

**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 AND COMPLIANCE AUDIT OF DIT FOR EAST AFRICA SKILLS FOR  
TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (EASTRIP) FOR  
THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Controller and Auditor General,  
National Audit Office,  
Audit House,  
4 Ukaguzi Road,  
P.O. Box 950,  
41101 Tambukareli,  
Dodoma, Tanzania.  
Tel: 255 (026) 2161200,  
Fax: 255 (026) 2117527,  
E-mail: [ocag@nao.go.tz](mailto:ocag@nao.go.tz)  
Website: [www.nao.go.tz](http://www.nao.go.tz)

December, 2021

AR/CG/EASTRIP/DIT/2020/21

**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, 1977 and in Sect. 10 (1) of the Public Audit Act, Cap. 418 [R.E 2021].

**Vision**

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

**Mission**

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

**Motto:** “Modernizing External Audit for Stronger Public Confidence”

**Core values**

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

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

**We do this by:**

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

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

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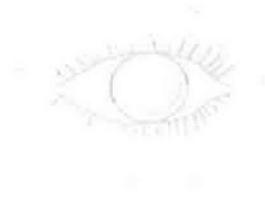
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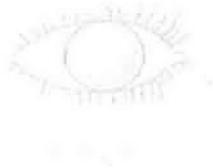
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## Abbreviations

<b>CAG</b>	Controller and Auditor General
<b>DIT</b>	Dar es Salaam Institute of Technology
<b>DIT DAR</b>	Dar es Salaam Institute of Technology - Dar es Salaam
<b>EASTRIP</b>	East Africa Skills for Transformation and Regional Integration Project
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISSAIs</b>	International Standard of Supreme Audit Institutions
<b>MoEST</b>	Ministry of Education, Science and Technology
<b>PAA</b>	Public Audit Act, Cap. 418 [R.E 2021]
<b>PO-RALG</b>	President's Office-Regional Administration and Local Government



## 1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson,  
Governing Council,  
Dar es Salaam Institute of Technology (DIT),  
P.O Box 2958,  
DAR ES SALAAM, TANZANIA.

### 1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Opinion

I have audited the financial statements of DIT implementing the East Africa Skills for Transformation and Regional Integration Project (EASTRIP), which comprise the statement of financial position as at 30 June 2021, 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 DIT implementing the East Africa Skills for Transformation and Regional Integration Project (EASTRIP) as at 30 June 2021, 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 [R.E 2020].

#### 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 Auditor's Responsibilities for the audit of the financial statements section of my report. I am independent of DIT implementing the East Africa Skills for Transformation and Regional Integration Project (EASTRIP) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

#### Key Audit Matters

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

### **Other Information**

Management is responsible for the other information. The other information comprises the Statement by the Governing Council's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

### **Responsibilities of Management and those charged with Governance for the Financial Statements**

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

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

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

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

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

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

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

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

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

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

In addition, Section 10 (2) of the Public Audit Act, Cap. 418 [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, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

## 1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS Compliance with the Public Procurement Act, 2011 (as amended in 2016)

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

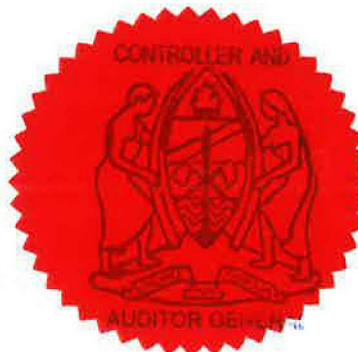
I performed a compliance audit on procurement of works, goods and services in the DIT implementing the East Africa Skills for Transformation and Regional Integration Project (EASTRIP) for the financial year 2020/21 as per the Public Procurement Act, 2011 and its regulations of 2013 (as amended in 2016).

### Conclusion

Based on the audit work performed, I state that procurement of goods, works and services of the DIT implementing the East Africa Skills for Transformation and Regional Integration Project (EASTRIP) is generally in compliance with the requirements of the Public Procurement Act, 2011 and its underlying Regulations of 2013 (as amended in 2016).



Benjamin M. Mashauri  
Ag. Controller and Auditor General  
Dodoma, United Republic of Tanzania



31 December, 2021

**The United Republic of Tanzania  
Dar es Salaam Institute of Technology  
East Africa Skills for Transformation and Regional Integration Project (EASTRIP)**

**Copy to:** Chief Secretary,  
President's Office - State House,  
1 Julius Nyerere Road,  
Chamwino,  
P.O. Box 1102,  
**40400 DODOMA.**

Permanent Secretary,  
Ministry of Finance and Planning,  
Government City-Mtumba,  
Hazina Street,  
P.O. Box 2802,  
**40468 DODOMA.**

Permanent Secretary,  
Ministry of Education, Science and Technology (MoEST),  
Government City,  
Mtumba Area,  
P.O. Box 10,  
**DODOMA.**

