

TANZANIA EDUCATION AUTHORITY

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TANZANIA EDUCATION AUTHORITY

LIST OF ABBREVIATION AND DEFINITIONS OF TERMS

IAS	International Accounting Standard
ISA	International Standards of Auditing
ISSAIs	International Standards of Supreme Audit Institutions
IASB	International Accounting Standard Board
IFRIC	International Financial Interpretations Committee
IFRS	International Financial Reporting Standard
Minister	Minister for Education and Vocational Training
NAO	National Audit Office
PAA	Public Audit Act
PFA	Public Finance Act
PPA	Public Procurement Act
RC	Reliable Consultants
TEA	Tanzania Education Authority
TZS	Tanzania Shillings
URT	United Republic of Tanzania

**Office of the Controller and Auditor General,
National Audit Office,
The United Republic of Tanzania**

(Established under Article 143 of the Constitution of the URT)

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 further elaborated under Sect.10 (1) of the Public Audit Act No.11 of 2008.

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.

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 high quality audit services based on best practices;
- ✓ **Integrity:** We observe and maintain high standards of ethical behavior and the rule of law;
- ✓ **People focus:** We focus on 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 utilization:** We are an organization that values and uses public resources entrusted to it in 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 adequate working tools and facilities that promote independence.

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TANZANIA EDUCATION AUTHORITY

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 2012

1. INTRODUCTION

Directors submit their Report and Financial Statements for the year ended 30th June, 2012, which disclose the state of affairs of Tanzania Education Authority (TEA).

2. TANZANIA EDUCATION AUTHORITY PROFILE

TEA is a corporate body established under Section 5(1) of the Education Fund Act No.8 of 2001 to manage the Education Fund. The Fund was established by Section 4(1) of the same Act, as one of the Government's interventions to address the challenges of the education sector.

The overall management of TEA is vested in the TEA Board under the supervision of the Ministry of Education and Vocational Training. The Director General is responsible for the day to day operations of the Authority.

TEA VISION

TEA aspires to be a leading Strategic Financial and Material resources interventionist in the education sector.

TEA MISSION

To secure financial and material resources for the Education Fund and efficiently and effectively deploy those resources to support educational projects/or programs for the realization of improved access, equity and quality of education.

3. TEA FUNCTIONS

Principal activities of the Authority are as follows:

- (i) To secure adequate and stable financing for education;
- (ii) To raise the quality of education and increase access and equity;
- (iii) To develop and review periodically the formula for allocation and disbursement from the Fund to different education level; and
- (iv) To monitor the use of the funds disbursed and ensure adherence to objectives of the Fund.

4. COMPOSITION OF TEA BOARD

TEA is governed by a Board comprising of six non-executive Members and the Director General who serves as the secretary. The Chairperson of the TEA Board was appointed by his Excellency, the President of the United Republic of Tanzania to serve for a term of three years. The Minister for Education and Vocational Training appointed five other Members to the TEA Board for the same tenure of 3 years. The current Board is the fourth since establishment of TEA and was appointed on 1st January, 2012.

The following Members served the Board during the Financial Year ended 30th June 2012:

Name	Position	Age	Profession	Nationality	Date of Appointment/ Retirement
Dr. Naomi B Katunzi	Chairperson	63	Educationist	Tanzanian	Reappointed on 24 th July 2011
Dr. Charles S. Kimei	Vice Chairperson	58	Economist	Tanzanian	Reappointed on 1 st January 2012
Prof. Sirel N. Massawe	Member	60	Obstetrician & Gynecologist	Tanzanian	Reappointed on 1 st January 2012
Mrs. Dorothy A. Mwaluko	Member	50	Educationist	Tanzanian	Appointed on 20 th April, 2010 and retired 31 st December, 2011
Ms. Madina M. Mwinyi	Member	52	Educationist	Tanzanian	Reappointed on 30 th July 2008 and retired 31 st December, 2011
Hon Siraju J. Kaboyonga	Member	63	Economist	Tanzanian	Appointed on 11 th August, 2008 and retired 31 st December, 2011
Prof. Immanuel K. Bavu	Member	78	Public Administration	Tanzanian	Appointed on 1 st January 2012
Mr. Vuai K. Juma	Member	52	Educationist	Tanzanian	Appointed on 1 st January 2012
Mr. Muhwela A. Kalinga	Member	59	Educationist	Tanzanian	Effective from 1 st January to 31 st March, 2012
Mr. Egbert N. Ndauka	Member	52	Economist	Tanzanian	Effective 1 st April 2012
Mrs. Rosemary A. Lulabuka	Member/ Director General	60	Accountant	Tanzanian	Ex- officio appointed on 1 st February 2010

The Board is required, by virtue of section 7(5), (6) and (7) of the Education Fund Act 8 of 2001, to establish two permanent committees of the Revenue and Award Committees for the purpose of fulfilling its oversight responsibilities. Two more Committees were established by the Board namely; the Executive and Audit Committees.

5. CORPORATE GOVERNANCE

Tanzania Education Authority is well managed and its policies and operations are directed, controlled and managed in conformity with good corporate Governance principles. To discharge the obligation contained in the first schedule of the Education Fund Act No. 8 of 2001, the Board held meetings as follows:-

- (i) 2 Ordinary Board Meetings
- (ii) 2 Extra Ordinary Board Meetings
- (iii) 4 Executive Committee Meetings
- (iv) 2 Revenue Committee Meeting
- (v) 1 Award Committee Meeting
- (vi) 3 Audit Committee Meetings

These meetings deliberated on matters relating to the control and performance of the Authority. Members of the Committees of the Board as of 30th June, 2012 were as follows:

a) REVENUE COMMITTEE

Name	Position
(i) Prof. Immanuel K. Bavu	Chairperson
(ii) Dr. Charles S. Kimei	Member
(iii) Mr. Egbert N. Ndauka	Member
(iv) Mrs. Rosemary A. Lulabuka	Member/Secretary

b) AWARD COMMITTEE

Name	Position
(i) Prof. Siriel N. Massawe	Chairperson
(ii) Dr. Naomi B. Katunzi	Member
(iii) Mr. Egbert N. Ndauka	Member
(iv) Mrs. Rosemary A. Lulabuka	Member/Secretary

c) EXECUTIVE COMMITTEE

Name	Position
(i) Dr. Naomi B. Katunzi	Chairperson
(ii) Mr. Vuai K. Juma	Member
(iii) Prof. Siriel N. Massawe	Member
(iv) Mrs. Rosemary A. Lulabuka	Member/Secretary

d) AUDIT COMMITTEE

Name	Position
(i) Dr. Charles Kimei	Chairperson
(ii) Prof. Immanuel K. Bavu	Member
(iii) Mr. Vuai K. Juma	Member
(iv) Mr. Simon Sayore	Co-opted Member
(v) Mrs. Rosemary A. Lulabuka	Member/Secretary

6. TEA MANAGEMENT

The Management of TEA is under the Director General and is organized in Departments and Units as follows:

Departments:

- (i) Mobilization and Acquisition of Resources;
- (ii) Allocation of Funds; and
- (iii) Finance and Administration.

