



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



**MARINE SERVICES COMPANY LIMITED
(MSCL)**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2024**

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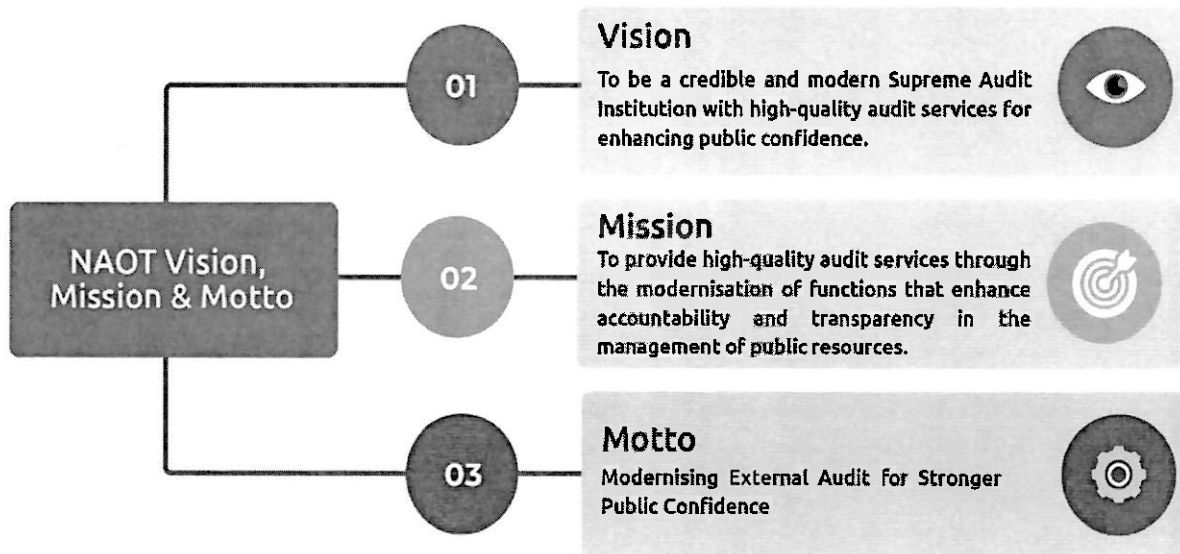
March 2025

AR/CG/MSCL/2023/24

About the National Audit Office

Mandate

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



Independence and objectivity

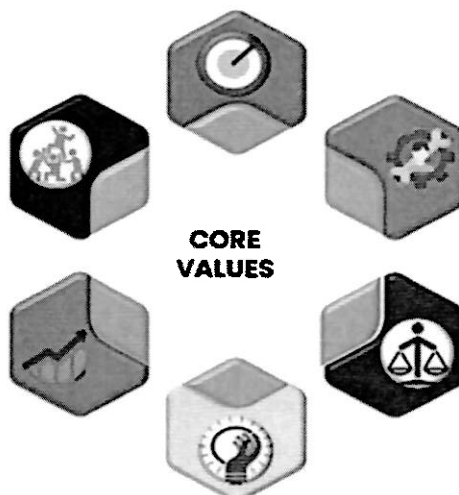
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

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



Professional competence

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

Integrity

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

Creativity and Innovation

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

© This audit report is intended to be used by Marine Services Company Limited 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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ABBREVIATIONS

CAG	Controller and Auditor General
CG	Central Government
COTWU	Communication and Transport Workers Union
COVID 19	Corona Virus Disease 2019
DOWUTA	Dock Workers Union of Tanzania
DRC	Democratic Republic of Congo
ECL	Expected Credit Loss
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ISSAIs	International Standards of Supreme Audit Institutions
MSCL	Marine Services Company Limited
MWT	Ministry of Works and Transport
NBAA	National Board of Accountants and Auditors
NBC	National Bank of Commerce
NMB	National Microfinance Bank
NSSF	National Social Security Fund
PA	Public Authority
PAA	Public Audit Act
PAR	Public Audit Regulation
PAYE	Pay As You Earn
PFA	Public Finance Regulations
PPA	Public Procurement Act
PPR	Public Procurement Regulations
PSSSF	Public Service Social Security Fund
SDL	Skills Development Levy
SUMATRA	Surface and Marine Transport Authority
TASAC	Tanzania Shipping Agencies Corporation
TASHICO	Tanzania Shipping Company
TPA	Tanzania Ports Authority
TRC	Tanzania Railways Authority
TZS	Tanzanian Shillings
URC	Uganda Railways Corporation
VAT	Value Added Tax
WCF	Workers Compensation Fund

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Hon. Chairperson,
Board of Directors,
Marine Services Company Limited,
P.O. Box 2385,
Mwanza, Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Marine Services Company Limited (MSCL), which comprise the Statement of Financial Position as at 30 June 2024, Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, Cash Flow Statement 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 Marine Services Company Limited as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

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

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

Emphasis of the matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

- **Change of name from Marine Services Company Limited to Tanzania Shipping Company Limited**

Note 22 to the financial statements discloses that, Marine Services Company Limited (MSCL) has changed its name to “Tanzania Shipping Company Limited” (TASHICO) with effect from 03 September 2024. The change of name was approved by the Business Registrations and Licensing Agency (BRELA) on 03 September 2024 and issued the Certificate of Change Name number 33117.

This event requires attention to all stakeholders, including employees, customers, creditors, and others, to ensure they are aware that the business, operations, and services previously offered by Marine Services Company Limited will continue uninterrupted under the new name, Tanzania Shipping Company Limited (TASHICO).