Principal,  
Dar es Salaam Institute of Technology (DIT),  
P.O. Box 2958,  
**DAR ES SALAAM,  
TANZANIA.**



World Bank Representative,  
50 Mirambo Street,  
P.O. Box 2054,  
**DAR ES SALAAM,  
TANZANIA.**

## 1.0 FINANCIAL STATEMENTS

### 1.0. THE PROJECT BASIC INFORMATION

#### 1.1. Introduction

The East African Skills Transformation and Regional Integration Project (EASTRIP) is a World Bank funded project which aims to improve access and quality of TVET training in the region. The project (P163399; Credit Number IDA/63330) will establish a Regional Flagship ICT Centre (RAFIC) at DIT Main Campus. The project development objective is to increase access and improve quality of technical education as well as promoting regional integration.

#### 1.2. Project Development Objective

The primary objective of establishing the Regional Flagship ICT Centre is to provide quality ICT training and services, focusing on Developing Demand-Driven TVET Programs both short and long term training programs including cyber security solutions that will enable communities in the region to maintain and secure their digital assets to the best possible standards and quality. The objectives of RAFIC annual performance are:-

- To comply with Strategic Investment Plan (SIP) and Section 10 (2) (k) of the Act as amended by section 37 of the written Laws (Miscellaneous Amendments) Act, No 11 of 2010;
- To outline targets to be performed by EASTRIP;
- Monitor and measure performance against targeted output;
- Use Performance Plans as the basis for assessing the suitability of the Project to assess whether the RAFIC has achieved the performance expected.

#### 1.3. Project Components

The project has six components, namely: -

- i) Strengthening Governance and Leadership of the Regional Flagship ICT Centre;
- ii) Institutionalizing Industrial Linkage;
- iii) Developing market relevant and competency based training programs;
- iv) Training of Centre Managers and Instructors;
- v) Upgrading key training facilities and equipment; and
- vi) Outreaching and support for non-project national TVET.

#### 1.4. Mission

Increase in Internet access, Low cost of ICT equipments, Contents and services are moving online, Usage of social media, A shift to the Digital Economy supported by Internet of Things (IoT), Artificial Intelligence (AI), Blockchain and Security.

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**1.5. Vision**

The EASTRIP (RAFIC Project) vision is to become a world-class ICT Centre in professional delivery of industry standard digital skills. The main objective of establishing Regional Flagship ICT Centre at DIT is to contribute to development of relevant and qualified skilled workforce in ICT to meet labor market needs in East African Region through provision of high quality and competitive technical education for socioeconomic development.

RAFIC PROJECT has completed three year of implementation 2020/2021. The EASTRIP financial Agreement between World Bank and the Government of Tanzania was finalized and signed on 21st March 2019 and effective date of commencement of Project was 31st May 2019. EASTRIP inauguration was 11th June 2019 in Ethiopia where in Tanzania RAFIC and CELPAT were inaugurated on 12th December 2019. Despite the late disbursement of the funds, the Project appreciates the effort of the Institute to inject pre-financing in the tune of TZS. 115,000,000 which enabled implementation of some of activities which were crucial to ensure project implementation is smooth.

**1.6. Project Financing**

The approved budget for five years is USD 16,250,000. In this Financial Year 2019/2020 USD. 4,875,000 equivalent to TZS 11,106,031,426.13 was requested which is 30% of approved budget for five years. Exactly USD 4,875,000 was disbursed to cover the activities earmarked to be implemented in the first year. The realization of future funds is performance based depending on meeting project goals/milestones and DLI.

The following is the summary of project cost allocation:

No.	Project component	Project cost(TZS)	Percentage
1.1	Strengthening Governance and Leadership of the Regional Flagship ICT Centre;	1,851,005,000.00	5%
1.2	Institutionalizing Industrial Linkage;	740,402,000.00	2%
1.3	Developing market relevant and competency based training programs;	1,480,804,000.00	4%
	Training of Centre Managers and Instructors;	2,221,206,000.00	6%
1.5	Upgrading key training facilities and equipment;	29,616,080,000.00	80%
1.6	Outreaching and support for non-project national TVET.	1,110,603,000.00	3%

**1.7. Institutional and Implementation Arrangements**

DIT is overall implementing agency with judiciary and safeguards responsibility for project execution.

DIT is implementing the project through a defined Project Implementation Unit (PIU). The project implementation unit comprises of full time employee of DIT including a Project Coordinator, Assistant Project Coordinator, Finance specialist, Procurement Specialist, Health and Environmental Safeguards and Industrial and Linkage Specialist. The overall responsibility PAD and POM implementation lines with DIT.

