

THE UNITED REPUBLIC OF TANZANIA  
PRESIDENT'S OFFICE  
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT  
NJOMBE DISTRICT COUNCIL



## STATEMENTS OF FINANCIAL REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020

### STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE, 2020

	Notes	2020 TZS	2019 TZS
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	956,898,350	1,314,224,110
Receivables and prepayments	20	399,428,192	226,318,226
Inventories	21	359,415,091	257,456,871
		<u>1,715,741,633</u>	<u>1,797,999,207</u>
<b>Non-current assets</b>			
Other financial assets	22	39,318,350	39,318,350
Investments in associates	23	500,000	133,231,300
Property, plant and equipment	24	24,914,574,307	25,888,619,137
Forestry assets	26	144,264,000	105,360,000
Investment property	27	43,660,000	46,712,000
		<u>25,142,316,657</u>	<u>26,213,240,787</u>
Non-current assets held for sale	28	59,450,000	69,700,000
<b>TOTAL ASSETS</b>		<u>26,917,508,290</u>	<u>28,080,939,995</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	29	981,347,693	858,101,355
Employee benefits	30	1,230,686,207	1,146,715,907
Provisions	31	245,815,270	175,077,755
Deferred income (Grant)	32	23,018,985	16,863,661
		<u>2,480,868,154</u>	<u>2,296,758,678</u>
<b>Non-current liabilities</b>			
Deferred income (Grant)	32	655,708,720	808,911,705
<b>TOTAL LIABILITIES</b>		<u>3,136,576,875</u>	<u>3,105,670,383</u>
<b>NET ASSETS</b>		<u>23,780,931,416</u>	<u>24,975,269,612</u>
<b>NET ASSETS</b>			
Accumulated surplus/(deficit)		23,716,511,316	24,921,385,512
Other reserves - Shares in Matembwe Village Company Ltd		500,000	500,000
Minimum Contribution Reserve (MCR)		53,384,100	53,384,100
Revaluation surplus		10,536,000	-
<b>TOTAL NET ASSETS</b>		<u>23,780,931,416</u>	<u>24,975,269,612</u>

Ally Juma Ally  
CMT Chairperson  
Date: 28/09/2020  
DISTRICT EXECUTIVE DIRECTOR  
NJOMBE

Tecla C. Sadala  
CMT Secretary  
Date: 28/09/2020  
DISTRICT EXECUTIVE DIRECTOR  
NJOMBE

### CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020

	Note	2020 TZS	2019 TZS
<b>Cash flows from operating activities</b>			
Receipts			
Taxes and levies	40	1,996,011,598	1,424,282,350
Fees, fines, penalties and licenses	41	643,826,607	234,509,450
Grants received	42	14,526,145,251	14,942,516,812
Revenue from exchange transactions	43	13,900,000	8,590,000
Sale of Non-Current Assets	28	22,335,000	-
Other income	44	105,779,573	144,655,981
Payments			
Employee costs	45	(13,135,772,429)	(12,599,558,322)
Payments to suppliers	46	(2,141,734,079)	(1,850,420,244)
Maintenance expenses	47	(373,149,074)	(128,787,591)
Grants and other transfer payments	48	(1,145,969,816)	(2,080,515,491)
Increase (Decrease) in Deposits	49	72,397,232	28,190,217
Loans paid to Women, Youth & Disable People	50	(244,069,634)	-
<b>Net cash from operating activities</b>		<u>339,700,230</u>	<u>123,463,163</u>
<b>Cash flows from investing activities</b>			
Trees in a plantation forest	26	(28,368,000)	-
Acquisition of property, plant, and equipment & investment properties	39	(1,599,832,243)	(3,248,526,383)
<b>Net cash from investing activities</b>		<u>(1,628,200,243)</u>	<u>(3,248,526,383)</u>
<b>Cash flows from financing activities</b>			
Development grants received	32	931,174,253	3,823,954,565
<b>Net cash used in financing activities</b>		<u>931,174,253</u>	<u>3,823,954,565</u>
<b>Net increase in cash and cash equivalents</b>		<u>(357,325,760)</u>	<u>698,891,345</u>
Cash and cash equivalents at the beginning of period	19	1,314,224,110	615,332,765
<b>Cash and cash equivalents at end of period</b>	19	<u>956,898,350</u>	<u>1,314,224,110</u>

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### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020

