



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



NATIONAL ARTS COUNCIL

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

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March, 2024

AR/PA/NAO/TRE/0001/2023



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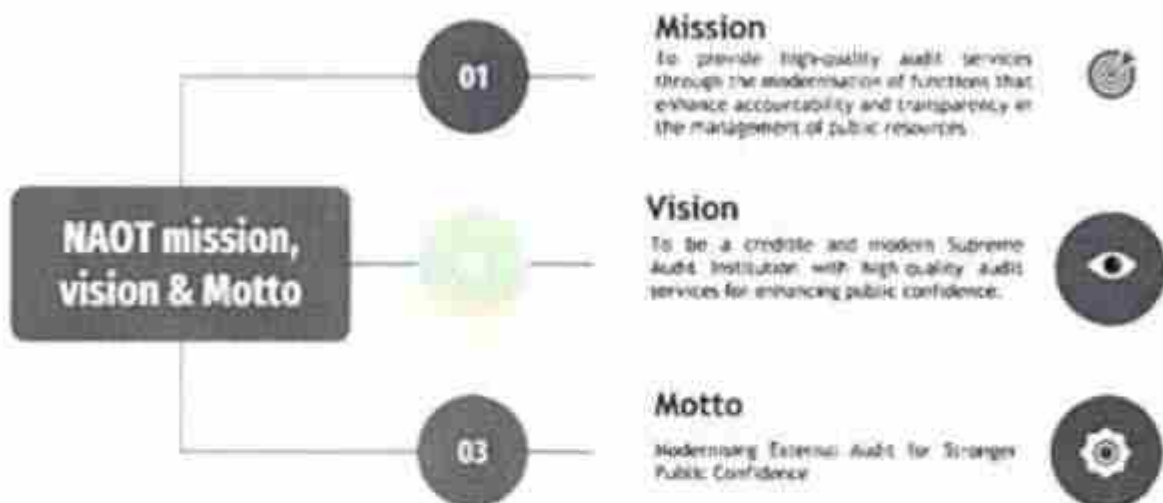
March, 2024

AR/PAD/NAC/TR84/2022/23

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418[R.E 2021]



Independence and objectivity

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

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

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



Professional competence

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

Integrity

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

Creativity and Innovation

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

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ABBREVIATIONS

ACPA	Associate Certified Public Accountant
AMIS	Artist Management Information System
AR	Audit Report
CAG	Controller and Auditor General
COVID19	Coronavirus Disease of 2019
Dr	Doctor
EAC	East Africa Community
GAMIS	Government Asset Management Information System
HIV	Human Immunodeficiency Virus
ICT	Information and communication technology
IESBA	International Ethics Standards Board for Accountants
IFACCA	International Federation of Arts Councils and Culture Agencies
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
NAC	National Arts Council
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
PA	Public Authority
PPE	Property, Plant and Equipment
PSSSF	Public Service Social Security Fund
TFRS1	Tanzania Financial Reporting Standard 1
TZS	Tanzanian Shillings

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board of Directors,
National Arts Council,
P.O. Box 4779,
Dar es Salaam, Tanzania.

1.1. REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of National Arts Council, which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of National Arts Council as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. I have determined the matter described below as the key audit matter.

MUSE accounting system

In compliance with the Government directive mandating all government agencies to adopt the MUSE system, NAC commenced the usage of MUSE this financial year. As a result, the first-time usage of the system became significant to me in this audit.

In addressing this matter, I designed procedures that focus on application control of the MUSE accounting system to assess the completeness, accuracy, and validity of the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report or any other equivalent report, statement of management responsibility, Declaration by the Head of Finance, and any other information included in the entity's annual report but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

1.2. REPORT ON COMPLIANCE WITH LEGISLATION

1.2.1 Compliance with the Public Procurement Laws

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

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

Conclusion

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

Non-compliance with the public procurement Act for the procurement of cleaning service

Reg. 7.6 (i) of NAC Financial Regulations state that "all tenders shall be processed using procedures provided in the Public Procurement Act." In my review of the procurement process, I noted that the Council obtained cleaning services from Quality group limited at a cost of TZS 7,200,000 without following any procurement procedure.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

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

Conclusion

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



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



2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE

2.1 INTRODUCTION

Pursuant to Tanzania Financial Reporting Standard (TFRS) No.1 issued by the National Board of Accountants and Auditors (NBAA) in June 2020 and became effective on 1 January 2021, National Arts Council (NAC). The Report by those charged with Governance for period ended 30 June 2023. The report is presented along with NAC Financial Statements. The presented Financial Statements disclose results of operations and state of affairs of the Council.

The Report by those charged with Governance that has been prepared by the Council's Board of Directors discloses material information that assist NAC Stakeholders in understanding the operations, strategies, financial and governance matters. Further, the report provides information that assists NAC Stakeholders in understanding future outlook of the Council. Considering the accompanied Financials, the Council's Board of Directors is confident that its Stakeholders will be in a position to making informed decisions as far as their interests in the Council are concerned.

2.2 MISSION, VISION AND CORE VALUES

The Vision statement describes the Council's future direction that allows staff to carry out their tasks with a shared corporate goal while Mission statement summarizes NAC's purpose of existence and how customers' expectations will be met. Additionally, NAC has defined Core Values that describe NAC's identity and serve as ethical benchmarks by which NAC and its personnel are valued. The values are committed to its stakeholders and are infused into the Council's action.

In the financial year 2022/23 NAC was implementing the third year of its five years (2020/2021-2025/2026) Strategic Plan (SP). The defined vision, mission and core values are:

2.2.1 Vision

The National Arts Council should become the guiding and facilitating organization for artistic excellence, profitability, and vibrancy in Tanzania.

2.2.2 Mission

To facilitate production, consumption, marketing of and participation in high quality art.

2.2.3 Core Values

- a) Consolidation of national identity through the promotion and development of an authentic Tanzanian artistic tradition.
- b) Promotion of artistic activities with due respect and regard for sustainable environment protection.
- c) Respect to human rights including gender equality and equity, children's rights, rights of the elderly as well as those of people with disabilities.
- d) Promotion of artistic activities with due respect to legal requirements, including registration and permits regulations.
- e) High regard for professionalism and excellence; and
- f) Promotion of creativity and innovativeness.

2.3 STRATEGIC OBJECTIVES

NAC's Plan and Budget for the year 2022/2023 aimed at achieving eleven (11) Strategic objectives as follows:

- a) Fighting Against HIV/AIDS To Employees and Artists Conducted
- b) Fighting Against Corruption to Staffs and Artists Conducted
- c) Good Governance and Conducive Environment for Service Delivery Enhanced
- d) Council Resources Increased and Controlled
- e) Art Centers Built and Council Offices Strengthened
- f) Public and Arts Stakeholders Are Informed on the Issues of Arts Sector.
- g) Guidelines for the Non-Copyrighted Issues of Artists Are Set
- h) Creativity And Quality Art Works Enhanced
- i) Arts Promotion Activities in Primary and Secondary Schools Strengthened
- j) The Use of Folklore Expressions and Traditional Arts Managed
- k) Community Participation in Arts Activities Enhanced

2.4 MAIN FUNCTIONS OF NAC

The principal activities of the Council as stipulated in Section 5 of the National Arts Act No. 23 of 1984 are:

- a) To assume responsibility of the revival and to promote the development and production of artistic works including the production and use of indigenous and traditional musical instruments, songs, poetry, and promoting Tanzania culture.
- b) To carry out research in the development and production of artistic works and marketing of such works, including the standard and quantity of artistic works produced in Tanzania.
- c) To provide advisory services and technical assistance necessary for or incidental to the proper development of enterprise for the production of artistic works to Parastatal organizations and other person engaged in such enterprises.
- d) To plan and co-ordinate the activities of persons engaged in the production of artistic works in Tanzania.
- e) To advise the Government on all matters relating to the development and production of artistic works in Tanzania.
- f) To provide and promote training facilities for person engaged in or employed or to be employed in enterprise for the production of artistic works.

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- g) To undertake or assist any institution or person in the undertaking of production, importation, exportation and sale of artistic works for any matter appertaining to artistic works.
- h) To stimulate the development of artistic works by preparing and arranging exhibitions, displays, performances, workshops, seminars and competition between different artists; and
- i) To provide by laws published in the Gazette and in such manner as the Council may approve a system of registration of persons engaged for gain in giving public musical performances, production of musical instruments, the recording of gramophone records or magnetic tapes for playback or otherwise in any manner with any matter relating to music.

