

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL****THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE****REPORT OF THE CONTROLLER AND AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF THE SECOND CENTRAL  
TRANSPORT CORRIDOR PROJECT (CTCP II) FOR THE  
YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

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December, 2016

AR/CTCP II/2015/2016

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## 1.0 GENERAL INFORMATION

### 1.1 Mandate

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 (revised 2005) and in Sect. 10 (1) of the Public Audit Act No.11 of 2008 the Controller and Auditor General is the statutory auditor of all Government revenues and expenditures including the revenues and expenditures of the TANROADS (CTCP II).

### 1.2 Vision, Mission and Core Values

#### Vision

To be a centre of excellence in public sector auditing

#### Mission

To provide efficient audit services in order to enhance accountability and value for money in the collection and use of public resources.

#### Core Values

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

- ✓ **Objectivity:** We are an impartial organization, offering services to our clients in an objective and unbiased manner;
- ✓ **Excellence:** We are professionals providing the highest quality audit services based on best practices;
- ✓ **Integrity:** We observe and maintain the highest standards of ethical behaviour and the rule of law;
- ✓ **People focus:** We focus on our stakeholders' needs by building a culture of good customer care and having competent and motivated work force;
- ✓ **Innovation:** We are a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization and
- ✓ **Best resource utilisation:** We are an organisation that values and uses public resources entrusted to it in an efficient, economic and effective manner.

#### We do this by:

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

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### 1.3 Audit Objectives

The main objective of conducting the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling me to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework; and whether laws and regulations have been complied with.

### 1.4 Audit Scope

The audit was carried out in accordance with the, the International Standards of Supreme Audit Institutions (ISSAIs) and other audit procedures as were deemed appropriate under the circumstances. This covered the evaluation of the effectiveness of the financial accounting system and internal control over various activities of the Project.

The audit was conducted on a sample basis; therefore the findings are confined to the extent that records, documents and information requested for the purpose of the audit were made available to me. Audit findings and recommendations arising from the examination of the accounting records, appraisal of the activities as well as evaluation of the Internal Control System which requires management's attention and actions, are set out in the management letter issued separately to the management of the TANROADS

As an auditor, I am not required to specifically search for fraud and therefore, my audit cannot be relied upon to disclose all such matters. However my audit was planned in such a way that I would have reasonable expectations of detecting material errors and misstatement in the financial statements resulting from irregularities including fraud. The responsibility for detection, prevention of irregularities and the maintenance of an effective and adequate system of internal control rests with the management of the TANROADS.

### 1.5 Audit Methodology

My audit approach included tests of the accounting records and other procedures in order to satisfy the audit objectives. My audit procedures included the following:

- Planning the audit to identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the entity and its environment, including the entity's internal controls.
- Obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.
- Form an opinion on the financial statements based on conclusions drawn from the audit evidence obtained.

- Follow up on the implementation of the previous year's audit findings and recommendations and directives issued PAC to ensure that proper action has been taken in respect of all matters raised.

## 2.0 AUDIT REPORT ON THE FINANCIAL STATEMENTS

To: The Chief Executive Officer,  
Tanzania National Roads Agency,  
P.O. Box 11364,  
DAR ES SALAAM

RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS OF THE SECOND CENTRAL TRANSPORT  
CORRIDOR PROJECT (CTCP II) FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016

### Introduction

I have audited the financial statements of Second Central Transport Corridor Project (CTCP II) which comprises of the statement of financial position as at 30 June 2016, its statement of financial performance, statement of change in equity and cash flows statement for the year then ended, Statement of comparison of budget and actual amounts and a summary of significant accounting policies and other explanatory information attached as Annexure I to this audit report.

### Management's Responsibility for the financial statements

Management of TANROADS is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 as per the Statement of Management responsibility on the Financial Statements. Attached in Annexure II

### Responsibility of the Controller and Auditor General

My responsibility as an auditor is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with, International Standards of Supreme Audit Institutions (ISSAIs) and such other procedures I considered necessary in the circumstances. These standards require that, I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making the risk assessments, I considered internal control system relevant to the preparation and fair presentation of the financial statements 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 internal controls. The audit



also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In addition, Sect. 10 (2) of the PAA No.11 of 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 requires me to state in my annual audit report whether or not the auditee has complied with the provisions of the Law and its Regulations.