	Notes	2020 (TZS)	2019 (TZS)
<b>Revenue</b>			
Local taxes	9	2,016,212,439	1,425,598,505
Fees, fines, penalties and licenses	10	637,600,893	240,735,164
Recurrent grants	11	14,664,090,998	15,211,816,460
Revenue from exchange transactions	12	7,450,000	10,240,000
Amortisation of capital grant	32	1,342,115,017	3,252,010,522
Other own revenue	13	105,779,573	144,655,981
		<u>18,773,248,921</u>	<u>20,285,056,632</u>
<b>Expenses</b>			
Wages, salaries and employee benefits	14	13,219,742,729	12,942,075,106
Supplies and consumables used	15	2,279,094,011	1,848,626,130
Maintenance expenses	16	329,227,574	128,787,591
Grants and other transfer payments	17	1,082,010,628	2,080,515,491
Provisions for Bad and Doubtful Debts	20	2,890,000	-
Provision for obsolete stock	21	3,847,500	-
Provisions for legal claims	31	70,737,515	-
Loss on liquidated shares in NJOCBA & RETCO	23	132,731,300	-
Depreciation of property, plant and equipment	24	981,752,961	1,252,104,382
Depreciation of Investment Property	27	3,052,000	3,052,000
		<u>18,105,086,218</u>	<u>18,255,160,700</u>
<b>Surplus/(deficit) during the year</b>		<u>668,162,703</u>	<u>2,029,895,932</u>

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### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020

	Accumulated surplus/(deficit)	Minimum Contribution Reserve (MCR)	Other reserves	Revaluation surplus	Total
	(TZS)	(TZS)	(TZS)	(TZS)	(TZS)
Balance at 1 <sup>st</sup> July, 2018	22,905,555,329	39,318,350	500,000	-	22,945,373,679
Transfer To/From surplus/(deficit)	(14,065,750)	14,065,750	-	-	-
Surplus/deficit for the year	2,029,895,932	-	-	-	2,029,895,932
Balance at 30 <sup>th</sup> June, 2019	24,921,385,512	53,384,100	500,000	-	24,975,269,612
Net Assets Transferred to RUWASA	(1,885,121,899)	-	-	-	(1,885,121,899)
Transfer to and from Biological Assets	-	-	-	10,536,000	10,536,000
Net Income from Disposable No-current Assets	12,085,000	-	-	-	12,085,000
Surplus/deficit for the year	668,162,703	-	-	-	668,162,703
Balance at 30 <sup>th</sup> June, 2020	23,716,511,316	53,384,100	500,000	10,536,000	23,780,931,416

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

Hon. Chairperson of the Council,  
Njombe District Council,  
P.O. Box 547,  
NJOMBE.

### 1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

**Opinion**  
I have audited the Financial Statements of Njombe District Council, which comprise the Statement of Financial Position as at 30<sup>th</sup> June, 2020, 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 Njombe District Council as at 30<sup>th</sup> June, 2020, 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 in the manner required by the Local Government Finances Act, 1982 (Revised 2000).

#### Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of Njombe District Council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

#### Emphasis of Matter

Without modifying my opinion, I draw attention to Note 54 of the Financial Statements which indicates that, Njombe District Council has pending legal cases filed by various suppliers of which, preliminary hearings are in progress. The ultimate outcome of the cases cannot presently be determined; the management has made provision of TZS 245,815,270 in the financial statements for liability that may result has been made; however, initial estimates indicate that, the Njombe District Council may be obliged to pay a sum of TZS 261,925,000 if the cases will be ruled in favour of the plaintiffs.

However, during the year under review I noted that, the Chairperson of the Tender Board has been regularly delegated with power of Accounting Officer, when the Accounting Officer is out of the office.

### 3. Non-competitive procurement of goods worth TZS 16,364,695

Reg.131(5) of PPR, 2013 (as amendment in 2016) requires, the procuring entity to conduct mini competition on prices for items or services for at least three randomly selected tenderers awarded framework agreement and seek Tender Board approval before issue of the local purchase order to the tenderer offering the lowest price within the prevailing market price.

To the contrary, review of procurements of iron sheets through payment voucher number 543018V2000002 dated 25<sup>th</sup> July, 2019 worth TZS 16,364,695; noted that, the procurement was done without seeking quotations from at least three suppliers to achieve competition for better price and quality.

Charles E. Kichere  
Controller and Auditor General  
Dodoma, United Republic of Tanzania.  
31<sup>st</sup> March, 2021