2.5 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.5.1 CURRENT PERFORMANCE

During the year, the Council implemented a number of activities, major ones are listed below:

- a) To assume responsibility of the revival and to promote the development and production of artistic works including the production and use of indigenous and traditional musical instruments, songs, poetry, and promoting Tanzania culture.
 - The Council participated at the Saba Saba International Trade Fair 2022/2023 in Dar es Salaam. Apart from publicity, the Council coordinated the participation of the arts industry in which 530 artists participated in the trade fair through Meet Your Star Division.
 - The Council coordinated the administrative infrastructures for three (3) arts federations that are Music, Fine and Performing Arts federations and arts associations. The coordination was undertaken by insuring fair associations leadership elections as well as administrative coaching of the leaders of arts federations and associations.
 - The Council raised public awareness on the arts promotion related matters by conducting the media campaigns in social and mainstream medias. The media tours conducted in 95 medias and 69 media conferences were undertaken.
 - The Council conduct the strategic meeting with 143 cultural officers from 26 regions of Tanzania Mainland. The main agenda of the meeting was networking as well as formalization of the arts sector.
 - The Council participated in the National Committee of vetting of Mwalimu Nyerere Portrait. The Portrait required to be fixed in the Africa Union Headquarters.
- b) To plan and co-ordinate artistic events
 - The Council conducted Tanzania Music Awards for the year 2022. Fifty-two (52) awards were provided to outstanding artists and arts promotion and development institutions which have significant contributions to the development of music in Tanzania. Special award was provided to the Former President of United Republic of Tanzania Dr. Jakaya Mrisho Kikwete.
 - The Council coordinated 17 artistic events of regional, national and international features.
 - The Council conducted Arts for Children event where 450 children participated from 5 secondary schools from Dar es Salaam. The event included special dialogue concerning ethical consideration in arts sector.

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- The Council conducted Sanaa Mtaa kwa Mtaa for the purpose of uplifting upcoming artists directly from streets. During the year, the program undertaken in Coastal, Arusha and Mwanza. 1,549 musicians, fine and performing artists were involved in the implementation of the said program.
 - The Council coordinated the Mdundo wa Taifa program to facilitate the preparation of producer's kit in order to facilitate the production of music that reflect Tanzania's Traditional Values.
- c) To register and provide permits to artists, arts stakeholders and arts events.
- The Council promotes the uses of the Artists Management Information System (AMIS) as user's friendly system in which all artists and arts stakeholders used to acquire their operation permits.
 - The Council conducted the registration operations to artists, arts stakeholders and arts infrastructures including social halls of all regions in Tanzania where 385 Artists and Arts Stakeholders were registered.
 - The Council provided permits to 38 foreign artists and 183 local artists for international arts performances.
- d) To prepare and update of arts legislations and maintain the artistic code of ethics for prevention of Tanzanians Tradition Custom.
- Through internal meetings, media conferences and press releases, the Council capacitated artists in the ethical issues in arts industry.
 - The Council prepared the draft of Artistic Code of Ethics that will influence the artists in the ethical consideration during the artistic undertakings. Artistic code of ethics is submitted to the Ministry of Culture, Arts and Sports for review and approval.
 - The Council is reviewing the National Arts Council Regulation No. 43 of the year 2018.
- e) To provide advisory services and technical assistance necessary for or incidental to the proper development of enterprise for the production of artistic works to Parastatal organizations and other person engaged in such enterprises.
- To ensure quality artistic works, the Council provided the technique support to 398 artists and arts stakeholders in area of Arts Performances, event management, administration and leadership.
 - The Council reviewed 42 arts events and projects of stakeholders for quality assurance.

2.6 FUTURE DEVELOPMENT PLANS AND STRATEGIES

The Council is in the process of developing an Arts Centre in Dar es Salaam in plot no. 417; Block D of Square Meter 9,725 Ilala Shariff Shamba and Plot no. 882 Block D of Square Meter 8,613 in Dodoma at Chamwino District, the idea of establishing an Arts Centre is a long-standing dream of the Council and was hatched at the very beginning of its formation. The designated responsibilities of the Council can be more efficiently performed within the conceptual and physical environment that an arts Centre provides. An Arts Centre is an inclusive institution and facility, to serve not only as the administrative hub of the Council but also as a resourceful and nourishing Centre for upcoming and established artists to turn to in order to improve and re-inspire their powers of artistic creation.

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An Arts Centre also generates long-term active involvement in the arts, across all disciplines, through specific outreach programs targeting artists and marginalized groups such as children, the youth, women people with disabilities and the aged. Its inclusive nature increases community participation in the arts and promotes attendance at arts events.

Using its current infrastructure, though limited, the Council has, all along, been implementing the arts Centre concept through training programs for artists, hosting small performances, exhibitions, art and culture meetings and availing its small multipurpose hall to arts organizations to conduct their own meetings, seminars and workshops. Every Monday the Council holds a session of art talks to which artists and the general public are encouraged to attend. When the theatre house is ready, it will increase the number and size of activities open to artists and the public.

Overall, the Council has kept its doors open to the general public as much as is practically possible. The implementation of the full arts Centre project will put the Council where it should be the Centre of the Tanzania world of art.

2.7 ORGANIZATION STRUCTURE

The overall Management of NAC is vested to management of the National Arts Council is under the Executive Secretary who is assisted by a Management Team composed of units and departments. The Executive Secretary is the Chief Executive Officer responsible for day-to-day operations of the Council, the management of funds, property and business of the of the Council and for the administration, organization and control of the other officers and staff of the Council. The organization structure of the council has two departments Department of Corporate Services and Department of Arts Promotion and Marketing one dealing with core functions and the other with supporting functions. Also, there are five independent units as follows: Procurement unit, Legal Service unit, and internal audit unit, Public Relations and ICT and Statistics.

2.8 FINANCIAL PERFORMANCE REVIEW

During the year under review, the Council received from the Government TZS 1,169,191,668 for Personnel Emolument and TZS 171,550,000 for Other Charges. The Council also earned TZS 893,795,676 as revenue from own Sources. Total Collection represents 131% of the approved annual budget for FY 2022/23. Furthermore, the Council Received TZS 84,650,000 from the Ministry for coordination of "Mdundo wa Taifa", conducting of Tanzania Music Awards (TMA) 2022 and prizes of TMA 2021 winners.

The Council spent a total of TZS 2,131,595,729 out of which TZS 1,522,072,889 was for Staff Salaries (PE) and TZS 609,522,840 was for all other expenses.

2.8.1 ANALYSIS OF FINANCIAL PERFORMANCE

a) Revenue

The Council's total revenue during the year under review was TZS 2.23 billion, of which the Internal generated revenue was TZS 893 million which increased by TZS 360.6 million (equivalent to an increase of 68%) when compared with last year's own sources revenues. The increase was attributed to much effort exacted by the Council in registration and permit issued to stakeholders.

b) Expenses

The NAC's expenses for the financial year ended 30 June 2023 amounted to TZS 2,131,595,729, (2021/2022 TZS 1,635,017,159) which records an increase of TZS 496,578,570 equivalent to 30%. The large increase is a result of the activities carried out during the year which includes SENSABIKA, Tanzania Music Awards and Sanaa Mtaa kwa Mtaa.

Wages, salaries, and employees' benefit

Wages, salaries, and employees benefit during the year under review was TZS 1,522,072,889, this increase was attributed by the additional of 8 staff as new recruitment, and 5 transferred from other government organization. Additionally, the increase in wages and salaries expenses is a result of promotion.

2.9 RESOURCES

The National Arts Council depends on a number of existed resources that complement each other in attainment of its objectives. Resources available at the closure of financial year 2022/23 are explained below:

2.9.1 Human Resources

These are staff whose competence, capabilities and experience define NAC's vision, set strategic objectives, craft strategies for attainment of the objectives and implement the developed strategies. Also, NAC staffs are the ones who uphold set of moral guidelines that define NAC's identity when NAC interacts with its stakeholders.

2.9.2 Financial Resources

These are resources which finance plans that are implemented by Human resources. The resource acts as a catalyst that complements Human resources in the process of transforming the Council's plan into actual implementation in order to realize the anticipated value. The Council's sources of finance and respective average contribution are Government Subvention TZS 1,340,741,668 and Other Internally Generated Sources TZS 893,795,676. Since the Council is operating in environment where the financial resources are limited, NAC has a practice of

prioritizing its plans to ensure plans with higher contribution towards attainment of its objectives are given first charge during allocation of available limited resources. Further, the Council has monitoring mechanism to ensure the allocated funds are utilized solely for implementation of the agreed plan and intended objectives are attained.