Units:

- (i) Corporate Secretary
- (ii) Internal Audit
- (iii) Planning & Investment
- (iv) Monitoring and Evaluation
- (v) Information, Education and Communication;
- (vi) Information Technology
- (vii) Procurement Management

7. TEA PERFORMANCE FOR THE FINANCIAL YEAR 2011/2012

During the period under review, the Authority made efforts to fulfill its core activities as stipulated in the TEA Rolling Corporate Strategic Plan 2010/11 – 2014/15 as translated in the annual operational plan.

7.1. Total Income

Total income for the financial year 2011/2012 amounted to TZS. 4,304,051,897 comprised of Government Subvention for Other Charges and Personnel Emoluments of TZS. 2,867,547,210. The Authority also received a grant from World Bank of TZS. 310,396,179 and internally generated income was TZS. 1,126,108,508.

Internally generated income include interest on short-term deposits, voluntary contributions, user charges and fees from affiliated District Education Fund, proceeds from the sale of UTT units and interest from loans advanced.

7.2. Deferred Capital Grant

During the year, the Authority received a total of TZS. 1,598,000,000 from the Government as Development Subvention. This money was meant to facilitate the acquisition of office building. This amount has been deferred due to the fact that the building is yet to be put into use, and will be amortized on the basis of annual depreciation charge on the building.

7.3. Funds Award to Fund Assisted Projects/Programmes for 2011/12

During the period under review, the Authority allocated funds for educational development amounting to TZS. 2,313,151,936 out of which TZS. 534,827,450 was in form of grants and TZS. 1,149,080,000 was in the form of loans. TZS. 629,244,486 was incurred in respect of operational costs for Educational Fund Projects.

Support Type	Education Level				Total	Ref.
	Primary	Secondary	Colleges	Universities		
	TZS.	TZS.	TZS.	TZS.	TZS.	
Textbooks	9,500,000	300,640,000	-	-	310,140,000	
ICT	-	-	-	43,407,450	43,407,450	
Building construction and Rehabilitation	81,280,000	-	-	-	81,280,000	
Pre entry Programme	-	-	-	100,000,000	100,000,000	
	90,780,000	300,640,000	-	143,407,450	534,827,450	
Operational Costs for Educational Fund Projects	-	-	-	629,244,486	629,244,486	
Sub Total	90,780,000	300,640,000	-	772,651,936	1,164,071,936	Note 16

B: LOANS

Support Type	Primary	Secondary	Colleges	Universities	Total	
Building construction and Rehabilitation	245,000,000	300,000,000	200,000,000	-	745,000,000	
Boading Facility	-	-	-	404,080,000	404,080,000	
Sub Total	245,000,000	300,000,000	200,000,000	404,080,000	1,149,080,000	
Grand Total	335,780,000	600,640,000	200,000,000	1,176,731,936	2,313,151,936	

7.4 Total Recurrent Expenditure

Total recurrent expenditure for the financial year 2011/2012 amounted to TZS. 5,620,092,292.

7.5 Deficit of Income over Recurrent Expenditure

During the period under review the Authority recorded a deficit of income over expenditure of TZS. 1,316,040,395. This deficit is attributed to decrease in subvention income from the government which was significantly below budget. The deficit arising from Government Subvention was TZS. 1,870,810,017 whereby budgeted amount was TZS. 4,738,357,227 compared with the actual amount of TZS. 2,867,547,210 received.

8. RISK MANAGEMENT AND INTERNAL CONTROL

Board Members accept the final responsibility for Risk Management and Internal Control system of the Authority and keeping proper accounting records which disclose with reasonable degree of accuracy at any one time, the financial position of the Authority and which enable them to ensure that the financial statements comply with the Education Fund Act No. 8 of 2001. It is the responsibility of the Management to ensure the adequate operational and financial systems are in place and working to provide assurance on:

- (i) Effectiveness and Efficiency of operations;
- (ii) Compliance with Laws and Regulations;
- (iii) The Reliability and Timeliness of Accounting Records;
- (iv) Safeguarding the assets of the Authority and putting in place necessary safeguards and controls to facilitate prevention and detection of theft and fraud, errors and other irregularities.
- (v) Business Sustainability; and
- (vi) TEA Good Reputation is maintained.

9. STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

This statement is issued pursuant to Section 16 of the Education Fund Act No. 8 of 2001, which requires the Members of the Board of the Authority to prepare financial statements for each financial period that give a true and fair view of the financial state of affairs of the Authority as at the end of the financial period.

9.1 Accounting Policies

The Board Members confirm that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgment and estimates have been made in the preparation of the financial statements for the year ended 30th June, 2012.

9.2 Adherence to International Financial Reporting Standards (IFRSs) & the Legal Requirements

The Board Members also confirm that the International Financial Reporting Standards and Tanzania Financial Accounting Standards, Public Finance Act No. 6 of 2001 as amended in 2004 and the Public Procurement Act No. 21 of 2004 have been adhered to and that the financial statements have been prepared on the basis of the above requirements.

10. GOING CONCERN

The Board Members have reviewed the financial position of TEA as exhibited by the Statement of Financial Position as at 30.06.2012 and the related Statement of Comprehensive Income as was done for the preceding years. On the basis of the aforesaid review, the Board Members are satisfied that the Authority is a going concern and has continued to adopt the going concern basis of preparing the financial statements.

11. SOLVENCY

A review of TEA's Statement of Financial Position as of 30.06.2012, and in particular the networth (Owner's Equity) and the working capital performance indicated and confirmed that TEA was solvent.

Total assets of the Authority as of 30.06.2012 by far exceeded total liabilities. The current ratio that is the ratio of total current assets to total current liabilities and acid-test ratio as of 30.06.2012 declined slightly to 3.73:1 compared to 4.25:1 for the previous year.

12. AUDITORS

The Controller and Auditor General is the statutory auditor of TEA by virtue of Article 143 of the constitution of the United Republic of Tanzania and as amplified in section 32(4) of the Public Audit Act No. 11 of 2008. However, in accordance to section 33 (1) of the above mentioned Act, the Controller and Auditor General appointed M/s Reliable Consultants, on behalf of National Audit Office, to carry out the audit of the Financial Statements of the Authority for the financial year ended 30th June, 2012. The members of the Board were satisfied that the Auditors manifested a high degree of integrity and professionalism in conducting the audit.

13. EMPLOYEES' WELFARE

The Authority offers benefits to staff that have been approved by the Government. The Authority provides training to enhance skills, loans to staff and furniture and housing allowance to entitled staff. The Authority also provides medical services to staff and families in line with Staff Regulations.

14. GENDER PARITY

Out of 39 employees as at 30th June 2012, 21 were male and 18 were female. TEA is an equal opportunity employer which gives equal access to employment opportunities with the right capabilities. As such it ensures that the best available person is appointed in a given position free from discrimination of any kind and without regard to factors like gender, marital status.

15. PERSON WITH DISABILITY

It is TEA’s policy to give employment to disabled persons whenever practicable. TEA further supports project/programmes for students with disability.

16. ENVIRONMENTAL PROTECTION

In supporting conservation and environmental protection, TEA insists on compliance with statutory environmental impact assessment whenever required for projects it supports.