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

### **Unqualified Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Second Central Transport Corridor Project (CTCP II) as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting.

### **Report on Other Legal and Regulatory Requirements Compliance with the Public Procurement Act, 2011**

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, Second Central Transport Corridor Project (CTCP II) procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013.

  
Prof. Mussa J. Assad  
**CONTROLLER AND AUDITOR GENERAL**

December, 2016

Copy to: The Chief Secretary,  
State House,  
P.O. Box 9120,  
1 Barack Obama Road  
11400 DAR ES SALAAM



Permanent Secretary and Paymaster General,  
Ministry of Finance Economic and Planning,  
P.O. Box 9111,  
1 Madaraka Street  
11468 DAR ES SALAAM.

Permanent Secretary,  
Ministry of Works, Transport and Communication (Works Sector),  
P.O. Box 9423,  
7 Samora Machel Avenue,  
11475 DAR ES SALAAM

World Bank Representative,  
P.O. Box 2054,  
DAR ES SALAAM.



**STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE YEAR ENDED 30<sup>TH</sup>  
JUNE, 2016**

Pursuant to Section 25(4) of the Public Finance Act, 2001 (R.E. 2004), the Management is required to prepare financial statements for each financial year, which give a true and fair view of receipts and payments of the reporting entity as at the end of the financial year. It also requires Management to ensure the reporting entity keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the reporting entity. They are also responsible for safeguarding the assets of the entity.

The Project Management accepts responsibility for annual financial statements for the year ended 30th June 2016 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards Accrual Basis (IPSAS - Accrual) and in the manner required by Section 25(4) of the Public Finance Act, 2001 (R.E. 2004), Section 15(1) of the Executive Agencies Act No. 30 of 1997 (amended 2009), the Agency's Accounting Manual and the Financing Agreement.

The Project Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Project. Management, further, accepts responsibility for maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. Management is responsible for safeguarding the assets of the Project and hence for taking reasonable steps for prevention and detection of frauds, errors and irregularities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

To the best of the Management's knowledge, the system of internal control has operated adequately throughout the reporting period and that the records and underlying accounts provide a reasonable basis for the preparation of the financial statements for the financial year 2015/2016. The Management accepts responsibility of the integrity of the financial statement, the information it contains and its compliance with the Public Finance Act, 2001, the Executive Agencies Act, 1997, instructions from the Treasury and the Financing Agreement.

Procurement of goods, works, consultancy, and non-consultancy services to the extent that they are reflected in these financial statements have been done in accordance with the Public Procurement Act No. 7 of 2011.

At the time of preparing this report, there was no evidence that came to the attention of the Project Management to signify that the Project will cease its operations; therefore, the Second Central Transport Corridor Project expects to continue in operation as a going concern from the date of this statement.

.....  
Eng. P.A.L. Mfugale  
CHIEF EXECUTIVE

**Audited financial Statements and Notes to the Financial Statements**

- (a) Statement of financial position;
- (b) Statement of financial performance;
- (c) Statement of changes in net assets/equity;
- (d) Cash flow statement;
- (e) Statement of comparison of budget and actual amounts; and
- (f) Notes, comprising a summary of significant accounting policies and other explanatory notes



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	30/06/2016 USD	30/06/2015 USD
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash at bank	3	5,174	11,762
Mobilization Advances	21	2,007	2,601
Other debtors	-	-	-
<b>Total current assets</b>		<b><u>7,181</u></b>	<b><u>14,363</u></b>
<b>Non - Current Assets</b>			
Work in Progress	5	294,598	257,586
<b>Total non-current assets</b>		<b><u>294,598</u></b>	<b><u>257,586</u></b>
<b>TOTAL ASSETS</b>		<b><u>301,779</u></b>	<b><u>271,949</u></b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Retention money	6	5,118	4,990
Accrued Creditors	24	-	357
Development Creditors	8	<u>11,647</u>	<u>11,373</u>
<b>Total current liabilities</b>		<b><u>16,765</u></b>	<b><u>16,721</u></b>
<b>Non-current liabilities</b>			
Deferred capital grant IDA	24	256,851	255,218
deferred capital grant GOT	24	<u>28,151</u>	-
<b>Total non-current assets</b>		<b><u>285,002</u></b>	<b><u>255,218</u></b>
<b>Total Liabilities</b>		<b><u>301,767</u></b>	<b><u>271,939</u></b>
<b>NET ASSETS</b>		<b><u>12</u></b>	<b><u>10</u></b>
<b>NET ASSETS/EQUITY</b>			
Accumulated Surplus	12	12	10
<b>TOTAL NET ASSETS</b>		<b>12</b>	<b>10</b>