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 General information of the Institution and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor’s report.

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

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

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

Responsibilities of management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 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 based on these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism 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 to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material



uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Further, Section 48(3) of the Public Procurement Act, Cap. 410 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

1.2.1 Compliance with the Public Procurement Laws

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

I performed a compliance audit on the procurement of works, goods, and services in the Marine Services Company Limited for the financial year 2023/24 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, except for the matters described below procurement of goods, works and services of Marine Services Company Limited is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

(i) Delayed installation of verification gates for e-Ticketing

Contrary to Regulation 74(1) of the Public Procurement Regulations, 2013 which stipulates that, the contract period should be realistically assessed to ensure timely completion of delivery, works, or services; Marine Services Company Limited (MSCL) signed a contract worth TZS 329,220,000 with the e-Government Agency on 3 June 2022 for an e-Ticketing and Billing System, with an expected completion date of 4 May 2023. The system was planned to be operational on Lake Nyasa by November 2023 and on Lake Victoria by April 2024. However, the installation of QR code/Rfid scanning verification gates has been delayed.

I noted ticket verification was conducted manually, increasing the risk of errors, inefficiencies, and potential revenue loss. Additionally, 60% of the allocated contract sum (TZS 197,532,000) for gate installation remains unutilized, and there was no written assurance from TPA that the port extension will meet the system's installation needs.

(ii) Delayed implementation of major projects - TZS 8,892,804,020 and USD 251,075,147

Contrary to Regulation 75(1) and (2) of the Public Procurement Regulations 2013, which require procuring entities to ensure that funds are allocated or committed prior to commencing procurement proceedings, the Company signed contracts for major projects worth TZS 8,892,804,020 and USD 251,075,147, with durations ranging from 10 to 36 months. However, the implementation of these projects has been delayed due to unavailability of funds.

I noted the procurement activities were initiated without confirming the availability of funds for advance payments, and there was inadequate alignment between the budget and contracted obligations. I am concerned that, delay in implementing critical projects hamper the Company's ability to provide expected services to the public and meet its long-term objectives.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in Marine Services Company Limited for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that, Budget formulation and execution of Marine Services Company Limited is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.


Charles E. Kichere,
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2025



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2.0 FINANCIAL STATEMENTS

2.1 CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Position
Major General John J. Mbungu	Chairperson
Ms. Stella J. Katondo	Member
Capt. Ibrahim M. Bendera	Member
Dr. Hamis H. Mwingimvua	Member
Eng. Richard A. Mwanakulya	Member
Capt. Yusuph A. Mwingamno	Member
Ms. Agnes K. Meena	Member
Eng. Machibya M. Shiwa	Member
Prof. Costa R. Mahalu	Member
Mr. Frank M. Nyabundege	Member

All members are Tanzanians and were appointed in August 2022.

Key Management	Name	Position
	Eric Benedict Hamissi	Managing Director
	Alphonse Sebukoto	Director of Corporate Services
	Maulid Hamis Dege	Finance and Accounts Manager
	Eng. Wallace Kato	Acting Marine Superintendent
	Kennedy Mwakalindile	Acting Head of Procurement
	Neema Mwale	Administration Manager
	Alson G. Semoka	Planning and Development Manager
	Flora Malima	Human Resources Manager
	Kandota F. Nchimbi	Head of Internal Audit
	Anslem L. Namala	Head of Public Relations and Marketing

REGISTERED OFFICE

TPA Building 2nd Floor,
North Port Road,
Nyamagana,
P.O. Box 2385,
MWANZA, TANZANIA.

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AUDITORS

The Controller and Auditor General
National Audit Office
Audit House
4 Ukaguzi Road
P.O. Box 950
41104 Tambukareli
DODOMA.

2.2 PRINCIPAL BANKERS

Name of the bank	Postal address	Region	Country
NMB Bank Plc	1444	Mwanza	Tanzania
NBC Bank Ltd	197	Mwanza	Tanzania
CRDB Bank Ltd	1339	Mwanza	Tanzania
NMB Bank Plc	148	Kyela - Mbeya	Tanzania
NMB Bank Plc	75	Kigoma	Tanzania
Finance Bank Zambia Ltd	420106	Mpulungu	Zambia
Bank of Tanzania (BoT)	1362	Mwanza	Tanzania

2.3 REPORT OF THE DIRECTORS

The Directors present this report together with the financial statements for the year ended 30 June 2024 which disclose the state of affairs of Marine Services Company Limited ('The Company').

The company has more than 50 years of experience in maritime transport across Lakes Victoria, Tanganyika, and Nyasa. The company provides services across the three lakes serves as a linchpin for the communities along the lakes and provides intermodal connectivity for the Northern and Central Corridors as well as East and Central African countries bordering the lakes.