17. HIV AND AIDS

TEA recognizes that HIV and AIDS is an important issue to be addressed at workplace for optimal output. TEA continued to implement the HIV/AIDS policy through which preventive and curative services are provided to employees and their dependants In addition it has internalized the National HIV and AIDS Policy.

18. FUTURE OUTLOOK

- (i) TEA aims at seeking for enhancement of the Educational Fund by appropriately amending the Educational Fund Act No. 8 of 2001;
- (ii) TEA intends to continue making strategic interventions to the education projects/programs that will enhance impact to the education sector;
- (iii) TEA intends to finalize the process of acquisition of building from National Insurance Corporation for its office accommodation; and
- (iv) Intends to build human resources capabilities and exploit ICT facilities in line with the expected developments.

.....
CHAIRPERSON

.....
MEMBER/SECRETARY

.....
DATE

AUDIT REPORT ON FINANCIAL STATEMENTS

To the Chairperson
Board of Directors
Tanzania Education Authority
P.O. Box 34578
DAR ES SALAAM

Introduction

I have audited the accompanying financial statements of the Tanzania Education Authority, which comprises the statement of financial position as at 30th June, 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements which includes a summary of significant accounting policies and other explanatory notes set out on pages 15 to 34 of this report.

Governing Councils' Responsibility for the Financial Statements

The Governing Council of the Tanzania Education Authority is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibilities of the Controller and Auditor General

My responsibility as auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing (ISA), the International Standards of Supreme Audit Institutions (ISSAI) and such other audit 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 about 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 those risk assessments, the auditor considers internal controls relevant to the Tanzania Education Authority 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 Tanzania Education Authority internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In addition, Section 10(2) of the PAA of 2008 requires me to satisfy myself that the accounts have been prepared in accordance with appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of public monies have been properly authorized.

Furthermore, Section 44(2) of the Public Procurement Act No. 21 of 2004 and Regulation 31 of the Public Procurement (Goods, Works, Non-Consultant Services and Disposal of Public Assets by Tender) Regulations, 2005 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.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Tanzania Education Authority. as at 30th June, 2012 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Compliance with Public Procurement Act

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 the Tanzania Education Authority procurement has generally complied with the requirements of the Public Procurement Act, 2004 and its related Regulations of 2005.

Ludovick S.L. Utouh
CONTROLLER AND AUDITOR GENERAL

Office of the Controller and Auditor General,
National Audit Office,
Dar es Salaam, Tanzania

Date: December, 2012

TANZANIA EDUCATION AUTHORITY

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2012

ASSETS EMPLOYED	NOTE	30.06.2012 TZS.	30.06.2011 TZS.
NON CURRENT ASSETS			
Property, Plant and Equipment	2	363,721,545	407,378,801
Intangible Assets	3	111,874,803	221,977,356
Loans and Receivables not Due	4	3,209,459,706	2,298,353,342
Investments in Shares held in other Companies	5	<u>2,156,257,573</u>	<u>603,373,636</u>
		5,841,313,627	3,531,083,135
CURRENT ASSETS			
Accrued Dividend Income Receivable		13,217,080	10,000,000
Other Receivables, Payments & Advances	6	2,183,980,344	2,809,243,486
Loans Receivables Due	7	2,624,951,139	2,798,614,945
Held to Maturity Investments in Cash Deposits	8	3,958,962,657	5,121,404,169
Cash and Cash Equivalents	9	<u>1,146,846,296</u>	<u>1,088,443,648</u>
TOTAL CURRENT ASSETS		<u>9,927,957,516</u>	<u>11,827,706,248</u>
TOTAL ASSETS		<u>15,769,271,143</u>	<u>15,358,789,383</u>
FINANCED BY:			
EQUITY			
Capital Fund	10	109,941,536	73,254,574
Deferred Capital Grant	11	1,633,475,625	70,951,249
Accumulated Surplus	12	12,202,614,031	13,518,654,426
Revaluation Reserve	13	<u>229,509,786</u>	<u>233,768,483</u>
TOTAL EQUITY		14,175,540,978	13,896,628,732
LIABILITIES			
Accrued Expenses Payable	14	<u>1,593,730,165</u>	<u>1,462,160,651</u>
TOTAL LIABILITIES		<u>1,593,730,165</u>	<u>1,462,160,651</u>
TOTAL EQUITY AND LIABILITIES		<u>15,769,271,143</u>	<u>15,358,789,383</u>

NOTES 1 TO 26 FORM PART OF THE FINANCIAL STATEMENTS

.....
CHAIRPERSON OF THE BOARD

.....
MEMBER/SECRETARY

.....
DATE

TANZANIA EDUCATION AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE, 2012

	NOTE	2011/2012 TZS.	2010/2011 TZS.
INCOME			
Government Subvention	15	2,867,547,210	3,760,610,816
Revenue Grant from World Bank		310,396,179	523,183,080
Donations		179,563,152	166,017,167
Affiliation Fees from District Education Funds		2,000,000	-
Interest from Loans Advanced		269,722,087	342,230,092
Income from Endowment Fund		56,636,880	50,751,312
Interest Income		397,706,898	370,414,264
Yield from UTT Investment		138,516,962	-
Dividend Income		21,826,215	26,838,551
Gain On Foreign Exchange		-	37,414,001
Amortization of Deferred Capital Grant		35,475,624	39,180,241
Other Income		24,660,690	6,122,018
Undisbursed Grants Written Off		-	248,633,485
		4,304,051,897	5,571,395,027
LESS EXPENDITURE			
Fund Assisted Educational Projects	16	1,164,071,936	1,038,237,803
Operational Costs	17	4,456,020,356	4,000,829,547
TOTAL EXPENDITURE		5,620,092,292	5,039,067,350
Surplus/(Deficit) for the Year		(1,316,040,395)	532,327,677
Accumulated Surplus Brought Forward		13,518,654,426	13,072,586,349
• Adjustment Against Retained Earnings in Respect of Loan Repayments booked as income in prior years reversed		-	(86,259,600)
Restated Balance Brought Forward		13,518,654,426	12,986,326,749
ACCUMULATED SURPLUS CARRIED FORWARD		12,202,614,031	13,518,654,426