  
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Ag: Chief Executive


14/12/2016  
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Date

  
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Director of Business Support

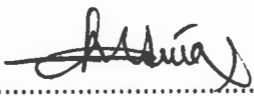
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**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2016**

	Notes	30.06.2016 US\$ '000	30.06.2015 US\$ '000
<b>Income</b>			
Amortization of Recurrent Grant	11	970	2,631
Interest Received	12	3	3
<b>TOTAL</b>		<b>973</b>	<b>2,634</b>
<b>Expenditure</b>			
<b>TOTAL EXPENDITURE</b>	<b>13</b>	<b><u>970</u></b>	<b><u>2,631</u></b>
<b>SURPLUS FOR THE YEAR</b>		<b><u>3</u></b>	<b><u>3</u></b>

  
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 Ag Chief Executive

14/12/2016  
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 Date


  
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 Director of Business Support

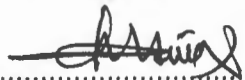
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**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30/06/2016**

	Notes	30.06.2016 USD '000	30.06.2015 USD '000
<b>A. Cash Flows from Operating Activities:</b>			
<b>Receipt</b>			
Recurrent Grant Received	11	970	2,631
Development Grants Received	24	29,784	40,963
Interest	12	3	
<b>Cash generated from operations</b>		<b>30,757</b>	<b>43,594</b>
<b>Payments</b>			
Payment to suppliers(IDA)	14	(1,328)	2,326
<b>Net cash from operating activities</b>		<b>(1,328)</b>	<b>41,268</b>
<b>Cash flows from investing activities</b>			
Purchase of equipment		-	
Development works (IDA)	15	(7,867)	
Development works (GOT)	15	(28,151)	(50,726)
<b>Net cash from investing activities</b>		<b>(36,018)</b>	<b>(50,726)</b>
<b>Cashflows from financing activities</b>			
<b>Net cash used in financing activities</b>			
<b>Net increase in cash and cash equivalents</b>		<b>(6,588)</b>	<b>(9,457)</b>
<b>Cash and cash equivalents at at the beginning of the period</b>	03	<b>11,762</b>	<b>21,219</b>
<b>Cash and cash equivalents at at the end of the period</b>	03	<b>5,174</b>	<b>11,762</b>

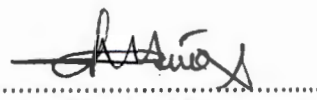
AG   
 Chief Executive  
 14/12/2016  
 Date

  
 Director of Business Support  
 14/12/2016  
 Date

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2016**

	Accumulated surplus/deficit	Total
	US\$ '000	US\$ '000
At 01 July 2014	7	7
For the Year	3	3
<b>At 30th June 2015</b>	<b>10</b>	<b>10</b>
At 01 July 2015	10	10
For the Year	3	3
<b>At 30th June 2016</b>	<b>13</b>	<b>13</b>

  
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 Chief Executive  
 14/12/2016  
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 Date

  
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 Director of Business Support  
 14-12-2016  
 .....  
 Date

**STATEMENT OF EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2016**

<b>COMPONENT</b>	<b>NOTE</b>	<b>EXPENDITURE FOR THE YEAR 30.06.2016 US\$'000"</b>	<b>CUMULATIVE EXPENDITURE TO 30.06.2015 US\$'000"</b>	<b>CUMULATIVE EXPENDITURE TO 30.06.2016 US\$'000"</b>
<b>BRT/ DART AGENCY</b>	<b>16</b>	<b>36,476</b>	<b>225,413</b>	<b>261,889</b>
<b>TANROADS</b>	<b>17</b>	<b>590</b>	<b>3,744</b>	<b>4,334</b>
<b>MOCT -ZANZIBAR</b>	<b>18</b>		<b>39,752</b>	<b>39,752</b>
<b>GRAND TOTAL</b>		<b>37,070</b>	<b>268,909</b>	<b>300,818</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

### 1. Statement of Compliance and Basis of Preparation

The financial statements of the Project have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and comply with the Public Finance Act, 2001 as amended in 2000, the Executive Agencies Act, 1997 and the Financing Agreement. The financial statements are presented in United States Dollars (US\$), which is the functional and reporting currency of the Project and all values are rounded to the nearest thousand dollars (US\$ '000). The accounting policies will be applied consistently to all the years to be presented.