The company has a fleet of 15 vessels for both passenger and cargo transportation. Nine of these vessels are deployed in Lake Victoria, four in Lake Tanganyika, and two in Lake Nyasa. The fleet is made up of eight passenger-cargo vessels, two oil tankers, one wagon ferry, one tug, two self-propelled barges, and one tourist boat. Out of them, three vessels; New Victoria Hapa Kazi, New Butiama Hapa Kazi Tu, and MV Clarias were working while 11; MV Umoja, MT Sangara, MV. Serengeti, MV Liemba, MV Songea, MV Mwongozo, MV Iringa, ML Maindi, MT Ukerewe, MT Nyangumi, and ML Wimbi were not under operations due to breakdown as a result of aging whereas MT Linda was transferred to Tanzania Ports Authority (TPA). The tourist boat was not in operation due

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to lack of maintenance. MT Sangara, MV Umoja and MV Liemba are in major rehabilitation in which contracts for rehabilitation of MT Sangara na MV Umoja were signed on 16 June 2021 and MV Liemba was signed on 17 November 2023 respectively, Contracts were signed with SM Solution for MV Umoja, KTMI for MT Sangara both contractors are from South Korea and Brodosplit in joint venture with DMG for MV Liemba is from and Croatia The rehabilitation for both vessels started in November 2021 for the case of MV Liemba has not started however 15% has paid.

The Company also has four lighters of which two were grounded due to machinery breakdown and remained two damaged due to accident. The company is still in the transition period through which one new vessel is under construction at Lake Victoria, and three vessels MV Umoja, MT Sangara and MV Liemba are undergoing major rehabilitation.

On 1 September 2021 the company started to use the Mfumo wa Uhasibu Serikalini (MUSE) as an accounting package, MUSE replaced Enterprise Resource Management Suits (ERMS) which has been used since July 2020. The use of the MUSE has resulted in the change of the reporting format of these financial statements as of 30 June 2024 especially on the Statement of the Financial Position, Financial Performance, and notes. The changes have also been adopted to the comparative figures. The MUSE format has been adopted to align with other government institutions that are using MUSE, to ease the government consolidation process as well as to ensure the financial statements produced which are extracts from MUSE align with what has been reported in the MUSE.

a) INCORPORATION

Marine Services Company Limited was incorporated on 8 December 1997 as a Company Limited by Shares under the Companies Ordinance (Cap 212) and gazetted on 21 June 1999.

b) VISION STATEMENT

To be the safest, most competitive, reliable, and customer-oriented maritime transport in Africa.

c) MISSION STATEMENT

To provide a leading, dependable, reliable, predictable, safe, and security-conscious business, serving well its customers in the East African Lakes of Victoria, Tanganyika, and Nyasa.

d) PRINCIPAL ACTIVITIES

The Company's main activities are the provision of passenger and freight services to the lakeshore communities in Lake Victoria, Lake Tanganyika, and Lake Nyasa as well as

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transit transport to neighbouring countries. The Company operates under a socio-economic obligation to serve isolated communities that have limited access to other means of transportation and are thus dependent on the Company services to sustain their livelihoods.

In exercising its functions of control and management, the Company shall have due regard to:

- The political, economic, and social aspirations of the United Republic of Tanzania.
- An element of public service obligation to the people living around the three (3) lakes, who do not have alternative means of transport.
- The health and general welfare of the members of the public by guiding its operations in a manner that conserves the environment coherently and sustainably.

e) COMPOSITION OF THE BOARD OF DIRECTORS

The appointment of the new Board started with the appointment of Major General John Julius Mbungu as the Board Chairman on 14 March 2022.

Name	Position	Age (Years)	Qualifications
Major General John J. Mbungu	Chairperson	62	Master of Laws(LLM)
Ms. Stella J. Katondo	Member	58	Master of Science in Marine Affairs
Capt. Ibrahim M. Bendera	Member	66	Master of Laws (LLM), Bachelor of Law (LLB), AMTA International Law (Maritime Law)
Dr. Hamis H. Mwinyimvua	Member	64	PhD Economics, M. A Economics B.Ann Economics
Eng. Richard A. Mwanakulya	Member	68	Master of Engineering Science, Bachelor of Science
Capt. Yusuph A. Mwingamno	Member	63	Masters Mariner (COC)
Mr. Frank M Nyabundege	Member	50	PGD Leadership, PGD-ED, Master of Business Administration (MBA), ADA
Prof. Costa R. Mahalu	Member	76	Doctor Luris, LLM, LLB
Ms. Agnes K. Meena	Member	57	Master in Public Policy and Management (MPPM), BA
Eng. Machibya M. Shiwa	Member		MLIT, B.Sc in Civil and Transportation Engineering

The newly appointed Chairman and all members of the Board are Tanzanians.

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2.4 BUDGET AND ACTUAL ANALYSIS

i) Operational Performance for the year

Though, the performance of the company is generally undermined by the operation of aged vessels and worn-out machinery leading to frequent breakdowns of engines and vessels, the company's performance during the Financial Year 2023/24 was as under:

	June 2024	June 2023
Branches	3	3
Total number of staff	240	129
Gross revenue from operating activities (TZS 000)	7,525,081	5,619,105
Passengers Carried	280,351	267,755
Cargo transported (tons)	91,654	27,599
Revenue generated from Passenger's transportation (TZS 000)	4,078,188	4,659,486
Revenue generated from Cargo transportation (TZS 000)	3,321,737	959,619

During the year a total of 280,351 Passengers (2022/23: 267,755) were transported which is 50.17% of the targeted 558,732 passengers planned to be transported during the year. The cargo transported was 91,654 (2022/23: 27,599) which is 54.86% of the targeted 167,060 tons.

The shortfall in passengers and cargo compared with the budget was mainly attributed to the absence of the MV Clarias and MV Mwanza Hapa Kazi Tu. These vessels were budgeted but due to various reasons were not in operation during the year. MV Mwanza Hapa Kazi Tu is still in construction and Clarias is still in major repair. This has resulted in total operating revenue earnings of TZS 7,418,517,000 (2022/23: TZS 5,619,106,133.08).