NOTES 1 TO 26 FORM PART OF THE FINANCIAL STATEMENTS

.....
CHAIRPERSON OF THE BOARD

.....
MEMBER/SECRETARY

.....
DATE

TANZANIA EDUCATION AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2012

	2011/2012 TZS.	2010/2011 TZS.
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus /(Deficit) for the Year	(1,316,040,395)	532,327,677
Cash Outflow in respect of Prior Year Adjustments	(13,644,310)	(86,259,600)
Adjustments for Items not Involving Cash Movement		
Amortization of Capital Grant	(35,475,624)	(39,180,241)
Adjustments to Revaluation Reserves	(4,258,697)	-
Depreciation Expense	192,844,826	136,737,079
Amortization of Intangible Assets	110,102,553	108,330,303
Proceeds on Disposal of Fixed Assets	8,131,028	19,824,392
Loss on Disposal of Fixed Assets	<u>21,605,155</u>	<u>67,231,172</u>
	(1,023,091,154)	739,010,782
Cash Flows Arising from Changes in Working Capital Items:		
(increase)/Decrease in Loans Receivables Due	(173,663,806)	(1,226,785,505)
(Increase)/Decrease in Accrued Income (Receivable)	(3,217,080)	2,965,070
(Increase)/Decrease in Other Receivables and Advances	625,263,142	(1,943,032,690)
Increase/Decrease in Held to Maturity Investments	1,162,441,512	(5,121,404,169)
Increase/(Decrease) in Accrued Expenses	<u>131,569,514</u>	<u>(954,737,331)</u>
	<u>2,089,720,895</u>	<u>(9,242,994,625)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	(A) <u>1,066,629,741</u>	<u>(8,503,983,843)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in Investment in Shares	(1,552,883,937)	(63,518,099)
Cash Flows in Respect of Loans Receivable not Due	(911,106,364)	671,445,350
Acquisition of Fixed Assets	(178,923,753)	(106,661,536)
Purchase of Intangibles	<u>-</u>	<u>(21,267,000)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	(B) <u>(2,642,914,053)</u>	<u>479,998,715</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Inflow in respect of Capital Grant from Government	1,598,000,000	-
Inflow in respect of Capital Gain from Investment Shares	<u>36,686,962</u>	<u>68,267,087</u>
NET CASH FLOW FROM FINANCING ACTIVITIES	(C) <u>1,634,686,962</u>	<u>68,267,087</u>
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(A+B+C) <u>58,402,648</u>	(7,955,718,041)
Cash and Cash Equivalents at Beginning of the Year	<u>1,088,443,648</u>	<u>9,044,161,689</u>
Cash and Cash Equivalents at the End of the Year	<u>1,146,846,296</u>	<u>1,088,443,648</u>

NOTES 1 TO 26 FORM PART OF THE FINANCIAL STATEMENTS

CHAIRPERSON OF THE BOARD	DATE	MEMBER/SECRETARY
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TANZANIA EDUCATION AUTHORITY

STATEMENT OF CHANGES IN EQUITY

PARTICULARS	CAPITAL FUND TZS.	DEFERRED CAPITAL GRANT TZS.	ACCUMULATED SURPLUS TZS.	REVALUATION RESERVE TZS.	TOTAL TZS.
Balance as at 1 st July, 2011	73,254,574	70,951,249	13,518,654,426	233,768,483	13,896,628,732
Adjustments on Amortization Revaluation Reserves to Income in Respect of Fixed Assets Disposed Off	-	-	-	(4,258,697)	(4,258,697)
Amortization of Capital Grant Adjustment for Current Year Surplus/(Deficit) for the Year ended 30 th June, 2012	-	(35,475,624)	-	-	(35,475,624)
	-	-	(1,302,396,085)	-	(1,302,396,085)
Sub Total	73,254,574	35,475,625	12,202,614,031	229,509,786	12,540,854,016
Capital Gain from Investments in DSE Shares	36,686,962	-	-	-	36,686,962
Capital Grant Received from Government During the Year	-	1,598,000,000	-	-	1,598,000,000
Balance as at 30th June 2012	109,941,536	1,633,475,625	12,202,614,031	229,509,786	14,175,540,978

NOTES 1 TO 26 FORM PART OF THE FINANCIAL STATEMENTS

.....
CHAIRPERSON OF THE BOARD

.....
MEMBER/SECRETARY

.....
DATE

TANZANIA EDUCATION AUTHORITY

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2012

NOTE 1: ACCOUNTING POLICIES

1.1 Basis of Preparation of the Financial Statements

The Financial Statements have been prepared under the historical cost convention in Tanzania Shillings with modifications where considered necessary to incorporate revaluation adjustments on property, plant and equipment. The Financial Statements have been prepared in accordance with International Financial Reporting Standards.

The accounting policies have been consistently applied in these financial statements.

1.1.1 The Tanzania Education Authority adopted the following Fundamental Accounting Concepts:-

- Going Concern Concept
- Accrual Basis of Accounting
- Matching Principle of Accounting

1.1.2 The Accounting Policies as detailed in the financial statements were developed taking into account the following criteria:-

- Prudence
- Substance Over Form
- Relevance and Materiality

1.2 Summary of Significant Accounting Policies for the Year Ended 30th June, 2012

1.2.3 Property, Plant and Equipment

Property, Plants and Equipment are initially recorded at cost and later modified whenever revaluation is undertaken in order to incorporate the revaluation adjustments in the accounts.

Cost comprises of expenditure that is directly attributable to the acquisition (purchase or construction) of the item. Subsequent costs are included in the asset's carrying amount, only when it is probable that the future economic benefits associated with the use of the asset will flow to the Authority and the cost of an item can be measured reliably.

TANZANIA EDUCATION AUTHORITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012 (Continued)

1.2.2 Depreciation of Assets

Depreciation of an asset begins when it is available for use and its use ceases at the earlier of the date when the asset is classified as held for sale in accordance to IFRS 5 and the date that the asset is derecognized.

Depreciation expense on Property, Plant and Equipment and amortization of intangible assets have all been charged on a straight-line method using approved depreciation rates is shown hereunder.

• Motor Vehicles	25%
• Plant and Equipment	12.5%
• Furniture and fittings	10%
• IT Hardware	331/3%
• Office Partitioning	10%
• Office Machines	12.5%

1.2.4 Amortization of Intangible Assets (IT-Software)

Intangible assets which comprise of IT Software are amortized over a period of 3 years at a rate of 331/3% per annum.

1.2.5 Investments

Tanzania Education Authority classified its investments in the following categories: Loans, Receivables, and Held to Maturity. The classification depends on the purpose for which the investments were acquired.

Loans and Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in the active market and with no intention of being traded in the financial markets. They are included in current assets, category except for those of maturities greater than twelve months after Statement of Financial Position date. These are classified as non-current assets. Loans and Receivables are included in non-current assets category in the 2011/2012 Statement of Financial Position.

Held to Maturity Investments (Investment in Fixed Deposits)

Held to maturity investment are non derivative financial assets with fixed or determinable payments and fixed maturities that Tanzania Education Authority Management has the ability and positive intention to hold to maturity. Those Investments maturing from three months and above have been classified under Non-current assets and the ones maturing below three months have been classified as Current Assets.

TANZANIA EDUCATION AUTHORITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012 (Continued)

1.2.6 Non Current Assets (Intangible Assets)

Acquired computer software (telephone) and web development costs are capitalized on the basis of the costs incurred to acquire and bring to use the specific assets.

Amortization expense for intangible assets has been computed at a rate of 33¹/₃% for IT Software.

1.2.7 Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents comprises of investments in money market instruments (fixed deposits) with maturity periods of one year or less.

1.2.7 Revenue

Government Subvention

According to IAS 20, subvention from the Government is accounted for on income approach basis which the total amount received during the year has accordingly been credited in the Statement of Comprehensive Income where the related expenditure has correspondingly been charged.

Interest Income

Interest earned on short term deposits is accounted for on accrual basis.

1.2.8 Loans and Receivables

Loans Receivables Due and Other Receivables are classified under current assets, except for those of maturities greater than 12 months that mature after the Statement of Financial Position date. The later are classified as non-current assets. Loans Receivable Due and Other Receivables are disclosed in the Statement of Financial Position under Note 7 and six respectively.