In general responsibility of DIT including the following: -

- i) Management of the Designated Account (DA)
- ii) Financial management and reporting on the overall project.
- iii) Ensuring the execution of the Audit of the project.
- iv) Preparing of Quarterly financial and biannual progress reports.
- v) Management of the environmental and safeguards aspects and
- vi) Oversight of the procurement and contract management activities of the executing agencies.

**1.8. Project Implementation Period**

According to the Project Appraisal Document (PAD) the project will be implemented over a five (5) years period.

**1.9. Implementation Status**

The financing agreement between GoT and IDA World Bank for implementation of EASTRIP was signed on 31 March, 2019 and became effective in 31<sup>st</sup> May, 2019. However, implementation of some few activities commenced before the project effectiveness date.

**1.10. Payments**

The approved budget for five years is USD 16,250,000. In this Financial Year 2019/2020 USD 4,875,000 equivalent to TZS 11,106,031,426.13 was requested which is 30% of approved budget for five years. Exactly USD 4,875,000 was disbursed to cover the activities earmarked to be implemented in the first year. The realization of future funds is performance based depending on meeting project goals/milestones and DLI.

**1.11. Financial Performance**

During the year under review, the Project recorded the revenue earned, expenses incurred, and net results recorded during the current and previous year are summarized below:

**1.12. Project Financial Performance**

Table one (1) summarizes the financial implementation of all key project activities. The project overall financial performance was largely affected by the late disbursement of

funds as a result, the project could only consume 3% and 16% of the disbursed funds for the financial year 2019/20 and 2020/21 respectively. Most of the activities were carried forward to 2021/22 financial year.

**1.13. The Effect of COVID - 19**

The COVID-19 pandemic which largely impacted implementation of most activities such as:

1. Staff exchange severely affected as we have limited Institutions able to accommodate our staff outside the country
2. Capacity building of instructors for international certification has also been affected as the pandemic prevented much of travels
3. The project expected to do benchmarking visits in India, USA and Singapore to learn about similar projects however this has also been significantly affected by the pandemic
4. The project was expecting to bring in trainers from outside the country to train staff on various training programs but they were also restricted by the pandemic

**1.14. Project Implementation Status**

**COMPONENT 1 Strengthening centre governance and management**

- PIU established
- ISO Certification Process (21001: 2018 - Management systems for educational organizations)
- Skills gap analysis for academic staff and administrative staff
- Development of Policies (ICT Policy, ICT Security Policy, and Business Continuity Plan, Development of Environmental Safety and Social Health)
- Capacity building for DIT Governing Council
- Capacity building of DIT Management (All heads of departments)

**COMPONENT 2 Institutionalising industry links**

- Industrial Advisory Board established
- Stakeholders engagement workshop during EASTRIP/ RAFIC Inauguration Week
- Development of Stakeholders Engament Guideline
- Development Staff Industrial Attachment Evaluation Tools
- Finalising two MoUs

**COMPONENT 3 Developing/implementing market relevant and competency based training**

- Review of 8 existing ICT related programme is ongoing
- Curriculum development capacity building (NACTE + Tanzania Private Sector Foundation)

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- Review of existing short term programmes

**COMPONENT 4 Training of school managers and teachers**

- MIT Pedagogy Training (40 participants, some from NIT and ATC)
- MSc in Cyber Security (Two staff)

**COMPONENT 5 Upgrading key instructional facilities and equipment**

- Procurement of consultant for Environmental impact assessment - ongoing - evaluation stage
- Procurement of consultant for Design and Supervision of RAFIC Buildings and Hostel(s) - evaluation stage
- Procurement of consultant for ICT Infrastructure - evaluation stage
- Procurement of consultant Project Vehicles (Station wagon and Mini bus)- awarding stage
- Procurement of the Procurement Specialist - evaluation stage

**COMPONENT 6 Outreaching and support for non-project national TVET**

- Support of Military School of ICT in curriculum development
- Support Gender Policy - Draft policy is ready and will be submitted to the Governing Council for approval in October 2020

The average number of male and female participated in all Project Activities for this year was 288. Out of this number, 53 were females - equivalent to 18% and 235 were male- equivalent to 82%. The RAFIC in Dar es Salaam Institute of Technology gives equal opportunity to all Tanzanians regardless of their gender.

**1.15. Going Concern**

Continuation of the activities of the Project was contingent upon satisfying IDA requirements so as to secure approvals at various stages of implementation apart from the financial covenants stipulated in the financing agreement. During the year under review, the project management satisfied IDA requirement therefore approval of requesting of find was given. The going concern basis has been adopted in preparing the financial/statement. The management has no reason to believe that project will not be a going concern in the foreseeable future based on the loan agreement between Government and World Bank.