2.9.3 Social and Relationship Resources

In line with NAC operations, the resource comprises external key stakeholder relationships that are likely directly or indirectly to influence the Council operations. The key stakeholder relationship involves relationship between NAC and Government Institutions, Artists, Artist Stakeholders, Financial Institutions, Suppliers.

Development Partners and Media. Since the stakeholders have ability to influence NAC's performance, the Council has identified main needs of each stakeholder, device and implement mechanism for fulfilling their needs as detailed in the NAC's Strategic Plan.

2.9.4 Capital Resources

The Council has Properties, Plant and Equipment (PPE) that are used in day-to-day operation. The PPEs are classified into different categories as shown in Note 8 Proper utilization of this resource is enhancing operational efficiency and effectiveness in service delivery. In this regard, NAC has Financial Regulations which provide guidance on management of PPEs starting from acquisition up to disposal point. At the closure of financial year 2022/23, the Council had PPEs with total net book value amounting to TZS 2.028 billion as indicated in Note 8 to the Financial Statements.

2.9.5 Intellectual Resources

The Council's intellectual resources include ICT application systems which have automated and modernized operations. The Council has developed the system known as AMIS that is used artists and artists' stakeholders' information. Further, the Council uses MUSE for all payments to its customers as well as GePG for collection revenue collections.

In general, implementation of ICT application systems improves the Office's service delivery process and enhances efficiency. The Council shall continue with its initiative to automate business operations to enhance efficiency and reduce costs of business operations. Factors that may affect availability, quality and affordability of intellectual resources include fast technological changes, systems hackers where access controls and firewalls are weak and unexpected power outage. However, the Council is organized to cope with future changes and expects intellectual resources will continuously be available to meet future demand.

2.10 INTERNATIONAL AND LOCAL RELATIONS

During the year 2022/23 NAC continued to maintain its relationship with various stakeholders including, the general public, local and international organizations. The Council activated its

membership with the International Federation of Arts Councils and Culture Agencies (IFACCA). During the year under review the Executive Secretary, participated in the 9th World Summit on Arts and Culture, from 1-6 May 2023 in Stockholm, Sweden. The Summit was co-hosted by Swedish Arts Council and IFACCA is a platform that fosters exchange between representatives from government, cultural and non-cultural sectors and civil society. The 9th World Summit was co-hosted by the Swedish Arts Council and IFACCA.

2.11 RISK MANAGEMENT AND INTERNAL CONTROL

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

- a) Effectiveness and efficiency of operations.
- b) Safeguarding of NAC assets.
- c) Compliance with applicable laws and regulations.
- d) Reliability of accounting records.
- e) Operational sustainability under normal as well as adverse conditions; and
- f) Responsible behaviours towards all stakeholders.
- g) The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the National Arts Council system is designed to provide the Council with reasonable assurance that the procedures in place are operating effectively.

2.12 CORPORATE GOVERNANCE MATTERS

National Arts Council is committed to the highest standards of corporate governance. Its governance structure is flexible enough to adopt changes in the internal and external environment and the Council strives to regularly review its processes, rules and regulations and structure with a view to ensuring the best performance of the Council of Directors and overall management of its operations. The Council adheres to global standards and practices of good corporate governance. The Council has established and maintains an internal audit unit, tender board, and procurement management unit.

Composition of the Council Members

The Council is headed by the Chairperson. The Chairperson of the Council is appointed by the President of the United Republic of Tanzania whereas the rest of the Council members are appointed by the Minister responsible for Culture, Arts and Sports. All members of the Council are appointed for a term of three years and are eligible for re-appointment only for another one term.

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The table below show the list of the newly appointed board members.

S/N	Name	Position	Age	Qualification/Discipline	Nationality	Appointment
1	Prof. Saudin Jacob Mwakaje	Chairman	49	PhD-Law	Tanzanian	October 2023
2	Joachim Marunda Kimaro	Member	50	BSc-Electrical Engineering	Tanzanian	October 2023
3	Single Mohamed Mtambalike	Member	51	Secondary education	Tanzanian	October 2023
4	Felista Steven Leio	Member	37	Master of Law in Taxation	Tanzanian	October 2023
5	Mgunga Attilio Mwamnyerwa	Member	57	MA (Theatre) studies	Tanzanian	October 2023
6	Dr. Gervas Andrew Kasiga	Member	41	Ph.D. in Kiswahili Literature	Tanzanian	October 2023
7	Jessica Julius Mshama	Member	28	MBA- International Business	Tanzanian	October 2023

The Council takes overall responsibility for the Organization, including responsibility for identifying key risk areas, considering significant financial matters, and reviewing the performance of Organization plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and that the Organization complies with sound corporate governance principles.

The Council is required to meet at least four times a year. During the year under review there were no appointed Board members. The management of day-to-day activities of the Councils was under the Executive Secretary assisted by Senior Management level. Under the supervision of the Permanent Secretary of parent Ministry.

2.13 ANALYSIS OF EXTERNAL OPERATING ENVIRONMENT

The National Arts Council has various stakeholders it works with; this includes Government Institutions, Ministries, Departments, Agencies, Artists, and Artist stakeholders. Each stakeholder is included in the scope of operation of NAC is affected by its external environment. Thus, analysis of the external environment that might affect the NAC's operations includes but not limited to:

2.13.1 Political environment

The Council plans, and budgets are prepared and implemented while observing the ruling political party (Chama cha Mapinduzi) manifesto, 2020-2025 Development Goals and other initiatives. The prevailing political environment facilitates the Development and promoting artistic activities in the country. The Council receives resources from the Government to support the implementation of its planned activities for financial year 2022/2023. The political environment in the country is favourable for the Council to perform its functions without challenges and disturbances. Further, during the year ended 30 June 2023 Council did not experience any political interference to hinder its regulatory operations as mandated by law.

In the Geopolitical environment, prevailing peace and security within East Africa Community (EAC) region is important in providing conducive environment for artistic events.

2.13.2 Economic environment

According to the Tanzania economic report shows that there is a rapid growth of sports and entertainment sector than other sector, 13.7% for 2018/2019, 11.2% for 2019/2020 (the drop was due to COVID 19) and 19.4% for 2022/2023. This indicates the importance of this sector in the economic growth of the Country. The introduction of National and International artistic events has become the main stimulus for economic growth. Thus, NAC with its stakeholders will continue organizing more National and International artistic events in the Country which will attract more people inside and outside the Country to participate. World Intellectual Property Organization (WIPO) statistics shows that arts contribute to 4.8% of employment in Tanzania. The contribution of copyright-based industry in Tanzania.

2.13.3 Environmental challenges

Environment has been a major challenge in many areas of the country in terms of burning trees, throwing garbage in drainage which hinders free flow of rainwater and hence pollutes the air which becomes a disaster. The Council continued with its efforts on educating the stakeholders to observe the environment protection when conducting artistic events especially in public ground. Further, the management has instituted adequate and full combated disaster recovery plan to mitigate environment challenge risks if it happened.

2.13.4 Technological environment

The technology is changing very fast forces NAC to develop Artists Information Management System (AMIS) to assist in performing its duties as mandated in managing its stakeholder's information. Also, the Council uses PLANREP in budgeting preparation and reporting, MUSE for expenditures and financial. These systems have motivated and promoted efficiency in managing the affairs of the Council.

Technological developments have exposed the entertainment sector to rapid changes through the digitalization and the availability of more digital platforms.

2.13.5 Social environment

The council operates within societies in Tanzania whose society is very sensitive in preserving its national values and norms. The most challenge that faced the Council during the year under review was unethical behaviour to some of its stakeholders.

The council is working to make sure that ethical behaviour is maintained by its stakeholders when conducting their artistic activities.

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The Council with the mandate given by the law cannot dissociate itself from these societies. In this regard, the council has been participating and supporting financially and technically its stakeholders in preparation of their artistic events.

However, despite continuous participation and funding, demands from stakeholders are higher than approved annual budgets. Going forward, the NAC will increase its budget allocation for supporting its stakeholders.

2.13.6 Legislative Environment

The National Arts Council (NAC) performed its function by mandate by an Act of Parliament, Act No 23 of 1984 by amalgamation of the National Arts Council and the National Music Council, to repeal the National Arts Council Act, 1974 and the National Music Council Act, 1974. The Council is in the process of reviewing its Regulations that hinders the proper performing its duties.

2.14 APPOINTMENT OF AUDITORS

The Controller and Auditor General is the Statutory Auditor of the National Arts Council by virtue of Article 143 of the Constitution of the United Republic of Tanzania (URT) and as amplified in Section 32 (4) of the Public Audit Act CAP.418 [R.E.2021]. However, in accordance with Section 33 (1) of the same Act, M/s Mazars Tanzania was authorized to carry out audit of the National Arts Council on behalf of the Controller and Auditor General for the financial statements of the year ended 30 June 2023.