The operating performance has increased of decrease in number of passengers in the year ended 30 June 2024 compared to the previous year, this was mainly contributed by the increased number of passengers in New Victoria Hapa Kazi Tu compared to the previous year while the number of passengers in New Butiama Hapa Kazi Tu has decreased. The cargo carried during the period has increased compared to the previous year due to the increased marketing and promotional activities especially using social media.

ii) Budget and Actual analysis

The analysis of budget and actual consists of actual collections when compared with the budgeted amount for revenue and government grants and expenses incurred against the budgeted amount under the cash basis concept. The analysis is hereunder:

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30 June 2024:

	Budget	Actual	Variance
	TZS '000	TZS '000	%
1. Revenue			
Operating revenue	17,006,085	7,399,935	-56%
Other revenue	300,000	125,147	-58%
Total	17,306,085	7,525,082	-57%

	Actual	Variance
	TZS '000	%
2. Government subvention		
Development grant - Projects	31,860,416	-68%
Recurrent grant - other charges	553,688	-43%
Development grant - PE	3,490,095	0%
Total	35,904,197	-66%

	Budget	Actual	Variance
	TZS '000	TZS '000	%
3. Expenses			
Operating expenses	17,976,001	13,914,468	-22.6%
Total	17,976,000	13,914,468	-22.6%

30 June 2023:

	Budget	Actual	Variance
	TZS '000	TZS '000	%
1. Revenue			
Operating revenue	8,865,565	5,575,073	-37%
Other revenue	325,540	508,775	56%
Total	9,191,105	6,083,848	-34%

	Budget	Actual	Variance
	TZS '000	TZS '000	%
2. Government subvention			
Development grant - Projects	135,000,000	23,737,713	-82%

Total	135,000,000	23,737,713	-82%
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	Budget	Actual	Variance
	TZS '000	TZS '000	%
3. Expenses			
Operating expenses	9,373,559	11,652,369	-24%
Total	9,373,559	11,652,369	-24%

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The revenue was budgeted by expecting six vessels which are New Butiama Hapa Kazi Tu, New Victoria Hapa Kazi Tu, MV Clarias, ML Wimbi, MV Mwanza Hapa Kazi Tu, and MV Liemba will operate throughout the year unfortunately, MV Clarias, MV Mwanza Hapa Kazi Tu and MV Liemba were not operational during the year due to various reasons. MV Mwanza Hapa Kazi Tu is still in construction and Clarias is still in major repair while MV Liemba is still in a major rehabilitation plan. Due to these reasons, revenues were affected and Management was not able to meet collections as per the approved budget.

Further, planned projects are either delayed in completion or delayed in implementation due to various reasons and thus affect planned revenue collections. Out of the eight planned projects; Management has completed three projects which are the construction of a slipway that is currently used for the construction of MV Mwanza Hapa Kazi Tu, rehabilitations of New Victoria Hapa Kazi Tu and New Butiama Hapa Kazi Tu. Other projects which are rehabilitations for two vessels MT Sangara and MV Umoja are in progress in advance payments and other instalments as per contracts have been made.

The revenue collections have increased from TZS 5,591,655,000 the previous year to TZS 7,399,935,000 the current year. Also, there is a percentage improvement in revenue collections against the budgeted collections in the current year compared to the previous year.

The delay in project execution due to various factors has also affected development subvention receipts because the same paid based on the project is executions.

Furthermore, expenses have been controlled because the same have been incurred to align with revenue collections and priorities have been considered due to the financial constraints.

iii) Key Performance Indicators

The performance is as provided in the key financial ratios hereunder: -

The liquidity ratios increase is mainly attributed to the significant increase in cash and cash equivalents as a result of the project funds received during the year. The cash and cash equivalents increased from TZS 234,568,000 recorded the previous year to TZS 969,472,000 current year and then resulted in current assets increasing from TZS 18,536,113,000 to TZS 27,741,527,000 current year at relative the different amount of current liabilities when compared financial year 2022/23.

The liquidity has increased due to the reasons above, which means the ability of the company percentage-wise to meet short-term commitments increases as provided below:

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Liquidity ratios	June 2024	June 2023
Current = current assets/current liabilities	59%	29%
Acid test = (current assets - inventory)/Current liabilities	40%	5%
Cash = cash/current liabilities	5%	1%

Despite an increase in net profit from TZS 18,993,161,000 to TZS 33,670,961,000, the profitability ratio declined due to significant changes in expenses, total assets, and total shareholders' equity.

Profitability ratios	June 2024	June 2023
Net Profit Margin = Net profit/Revenue	33%	56%
Return on assets = Net income/Total assets	7%	10%
Return on equity = Net income/shareholder's equity	8%	11%

The performance of the company in debt management slightly lowered compared to the previous year, this was mainly attributed to the increase in total assets from TZS 185,338,020,000 recorded the previous year to TZS 243,719,317,000 recorded in the current year and total shareholders' equity increase from TZS 167,879,325,000 previous year to TZS 223,188,994,000 current year. This means the ability of the company to meet obligations has slightly improved as provided in the table below.