**1.16. Risk Management and Internal Control**

The project management accepts final responsibility for The Risk Management And Internal Control Systems of the project. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained ongoing basis in order to provide reasonable assurance regarding the effectiveness and efficiency of operations:

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- i) Safeguarding of perfect's assets and information.
- ii) Compliance with the applicable laws, regulations and supervising requirements.
- iii) The reliability of accounting records.
- iv) Compliance with Loan Agreement covenants.
- v) Business sustainbling under normal as well as adverse.
- vi) Responsible behaviour towards all stakeholders.

**STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE YEAR ENDED 30 JUNE, 2021**

Pursuant to Section 25(4) of the Public Finance Act, 2001 (R.E 2016), 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 respective 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. The Management is also responsible for safeguarding the assets of the entity.

The project management accept responsibility for annual financial statement for the year ended 30 June, 2021 which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments 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 2020/2021. The Management accepts responsibility of the integrity of the financial

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statement, the information it contains and its compliance with the Public Finance Act, 2001 (Revised 2004). 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, 2011, amended 2016 and Public Procurement Regulations, 2013, amended 2016.

At the time of preparation 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, EASTRIP (RAFIC Project) expects to continue in operation as a going concern from the date of this statement.



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Prof. Preksedis Marco Ndomba  
**PRINCIPAL**

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DECLARATION OF THE HEAD OF FINANCE DEPARTMENT FOR THE YEAR ENDED 30 JUNE, 2021

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Governing Council and Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Governing Council as under Governing Council Responsibility statement on the earlier page.

I, CPA (T) Rajabu M. Mirambo, being the Head of Finance Department of the Dar es Salaam Institute of Technology hereby acknowledge my responsibility of ensuring that EASTRIP (RAFIC Project) financial statements for the year ended 30<sup>th</sup> June 2021 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS).

I, thus confirm that the financial statements present a true and fair view position of the RAFIC Project in Dar es Salaam Institute of Technology as on that date and that they have been prepared based on properly maintained financial records.

Name

Rajabu Mirambo

Signed

*[Signature]*

Position

Business

NBAA Membership No

ACPA 1481

Date

29-12-2021

**COMMENTARY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2021**

**1. INTRODUCTION**

The Financial Statements for the year for the year ended 30 June, 2021 provide a record of the EASTRIP Project at DIT Main Campus: Financial Performance, Financial Position, Cash flow, Change in Net Assets, Statement of Comparison of Budget and Actual Amounts and Notes to the Financial Statements.

**2. OVERVIEW OF FINANCIAL STATEMENTS**

The financial statements present; Financial Position, Financial Performance, Changes in Net Assets, Cash Flows, Comparison of Budget and Actual amounts, and Notes to the Financial Statements of the EASTRIP Project as at 30 June, 2021.

**3. FINANCIAL POSITION**

Financial Position comprises; Cash and Cash Equivalents, Receivables, Property Plant and Equipment, Work in Progress, Payables, Deferred Income and Net assets.

**3.1 Cash and Cash Equivalents**

A total of TZS 8,880,623,820.89 remained as Cash and Cash Equivalents at closing date which comprised TZS 6,123,445,802.73 held in Bank of Tanzania (BoT) Designated Account and TZS 2,757,178,018.16 held in CRDB Bank Account.

**3.2 Receivables**

There was TZS 18,750,300 receivable for the year under review compared to the previous year of TZS 21,790,600. Imprest of TZS 13,362,600 were retired from previous year and TZS 10,322,300 were outstanding imprest for the year under review

**3.3 Property, Plant and Equipment (PPE)**

During the year under review, the project acquired two (2) motor vehicles amounted to TZS 496,278,857.06; of which TZS 478,668,673.59 was reported under Property, plant and Equipment after charging depreciation of TZS 17,610,183.47

**3.4 Work in Progress**

During the year under review, Work in Progress was TZS 99,324,000 compared to TZS 12,875,000 of the previous year. The increase of TZS 86,449,000 used in consultancy for building and ICT infrastructures.

**3.5 Payables**

During the year under review there was payable of TZS 20,020,000 in respect of audit fees compared to the previous year where there was unpaid audit fees and staff claim amounting to TZS 49,185,600 which were settled during the year under review.

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**3.6 Deferred Income**

Deferred income for the year under review was TZS 8,870,926,120.66 compared to TZS 10,704,562,554.20 of the preceding year. The deferred funds for the year under review comprises unspent funds for training, operating expenses and infrastructure costs.

**3.7 Net Assets**

Surplus for the preceding year was TZS 34,665,600.00 compared to TZS 562,077,370.63 for the year under review which resulted to the Net Assets be TZS 34,665,600.00 and TZS 596,742,971.06 for the financial year 2019/20 and 2020/21 respectively.

**4. FINANCIAL PERFORMANCE**

The project had total funds amounting to TZS 37,020,262,500.00 for executing project activities of which TZS 11,106,031,426.13 received from World Bank for 2019/20; and TZS 10,753,748,154.20 was a balance from previous years. TZS 1,880,832,069.15 was consumed and recorded in the Statement of Financial Performance.