TANZANIA EDUCATION AUTHORITY

NOTE 2: MOVEMENT OF PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION

ASSET TYPE	COST/VALUATION					DEPRECIATION					NET BOOK VALUE	
	Balance as at 01.07.2011	Additions	Transfers (Adjustments)	Disposals	Balance as at 30.06.2012	Balance as at 01.07.2011	Disposals	Charge for the Year	Transfers (Adjustments)	Balance as at 30.06.2012	As at 30.06.2012	As at 30.06.2011
	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.
Motor Vehicles	293,319,437	167,226,710	-	-	460,546,147	126,959,776	-	115,136,537	-	242,096,313	218,449,834	166,359,661
Plant & Equipment	14,403,360	2,738,343	-	(7,281,010)	9,860,693	5,728,527	(1,966,011)	2,310,319	-	6,072,835	3,787,858	8,674,833
Furniture & Fittings	80,277,847	-	-	(1,819,425)	78,458,422	14,723,657	25,575	7,826,117	-	22,575,349	55,883,073	65,554,190
IT Hardware	181,816,634	3,989,999	-	(25,699,794)	160,106,839	71,559,989	(15,520,105)	53,059,225	-	109,099,109	51,007,730	110,256,645
Office Improvements	7,318,950	-	40,038	(7,358,988)	-	(903,902)	863,864	-	40,038	-	-	8,222,852
Office Machines	65,242,552	-	-	(7,234,021)	58,008,531	16,994,678	(3,100,417)	14,502,128	-	28,396,389	29,612,142	48,247,874
Other Assets	82,038	4,968,700	(40,038)	-	5,010,700	19,292	-	10,500	-	29,792	4,980,908	62,746
TOTAL	642,460,818	178,923,752	-	(49,393,238)	771,991,332	235,082,017	(19,697,094)	192,844,826	40,038	408,269,787	363,721,545	407,378,801

TANZANIA EDUCATION AUTHORITY

NOTE 3: INTANGIBLE ASSETS

ASSETS	COST				ARMORTIZATION					NET BOOK VALUE
	BALANCE AS AT 01/07/2011	ADDITIONS	DEDUC-TIONS	BALANCE AS AT 30/06/2012	BALANCE AS AT 01/07/2011	ADJUST-MENTS	ADDI-TIONS	CHARGE FOR THE YEAR	BALANCE AS AT 30.06.2012	
	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.
IT Software (Oracle EBS)	330,307,659	-	-	330,307,659	108,330,303	-	-	110,102,553	218,432,856	111,874,803
TOTAL	330,307,659			330,307,659	108,330,303			110,102,553	218,432,856	111,874,803

TANZANIA EDUCATION AUTHORITY

NOTE 4: LOANS & INTEREST RECEIVABLE NOT DUE AS AT 30TH JUNE 2012

INSTITUTION	BALANCE AS AT 30.06.2011	DISBURSED DURING THE YEAR	PROVISION FOR IMPAIRMENT/ ADJUSTMENTS	REPAYMENTS PRINCIPAL 2011/12	BALANCE AS AT 30.06.2012	INSTALMENTS NOT DUE WITHIN NEXT 12 MONTHS
	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.
Baobab Secondary School	14,200,000	-	-	(11,200,000)	3,000,000	3,000,000
Baobab Secondary School II	40,001,200	-	-	(11,112,640)	28,888,560	8,801,200
Green Hill Primary School	12,400,000	-	12,400,000	-	-	-
Hurbert Kairuki University	874,496,771	-	-	(367,930,190)	506,566,581	375,436,391
Muhimbili University College of Health	48,894,515	-	(48,894,515)	-	-	-
Open University of Tanzania	227,412,015	-	-	-	227,412,015	24,843,867
St Bakhita School of Nursing	74,718,195	-	-	(19,889,687)	54,828,508	-
Tumaini University-Iringa	79,344,000	-	-	-	79,344,000	-
University of Dar es Salaam	978,779,572	-	-	(208,757,256)	770,022,316	-
St Joseph Primary School	1,600,000	-	-	-	1,600,000	1,600,000
ARDHI University	283,848,806	-	-	(69,120,000)	214,728,806	214,728,806
DUCE	85,454,494	-	-	(48,780,403)	36,674,091	36,674,091
Wazo Hill Secondary School	96,580,438	-	-	(29,640,000)	66,940,438	31,420,438
Tumaini University-KCMC	200,000,000	-	12,000,000	(212,000,000)	-	-
St Joseph Millenium	213,026,889	-	-	(63,290,000)	149,736,889	149,736,889
St Moses Primary School	20,000,000	-	-	(200,000)	19,800,000	8,296,000
DIT	258,857,853	36,491,325	-	(37,166,400)	258,182,778	90,425,229
St Augustine University-Mwanza	200,089,800	-	-	21,000,000	221,089,800	56,089,800
Hope Secondary School	50,000,000	-	-	-	50,000,000	19,176,800
The Winning Spirit Sec School	78,000,000	-	-	-	78,000,000	33,540,000
Agape Secondary School Mbagala	38,488,700	-	-	(10,250,000)	28,238,700	26,738,700
SKY ENGLISH MEDIUM SCHOOL	45,000,000	-	-	(11,200,000)	33,800,000	29,150,000
Muleba Secondary School	21,180,000	-	-	(7,240,000)	13,940,000	5,080,000
Tusiime	31,000,000	-	-	(31,000,000)	-	-
Archbishop John Sepeku	40,000,355	97,250,682	-	-	137,251,037	103,251,037

TANZANIA EDUCATION AUTHORITY

NOTE 4: LOANS & INTEREST RECEIVABLE NOT DUE AS AT 30TH JUNE 2012 (CONT'D)

INSTITUTION	BALANCE AS AT 30.06.2011	DISBURSED DURING THE YEAR	PROVISION FOR IMPAIRMENT/ ADJUSTMENTS	REPAYMENTS PRINCIPAL 2011/12	BALANCE AS AT 30.06.2012	INSTALMENTS NOT DUE WITHIN NEXT 12 MONTHS
	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.
George Washington Secondary School	29,995,980		(29,995,980)	-	-	-
Sebastian kolowa University	105,348,862			-	105,348,862	67,148,862
St Augustine University-Tabora	613,649,101	162,421,751		-	776,070,852	594,737,518
College of Business Education	326,318,734	73,681,625		-	400,000,359	196,800,359
Josiah Kibira	8,631,735			-	8,631,735	8,631,735
Ailanga Junior Seminary				-	29,646,253	-
Theofilo Kisanji University		478,644,003		-	478,644,003	323,644,003
Sokoine University of Agriculture		767,113,731		-	767,113,731	511,597,450
Liebermann Pre Primary		150,000,000		-	150,000,000	150,000,000
Mbogamo Secondary School		29,811,000		-	29,811,000	29,811,000
Kisukuru Regent		40,000,000		-	40,000,000	40,000,000
Mzinga Secondary School		69,099,530		-	69,099,530	69,099,530
TOTAL	5,126,964,260	1,904,513,647	(79,290,495)	(1,117,776,576)	5,834,410,845	3,209,459,706