Debt ratios	June 2024	June 2023
Debt = total liabilities/total assets	10%	9%
Long-term debt = long-term liabilities/total assets	0.3%	0.3%
Debt to equity ratio = total liabilities/shareholders' equity	12%	10%

Asset management performance especially on the utilization of fixed assets has slightly improved as a result of the increase in operating revenue from TZS 5,619,105,000 recorded the previous year to TZS 7,418,517,000 the current year

Asset Management ratios	June 2024	June 2023
Fixed assets turnover = operating revenue/average fixed assets	4%	9%
Total assets turnover = operating revenue/average total assets	3.7%	3%

a) OPERATIONAL CHALLENGES

During the year 2023/24, the company faced the following challenges in undertaking its responsibilities:

- i. Fluctuation of fuel and lubricant prices as the result of the Ukrainian War. This has resulted in increased fuel prices and general operating expenses;

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- ii. Pricing of the company services was entirely guided by Tanzania Shipping Agency Corporation (TASAC) rather than market/cost drivers;

The company has revised passengers' fares by increasing fares to overcome the rise in fuel and lubricant prices. The revised fares are expected to increase revenue and cover increased operating expenses.

b) CORPORATE GOVERNANCE

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

The Board is required to meet at least four times a year. During the year, the Board met three times two Ordinary meetings and one extraordinary meeting. Apart from other operational issues arising during the quarter or expected to happen after quarter end, Board ordinary meetings are meant for the Board of Directors to receive Quarterly Performance reports of the company and deliberate decisions.

On the other hand, one extraordinary meeting was conducted to deliberate and adopt the Management letter and approve the policies of the company. The Board delegates the day-to-day management of the business to the Chief Executive Officer who is assisted by Senior Management.

The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency, and accountability. The members were committed to ensuring a high standard of corporate governance throughout the company. During the year, the Board has the following sub-committees to ensure a high standard of corporate governance throughout the company.

i) Finance, Audit, and Risk Management Committee (1st committee)

Name	Position	Qualifications
Dr. Hamis H. Mwinyimvua	Member	Ph.D. Economics, Ph.D. Coursework, M.A Economics, B.An Economics
Ms. Agnes K. Meena	Member	Master in Public Policy and Management (MPPM), BA
Mr. Frank M Nyabundege	Member	PGD Leadership Finland, PGD-ED, Master of Business Administration (MBA), ADA
Capt. Ibrahim M. Bendera	Member	Master of Law (LLM), Bachelor of Law (LLB), AMTA International Law (Maritime Law)- Egypt

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MARINE SERVICES COMPANY LIMITED
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The Finance, Audit and Risk Management Committee reports to the Board.
The committee met three times during the year, whereby two were ordinary meetings and one extraordinary meeting.

ii) Human Resource and Administration Committee (2nd Committee)

Name	Position	Qualifications
Capt. Yusuph A. Mwingamno	Member	
Ms. Agnes K. Meena	Member	Master in Public Policy and Management (MPPM), BA
Prof. Costa R. Mahalu	Member	DoktorLuris-German, LL.M, LL.B
Ms. Stella J. Katondo	Member	Master of Science in Marine Affairs

The Human Resource and Administration committee reports to the Board.

The Human Resource and Administration committee met three times during the year, where by two were ordinary meetings and one extraordinary meeting.

iii) Operation Committee (3rd Committee)

Name	Position	Qualifications
Ms. Stella J. Katondo	Member	Master of Science in Marine Affairs
Capt. Ibrahim M. Bendera	Member	Master of Law (LLM), Bachelor of Law (LLB), AMTA International Law (Maritime Law)- Egypt
Eng. Machibya M. Shiwa	Member	MLIT- Japan, B.Sc in Civil and Transportation Engineering
Eng. Richard A. Mwnakulya	Member	Master of Engineering Science, Bachelor of Science

The Operation Committee reports to the Board and it met three times during the year, two of which were ordinary and one extraordinary meeting. The committees received and discussed the company's quarterly performance reports and other operational issues and recommended actions to be taken by the Board.

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CAPITAL STRUCTURE

The Company capital structure for the year under review is shown below.

	2023/24 TZS	2022/23 TZS
Authorized share capital		
1,000 ordinary shares of TZS 1,000 each	1,000,000	1,000,000
Issued and fully paid capital		
10 ordinary shares of TZS 1,000 each	10,000	10,000

2.5 SHAREHOLDERS OF THE COMPANY

The total number of shareholders during the year ended 30 June 2024 was only the TR who was allotted 10 shares as of 30 June 2024 that have so far been issued and subscribed for against capital reserve. All ten shares are held by the Treasury Registrar.

a) MANAGEMENT

The Management of the Company is under the Managing Director who is also the Chief Executive Officer and is organized into the following Directorates and Units:

- **Corporate Services Directorate**
 - Finance and Accounts section;
 - Human Resources section;
 - Administration section;
 - Strategic planning and business development;
- **Technical and Safety Directorate**
 - Workshop
- **Environment and Safety**
 - Finance and Accounts section;
 - Human Resources section;
 - Administration section;
 - Technical section;
 - Procurement and Purchasing unit
 - Planning and Business Development section;
 - Legal unit;
 - Audit unit;
 - Public relations and Marketing; and

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- Information and Communications Technology section.

On 20 August 2021 Company's new organization structure with three (3) directorates, five (5) units, and three (3) branches was approved, the company is in the process of implementing the new organization structure. The position of the Director of Corporate Services Directorate was filled on February 2024 through appointment by Alphonse Subukoto, also the position Managing Director was filled through the appointment of the Managing Director Eric Benedict Hamissi on 4 August 2022.

b) FUTURE DEVELOPMENT PLANS

The Company will strive to improve its performance through an increased number of vessels to enhance service provision both for passengers and cargo while carefully managing both costs and risks.