**4.1 EXPENSES**

Total expenses was TZS 1,318,754,698.52 during the year under review from TZS 385,233,014.00 of the previous year. The increase in expenses is caused by increase in other training and operating expenses.

**4.1.1 Depreciation**

Depreciation charges for the year under review is TZS 17,610,186.43. Depreciation charged is due to the acquisition of Motor Vehicle.

**4.2 Surplus/Deficit for the year**

Surplus for the year under review was TZS 562,077,370.63 was compared to TZS 34,665,600.00 for the preceding year.

**5. CASH FLOW STATEMENT**

**5.1 Cash Flows from Operating Activities**

Total spending from operating activities of training and operating expenses amounting to TZS 292,494,690.72 and TZS 1,034,775,121.37 respectively resulting to the net cash out flows from operating activities of TZS 1,327,269,812.09 compared to TZS 10,748,193,412 of the previous year.

**5.2 Cash Flows from Investing Activities**

TZS 496,278,857.06 was spent for acquiring non-current assets and Work in Progress of TZS 86,449,000.00 was used for consultancy of buildings and ICT infrastructures for the year under review which resulted to Net Cash out flow of TZS 582,727,857.06 from Investing Activities compared to a preceding year which was TZS 12,875,000.00

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**5.3 Cash and Cash Equivalents**

TZS 8,880,623,820.89 cash balance remained at closing date compared to TZS 10,753,748,154.43 of the previous year.

**5.4 RELATED PARTY TRANSACTIONS**

There were no related party transactions during the year under review.

**6. POLITICAL AND CHARITABLE DONATIONS**

The Project had not contributed to any political party or made any charitable donations.

**7. PROCUREMENT**

The Project prepared and implemented its procurement plan as per the Public Procurement Act No. 7 of 2011 and its regulations of 2013 together with its amendments of 2016.

**8. AUDITORS**

The Controller and Auditor-General (CAG) is the statutory auditor for the Ministry pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania, 1977 and in Sect. 10 (1) of the Public Audit Act, Cap. 418 [R.E 2021] and the Public Finance Act, Cap. 348 [R.E 2020].

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**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2021**

ASSETS	Note	2020/21	2019/20
		TZS	TZS
<b>CURRENT ASSETS</b>			
Cash and Cash equivalents	2.3	8,880,623,820.89	10,753,748,154.20
Receivables	2.15	18,750,300.00	21,790,600.00
<b>Total Current Assets</b>		<b>8,899,374,120.89</b>	<b>10,775,538,754.20</b>
<b>NON- CURRENT ASSETS</b>			
PPE	2.4	478,668,670.63	-
Work In Progress	2.5	99,324,000.00	12,875,000.00
<b>Total Non Current Assets</b>		<b>577,992,670.63</b>	<b>12,875,000.00</b>
<b>TOTAL ASSETS</b>		<b>9,477,366,791.52</b>	<b>10,788,413,754.20</b>
 <b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	2.13	20,020,000.00	49,185,600.00
Deffered Income	2.16	8,860,603,820.46	10,704,562,554.20
<b>Total Current Liabilities</b>		<b>8,880,623,820.46</b>	<b>10,753,748,154.20</b>
<b>NET ASSETS</b>		<b>596,742,791.06</b>	<b>34,565,600.00</b>
 <b>NET ASSETS</b>			
Accumulated Surplus		596,742,971.06	34,665,600.00
<b>TOTAL NET ASSETS</b>		<b>596,742,791.06</b>	<b>34,665,600.00</b>



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Eng. Dr. Richard J. Masika  
Chairperson - IDT Council

30.12.2021



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Prof. Preksedis M. Ndomba  
PRINCIPAL - DIT

**DAR ES SALAAM INSTITUTE OF TECHNOLOGY  
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**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2021**

	Note	2020/21 TZS	2019/20 TZS
<b>REVENUE</b>			
Amortised Revenue	2.12	1,880,832,069.15	419,898,614.00
<b>TOTAL REVENUE</b>		<b>1,880,832,069.15</b>	<b>419,898,614.00</b>
<b>EXPENSES</b>			
Training costs	2.7	292,494,690.72	114,722,991.00
Operating costs	2.8	1,008,649,821.37	270,510,023.00
Depreciation	2.9	17,610,186.43	
<b>TOTAL EXPENDITURE</b>		<b>1,318,754,698.52</b>	<b>385,233,014.00</b>
<b>SURPLUS</b>		<b>562,077,370.63</b>	<b>34,665,600.00</b>



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**Eng. Dr. Richard J. Masika**  
 Chairperson- DIT Council  
 30.12.2021

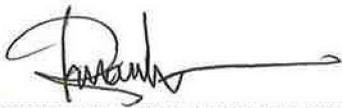


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**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30JUNE, 2021**