The financial statements have been prepared on the basis of historical cost basis, unless stated otherwise. The cash flows statement is prepared using the direct method. The financial statements are prepared on an accrual basis.

### 2. Summary of Significant Accounting Policies

The accounting policies adopted for preparation of Project's financial statements, which will be consistent with those of subsequent years, are shown below.

#### a) Foreign currency translation

##### ***Functional and presentation currency***

Items included in the financial statements of the Project are measured using the functional currency. Financial Statements are prepared in United States Dollars which is the currency of the Credit Agreement. Therefore, United States Dollar is the Project's functional and presentation currency. Payments are normally made in the currency or currencies in which the bid price was stated. However, if the payment of a portion of the bid price is made in other currencies, the exchange rates applied are those used in the bid and thus the contract. On the date of payment portions denominated currencies other than US\$ are converted into US\$ using prevailing exchange rate at the date of transaction. Monetary items in the statement of financial position are translated by using exchange rate at the closing date.

Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in other currencies are recognized in the statement of financial performance.

#### **b) Cash and cash equivalents**

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

#### **c) Revenue recognition**

The Project receives its revenue from the IDA in line with the signed Loan Agreement between the World Bank and the Government of Tanzania. Revenue from the World Bank is accounted for on accrual basis. Revenue from the World Bank is accrued and recognised in the financial statement when it is probable that future economic benefit will flow to the Project and if the benefits are reliably measured.

The following specific recognition criteria must also be met before revenue is recognized:

Recurrent grants are recognised as income when such grant has been received and expensed to match expenditure incurred with the Grants received.

Capital grants are deferred until when the Project assets are fully recognised in the book of the project implementing entity or whoever may be allocated such assets. Thereafter, the grant is amortised and recognised as income in systematic and rational basis over useful life of the assets.

This means since the road project assets are still in progress and other assets have not yet been allocated to the entity the grant received will be deferred until when the full asset recognised in the financial statement and start depreciating.

#### **d) Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### **e) Property, plant and equipment**

The project costs are accumulated in the items of work-in-progress infrastructure assets which are measured at cost. The cost of work-in-progress infrastructure assets include costs of material, direct labour and any other costs directly attributable to bringing the asset to a condition where it is ready for its intended use. Work-in-progress infrastructure asset is ready for its intended use once hand over certificate is issued and at this point work-in-progress is recognised as an item of property, plant and equipment; for this particular project, it will be infrastructure asset.

#### **f) Provisions**

Provisions are recognised when the Project has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Project expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in surplus/deficit net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **g) Taxes**

The Project being a Government Project is exempted from tax on the surplus/deficit for the year.

#### **h) Events after reporting date**

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

#### **i) Judgments**

The preparation of the Project's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. In the process of applying the Project's accounting policies, management has made no specific judgments.

#### j) Related parties

The Project regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the project or vice versa. Members of the project steering committee and members of the project implementation team are regarded as related parties.

#### 3. Cash Book Account Balances

The project maintains two cash books in United States dollars. The designated account is maintained at the Bank of Tanzania (BOT) while the Operational account is maintained at Citi Bank Dar es Salaam. The balances as per cash books as at 30<sup>th</sup> June 2016 and 2015 were as follows:

	30 <sup>th</sup> June 2016	30 <sup>th</sup> June 2015
	US\$ '000	US\$ '000
BOT Designated Account No. 993120166	3,769	166
Citi Bank Operation Bank Account No.100750167	<u>1,406</u>	<u>11,596</u>
<b>Total Balance</b>	<b><u>5,174</u></b>	<b><u>11,762</u></b>

#### 4. Mobilization Advances

The mobilization advances represent amount advanced to the various contractors/consultants exclusively for the cost of mobilization in respect of works or services as per the agreement. The advanced amount is interest –free, payable in proportion of foreign and local currencies of contract price, but in no event exceed the agreed percentage. The Amount advanced is Subject to Percentage recovery from interim payment certified or invoiced. Initially, the Project advanced a total of US\$ 31,953 to Contractors/Consultants; however, up to 30<sup>th</sup> June 2016 a total of US\$. 29,946 has been recovered leaving US\$ 2,007 outstanding as analysed hereunder.