2.15 CORPORATE SOCIAL RESPONSIBILITIES

The council made the corporate social responsibility contribution in the year 2022/23 as well as in the prior year. The CSR provided in terms of condolences and financial supports to artists and arts stakeholders who were in needs.

2.16 HIV/AIDS POLICY

The Council recognizes the seriousness of the HIV/AIDS epidemic and its negative impact on the capacity to realize National Arts Council vision and objectives. The Council has adopted HIV/AIDS policy, which aims at raising HIV/AIDS awareness to its employees.

2.17 ACCOUNTING POLICIES

Summary of key accounting policies relating to Financial Statements are provided in Note 4 to the Financial Statements for the period ended 30 June 2023.

2.18 EMPLOYEES WELFARE

2.18.1 Relationship between management and employees

The relationship between management and employees continued satisfactory. Complaints were resolved through meetings and discussions. Work morale was good and continued to be good during and after the financial year 2023, there were no unsolved complaints from employee.

2.18.2 Employment

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

2.18.3 Employee's benefits

The National Arts Council facilitates social welfare of employees by providing moral and material support such as medical care through National Health Insurance Fund (NHIF), leave pay, prizes to the best workers and other benefits. Employee benefits are recognized when incurred. The Office continued to operate a defined contribution plan where contributions were paid to Public Service Social Security Fund (PSSSF).

The employer contributed 15% and employee 5% and the total contributions remitted to PSSSF. The employer contribution is often affected centrally by the Ministry of Finance Public Debt and General Services, Vote 22.

2.18.4 Health and Industrial Safety

The Council continued to satisfy the standards of safety established by the Occupational Safety and Health Administration.

2.18.5 Training

Training programs have been and are continually being developed to ensure that employees are adequately trained in accordance with the training plan developed from the need assessment conducted annually.

2.19 GENDER BALANCE

The NAC recognizes gender balance matters. Recruitment and promotion processes provide for equal opportunity to both men and women. The Council constitutes both men and women. As at 30 June 2023 NAC had the following distribution of employees by gender:

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Gender	2022/23	2021/22
Male	34	28
Female	18	12
Total	<u>52</u>	<u>40</u>

2.20 POLITICAL AND CHARITABLE DONATIONS

The Council did not make any political or charitable donations to political parties during this year under review as well as last year.

2.21 DISABLED PERSONS

It remains the Council's policy to accept disabled persons for employment for those vacancies that they are able to fill. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Council continues, and appropriate training is arranged. It is the Council's policy that training, career development and promotion of disabled persons are identical to that of other employees.

2.22 PREJUDICIAL ISSUES

During the year ended 30 June 2023 there was no serious prejudicial matters to be reported (2022: NIL).

2.23 GOING CONCERN

Nothing has come to the attention of the Council members to indicate that the Government of the United Republic of Tanzania shall wind up the operations of the Council, thus, not to remain a going concern for at least twelve months from the date of this Statement. Therefore, the Government will provide funding for future operations.

2.24 STATEMENT OF COMPLIANCE


The Report by Those Charged with Governance has been prepared in accordance and comply with TFRS No.1 as issued by the NBAA in June 2020 and relevant statutory legislations issued by the Government.

2.25 EVENTS SUBSEQUENT TO THE REPORTING DATE

There were no significant events subsequent to 30 June 2023 relating to Financial Statements for the year ended 30 June 2023.

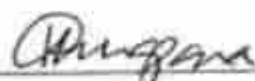
2.26 APPROVAL

The Report by Those Charged with Governance was approved by NAC Board of Directors for issue and were signed on its behalf by:



Prof. Saudin J. MwakaJe

Chairman of the Board



Dr. Kedmon Mapana

Executive Secretary

Date: 23/03/2024

3.0 STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE

As required under section 15(1) of the Public Corporation's Act (amendment) 1992, the Board is responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position at 30 June 2023, and the Statement of Financial Performance, the Statement of Changes in Net Assets and Cash flows Statement for the year then ended, Statement of comparison of Budget and Actual Amounts and the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Public Sector Accounting Standards and in the manner required by the National Arts Council as established by Act No. 23 of 1984.

The Board confirms that suitable accounting policies have been used and applied consistently, reasonably, and prudent judgments and estimates have been made in the preparation of financial statements for the year ended 30 June 2023. The Board also confirms that applicable International Public Sector Accounting Standards (IPSAS) have been followed and that the financial statements have been prepared on going concern basis. Board is also responsible to; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

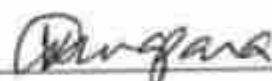
Nothing has come to the attention of the Board members to indicate that the Government of the United Republic of Tanzania shall wind up the operations of the Council thus, not to remain a going concern for at least twelve months from the date of this Statement.

Approval of the financial statements of the Council, as indicated above, were approved by the Board Members on 23/03/2024 and are signed on its behalf by:



Prof. Saudin J. Mwakaje

Chairman of the Board



Dr. Kedmon Mapana

Executive Secretary

Date: 23/03/2024

4.0 DECLARATION OF HEAD OF FINANCE OF NATIONAL ARTS COUNCIL

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 Statement of Declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board/Governing Body/ Management to discharge the responsibility of preparing financial Statements of an entity showing the true and fair view of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board / Governing Body as under Board Members' Responsibility statement on an earlier page.

I, CPA Hannah C. Mwakalinga, being the Director of Corporate Services of the Council hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 30 June 2023 have been prepared in compliance with applicable accounting standards and statutory requirements. I thus confirm that the financial statements give a true and fair view position of National Arts Council as on that date and they have been prepared based on properly maintained financial records.

Signed by H. C. Mwakalinga
Position: Director of Corporate Services
NBAA Membership No. ACPA 1021
Date: 23/03/2024


NATIONAL ARTS COUNCIL

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

ASSETS	NOTE	2022/23 TZS	2021/22 TZS
Current asset			
Cash and cash equivalents	5	23,859,694	19,977,226
Receivables	6	170,045,814	38,314,000
Inventories	7	784,000	-
Total current asset		194,689,508	58,291,226
Non-current asset			
Property, plant and equipment	8	2,028,641,270	2,044,214,765
Work in progress - open air theatre	9	1,518,378,884	1,518,378,884
Intangible assets	10	106,436,000	106,436,000
Total non-current asset		3,653,456,154	3,669,029,649
TOTAL ASSETS		3,848,145,662	3,727,320,875
LESS: LIABILITIES			
Current liabilities			
Payables and Accruals	11	510,821,129	492,937,957
Total current liabilities		510,821,129	492,937,957
TOTAL LIABILITIES		510,821,129	492,937,957
NET ASSETS		3,337,324,533	3,234,382,918
Financed by:			
Accumulated surpluses		3,337,324,533	3,234,382,918
TOTAL NET ASSETS		3,337,324,533	3,234,382,918

The accompanying notes are an integral part of the financial statements which were approved by the Board and signed on its behalf by:


 Prof. Saudin J. Mwakaje
 Chairman of the Board

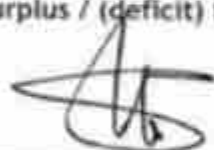

 Dr. Kedmon Mapana
 Executive Secretary

Date: 23/03/2024

NATIONAL ARTS COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

REVENUE	NOTE	30 JUNE 2023 TZS	30 JUNE 2022 TZS
Revenue grants	12	1,340,741,668	939,287,165
Revenue from exchange transactions	13	745,889,426	470,151,449
Other revenue	14	147,906,250	62,972,000
TOTAL REVENUE		2,234,537,344	1,472,410,614
EXPENSES AND TRANSFERS			
Wages, salaries and employee benefits	16	1,522,072,889	873,216,034
Use of Goods and Service	17	513,937,880	623,075,407
Maintenance expenses	18	16,436,070	16,862,000
Depreciation of property, plant and equipment	19	42,014,499	95,777,128
Other expenses	20	37,134,391	26,086,590
Total expenses		2,131,595,729	1,635,017,159
TOTAL EXPENSES AND TRANSFERS		2,131,595,729	1,635,017,159
Surplus / (deficit) for the year		102,941,615	(162,606,545)



Prof. Saudin J. Mwakaje

Chairman of the Board



Dr. Kedmon Mapana

Executive Secretary


Date: 23/03/2024

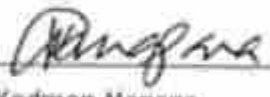
NATIONAL ARTS COUNCIL

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

	ACCUMULATED SURPLUS/(DEFICIT) 2022/23 TZS	2021/22 TZS
AS AT 01 JULY		
Opening balance	3,396,989,463	2,797,378,585
Deficit for the Year	(162,606,545)	(150,389,119)
AS AT 30 JUNE	<u>3,234,382,918</u>	<u>2,646,989,466</u>
AS AT 30 JUNE		
Opening balance	3,234,382,918	2,646,989,466
Prior year adjustment	-	749,999,997
Restated balance 30 June	-	3,396,989,463
Surplus for the year	102,941,615	(162,606,545)
AS AT 30 JUNE	<u>3,337,324,533</u>	<u>3,234,382,918</u>

The accompanying notes are an integral part of the financial statements.