Details	TZS Accumulated Surplus	TZS Total
Opening Balance as at 1 July 2020	34,665,600.00	34,665,600.00
Surplus for the year	562,077,371.06	562,077,371.06
Balance as at 30th June 2021	596,742,971.06	596,742,971.06
Opening Balance as at 1 July 2019	0.00	0.00
Surplus for the year	34,665,600.00	34,665,600.00
Balance as at 30th June 2020	34,665,600.00	34,665,600.00



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**DAR ES SALAAM INSTITUTE OF TECHNOLOGY  
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**CASH FLOW STATEMENT FOR THE YEAR ENDED 30JUNE, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2020/21 (TZS)	2019/20 (TZS)
Receipts		-	11,106,031,426.00
Loan from DIT	2.14	-	36,330,600.00
<b>Total Receipts</b>		-	<b>11,142,362,026.00</b>
<b>PAYMENTS</b>			
Training costs	2.7	292,494,690.72	114,722,991.00
Operating costs	2.17	1,034,775,121.37	279,445,623.02
<b>Total Payments</b>		<b>1,327,269,812.09</b>	<b>394,168,614.02</b>
<b>Net Cash flows from operating activities</b>		<b>(1,327,269,812.09)</b>	<b>10,748,193,412.00</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Work in Progress	2.5	86,449,000.00	12,875,000.00
Acquisition of Motor vehicles	2.4	496,278,857.06	0
<b>Net cash flows from investing activities</b>		<b>(582,727,857.06)</b>	<b>(12,875,000.00)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash flows from financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,909,997,669.15)</b>	<b>10,735,318,412.00</b>
Cash and cash equivalents at the beginning of the year		10,753,748,154.43	0
Effect of exchange gain on Cash and Cash equivalent	2.6	36,873,335.61	18,429,742.43
<b>Cash and cash equivalents at end of the year</b>	<b>2.3</b>	<b>8,880,623,820.89</b>	<b>10,753,748,154.43</b>



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**DAR ES SALAAM INSTITUTE OF TECHNOLOGY  
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**DAR ES SALAAM INSTITUTE OF TECHNOLOGY  
EASTRIP FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE, 2021**

**STATEMENT OF COMPRISION OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE, 2021**

Details	Original Budget (TZS)	Final Budget (TZS)	Actual (TZS)	Variance (TZS)	Explanation
Receipt from World Bank	11,771,348,219	11,771,348,219	-		Management received funds amounting to TZS 11,106,031,426.00 during the previous financial year. No funds were received in the current financial year. Therefore the balance is being utilized to finance current year expenses.
<b>EXPENSES</b>					
Training Expenses	2,588,888,128.00	2,588,888,128.00	292,494,690.72	2,296,393,437.28	There was delays in procurement, thus, 80% of the fund is for Infrastructures which requires to pass through procurement procedures
Operating Expenses	1,889,658,058.00	1,889,658,058.00	985,589,521.37	843,801,881.13	
Acquisition of Non Current Assets	7,255,035,915.00	7,255,035,915.00	582,727,857.06	6,672,307,970.00	
<b>Total</b>	<b>11,733,582,101.00</b>	<b>11,733,582,101.00</b>	<b>1,860,812,069.15</b>	<b>9,812,503,288.41</b>	

  
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Chairperson- DIT Council**

30.12.2021

  
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**Prof. Preksedis M. Ndomba  
PRINCIPAL - DIT**

## 2.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2021

### GENERAL INFORMATION

#### 2.1 Statement of Compliance and Basis of Preparation

The financial statement of the Project have been prepared in accordance with international Public Sector Accounting Standards (IPSAS-Accrual Basis) and comply with the Public Finance Act, 2001 as revised in 2020, the Executive Agencies Act, 1997 and the Financing Agreement.

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

#### 2.2 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 Transaction**

The Tanzania shilling is the project's functional and presentation currency.

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. Grants Revenue from the World Bank is accounted for on accrual basis. Grants from the World Bank are revenue from Non exchange transactions and are recognized in the financial statements when it is probable that future economic benefit will flow to the project and if the benefit are reliably measured.

IPSAS 23 Para 44 requires the inflow of resources from non-exchange transaction to be recognised both as revenue and an asset except to the extent that a liability is also recognized in respect of the same inflow. Grants are recognised as income when such condition have been received and expensed to match expenditure incurred with Grants received.