#### CUMMULATIVE ADVANCES PAID AND RECOVERED

S/N	Contract/Consultant	Amount Paid US\$ '000	Amount Recovered US\$ '000	30-Jun-16 Balance US\$ '000
1	SMEC INTERNATIONAL	593	593	0
2	BEIJING CONST PKG 2	1,544	0	1,544
3	CHINA CIVIL ENG.PKG 3	1,371	1,371	0
4	BEIJING CONST PKG 4	517	384	134
5	BEIJING CONST PKG 6	464	133	331
6	SPENCON SERVICES PKG 7	618	618	0
7	HOSKONING JV	81	81	0
8	Strabag Int Gmb	26,127	26,127	0
9	CHINA HENAN ENG. GRP CO.	<u>639</u>	<u>639</u>	<u>0</u>
	<b>TOTAL</b>	<b><u>31,953</u></b>	<b><u>29,946</u></b>	<b><u>2,007</u></b>

## 5. Work in Progress

S/N	DETAILS	July-2015 US\$ '000	Expenditure US\$ '000	June-2016 US\$ '000
1	BRT Road Works	212,542	6,522	219,064
	BRT Road Works - GOT	-	29,068	29,068
2	BRT Supervision of works	7,484	1,422	8,906
3	DARTS Equipment	338	-	338
4	TANROADS Equipment	382	-	382
5	Civil Works Zanzibar Airport	36,184	-	36,184
6	Supervision Zanzibar Airports	607	-	607
7	Equipment MOIC ZANZIBAR	50	-	50
	<b>TOTAL</b>	<b>257,587</b>	<b>37,011</b>	<b>294,598</b>

## 6. Retention Money

The retention money is 5 % of contract value and is deducted from all payments made to the contractors at 10% against each certified IPC until it reaches the maximum limit. Retention money is a credit balance payable to contractor upon finalization of satisfied completion and performance of works. During the year under review a total of US\$ 0.246 million was retained from Contractors/Consultants; with retained amount of US\$ 4.990 from previous years and release of retention money amounting to US\$ 0.119 million to China Henan Engineering cumulative total amount retained as at the 30<sup>th</sup> June 2016 to be US\$ 5.118 million as analysed hereunder:

Retention Money	Jun-16 US\$ "000"	Jun-15 US\$ "000"
Beginning Balance	4,990	9,235
Additional for the year	246	205
Payment during the year	<u>118</u>	<u>4,450</u>
Closing Balance	<u>5,118</u>	<u>4,990</u>



## 7. Accrued Expenses

Accrued expenses represent Invoices for services which are recurrently approved but not yet paid at the end of the reporting period. The figure of creditors (accrued expenditure) is analysed as follows:

<b>Accrued Expenses</b>	<b>Jun-16 US\$"000"</b>	<b>Jun-15 US\$"000"</b>
Beginning Balance	357	53
Additional for the year	-	357
Payment during the year	<u>357</u>	<u>53</u>
Closing Balance	=	<u>357</u>

## 8. Development Creditors

Development Creditors represent Invoices for works which are recurrently certified and approved but not yet paid at the end of the reporting period. The figure of Development Creditors is analysed as follows:

<b>Development Creditors</b>	<b>Jun-16 US\$"000"</b>	<b>Jun-15 US\$"000"</b>
Beginning Balance	11,373	3,668
Additional for the year	11,647	11,373
Payment during the year	11,373	3,668
Closing Balance	11,647	11,373

## 9. Cumulative Deferred Capital Grants

These are cumulative funds received for capital expenditure but have been deferred for amortisation until assets are recognised into respective categories of assets. This includes expenditure for infrastructure assets and office operating assets.