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NOTE 5: INVESTMENTS IN SHARES HELD IN OTHER COMPANIES

	AS AT 30.06.2012 TZS.	AS AT 30.06.2011 TZS.
NMB SHARES	403,899,000	360,469,000
CRDB SHARES	14,365,575	21,108,600
Unit Trust of Tanzania	742,312,998	221,796,036
Government Bonds	995,680,000	-
TOTAL	<u>2,156,257,573</u>	<u>603,373,636</u>

NOTE 6: OTHER RECEIVABLES PREPAYMENTS & ADVANCES

Loans to Staff	515,323,959	620,023,914
Imprest to Staff	14,265,742	183,630,236
Loan to MOHEST	-	14,523,944
Loans Interest Receivable	373,808,047	326,123,244
Other Advances / Prepayments	111,675,039	374,322,887
Staff Equity Loan	-	581,225
Skills & Development Levy Recoverable	4,703,613	4,703,612
Sub Total	<u>1,033,980,344</u>	<u>1,659,243,486</u>
Advance Payment Towards Acquisition of NIC Block of Flats at Mikocheni B	<u>1,150,000,000</u>	<u>1,150,000,000</u>
TOTAL	<u>2,183,980,344</u>	<u>2,809,243,486</u>

TANZANIA EDUCATION AUTHORITY

NOTE 7: LOANS RECEIVABLE DUE SCHEDULE 30TH JUNE 2012

INSTITUTION	BALANCE AS AT 30.06.2011	DISBURSED DURING THE YEAR	PROVISION FOR IMPAIRMENT/ ADJUSTMENTS	REPAYMENTS PRINCIPAL 2011/12	BALANCE AS AT 30.06.2012	INSTALMENTS DUE WITHIN NEXT 12 MONTHS
	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.
Baobab Secondary School	14,200,000	-	-	(11,200,000)	3,000,000	-
Baobab Secondary School II	40,001,200	-	-	(11,112,640)	28,888,560	20,087,360
Green Hill Primary School	12,400,000	-	(12,400,000)	-	-	-
Hurbert Kairuki University	874,496,771	-	-	(367,930,190)	506,566,581	131,130,190
Muhimbili University College of Health	48,894,515	-	(48,894,515)	-	-	-
Open University of Tanzania	227,412,015	-	-	-	227,412,015	202,568,148
St Bakhita School of Nursing	74,718,195	-	-	(19,889,687)	54,828,508	54,828,508
Tumaini University-Iringa	79,344,000	-	-	-	79,344,000	79,344,000
University of Dar es Salaam	978,779,572	-	-	(208,757,256)	770,022,316	770,022,316
St Joseph Primary School	1,600,000	-	-	-	1,600,000	-
ARDHI University	283,848,806	-	-	(69,120,000)	214,728,806	-
DUCE	85,454,494	-	-	(48,780,403)	36,674,091	-
Wazo Hill Secondary School	96,580,438	-	-	(29,640,000)	66,940,438	35,520,000
Tumaini University-KCMC	200,000,000	-	12,000,000	(212,000,000)	-	-
St Joseph Millenium	213,026,889	-	-	(63,290,000)	149,736,889	-
St Moses Primary School	20,000,000	-	-	(200,000)	19,800,000	11,504,000
DIT	258,857,853	36,491,325	-	(37,166,400)	258,182,778	167,757,549
St Augustine University-Mwanza	200,089,800	-	-	21,000,000	221,089,800	165,000,000
Hope Secondary School	50,000,000	-	-	-	50,000,000	30,823,200
The Winning Spirit Sec School	78,000,000	-	-	-	78,000,000	44,460,000
Agape Secondary School Mbagala	38,488,700	-	-	(10,250,000)	28,238,700	1,500,000
SKY English Medium School	45,000,000	-	-	(11,200,000)	33,800,000	4,650,000
Muleba Secondary School	21,180,000	-	-	(7,240,000)	13,940,000	8,860,000
Tusiime	31,000,000	-	-	(31,000,000)	-	-

TANZANIA EDUCATION AUTHORITY

NOTE 7: LOANS RECEIVABLE DUE SCHEDULE 30TH JUNE 2012 (CONT'D)

INSTITUTION	BALANCE AS AT 30.06.2011 TZS.	DISBURSED DURING THE YEAR TZS.	PROVISION FOR IMPAIRMENT/ ADJUSTMENTS TZS.	REPAYMENTS PRINCIPAL 2011/12 TZS.	BALANCE AS AT 30.06.2012 TZS.	INSTALMENTS DUE WITHIN NEXT 12 MONTHS TZS.
George Washington Secondary School	29,995,980		(29,995,980)	-	-	-
Archbishop John Sepeku	40,000,355	97,250,682	-	-	137,251,037	34,000,000
Sebastian kolowa University	105,348,862	-	-	-	105,348,862	38,200,000
St Augustine University-Tabora	613,649,101	162,421,751	-	-	776,070,852	181,333,333
College of Business Education	326,318,734	73,681,625	-	-	400,000,359	203,200,000
Josiah Kibira	8,631,735	-	-	-	8,631,735	-
Ailanga Junior Seminary	-	-	-	-	29,646,253	29,646,253
Theofilo Kisanji University	-	478,644,003	-	-	478,644,003	155,000,000
Sokoine University of Agriculture	-	767,113,731	-	-	767,113,731	255,516,282
Libermann Pre Primary	-	150,000,000	-	-	150,000,000	-
Mbogamo Secondary School	-	29,811,000	-	-	29,811,000	-
Kisukuru Regent	-	40,000,000	-	-	40,000,000	-
Mzinga Secondary School	-	69,099,530	-	-	69,099,530	-
TOTAL	5,096,968,289	1,904,513,647	(79,290,495)	(1,117,776,576)	5,834,410,845	2,624,951,139

TANZANIA EDUCATION AUTHORITY

**NOTE 8: HELD TO MATURITY INVESTMENTS
(MATURITY WITHIN ONE YEAR BUT ABOVE 3 MONTHS)**

	30.06.2012 TZS.	30.06.2011 TZS.
African Banking Corporation	2,483,147,517	2,014,652,266
Diamond Trust Bank	373,218,765	-
Exim Bank	-	1,243,337,874
Commercial Bank of Africa	267,915,550	1,190,462,950
CRDB Bank Ltd	-	356,699,300
Bank M Ltd	834,680,825	-
United Bank of Africa	-	51,781
International Commercial bank	-	316,200,000
TOTAL	<u>3,958,962,657</u>	<u>5,121,404,169</u>

NOTE 9: CASH AND CASH EQUIVALENTS:-

(A) Cash Balances

Current Account Balances

CRDB BANK-AZIKIWE	340,270,949	73,332,305
CRDB BANK-KIJITONYAMA	490,749,824	594,142,905
CRDB BANK-AZIKIWE USD A/C	1,768,160	112,785,187
CRDB BANK-K/NYAMAUSD A/C	307,241,301	1,883,360
CASH IN HAND	-	182,830
TOTAL	<u>1,140,030,234</u>	<u>782,326,587</u>

(B) Call Accounts and Held to Maturity investments with maturity period up to 3 months.

