capital commitments contracted for or approved at reporting.

40. COMPARATIVE FIGURES

Reclassifications are made to prior year figures to conform to presentation in the current year when deemed necessary.