<b>Deferred Capital Grants</b>	<b>Jun-16 US\$"000"</b>	<b>Jun-15 US\$"000"</b>
Beginning Balance	255,218	214,255
Additional for the year	1,633	40,963
Payment during the year	-	-
Closing Balance	<u>256,852</u>	<u>255,218</u>

### 10. Accumulated Surplus

Accumulated Surplus	Jun-16	Jun-15
	US\$"000"	US\$"000"
Beginning Balance	10	7
Surplus for the year	<u>2</u>	<u>3</u>
Closing Balance	<u>12</u>	<u>10</u>

### 11. Amortised Recurrent Grant

Amortized Recurrent Grant	Jun-16	Jun-15
	US\$"000"	US\$"000"
Beginning Balance		
Received During the year	970.00	2,631
Amortized During the year	970.00	2,631
Closing Balance		

### 12. Interest Received

So far the amount of interest of US\$ 12,385 earned from maintaining the Designated Account at Citi Bank Dar es salaam. US\$ 9,777 was earned in previous year and US\$ 2,608 was earned during the year. The details of interest earned is shown below:

#### INTEREST

DATE	DETAILS	
01.07.2015	OPENING BALANCE	9,777.00
31.07.2015	JULY	483.00
30.08.2015	AUGUST	461.00
30.09.2015	SEPTEMBER	408.00
31.10.2015	OCTOBER	371.00
30.11.2015	NOVEMBER	299.00
31.12.2015	DECEMBER	222.00
31.01.2016	JANUARY	95.00
28.02.2016	FEBRUARY	36.00
31.03.2016	MARCH	28.00
30.04.2016	APRIL	75.00
31.05.2016	MAY	70.00
30.06.2016	JUNE	60.00
	<b>SUB TOTAL</b>	<b>2,608.00</b>
		<b>12,385.00</b>

### 13. Recurrent Expenses

Recurrent Expenses	Jun-16	Jun-15
	US\$"000"	US\$"000"
A.3 Technical Assistance DART	298	1357
A.4 Training DART	13	55
A.6 Operating Cost DART	148	266
B.1 TA to TANROADS	482	869
B.4 Operating Cost to TANROADS	29	69
C.5 TA to CODAP Zanzibar		15
<b>TOTAL</b>	<b>970</b>	<b>2,631</b>

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Payment for Recurrent Expenses	Jun-16	Jun-15
	US\$"000"	US\$"000"
A.3 Technical Assistance DART	542	1138
A.4 Training DART	13	55
A.6 Operating Cost DART	183	244
B.1 TA to TANROADS	556	810
B.4 Operating Cost to TANROADS	34	64
C.5 TA to CODAP Zanzibar		15
<b>TOTAL</b>	<b>1,328</b>	<b>2,326</b>

### 15. Payment for Development Works

Payment for Development Works	Jun-16	Jun-15
	US\$"000"	US\$"000"
A.1 Civil Works BRT-IDA	6,443	48,921.00
A.1 Civil Works BRT-GOT	28,152	
A.2 Supervision BRT	1,422	1,806.00
<b>TOTAL</b>	<b>36,017</b>	<b>50,727.00</b>

### 16. DART-Expenditure

DART-EXPENDITURE	Jun-16	Cumulative June 2015	Cumulative June 2016
	US\$"000"	US\$"000"	US\$"000"
A.1 Civil Works BRT-IDA	6,443	212,542.00	218,985
A.1 Civil Works BRT-GOT	28,152		
A.2 Supervision BRT	1,422	7,482.00	8,904
A.3 Technical Assistance DART	298	3,449.00	3,986
A.4 Training DART	13	427.00	440
A.6 Operating Cost DART	148	1,174.00	1,322

A.8 TA Equipment DART	-	338.00	338
<b>TOTAL</b>	36,476	225,412.00	233,975

#### 17.TANROADS Expenditure

<b>TANROADS-EXPENDITURE</b>	<b>Jun-16</b>	<b>Cumulative June 2015</b>	<b>Cumulative June 2016</b>
	US\$"000"	US\$"000"	US\$"000"
B.1 Capacity Enhancement TANROADS	556	2,191.00	2,746.59
B.2 Training to TANROADS		494.00	494.00
B.3 Equipment TANROADS		382.00	382.00
B.4 Operating Cost to TANROADS	34	677.00	711.00
<b>TOTAL</b>	590	3,744.00	4,334.00

#### 18.MOCT-Zanzibar Expenditure

<b>MOCT ZANZIBAR-EXPENDITURE</b>	<b>Jun-16</b>	<b>Cumulative June 2015</b>	<b>Cumulative June 2016</b>
	US\$"000"	US\$"000"	US\$"000"
C.1 Runway Extension and Rehabilitation		36,184.00	36,184.00
C.2 Supervision Extension and Rehabilitation		607.00	607.00
C.5 TA to CODAP Zanzibar		2,617.00	2,617.00
B.6 Training to MOCT-Zanzibar		196.00	196.00
B.7 Operating Cost to MOCT-Zanzibar		97.00	97.00
B.8 Equipment MOCT-Zanzibar		50.00	50.0