Stanbic Bank	6,816,062	6,117,059
Bank M Ltd	-	300,000,000
Total Call Accounts	<u>6,816,062</u>	<u>306,117,059</u>
Total Cash & Cash Equivalents (A+B)	<u>1,146,846,296</u>	<u>1,088,443,648</u>

NOTE 10: CAPITAL FUND

Opening Balance	73,254,574	4,987,487
Add: Capital Gain from Investments in DSE Shares	<u>36,686,962</u>	<u>68,267,087</u>
Balance as at 30th June, 2012	<u>109,941,536</u>	<u>73,254,574</u>

TANZANIA EDUCATION AUTHORITY

NOTE 11: DEFERRED CAPITAL GRANT

The capital grant is under the authority's Policy amortized to Statement of Comprehensive Income annually in terms of amounts relating to annual depreciation expenses, which relate to fixed assets received under the grant still in use by TEA as of Statement of Financial Position date.

a) Capital Grant Represented by Assets currently in use and being amortized

ASSET	RATE	BALANCE OF UNAMORTIZED CAPITAL FUND AS AT 30.06.2011	AMORTIZATION DURING 2011/12	BALANCE OF UNAMORTIZED CAPITAL FUND AS AT 30.06.2012
		TZS.	TZS.	TZS.
Motor Vehicles	25%	65,507,909	32,753,954	32,753,955
Plant & Equipment	12.5%	-	-	
Furniture & Fittings	10%	5,443,340	2,721,670	2,721,670
Office Machines	12.5%			
IT Software & Hardware	33.3%	-	-	-
Sub-Total		70,951,249	35,475,624	35,475,625
b) Additional Development Subvention from Government (Capital Grant)				
<p>During the year ended 30th June 2012 the Authority received as Government Capital Grant a total of TZS 1,598,000,000 as Development Grant. This money was meant to facilitate acquisition of office building. The amount has been deferred due to the fact that the building is not yet put into use, hence, amortization of the grant to Income Statement has not started as yet</p>				
TOTAL				1,598,000,000
				1,633,475,625

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NOTE 12: ACCUMULATED SURPLUS

	2011/2012 TZS.	2010/2011 TZS.
Balance as of 01.07.2011	13,518,654,426	13,072,586,348
Prior Year Adjustments		
• Adjustments in Respect of Loan Repayments Inadvertently Credited to Income in 2010/2011 now reversed	<u>(13,644,310)</u>	<u>(86,259,600)</u>
Restated Balance	13,505,010,116	12,986,326,749
Surplus/(Deficit) from Income Statement for the Year	<u>(1,302,396,085)</u>	<u>532,327,677</u>
Balance as at 30.06.2012	<u>12,202,614,031</u>	<u>13,518,654,426</u>

The Accumulated Fund balance of TZS. 12,202,614,031 up to 30th June, 2012 has been arrived at after taking into account the excess of expenditure over income for the year amounting to TZS. 1,302,396,085. The accumulated fund inter alia provides financial resources for loans granted to Educational Institutions which have been receiving educational support from TEA since 11th September, 2003.

Further, pursuant to the TEA's Board Meeting held on 24.07.2006, an Endowment Fund Investment of TZS. 500 million was established from the Authority's Accumulated Fund resources. The purpose of the Investment is to:-

- (i) Facilitate capital preservation, growth and appreciation;
- (ii) Maintain optimal liquidity levels to meet current obligations and opportunity cost of capital; and
- (iii) Provide facilities for sustainable funding of educational projects. The Investment income and the principal amount are being invested in short-term interest earning fixed deposits and had generated interest earnings amounting to TZS. 56,636,880 in the financial year 2011/12.

NOTE 13: REVALUATION RESERVE

Revaluation of Property Plant and Equipment was carried out by professional valuers; M/S Trace Associates Ltd in the financial year 2008/2009. The Revaluation of the Authority's Fixed Assets resulted into a revaluation Surplus/Reserve amounting to TZS. 229,509,786 as at 30th June 2012. These reserves however are not available for distribution.

TANZANIA EDUCATION AUTHORITY

NOTE 14 ACCRUED EXPENSES PAYABLE

	30.06.2012 TZS.	30.06.2011 TZS.
Accrued Expenses Fund Assisted Project	1,153,247,195	1,254,685,049
Accrued Expenses Operation	120,087,113	34,041,665
Provision for Gratuity	319,626,507	162,521,617
Withholding Tax Payable	-	751,270
Other Creditors	-	9,391,744
TACAIDS FUND	<u>769,350</u>	<u>769,350</u>
TOTAL	<u>1,593,730,165</u>	<u>1,462,160,651</u>
Textbooks	346,145,328	600,266,086
ICT	73,407,450	27,500,000
Pre-entry Programme	100,000,000	131,000,000
Learning Facilities	60,830,400	14,795,000
Boarding Facility	81,280,000	-
Teaching Equipment	<u>20,000,000</u>	<u>24,020,920</u>
SUB TOTAL	681,663,178	797,582,006
Add: Opening Balance	1,254,685,049	2,180,297,532
Less: Disbursements 2011/12	(968,203,984)	(1,513,604,683)
Undisbursed Grants Written Off	-	(248,633,485)
Adjustments to accrued Expenses	<u>185,102,952</u>	<u>39,043,679</u>
Balance of Accrued Expenses in respect of Fund Assisted Projects	<u>1,153,247,195</u>	<u>1,254,685,049</u>

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NOTE 15: GOVERNMENT SUBVENTION RECEIVED FOR THE YEAR 2011/2012

PERIOD	PERSONNEL EMOLUMENTS (PE) TZS.	OTHER CHARGES (OC) TZS.	TOTAL TZS.
Jul-11	56,405,068		56,405,068
Aug-11	56,405,068	486,052,100	542,457,168
Sep-11	115,786,558	185,913,000	301,699,558
Oct-11	115,786,558		115,786,558
Nov-11	115,786,558	142,956,500	258,743,058
Dec-11	115,786,558	50,000,000	165,786,558
Jan-12	115,786,558	285,913,000	401,699,558
Feb-12	195,786,558	80,000,000	271,823,442
Mar-12	191,823,442	80,000,000	195,786,558
Apr-12	115,786,558	80,000,000	195,786,558
May-12	115,786,558	80,000,000	195,786,558
Jun-12	115,786,568	50,000,000	165,786,568
Total	1,346,712,600	1,520,834,600	2,867,547,210

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NOTE 16: FUND ASSISTED EDUCATIONAL PROJECTS- GRANTS

	2011/2012 TZS.	2010/2011 TZS.
Laboratory Equipment and Chemicals		
Text Books	326,540,000	600,266,086
ICT Facilities (hardware and Software)	73,407,450	27,500,000
Pre Entry Programme For Female Science Students	100,000,000	131,000,000
Boarding facilities	81,280,000	-
Teaching Equipment	20,000,000	24,020,920
Learning Facilities	<u>60,830,400</u>	<u>14,795,000</u>
Sub Total Allocation	<u>681,663,178</u>	<u>797,582,006</u>
 Operational Costs for Educational Fund Projects:		
Planning & Investment	18,355,860	45,793,600
Monitoring & Evaluation	40,744,220	23,302,850
Consultancy on FAEP	122,335,691	-
CEA Awarding Ceremony	1,160,000	2,718,000
Documentary	15,955,000	35,647,925
Consultative Meetings	27,359,500	55,181,000
Refurbishment of Donated Computers	3,640,000	78,012,422
Transport of Donated Materials	1,690,000	-
Purchase of Equipment	123,307,186	-
Loss on US \$ denominated allocations	<u>127,861,301</u>	-
Sub Total Fund Costs	<u>432,408,758</u>	<u>240,655,797</u>
TOTAL	<u>1,164,071,936</u>	<u>1,038,237,803</u>