The company planned to improve performance by constructing new vessels and rehabilitating vessels in phases. In the financial year 2023/24 the company received a grant of TZS 31,860,416,070.71 (2022/23 TZS 23,737,713,371) from the Government to cater for development and operating costs. The development grant was received for the construction of the new vessel MV Mwanza Hapa Kazi Tu and the rehabilitation of MV Umoja at Lake Victoria, rehabilitation of MT Sangara as well as the rehabilitation of MT Liemba at Lake Tanganyika. The grant for new vessel construction includes funds for the consultancy services provided by MS OSK of Denmark.

In the financial year 2023/24 a total of TZS 100,000,000,000 was budgeted for development projects. Construction of the new vessel MV Mwanza Hapa Kazi Tu in Lake Victoria with a capacity of 1,200 passengers and 200 tons of freights is ongoing and expected to be completed in September 2024. On 26 May 2021, the Company signed a contract with KTMI for the major rehabilitation of MT Sangara, a fuel tanker at Lake Tanganyika. Also, on 16 June 2021, the Company signed another contract with SM Solution for MV Umoja rehabilitation in Lake Victoria.

Both projects are undertaken by North Korean contractors and started in November 2021 with planned completion before December 2023. Further on 17 November 2023 the company signed the contract for rehabilitation of MV Liemba in Lake Tanganyika The contractor was from Croatia.

In the financial year 2023/24 Government has allocated a total of TZS 100,000,000,000 for development projects and activities, the funds was for the completion of one (1) existing project of MV Mwanza Hapa Kazi Tu construction, upgrading of the revenue collections system and improvement of revenue collection infrastructures, building two new vessels and rehabilitation of five vessels which are MV Liemba and MT Sangara in Lake Tanganyika, and MV Umoja, MT Ukerewe and MT Nyangumi in Lake Victoria. To

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MARINE SERVICES COMPANY LIMITED
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build one (1) new passenger cum cargo vessel in Lake Tanganyika by June, 2024, To build one (1) new cargo vessel in Lake Victoria by June 2024, To build one (1) new Cargo ship in Lake Tanganyika by June 2024, To construct Slipway in Lake Tanganyika by June, 2024, To rehabilitate MV Liemba in Lake Tanganyika by June, 2024.

These improvements are expected to enhance staff morale, welfare, and general performance of the Company. The upgrading revenue collections system was carried out by e-Government Authority and a total of TZS 131,688,000 was already paid out of contract amount TZS 329,220,000. The project started in October 2022 and the accomplishment of this project depends on accomplishment of port renovation .

c) GOVERNMENT GRANTS

During the year, the Company received TZS 35,904,198,686.96 as a grant from the Government (2022/23: 23,737,713,371), the grant comprised TZS 31,860,416,070.71 (2022/23: 23,196,071,366), TZS 553,688,061.25 (2022/23: 541,642,005) and TZS 3,490,094,555.00 for Development, recurrent expenses and Personnel Emoluments expenses respectively. The approved budget for the company was TZS 100,000,000,000 and TZS 969,964,486.92 for development and recurrent expenditure respectively. The trend of Government grants is as provided below:

30 June 2024:

	Development TZS '000	Recurrent TZS '000	Total TZS '000
Opening balance 1 July 2023	609,918	-	609,918
Receipts during the year	35,350,511	553,688	35,904,199
Utilised during the year	(35,350,511)	(553,688)	(35,904,199)
Balance carried forward 30 June 2024	609,918	0	609,918

30 June 2023:

	Development TZS '000	Recurrent TZS '000	Total TZS '000
Opening balance 1 July 2022	4,766,321	-	4,766,321
Receipts during the year	23,196,072	541,642	23,737,714
Utilised during the year	(27,352,475)	(541,642)	(27,894,117)
Balance carried forward 30 June 2023	609,918	0	609,918

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The company received TZS 31,860,416,070.71 in year 2023/24 and TZS 23,196,072,366 in 2022/23 as development fund for four (4) projects of new vessel construction and major rehabilitation of MT Sangara, MV Umoja and MV Liemba which are in different stages of completion, a total of TZS 31,860,416,070.71 (2022/23: TZS 27,352,475,000) paid during the year.

The balance of TZS 609,917,986.60 (2022/23: TZS 609,917,986.60) carried forward 30 June 2024 comprised of TZS 412,385,987 for consultancy of new vessel and TZS 197,531,999.60 for revenue collections system improvement.

d) RESULTS AND DIVIDEND

During the year 2023/24 the company earned a profit of TZS 33,670,961 (2022/23: TZS 18,993,161,000). Since the company is undergoing a transformation process and major funding is provided by the Government for development projects and subvention in salary and other charges, the Directors do not recommend the payment of dividends for the year 2023/24 (2022/23: Nil). Further, there is no contribution advanced by the company to the Government during the year 2023/24 (2022/23: Nil).

e) RISK MANAGEMENT AND INTERNAL CONTROL

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

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Company managed risk by imparting shared beliefs and attitudes which set out to ensure risk is considered from strategy setting and day-to-day operations. Further, the Company influences culture and operating style including how risks are identified, the kind of risk accepted, and how they are managed. The Company's risk management philosophy is continually captured in policy statements, oral and written communications to stakeholders, and staff, and in every decision-making.