#### 19.IDA Loans Received

IDA Loan Proceeds represent cumulative amount advanced to Designated Account and eligible expenditure directly paid to the clients under the financing agreement. For the financial year ended 30th June 2016, a total of US\$ 3 million was disbursed to the Designated Account after submission of the forecasted expenditure for the respective period. US\$ 269.5 million has been disbursed to the Designated Account since inception of the Project, US\$ 1.5 million has been directly paid to the contractors and 7.09 million was refunded to IDA due to cancellation of Mkumbara -Same Project as analysed below: -



Date	Advanced to DA AS AT 30th June 2014."000"	Advance to DA FY ended June 2015."000"	Direct Payment In USD."000"	Refund to IDA in USD."000"	Advanced to DA AS AT 30th June 2015."000"
23.04.2009	30,088				30,088
04.03.2010				-7,091	22,997
10.05.2010	24,351				47,348
06.04.2010			1,549		48,897
01.12.2010	15,168				64,065
17.02.2012	25,245				89,310
13.06.2012	7,432				96,742
14.09.2012	8,668				105,410
03.12.12	15,819				121,229
31.3.2013	15,837				137,066
5.6.2013	12,333				149,399
2.8.2013	22,620				172,019
22.11.2013	16,155				188,174
4.12.2013	2,143				190,318
28.02.2014	32,630				222,948
29.09.2014		4,518			227,465
10.12.2014		9,010			236,475
06.03.2015		15,096			251,571
20.05.2015		14,970			
	228,489	43,594	1,549	-7,091	266,541

## 20. Statement of Expenditure (SOE)

Statement of Expenditure(SOE) refer to expenditure incurred for eligible payments of project activities valued below the "prior review threshold", meaning that they do not need procurement process to be reviewed by IDA at all stages in the standard manner. These are usually small valued shopping and operating expense purchases. IDA requires that the annual audits include through verification of expenditures incurred under shopping procedures or otherwise for which the bank did not get involved in every stage of the procurement process. The maximum values for SOE are as follows:



- Contracts for civil works valued at less than US\$ 5, million equivalents each;
- Contracts for goods valued at less than US\$ 500,000 equivalent each
- Contracts for Consulting firms less than US\$ 200,000;
- Individual consultants valued at less than US\$ 100,000 equivalents each respectively.

#### 21. Movement in Mobilization Advances

<b>Movement Mobilization Advances</b>	Jun-16	Jun-15
	US\$"000"	US\$"000"
Beginning Balance	2,601	11,036
Additional for the year	-	-
Recovered during the year	594	8,435
Closing Balance	2,007	2,601

#### 22. Movement in Creditors

<b>Movement in Creditors</b>	Jun-16	Jun-15
	US\$"000"	US\$"000"
Beginning Balance	11,731	3,721
Additional for the year	11,664	11,731
Paid during the year		3,721
Closing Balance		11,731

#### 23. Deferred Capital Grant during the year

<b>Deferred Capital Grant During the year</b>	Jun-16	Jun-15
	US\$"000"	US\$"000"
Grant Received During the year	29,784	43,594
Grant amortised Recurrent Expenses	-	2,631
Capital Grant Deferred	29,784	40,963

#### 24. Accrued Expenses

	Jun-16	Jun-15
	US\$"000"	US\$"000"
Beginning Balance	357	53
Additional for the year	-	357
Payment during the year	357	53
Closing Balance	-	357

Additional for the year	-	357
Payment during the year	357	53
Closing Balance	-	357

	IDA	GOT	
	DEFERRED CAPITAL	GF DEFERRED CA	ACCUMULATED SURPLUS
BALANCE JULY 2012	90,655.00		151.00
FOR THE YEAR 2013	51,580.00		1,078.00
BALANCE JUNE 2013	142,235.00		1,230.00
FOR THE YEAR 2014	72,020.00		5,926.00
BALANCE JUNE 2014	214,255.00		7,156.00
FOR THE YEAR 2015	40,963.00		2,622.00
BALANCE JUNE 2015	255,218.00		9,777.00
FOR THE YEAR 2016	1,633.00	28,151.00	2,605.00
BALANCE JUNE 2016	256,851.00	28,151.00	12,382.00