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NOTE 17: OPERATIONAL COSTS

	2011/2012 TZS.	2010/2011 TZS.
Salaries and Wages	1,121,267,474	732,078,303
Consolidated Allowances	705,450,440	628,020,575
Employers Pension Contribution	371,645,307	263,424,183
Travel on Leave	93,170,732	55,246,796
Travel Local	93,074,167	82,788,615
Foreign Traveling	11,884,259	72,610,768
Administrative Expenses	47,189,273	64,802,990
Staff Training Expenses	509,248,998	464,938,392
Seminars	25,079,806	60,219,449
Office Rent	172,168,467	190,672,460
Electricity	36,766,250	37,000,000
Consultancy	45,719,300	43,832,070
Telephone	96,880,392	87,324,330
Postage and Telegrams	4,056,090	4,093,400
Printing and Publications	18,878,265	37,120,225
Stationery and Office Supplies	38,041,243	27,572,746
Newspapers & Periodicals	13,977,389	11,093,800
Advertisement Expenses	54,925,773	91,024,156
Public Relations	5,301,400	25,905,680
Repair and Maintenance - Building	675,500	3,380,150
Repair and Maintenance- Motor Vehicles	50,612,292	43,002,536
Repair and Maintenance- Plant & Machinery	1,132,778	2,182,543
Repair and Maintenance- Furniture & Fittings	80,000	500,000
Repair and Maintenance- Office Machines	7,580,160	22,763,950
Repair and Maintenance- Computer Hardware	5,731,380	5,572,868
Group Asset Insurance	4,264,000	3,522,500
Depreciation Expense	192,844,826	136,737,079
Amortization of Intangible Assets	110,102,553	108,330,303
Motor Vehicles Running Costs	73,697,308	56,926,475
Motor Vehicles Insurance	16,271,000	13,313,485
Staff Recruitment and Repatriation	10,078,000	74,925,915
Medical Expenses	70,365,380	42,900,427
Staff Welfare	51,443,136	39,008,950
System Development and Maintenance	68,865,152	46,871,544
External Audit Fees & Expenses	70,000,000	69,515,500
Internal Audit & Investigations Expenses	200,000	8,894,000
Professional Membership	1,365,650	2,533,564

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NOTE 17: OPERATIONAL COSTS (CONT'D)

	2011/2012 TZS.	2010/2011 TZS.
Office Cleaning	15,560,150	17,541,968
Board Meeting Expenses	128,018,950	120,328,300
Board Members Honorarium	-	21,600,000
Board Travel	-	11,267,950
Tender Board Meeting	21,169,600	23,384,900
Withholding Tax on Income from Investment	28,512,292	44,689,174
Bank Charges	11,121,149	10,197,534
Donations	2,310,520	2,500,000
Loss on Disposal of Fixed Assets	21,605,155	67,231,172
Fund Raising	7,044,400	-
Legal Expenses	3,844,000	4,637,822
Security Expenses	16,800,000	16,800,000
TOTAL	<u>4,456,020,356</u>	<u>4,000,829,547</u>

NOTE 18: COMMITMENT ON TEA's LIQUID FUNDS

LOAN APPROVED FOR ALLOCATION BUT NOT YET DISBURSED

S/N	INSTITUTION	PROJECT	DATE OF ALLOCATION	AMOUNT TZS.	REMARKS
	Primary Schools				
1.	Day Star Pre & Primary School	Construction of dormitory & Ablution	20.06.2011	100,000,000	First certificate submitted for payment
2.	Genisus Kings Nursery & Primary School	Construction of seven classrooms	29.06.2012	100,000,000	On process
3.	Loamo Pre & Primary School	Construction of seven classrooms	29.06.2012	100,000,000	On process
4.	TEJ Primary & Nursery School	Construction of three classrooms	29.06.2012	45,000,000	On process
	Secondary Schools				
1.	Kisukuru Regents Secondary School	Balance loan for construction of nine classrooms	29.06.2012	130,000,000	On process
2.	Agape Mbagala Sec. School	Balance loan for construction of twelve classrooms	29.06.2012	70,000,000	On process
	Charles Totela Sec. School	Loan for construction of lab & classroom block	29.06.2012	100,000,000	On process

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S/N	INSTITUTION	PROJECT	DATE OF ALLOCATION	AMOUNT TZS.	REMARKS
	Teachers College				
	Mbeya Moravian Teachers College	Loan for construction of lecture theatre	29.06.2012	200,000,000	On process
	Universities				
1.	St. Augustine University Tabora Campus	Balance loan for construction of girls' hostel	29.06.2012	404,080,000	On process
2.	Tumaini University Makumira	Loan for construction of girls' dormitory	29.06.2012	377,636,190	On process
	Total			1,676,716,190	

NOTE 19: CAPITAL EXPENDITURE COMMITMENTS

The Authority is committed to purchase two blocks of flats owned by National Insurance Corporation (NIC) for office accommodation at a cost of TZS 2,300,000,000. Total amount of TZS 1,150,000,000 had been paid to NIC and transfer of ownership is in progress.

NOTE 20: RISK MANAGEMENT

The Authority is currently planning to introduce an entity wide risk management framework, which will inter alia facilitate risk based planning, and management of its business operations in conformance to the requirements of sound Corporate Governance principles and best practice.

NOTE 21: RELATED PARTY TRANSACTIONS

The Board Members confirm that all business transactions were conducted at arms length during the financial year 2011/2012 in conformance to the laws Governing business operations and the International Financial Reporting Standards.

As of the Statement of Financial Position date, there were no related party transactions relating to the Board of Directors to be reported in accordance to the requirement of International Financial Reporting Standards.

In regard to disclosure of related party transactions; total remuneration given to key management staff during 2011/2012 amounted to TZS. 495,578,833.

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NOTE 22: COMPARATIVE FIGURES

Previous year's figures in the Financial Statements have been reclassified or re-arranged wherever considered necessary to make them comparable to the current year's figures in order to facilitate better presentation and comparability.

NOTE 23: PRESENTATION CURRENCY

Financial reports are presented in Tanzania Shillings at full amount. Figures have been rounded to the nearest shilling.

NOTE 24: PRESENTATION AND CLASSIFICATION OF ITEMS

Presentation and classification of items of accounts comprising various assertions in the financial statements for the current year have where considered necessary been reclassified or regrouped to facilitate comparability with previous year's figures.

NOTE 25: RESTRICTIONS

There were no amounts of restrictions on title, property, plant and equipment pledged as security for liabilities.

NOTE 26: CONTINGENT LIABILITIES

There was no contingent Liabilities outstanding as at the year end.