 Prof. Saudin J. Mwaka
 Chairman of the Board


 Dr. Kedmon Mapana
 Executive Secretary

Date: 23/03/2024

NATIONAL ARTS COUNCIL

CASHFLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2023

	NOTE	2022/23 TZS	2021/22 TZS
CASH FLOW FROM PERATING ACTIVITIES			
RECEIPTS			
Revenue grants	12	1,340,741,668	939,287,165
Revenue from exchange transactions	15	762,063,862	518,449,449
Total receipts		2,102,805,530	1,457,736,614
PAYMENTS			
Wages, salaries, and employee benefits	16(A)	1,473,307,731	856,692,433
Other payments	17(A)	599,174,328	575,524,948
Total payments		2,072,482,059	1,432,217,381
NET CASH FLOW FROM OPERATING ACTIVITIES		30,323,471	25,519,233
CASH FLOW FROM INVESTING CTIVITIES			
Acquisition of property, plant and equipment	8	(26,441,003)	(16,298,980)
Total Investing activities		(26,441,003)	(16,298,980)
NET CASH FLOW FROM INVESTING ACTIVITIES		(26,441,003)	(16,298,980)
Net increase		3,882,467	9,220,253
Cash and cash equivalent at beginning of period	5	19,977,227	10,756,974
Cash and cash equivalent at end of period (Note 5)		23,859,694	19,977,227

The accompanying notes are integral part of the financial statements.

Prof. Saudin J. MwakaJe

Chairman of the Board

Dr. Kedmon Mapana

Executive Secretary

Date: 23/03/2024

NATIONAL ARTS COUNCIL

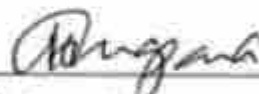
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AS AT 30 JUNE 2023

	Original Budget	Final Budget (B)	Actual Amount on Comparison Basis (A)	Different Budget & Actual (B-A)
	TZS	TZS	TZS	TZS
RECEIPTS				
Subvention from other Government entities	905,499,621	905,499,621	171,550,000	733,949,621
Revenue grants	-	-	1,169,191,668	(1,169,191,668)
Revenue from exchange Transactions	800,062,500	800,062,500	708,302,862	91,759,638
Other revenue	-	-	53,761,000	(53,761,000)
Total receipts	1,705,562,121	1,705,562,121	2,102,805,530	(397,243,409)
PAYMENTS				
Wages, salaries and employee benefits	1,035,172,154	1,035,172,154	1,473,307,731	(438,135,577)
Use of goods and service	485,967,500	485,967,500	494,349,240	(8,381,740)
Other transfers	5,000,000	5,000,000	-	5,000,000
Other expenses	62,440,000	62,440,000	88,389,019	(25,949,019)
Maintenance expenses	31,000,000	31,000,000	16,436,070	14,563,930
Acquisition of property, plant and equipment	82,100,000	82,100,000	26,441,003	55,658,997
Total payment	1,701,679,654	1,701,679,654	2,098,923,063	(397,243,409)
Net receipts	3,882,467	3,882,467	3,882,467	-



Prof. Saudin J. Mwakaje

Chairman of the Board



Dr. Kedmon Mapana

Executive Secretary

Date: 23/03/2024

6.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. REPORTING ENTITY

The Council is a government owned institution that was established under the National Arts Act No 23 of 1984. The Council has its offices located at Ilala Sharif Shamba, Dar es Salaam. The financial statements of the Council are for the year ended 30 June 2023.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) and its interpretations adopted by International Public Sector Accounting Standards Board (IPSASB).

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through surplus or deficits measured at fair value. The Council's budget is prepared on cash basis.

The preparation of financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

(c) Functional and presentation currency

These financial statements are presented in Tanzania Shillings (TZS) which is the Council's both functional and presentation currency. The rounding up of figures in the financial statements has been limited to the nearest shilling.

3. GOING CONCERN

The Council is dependent upon subvention from the Government through the Ministry of Finance to pay for the personnel emoluments, to run arts development projects and other office operations. The Government has no plans to stop providing support in respect of funding to the

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Council in order that the Council meets its liabilities as and when they fall due thus the financial basis statements have been prepared on the basis of accounting policies applicable to a going concern entity. Apart from the Government subvention, the Council has its own legislative internal revenues sources to finance its operational activities.

4.1 SIGNIFICANT ACCOUNTING POLICIESCHANGE IN ACCOUNTING POLICIES

During the year under review there were no new policies adopted by the Council.

4.2 NEW / AMENDED STANDARDS AND INTERPRETATIONS

There were no new or amended standards and interpretations which were adopted by the Council during the year.

4.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standards were issued by International Public Sector Accounting Standards Board (IPSASB) but were not yet effective at the date of issuance of the Council's Financial Statements. The Council will adopt them for the purpose of the preparation of the future Financial Statements, where applicable. Further, the Council does not currently plan to early adopt them.

4.3.1 IPSAS 41 Financial Instruments

In August 2018, IPSASB released IPSAS 41. The standard establishes new requirements for classifying, recognizing and measuring financial instruments replacing IPSAS 29, Financial Instruments: Recognition and measurement. The objective of this standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing, and uncertainty of an entity's future cash flows. The key difference between IPSAS 29 and IPSAS 41 is that IPSAS 29 classification was rule based and could be complex and challenging to apply in practice while IPSAS 41 reduces complexity by replacing the existing classification and measurement categories for financial assets with principal-based categories. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

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

The Council plans to adopt the standard in financial year commencing on 1 July 2023.

4.3.2 IPSAS 42 - Social Benefits

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The main objective of the standard is to assist users of financial statements and general-purpose financial reports assess the nature of social benefits provided by the entity, the features of the operation of the social benefit schemes, and the impact of the social benefits on the entity's financial performance, financial position and cash flows. The standard requires an entity to recognize a liability for a social benefit scheme when the entity has a present obligation for an outflow of resources that results from a past event, and the present obligation can be measured in a way that achieves the qualitative characteristics and takes account of constraints in the conceptual framework. The standard is effective for periods commencing on or after 1 January 2023. The standard will have no impact on the Financial Statements of the Council as Social Benefits are not applicable to the Statements. Therefore, the Council will not adopt the standard for preparation of future Financial Statements.

4.3.3 IPSAS 43 - Leases

In January 2022, IPSASB issued IPSAS 43. The standard sets out the principles for recognition, measurement, presentation and disclosure of leases. The objective is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for the users of financial statements to assess the effect that leases have on financial position, financial performance and Cash flows of an entity.

The standard requires an entity to consider terms and conditions of contracts as well as all relevant facts and circumstances when applying the standard. In this regard, the entity is required to apply the standard consistently to contracts with similar characteristics and similar circumstances. For lessees, the IPSAS introduces a right-to-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13.

For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13. Additionally, IPSAS 43 provides exemption to leases with a term of less than 12 months and leases for which the lease asset is of low value. The standard is effective from 1 January 2025. The Standard does not have impact on Financial Statements as they do not cover any lease arrangement. Thus, the Standard will not be adopted for preparation of future Financial Statements.

4.3.4 IPSAS 44 'Non-current Assets Held for Sale and Discontinued Operations'

In May 2022 IPSASB issued IPSAS 44 that specifies the accounting for assets held for sale and the presentation of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:

- a) Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and
- b) Presented separately in the statement of financial position and results of discontinued operations to be presented separately in the Statement of financial performance.

The standard is effective from periods commencing on or after 1 January 2025. The standard

does not impact on the Financial Statements as there are no non-current assets relating to the issued standard.

4.3.5 IPSAS 45 Property, Plant and Equipment

In May 2023, IPSASB issued IPSAS 45, Property, Plant and Equipment which replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. The objective of the standard is to update principles drawn from IPSAS 17, Property, Plant and Equipment by adding new guidance for heritage assets, infrastructure assets and measurement of property, plant and equipment.