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f) SOLVENCY

The Board confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has a reasonable expectation that the Company will continue in operational existence for the foreseeable future due to the fact that, there are plans to enhance the liquidity of the Company in addition the Company receives continuous Government support aimed to enhance its operational efficiency.

In 2023/24, the company received financial support from the Government amounting to shillings TZS 35,904,198,686.96 (2022/23 TZS 23,737,713,371) to subsidize operating costs, construction of the new vessel, and rehabilitation of vessels for passengers, freight and for Staff salaries

The Government also has allocated to the company TZS 104,460,059,041.92 in the financial year 2023/24, of which TZS 100,000,000,000 is for development projects, TZS 969,964,486.92 for recurrent expenses and TZS 3,490,094,555.00 for staff salaries.

g) EMPLOYEES' WELFARE

Management and Employees' Relationship

There were continued good relations between employees and management for the year 2023/24. There were no unresolved complaints received by management from the employees during the year. A healthy relationship continues to exist between management and the employees' forum. The company's workers council met twice during the year. The company is also an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion, and disability which does not impair the ability to discharge duties.

2.6 Capacity Building

The company has no policy on capacity building although management in each financial year has been trying to build capacity for the company's employees by sending various employees to attend seminars, workshops, and training to enable them to be acquainted with new technologies and techniques in the working environment.

In the financial year 2023/24 Company spent TZS 52,402,000 (2022/23: TZS 57,140,552) to sponsor employees to attend seminars and trainings.

2.7 Performance Management and Productivity

The Company has no policy on performance management and productivity. However, it has been emphasizing increasing productivity and monitoring performance through the Public Employee Performance Management information system (PEPMIS).

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2.8 Medical Assistance

All members of staff with a maximum number of six beneficiaries (dependents), for each employee were availed medical services. Currently, these services are provided by the National Health Insurance Fund (NHIF).

The company has no policy on medical assistance to the employees. However, in the financial year 2023/24, the management took the initiative to meet fully the cost of medical consultation and treatment for all employees and their dependents. In the financial year 2023/24, the Company incurred TZS 171,043,200 (2022/23: TZS 138,910,380) incurred.

2.9 Health and Safety

The company has no health and safety policy; however, the management found it necessary to ensure all company vessels and freights; and employees and contractors are safe through subscribing to insurance, providing adequate and proper personal protective equipment (PPE), training, and supervision as necessary. Management supplied all vessel crews with safety boots, helmets, and other safety clothes, especially for those working in risk environments. Health and Safety being of high priority to the company, the Board constituted a Safety, Health and Environment committee for oversight.

2.10 Employees Benefit Plans

The Company has been trying to motivate its employees by instituting benefits plans for both retired and non-retired employees; unfortunately, no policy was established for employees' benefit plans. All eligible employees are members of the Public Service Social Security Fund (PSSSF). The fund is a defined contribution pension scheme with the Company having no legal or constructive obligation to pay further top-up contributions.

In the financial year 2023/24, the Company incurred TZS 623,353,200 (2022/23: TZS 345,362,087) as an employer contribution to the funds. In addition, it has been paying long service awards, transport fares, and personal effects costs for the retired employee and their family from the place of work to the place of domicile. However, generally, the company does not pay gratuity to employees working under contract.

2.11 Persons with Disabilities

The company has no policy for persons with disabilities but management has always emphasized giving equal opportunity to persons with disabilities for vacancies they can fill. Employment of the Company is therefore non-discriminatory and complies with International Conventions relating to the Bill of Rights. In the financial year 2023/24 (2022/23: Nil) no person with disabilities was employed by the Company.

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MARINE SERVICES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

2.12 Number of employees

The number of employees available in the company for the financial year 2023/24 was 240 (2022/23: 149) against the required number of 304 (2022/23: 304) employees.

a) GENDER PARITY

The company gives equal opportunity to persons of the feminine gender in both employment and training although no policy in place emphasizes gender parity. Management gave an equal opportunity to women by employing them and sending them for various training courses without discrimination. Out of 240 employees in the financial year 2023/24, 192 were male employees while 48 were female employees. The number of female employees increased from 31 the previous year.

b) RELATED PARTY TRANSACTIONS

IAS 26 requires a reporting entity to disclose transactions and outstanding balances with any entity's related parties. The standard has defined various classes of entities and people as related parties and sets out the disclosure requirements as follows; a person or close member of that person's family is related to a reporting entity if that person has a control or joint control over that reporting entity. All related party transactions and balances are disclosed in note 16 to these financial statements.

c) POLITICAL AND CHARITABLE DONATIONS

The company has no policy on political and charitable donations although management has always donated funds to charitable organizations depending on the availability of funds as part of corporate social responsibility, due to financial constraints in the financial year 2023/24 the company did not make any political or charitable donations as well as in the financial year 2022/23.

d) ENVIRONMENTAL CONTROL PROGRAMME

The company has no policy on environmental control programs although management has been implementing environmental control programs used by the International Maritime Organization (IMO) as part of the policy to protect the environment. Unfortunately, due to financial challenges company has not been able to set aside funds especially in the financial year 2023/24 for that purpose.

Also, the Company subscribes to sustainable protection of the environment and as such always ensures that it does business with customers who observe the laws of the country concerning the protection of the environment.