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- d) **Going Concern Assumption**  
The financial statements have been prepared on the going concern assumption. The validity of this assumption will largely depend on the Institute to meet its obligation when they fall due. This indicates that the EASTRIP be able to meet its obligations when they fall due.
- e) **Events after Reporting Date**  
The reporting date for this Financial Statements is 30<sup>th</sup> June, 2021, there have been no material event favourable or unfavourable that occurred between the date of Financial Statements and the date when the Financial Statements were authorised for issue that would have had a material impact on the Financial Statements.
- f) **Judgements**  
The preparation of the Project's financial statements requires management to make judgments, estimates and assumption that affect the reported amounts of revenue, expanses, 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 assets or liability affected in the future. In the process of applying the project's accounting policies, management has made no specific judgment.
- g) **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 member of the project implementation team are regarded as related parties.
- h) **Property, Plant and Equipment**  
Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria. Depreciation is calculated on a straight-line basis over the useful life of the assets. The annual rates of depreciation which have been applied are:

<u>Description</u>	<u>Estimated Useful Life</u>
<b>Administration assets</b>	
Buildings	25
<b>Motor Vehicles:</b>	
Heavy duty (5 tons and above)	10
Light duty (below 5 tons)	5
Plant and Machinery	15
Motor circle	7
Computer (Desktop and Laptop)	4

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Description	Estimated Useful Life
<b>Administration assets</b>	
Furniture and Fixture	5
Document Processing Equipment eg. Photocopiers	7
Intangible	4
<b>Infrastructural assets</b>	
Water Wells Schemes/ Water Systems	15
Drainage systems	15

**2.3 Cash and Cash Equivalents**

Item	2020/21	2019/20
	TZS	TZS
BoT Designated Account No.	6,123,445,802.73	6,086,572,467.12
DIT EASTRIP Account (CRDB Bank)	2,757,178,018.16	4,667,175,687.09
<b>Total</b>	<b>8,880,623,820.89</b>	<b>10,753,748,154.21</b>

**2.4 Property, Plant and Equipment**

Details	Costs			Accumulation Depreciation/ Impairment			Carrying Value
	At 1st July 2020	Addition Monetary	Total at 30 <sup>th</sup> June, 2021	At 1st July 2020	Charge during the year	at 30th June 2021	
	TZS	TZS		TZS	TZS	TZS	
Motor Vehicles	-	496,278,857.06	496,278,857.06	-	17,610,183.47	17,610,183.47	478,668,673.59
<b>TOTAL</b>	<b>-</b>	<b>496,278,857.06</b>	<b>496,278,857.06</b>	<b>-</b>	<b>17,610,183.47</b>	<b>17,610,183.47</b>	<b>478,668,673.59</b>

**2.5 Work In Progress**

Project expenditure represent the gross amount of costs incurred for Component five (5) - Upgrading key instructional facilities and equipment which amount to TZS 86,449,000

Details	2020/21(TZS)	2019/20(TZS)
Consultancy building	66,595,000.00	12,875,000.00
ESIA	9,195,000.00	-
ICT Infrastructure	23,534,000.00	-
<b>TOTAL</b>	<b>99,324,000.00</b>	<b>12,875,000.00</b>

**DAR ES SALAAM INSTITUTE OF TECHNOLOGY  
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**2.6 Foreign Exchange Rate**

DATE	DETAILS	DEBIT (USD)	RATE	AMOUNT (TZS)
30/06/2020	Closing balance	2,663,604.00	2,285.09	6,086,572,467.12
30-06-2021	Closing Balance	2,663,604.00	2,298.93	6,123,445,802.73
<b>Exchange Gain</b>				<b>36,873,335.61</b>

**2.7 Training Costs**

Item	2020/21 TZS	2019/20 TZS
Component1.1: Strengthening centre governance and management	-	87,119,991.34
Component 1.4 Train school managers and Teachers	292,494,690.72	27,603,000.00
<b>Total</b>	<b>292,494,690.72</b>	<b>114,722,991.34</b>

**2.8 Operating Costs**

Item	2020/21 TZS	2019/20 TZS
Component1.1: Strengthening centre governance and management	289,732,619.37	50,772,369.39
Component 1.2: Institutionalizing industry links	68,079,402.00	14,820,000.00
Component1. 3: Developing/implementing market relevant and competency based training Capacity building	424,906,800.00	149,046,653.63
Component 1.5 Upgrading Key Training Infrastructure	202,926,000.00	-
Component 1.6: Outreaching and support for non-project national TVET	2,985,000.00	43,976,000.00
Accrued Audit costs	20,020,000.00	11,895,000.00
<b>Total</b>	<b>1,008,649,821.37</b>	<b>270,510,023.02</b>

**DAR ES SALAAM INSTITUTE OF TECHNOLOGY  
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**2.9 Depreciation Charges**

Item	2020/21 TZS	2019/20 TZS
Depreciation	17,610,186.43	-
<b>Total</b>	<b>17,610,186.43</b>	<b>-</b>
<b>2.10 Development Costs</b>		
Component 1.5 Upgrading Key Training Infrastructure		
Work in Progress	86,449,000.00	12,875,000.00
Motor Vehicles	496,278,857.06	-
<b>Total</b>	<b>582,727,857.06</b>	<b>12,875,000.00</b>

**2.11 Grant Received from IDA World Bank**

The approved budget for five years is USD 16,250,000. In this financial year 2020/21 USD 4,875,000 equivalent to TZS 11,106,031,426.13 was rereceived, which is 30% of the five years budget. Exactly 4,875,000 USD was disbursed to cover the activities earmarked to be implemented in the first year. The realization of future funds is performance based depending on meeting project goals/milestones and DLI.