The standard prescribes the accounting treatment for property, plant, and equipment so that users of financial statements can discern information about an entity's investment in its property, plant, and equipment and the changes in such investment. The principal issues in accounting for property, plant, and equipment are the recognition of the assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognized in relation to them.

This standard is effective from period beginning on January 1, 2025. The Standard does not have impact on the Council's Revenue Statements as they do not cover Plant, Property and Equipment. Thus, the Standard will not be adopted for preparation of future Financial Statements.

4.3.6 IPSAS 46 Measurement

In May 2023, IPSASB issued IPSAS 46, Measurements which provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in generic guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views.

that an alternative current value measurement basis to fair value is needed for certain public sector assets. The objective of this standard is to improve measurement guidance across IPSAS by:

- a) Providing further detailed guidance on the implementation of commonly used measurement bases, and the circumstances under which they should be used,
- b) Clarifying transaction costs guidance to enhance consistency across IPSAS; and
- c) Amending, where appropriate, guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement-related disclosures.

This standard is effective from period commencing on 1 January 2025. The standard will have

Impact on Financial Statement as it provides measurement of Assets and Liabilities. The Council plans to adopt it in the financial year commencing on 1 July 2025.

4.3.7 IPSAS 47 Revenue

In May 2023, IPSASB issued IPSAS 47, Revenue. IPSAS 47 is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new Standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions. IPSAS 47 replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers). The standard aimed at improving revenue reporting in public sector by:

- (a) Presenting revenue guidance in a single Standard.
- (b) Clarifying and refining the accounting principles and concepts to account for revenue transactions in the public sector; and
- (c) Providing non-authoritative guidance to help preparers use professional judgment in applying the accounting principles consistently.

The standard effective date is January 1, 2026, with earlier application permitted. This standard has impact in preparation of Financial Performance in future as it provides basis and guidelines for revenue recognition, measurement and reporting. The Council plans to adopt it in the financial year commencing on 1 July 2026.

4.3.8 IPSAS 48 Transfer Expenses

In May 2023, IPSASB issued IPSAS 48, Transfer Expenses. The standard provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new standard fills a significant gap in the IPSASB's literature and provides guidance to help entities account for public sector transfer expense transactions. IPSAS 48 presents two accounting modules based on the existence of a binding arrangement. The standard includes comprehensive guidance for an entity to determine whether their transaction arises from a binding arrangement, and consequently, which accounting module to apply. The objective of this standard is to provide accounting requirements for transfer expenses. A transfer expense is an expense arising from a transaction, other than taxes, in which an entity provides a good, service, or other asset to another entity, without directly receiving any good, service, or other asset in return. The effective date of IPSAS 48 is January 1, 2026. This standard will have impact in preparation of Financial Performance in future as it provides basis and guidelines for treatment of transfer expenses. The Council plans to adopt it in the financial year commencing on 1 July 2026.

4.3.9 IPSAS 49 'Retirement benefit plans

In October 2023, IPSASB issued IPSAS 49, "Retirement Benefit Plans." The standard clarifies that retirement benefit plans, also known as pension schemes, superannuation schemes, or retirement benefit schemes, are considered separate reporting entities from the employers of plan participants while all other standards apply to the financial statements unless superseded by specific requirements.

IPSAS 49 outlines that retirement benefit obligations owed to participants should be recognized in the statement of financial position as provisions for the actuarial present value of promised retirement benefits. However, for defined contribution plans, retirement benefit obligations owed to participants should be recognized as defined contribution plan obligations.

The objective of IPSAS 49 is to specify the accounting and reporting requirements for public sector retirement benefit plans, which offer retirement benefits to public sector employees and other eligible participants. Effective date for this standard is on or after January 1, 2026. IPSAS 49. The standard will have impact to our financial statements as will significantly impact the preparation of financial statements by providing guidance on the scope, recognition, measurement, and presentation of retirement benefit plans. The NAC plans to adopt IPSAS 49 in the financial year commencing on July 1, 2026.

4.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the council are:

a) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Council assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognized:

(i) Revenue from Exchange Transactions

Rental income arising from operating leases on Council properties is recognized when it is probable that the economic benefits will flow to the Council and the revenue can be measured.

reliably in line with tenancy agreement. Rental income is initially measured at cost and amortized on a straight-line basis over the lease terms.

(ii) Revenue from non-exchange transactions

Revenue is recognized to the extent that it is probable that the service potential associated with the transaction/asset will flow to the entity and that the revenue can be measured reliably. Rental revenue is recognized on accrual basis of accounting. Such revenue recognized

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only when it is probable that the economic benefits associated with the transaction will flow to the Council. Value added tax is excluded. Other earned revenue recognized as it accrues.

(iii) Allocations from the Government

These comprise of operational income (other charges) of the Council, which is monthly cash allocations, or any other income received on special cases; salaries and based on approved Budgets. The income is recognized when it is probable that the economic benefits will flow to the Council and the revenue can be measured reliably.

(iv) Fees, Fines and Penalties

Income from artist registration fees, stakeholders' fines and penalties are recognized when it is probable that economic benefit will flow to the Council and the revenue can be measured reliably.

b) Foreign Currency Transactions and Balances

(i) Functional and Presentation Currency

The Financial Statements items of the Council are measured and presented using the currency of the primary economic environment which is Tanzanian Shillings (TZS). This is the Council's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are initially translated to Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. The rate applicable is the selling price as quoted at Bank of Tanzania as at 30 June 2023.

c) Inventories

Inventory is measured at cost upon initial recognition. Cost is comprised of the purchase price of the inventories. After initial recognition, inventory is measured at the lower of cost or net realizable value/current replacement cost. Cost is determined using the weighted average method. Net realizable value is the estimated selling price less costs to make the sale.

Current replacement cost is the cost the Council would incur to acquire the asset on the reporting date.

Inventories are recognized as an expense when deployed for consumption in the ordinary course of Council's operations. The Council's inventories at the Statement of Financial Position date are comprised of stocks of stationery, office supplies, customs seals and other consumables that will be expensed in the subsequent year.

d) Provisions

Provisions are recognized when the Council has a present obligation (legal or constructive) as

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a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Council's provisions at the Statement of Financial Position date comprise of Audit fees payable during the financial year but untaken to be undertaken in the next financial year. The expense relating to this provision is presented in the Statement of Financial Performance net of any reimbursement.

e) Property, plant, and equipment

The Council uses Cost Model to value its assets.

All items of plant and equipment are initially recorded at cost. The amounts comprise of expenditure directly attributable to the acquisition of the items. These amounts are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the service potential associated with the item will flow to the Council and the value of 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.

Depreciation is recognized in the statement of financial performance on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment.

Changes in depreciation rates

The council changed the depreciation rates effective from 01 July 2022 to comply with Government Assets Management System (GAMIS) following the Government circular No.2 of 2017/2018. The impact on the depreciation changes is reflected in the depreciation expense, surplus, PPE financial position and will affect the carrying amounts of the affected assets in future reporting periods. The Council has complied with IAS 8 and other regulatory requirements pertaining to changes in accounting estimates. The depreciation rates are as indicated below:

Description of Asset	2022/23 Rates	2021/22 Rates
Buildings	2%	4%
Motor vehicle	-	25%
Office equipment	20%	12.5%
Office furniture	20%	12%
Carvings and paintings	20%	12.5%
Fence and shops (current in buildings)	-	4%
Computer (current in office equipment)	-	12.5%
Leasehold property	-	8.3%

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An asset's carrying amount is written down immediately to its recoverable amount when there is strong evidence that the carrying amount is greater than its estimated recoverable amount. 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.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Gain or losses on disposal are determined by comparing the disposal proceeds with the carrying amount and are credited/charged to the statement of financial performance.

f) Financial instruments

(i) Non-derivative financial instruments

The Council initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through the statement of financial performance) are recognized initially on the transaction date at which the Council becomes a party to the contractual provisions of the instrument.

The Council derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Council is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Council has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Council has the following non-derivative financial assets: loans and receivables.

(ii) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purpose. For an investment to qualify as cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

(iii) Financial assets at fair value through the statement of financial performance

An instrument is classified at fair value through the statement of financial performance if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through the statement of financial performance if the Council manages such investments and make purchase and sale decisions based on their fair value in accordance with the Council's documented risk management or investment strategy.

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Upon initial recognition attributable transaction costs are recognized in the statement of financial performance when incurred. Financial instruments at fair value through the Statement of financial performance is measured at fair value, and changes therein are recognized in the statement of financial performance.

(iv) Other non-derivative financial instruments

Other non-derivative financial instruments are measured at amortized cost through their useful life less any allowance for impairment. Gains and losses are recognized in the statement of financial performance when the loans and receivables are derecognized or impaired as well as through the amortization process.

g) Revaluation reserve

The revaluation reserve represents the surplus of valuation over the historical cost of buildings, furniture, and equipment to the extent that the depreciation charge on the revalued assets exceeds that which would have been charged had the assets not been revalued, a release is made from the revaluation reserve to accumulated deficit. The Council is now using Cost Model to value its assets.

h) Intangible assets

Intangible assets are stated at cost less amortization. The council used cost model to value its intangible assets as at 30 June 2023. Intangible assets are not amortized.

Impairment

(i) Impairment of non-financial assets

The Council assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations is undertaken, management must estimate the expected remaining service amount of a non-cash generating asset or non-cash generating unit and choose a suitable discount rate in order to calculate the present value of the remaining service potential.

(ii) Impairment of receivables

The Council assesses recoverability of receivables from time to time and where there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Council will not be able to collect all of the amounts due under the original terms of invoice. The carrying amount of receivable is reduced to reflect recoverable amount.

(iii) Useful life of assets

Critical estimates are made by the management in determining depreciation rates for property, plant and equipment.

i) Employee benefits**(i) Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal and constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Retirement benefits

The Council has statutory obligations to contribute to various pension schemes in favour of all the employees employed under permanent and pensionable terms. The pension scheme in force to which the Council contributes is the Public Service Social Security Fund (PSSSF). Contributions to this fund are recognized as an expense in the period the employees render the related services.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Council is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Council has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or performance-sharing plans if the Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

j) Provisions

A provision is recognized if, as a result of a past event, the Council has a present legal or

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constructive obligation that can be estimated reliably, it is probable that an outflow of resources embodying service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

k) Receivables

Trade and other receivables are non-interest bearing and are carried at anticipated realizable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the year-end. Bad debts are written off when all reasonable steps to recover them have failed.

l) Payables

The liabilities payables are carried at cost, which is measured at the fair or contractual value to be paid in respect of goods or services supplied to the Board, whether billed or not.

m) Related Party

Related parties comprise of key management personnel who include all directors and Board Members of the Council as indicated on Note 21.

n) Comparative figures

Due to the adoption of the International Public Sector Accounting Standards (IPSAS) for the time during the period from the previous financial reporting framework, comparative figures have been re-aligned to the new reporting framework presentation requirements.

5 CASH AND CASH EQUIVALENTS

	2022/23 TZS	2021/22 TZS
Bot own source collection account	16,131,398	2,401,149
Cash in hand	140,000	47,000
Development expenditure cash account	100,000	100,000
Imprest cash account	5,500,000	-
Own source collection account - Akiba Commercial Bank	81,254	5,146,726
Own source collection account - NBC	100,000	100,000
Own source collection account - NMB	-	4,360,000
Own source recurrent expenditure GF	1,807,042	-
Recurrent expenditure cash account	-	7,822,351
	<u>23,859,694</u>	<u>19,977,226</u>

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6 RECEIVABLES

	2022/23	2021/22
	TZS	TZS
Registration fee and Permit receivables	57,736,564	101,936,250
Rent fee receivables	30,523,000	18,164,000
Provision for doubtful debt	-	(81,786,250)
Release in provision for doubtful debt	81,786,250	-
	<u>170,045,814</u>	<u>38,314,000</u>

Registration and permit fee receivable relate to uncollected Registration and permit fees from registered hall conducting arts and entertainment activities as at 30 June 2023

7 INVENTORY CONTROL

Stationaries	<u>784,000</u>	-
	<u>784,000</u>	-



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8. PROPERTY, PLANT AND EQUIPMENT

	LEASE HOLD LAND	BUILDING	OFFICE EQUIPMENT	FURNITURE AND FITTINGS	OFFICE FITTINGS	CARVINGS & PAINTINGS	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
COSTS							
As at 1 July 2022	1,032,653,750	1,655,000,000	236,881,234	68,124,757		5,967,860	2,998,627,601
Additions monetary	-	-	16,490,735	9,950,268		-	26,441,003
As at 30 June 2023	1,032,653,750	1,655,000,000	253,371,969	78,075,025		5,967,860	3,025,068,604
DEPRECIATION							
As at 1 July 2022	-	662,000,000	218,320,219	68,124,757		5,967,860	954,412,836
Charge for the year	-	33,100,000	7,322,967	1,591,531		-	42,014,499
As at 30 June 2023	-	695,100,000	225,643,186	69,716,288		5,967,860	996,427,334
NET BOOK VALUES							
As at 30 June 2022	1,032,653,750	959,900,000	27,728,783	8,358,737		-	2,028,641,270
As at 30 June 2023	1,032,653,750	993,000,000	18,561,015	-		-	2,044,214,765

Lease hold property comprises of land owned by the Council in Dar es Salaam Block D Plot No. 417 with 97255sqm, valued at TZS 1,000,000,000 and Plot No. 882 in Dodoma Chamwino Block D with SQM 8,613, valued at TZS 32,653,750.

Depreciation for the year

The company's fixed asset register contains numerous assets with a net book value of zero. The council ensure no asset with negative value has been included upon applying a flat 20% depreciation rate to the total costs of assets.

Controller and Auditor General

AR/PA/NAC/2022/23

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9 WORK IN PROGRESS - OPEN AIR THEATRE

COST	2022/23	2021/22
	TZS	TZS
COST		
As at 1 July	1,518,378,884	1,518,378,884
Addition	-	-
As at 30 June	<u>1,518,378,884</u>	<u>1,518,378,884</u>

The Council is currently constructing an Open-Air Theatre at Sharif Shamba. The facility is still under construction process and not ready for capitalization. Additionally, there was no advancement in the construction process during the 2022/2023 period.

10 INTANGIBLE ASSETS

COST	AMIS	TOTAL
As at July 1 2022	106,436,000	106,436,000
Addition	-	-
As at June 30 2023	<u>106,436,000</u>	<u>106,436,000</u>
AMORTIZATION		
As at July 1 2022	-	-
Charge for the year	-	-
As at June 30 2023	-	-
NET BOOK VALUE	<u>106,436,000</u>	<u>106,436,000</u>

Intangible assets relate to Artist Management Information System (AMIS). NAC engaged e-GA to develop this system which record complete database of artists. The system is still on the trial and the current development value is TZS 106,436,000 which is yet to be paid to developer.

Amortization

Artist Management Information System (AMIS) is an intangible asset with indefinite life. According to IPSAS 31 Paragraphs 88, 106-109, intangible assets with indefinite life should not be amortization.

11 PAYABLES AND ACCRUALS

Descriptions		
Supplies of goods and services	198,680,806	178,308,166
Staff Claims	144,946,159	96,181,001
Other payables	167,194,164	218,448,790
	<u>510,821,129</u>	<u>492,937,957</u>

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The Council was not able to pay most of its liabilities during the year under review. The current management of Council is in the process of assessing all the liabilities and ensure that payments are done during the year 2023/2024.

Supply of goods and services: relate to development cost of Artistic and stakeholders' registration system (AMIS) which is now in the trial process. The system was developed by eGA and the development cost was set at TZS 106,436,000.

Staff payables: increased of staff payables this was brought by the outstanding directors' allowances and other related staff allowance which were not paid plus moving expenses payable to dismissed staff.

Other payables: This amount includes retention fee and construction fee relating to open air theatre construction payable to Motto Search amounting to TZS 98,316,367. This amount has been outstanding since previous year.

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12 REVENUE GRANTS

The Council depends on the subvention from the Government of United Republic of Tanzania through Ministry of Finance. The breakdown of the subvention received during the year is shown hereunder:

Months	2022/2023			2021/2022		
Month	Personal emolument TZS	Other charges TZS	Total TZS	Personal emolument TZS	Other charges TZS	Total TZS
July	73,864,590	19,500,000	93,364,590	53,248,930	8,791,416	62,040,346
August	80,848,590	-	80,848,590	56,970,060	10,448,128	67,418,187
September	88,311,055	39,000,000	127,311,055	60,306,820	8,791,417	69,098,237
October	90,719,369	-	90,719,369	61,914,510	13,020,117	74,934,627
November	100,565,103	17,550,000	118,115,103	64,199,310	8,791,417	72,990,727
December	103,172,103	4,875,000	108,047,103	69,103,300	8,791,417	77,894,717
January	97,410,503	9,750,000	107,160,503	107,823,520	7,472,704	115,296,224
February	98,595,503	9,750,000	108,345,503	69,006,910	7,472,704	76,479,614
March	101,220,278	14,625,000	115,845,278	70,298,060	7,472,704	77,770,764
April	113,135,688	19,500,000	132,635,688	75,417,440	7,472,704	82,890,144
May	110,123,418	19,500,000	129,623,418	70,910,910	7,472,704	78,383,614
June	111,225,468	17,500,000	128,725,468	76,295,660	7,794,304	84,089,964
	1,169,191,668	171,550,000	1,340,741,668	835,495,430	103,791,736	939,287,165

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13 REVENUE FROM EXCHANGE TRANSACTIONS

	2022/23 TZS	2021/22 TZS
Miscellaneous Receipts	360,482,932	80,785,906
Permit Fees	324,641,999	360,623,543
Registration Fees	60,764,495	28,742,000
	<u>745,889,426</u>	<u>470,151,449</u>

Registration fees are those fees charged for the for registration of new artists. Permit fees are those fees charged for artist to perform in the events within the country and outside the country.