**2.12 Amortized Revenue**

Item	2020/21 TZS	2019/20 TZS
Total Expenses as per financial performance excluding depreciation	1,287,781,912.09	385,233,014.36
Receivables	10,322,300.00	21,790,600.00
Work in Progress	86,449,000.00	12,875,000.00
Plant, Property & Equipment	496,278,857.06	-
<b>Total</b>	<b>1,880,832,069.15</b>	<b>419,898,614.36</b>

Item	2020/21 TZS	2019/20 TZS
<b>2.13 Payables</b>		
Audit Costs	20,020,000.00	11,895,000.00
Payable to DIT (Loan)	-	36,330,600.00
Staff Payables	-	960,000.00
<b>Total</b>	<b>20,020,000.00</b>	<b>49,185,600.00</b>
<b>2.14 Loan from DIT</b>		
Payable to DIT	0.00	36,330,600.00
<b>Total</b>	<b>0.00</b>	<b>36,330,600.00</b>

**DAR ES SALAAM INSTITUTE OF TECHNOLOGY  
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Item	2020/21 TZS	2019/20 TZS
<b>2.15 Receivables</b>		
Staff Imprests	18,750,300.00	21,790,600.00
<b>Total</b>	<b>18,750,300.00</b>	<b>21,790,600.00</b>

**2.16 Deferred Income**

Item	2020/21 TZS	2019/20 TZS
Opening Balance	10,704,562,554.20	-
Receipts from World Bank	-	11,106,031,426.13
Exchange Gain	36,873,335.61	18,429,742.43
<b>Total funds available</b>	<b>10,741,435,889.81</b>	<b>11,124,461,168.56</b>
Recurrent Expenditures excluding depreciation	(1,287,781,912.09)	(385,233,014.36)
Purchase of motor vehicles	(496,278,857.06)	
Work In Progress	(86,449,000.00)	(12,875,000.00)
Receivables	(10,322,300)	(21,790,600.00)
<b>Deferred Income</b>	<b>8,860,603,820.66</b>	<b>10,704,562,554.20</b>

**2.17 Operating Costs**

Item	2020/21 TZS	2019/20 TZS
Component 1.1: Strengthening centre governance and management	335,877,919.37	50,772,369.39
Component 1.2: Institutionalizing industry links	68,079,402.00	14,820,000.00
Component 1.3: Developing/implementing market relevant and competency based training Capacity building	424,906,800.00	170,837,253.63
Component 1.5 Upgrading Key Training Infrastructure	202,926,000.00	-
Component 1.6: Outreaching and support for non-project national TVET	2,985,000.00	43,976,000.00
Staff Unpaid allowance	-	960,000.00
<b>Total</b>	<b>1,034,775,121.37</b>	<b>270,510,023.02</b>

**DAR ES SALAAM INSTITUTE OF TECHNOLOGY  
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**2.18 Notes to the Cash Flow Statement**

**Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)**

Items	2020/21 TZS	2019/20 TZS
Suplus from ordinary activities	551,755,070.63	34,665,600.00
Non Cash Movements		
Exchange gain	-36,873,335.61	-18,429,742.43
Depreciation MV	17,610,186.43	-
<b>Total Non Cash Movement</b>	<b>-19,263,149.18</b>	<b>-18,429,742.43</b>
<b>Movement in Working Capital</b>		
Deferred Income	-1,833,636,433.54	10,704,562,554.20
Increase/ Decrease in Payable	-29,165,600.00	49,185,600.00
Increase/ Decrease in Receivable	3,040,300.00	-21,790,600.00
<b>Total Movement in working Capital</b>	<b>-1,859,761,733.54</b>	<b>10,731,957,554.20</b>
<b>Net Cash flows from Operating Activities</b>	<b>-1,327,269,812.09</b>	<b>10,748,193,411.77</b>

**2.19 The reconciliation of actual amounts on comparable basis between statement of comparison of budget and actual amounts and cash flowstatement**

	Operating	Investing	Financing	Total
Actual amount on comparable basis as presented in the statement of comparison of budget and actual amount	1,278,084,212.09	582,727,945.00	-	1,860,812,157.09
Timing difference	49,185,600.00	-	-	49,185,600.00
<b>Actual amount in the statement of cash flow</b>	<b>1,327,269,812.09</b>	<b>582,727,945.00</b>	<b>-</b>	<b>1,909,997,757.09</b>