14 OTHER REVENUE

Rent from government Quarters	66,120,000	62,972,000
Release of provision for doubtful debt	81,786,250	-
	<u>147,906,250</u>	<u>62,972,000</u>

15 CASH COLLECTED FROM EXCHANGE TRANSACTION

Registration and permit fee	708,302,862	470,151,449
Rent collected	53,761,000	48,298,000
	<u>762,063,862</u>	<u>518,449,449</u>

16 WAGES, SALARIES AND EMPLOYEE BENEFITS

Casual Labour	21,869,000	-
Civil Servants	1,169,191,668	702,097,000
Electricity	-	8,300,000
Electricity Allowance	10,260,000	-
Extra-Duty	50,414,850	5,817,234
Facilitation Allowance	150,050,513	-
Food and Refreshment	25,108,400	-
Housing Allowance	25,794,254	7,740,000
Leave Travel	8,905,958	2,624,000
Moving Expenses	-	692,000
Professional Allowances	-	262,500
Public Service Pension Fund (PSPF)	-	105,314,550
Sitting Allowance	37,188,246	21,733,750

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Sub total	1,498,782,889	854,581,034
	2022/23	2021/22
	TZS	TZS
Subsistence Allowance	12,220,000	18,635,000
Telephone Allowance	9,430,000	-
Uniform Allowance	1,640,000	-
	1,522,072,889	873,216,034

Increases in salaries and other benefits was due to staff increases from 40 to 52.

16(A) CASH PAYMENTS TO EMPLOYEES

Opening balance (staff claim)	96,181,001	79,657,400
Wages, salaries, and employee benefits	1,522,072,889	873,216,034
Closing balance (staff claim)	(144,946,159)	(96,181,001)
	1,473,307,731	856,692,433

17 USE OF GOODS AND SERVICE

Advertising and publication	-	100,000
Artistic Materials	-	9,250,000
Cleaning Supplies	600,000	1,730,612
Computer Supplies and Accessories	530,000	1,215,000
Conference Facilities	22,110,000	21,270,289
Consumable Medical Supplies	450,000	-
Diesel	31,190,600	40,160,100
Electricity	20,525,000	-
Exhibition, Festivals and Celebrations	225,632,658	2,440,000
Food and Refreshments	1,831,800	-
Gifts and Prizes	2,568,000	50,000
Ground Transport (Bus, Train, Water)	-	5,182,200
Ground travel (bus, railway taxi, etc)	74,605,219	363,302,752
Internet and Email connections	5,920,000	65,300
Office Consumables (papers, pencils, pens and stationaries)	11,317,850	31,853,842
Per Diem - Domestic	80,347,253	123,884,812
Posts and Telegraphs	108,000	220,000
Printing and Photocopying Costs	2,031,500	9,250,500
Publicity	20,600,000	1,310,000
Tapes, Films, and Materials (split)	-	7,400,000
Consultancy Fees	6,900,000	-
Security Services	5,600,000	-
Telephone Charges (Land Lines)	-	4,390,000
Uniforms	870,000	-
Wire, Wireless, Telephone, Telex Services	200,000	-

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and Facsimile	513,937,880	623,075,407
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17(A) CASH PAID FOR USE OF GOODS AND SERVICES

	2022/23 TZS	2021/22 TZS
Use of goods and services	494,349,240	337,744,591
Maintenance	16,436,070	16,862,000
Other expenses	88,389,018	220,918,357
	<u>599,174,328</u>	<u>575,524,948</u>

18 MAINTENANCE EXPENSES

Cement, Bricks and Building Materials	1,000,000	1,491,000
Panel and body shop repair materials and services	12,905,505	-
Repair and Maintenance of Furniture	2,530,565	1,880,000
Tyres and Batteries	-	13,491,000
	<u>16,436,070</u>	<u>16,862,000</u>

19 DEPRECIATION

Depreciation (Note 8)	42,014,499	95,777,128
	<u>42,014,499</u>	<u>95,777,128</u>

20 OTHER EXPENSES

Audit fees	26,000,000	21,124,090
Audit supervision expenses	-	1,315,500
Bank Charges and Commissions	380,405	-
Consultancy fees	8,030,000	-
Facilitation Fees	2,723,986	-
Security Services	-	3,647,000
	<u>37,134,391</u>	<u>26,086,590</u>

21 RELATED PARTY TRANSACTIONS

a) Compensation to Key Management personnel

Related party transactions include payments made to Board members, Executive Secretary, and other key management personnel as follows:

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Salaries	137,719,888	48,000,000
Benefits	51,440,000	7,750,000
	<u>189,159,888</u>	<u>55,750,000</u>

b) Related party transactions

List of transactions with other Government Entities for the year ended 30 June, 2023

S/N	Goods/Services Received	Transactions	Balance
1	Diesel	31,773,816	-
2	Consumables (Stationery)	11,996,850	-
3	Electricity	20,525,000	-
5	Staff Training	580,000	-
6	Annual Fee and TANEPS	3,500,000	2,500,000
		<u>68,375,666</u>	<u>2,500,000</u>

22 COMPARABILITIVE FIGURES

The comparative figures have been reclassified to conform to the current year's presentation. The reclassification was necessary due to a modification in the grouping of revenue and expense classes that were adopted in the current year following conformance to the MUSE grouping.

23 VARIANCE ANALYSIS ON THE STATEMENT OF BUDGET AND ACTUAL AMOUNTS

- (a) The variance on other receipts amounting to was due to amount received from artist stakeholders to support NAC activities the receipt from NBS for promotion campaign that was called SENSABIKA.
- (b) The reason for the increase in expenses was due to funds spent on promoting SENSABIKA campaign and expenses for Tanzania Music awards 2022.

FINANCIAL RISK MANAGEMENT

The Council is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Council's exposure to each of the above risks, the Council's objectives, policies, and processes for measuring and managing risk, and the Council's management of capital. Further quantitative disclosures are included throughout these financial statements. The Council's management established the Council's risk management framework.

The Council's risk management policies are there to identify and analyse the risks faced by the Council, to set appropriate risk limits and controls, and to monitor adherence to risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Council, through its training and management

standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The management are responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risk faced by the Council.

Credit risk

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Potential concentration of credit risk arises principally from the Council's receivables. As at 30 June 2023 the Council had a total of other receivables and prepayments balance of TZS 170,045,814 (TZS 38,314,000: June 2022).

Other receivables do not have standard credit characteristics; they differ depending on whether they are normal prepayments and deposits, "governed by specific prepayment and deposits terms" or the creditworthiness of entity from which they are receivable.

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council monitors its risk to a shortage of funds using a recurring liquidity planning procedure which considers the maturity of both accounts' receivables and projected cash flows from operations. The Council's objective is to maintain a balance to allow continuity of operations. As at 30 June 2023 the council had a total payable balance of TZS 510,821,129 (TZS 492,937,957: June 2022).

Market risk

Market risk is the risk that arises from changes in market prices, such as foreign exchange rates, interest rates and related risks that are bound to affect the Council's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

24 TAX STATUS OF THE COUNCIL

Under the second schedule of Income Tax Act, 20024 of United Republic of Tanzania the Council is exempted from paying corporate taxes on the excess of income over expenses.

25 CONTINGENT LIABILITY

The management confirm that they are not aware of any contingent liability as at the date of this report. The management also confirm that there are no commitments involving the Council as at the date of this report.

26 SUBSEQUENT EVENTS

As at the date of signing the financial statements, the management are not aware of any matters or circumstance arising since the date of the end of the reporting period, not otherwise dealt in these financial statements, which significantly affecting the financial position of the Council and results of its operations.