**UNITED REPUBLIC OF TANZANIA
MINISTRY OF TRANSPORT
MARINE SERVICES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

e) CORPORATE SOCIAL RESPONSIBILITIES

As a Public Institution, the Company has been taking part in Corporate Social Responsibility (CSR) by participating in social events, donating funds to marginalized communities, also donating funds to other social organizations although no policy in place was established for that purpose. In the financial year 2023/24 due to financial constraints company did not make any donations to marginalized communities and social organizations.

f) AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor of Marine Services Company Limited by virtue of Article 143 of the constitution of the United Republic of Tanzania as amplified in sections 5,9,12 and 32 of the Public Audit Act No. 11 of 2008.

ON BEHALF OF THE BOARD

Major General John Julius Mbungu
Board Chairman


.....
Eric Benedict Hamissi
Managing Director

19/03/2025
.....

**UNITED REPUBLIC OF TANZANIA
MINISTRY OF TRANSPORT
MARINE SERVICES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

3.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Tanzania Companies Act, 2002 under section 153 (1) requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of its financial results for the year then ended. It also requires the Directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and the requirements of the Companies Act, 2002; and for such internal controls as Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the manner required by the Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and its operating results. The Directors further accept responsibility for the maintenance of accounting records which can be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.



Major General John Julius Mbungu
Board Chairman

19/03/2025
.....



Eric Benedict Hamissi
Managing Director

19/03/2025
.....

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**UNITED REPUBLIC OF TANZANIA
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

4.0 DECLARATION OF THE HEAD OF FINANCE AND ACCOUNTING

The National Board of Accounting and Auditors (NBAA) according to the power conferred under the Auditors and Accountant (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 and Accounting responsible for preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Boards of Directors in discharging the responsibility of preparing financial statements of an entity showing a true and fair view of the entity's position and performance in accordance with applicable International Financial Reporting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statements on an earlier page.

I, CPA Maulid H. Dege, being the Finance and Accounts Manager of Marine Services Company Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2024 have been prepared in compliance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

I thus confirm that the financial statements give a true and fair view position of the Marine Services Company Limited as of that date and they have been prepared based on properly maintained financial records.



CPA Maulid H. Dege
Finance and Accounts Manager
NBAA Membership GA 7793

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MINISTRY OF TRANSPORT
MARINE SERVICES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2023/24 TZS '000	2022/23 TZS '000
ASSETS			
Current Asset			
Cash and Cash Equivalents	13	969,472	234,568
Receivables	12(a)	1,852,965	1,865,232
Inventories	11	4,035,747	4,030,614
Deferred tax asset	7(c)	20,883,343	12,405,696
Total Current Asset		27,741,527	18,536,113
Non-Current Asset			
Property, Plant, and Equipment	8	77,794,132	61,714,180
Work In Progress	9	138,183,658	106,354,555
Total Non-Current Asset		215,977,790	168,068,735
TOTAL ASSETS		243,719,317	186,604,848
LIABILITIES			
Current Liabilities			
Staff Benefit Obligations	14(a)	3,002,077	2,724,730
Accrued Operating Expenses	14(b)	1,736,634	1,153,550
Other Payable	14(c)	15,181,694	12,970,497
Total Current Liabilities		19,920,405	16,848,777
Non Current liabilities			
Deferred Income	15	609,918	609,918
Total Non Current liabilities		609,918	609,918
TOTAL LIABILITIES		20,530,323	17,458,695
Net Assets		223,188,994	169,146,153
NET ASSETS			
Capital Contributed by:			
Other Reserves	18	45,663,423	25,291,543
Share Capital	17	10	10
Accumulated Surpluses		177,525,561	143,854,600
TOTAL NET ASSETS		223,188,994	169,146,153


Major General John Julius Mbungu
Board Chairman


Eric Benedict Hamissi
Managing Director

Date 19/03/2025

UNITED REPUBLIC OF TANZANIA
MINISTRY OF TRANSPORT
MARINE SERVICES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023/24 TZS '000	Restated 2022/23 TZS '000
Revenue			
Operating revenue	3	7,418,517	5,619,105
Government Grant-Development & P.E	4 (a)	35,350,511	27,352,475
Government Grant - Recurrent	4 (a)	553,688	541,642
Gain (loss) on foreign currency translation	5 (a)	1,174	108,569
Other revenue	5(b)	125,147	574,784
Total revenue		43,449,037	34,196,575
Expenses			
Depreciation	8	4,315,006	9,212,853
Maintenance expenses	6 (a)	235,824	224,375
Other operating expenses	6 (a)	823,660	516,206
Use of goods and services	6 (a)	7,683,162	6,703,863
Wages, Salaries, and Employee Benefits	6 (a)	5,166,918	4,613,708
Impairment on trade and other receivables	6 (b)	30,849	65,621
Social benefit		300	
Total expenses		18,255,719	21,336,626
Profit before tax		25,193,317	12,859,949
Income tax credit (debit)	7 (a)	8,477,644	6,133,212
Profit for the year		33,670,961	18,993,161
Other comprehensive income		0	0
Total comprehensive income for the year		33,670,961	18,993,161


Major General John Julius Mbungo
Board Chairman


Eric Benedict Hamissi
Managing Director

Date.....19/03/2025

**UNITED REPUBLIC OF TANZANIA
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Share capital TZS	Contribution to capital TZS	Restated Retained Earnings TZS	Total TZS
Opening balance on 1 July 2022	10	25,291,543	124,861,439	150,152,992
Total comprehensive income for the year			18,993,161	18,993,161
Closing balance on 30 June 2023	10	25,291,543	143,854,600	169,146,153
Opening balance on 1 July 2023	10	25,291,543	143,854,600	169,146,153
Total comprehensive income for the year			33,670,961	33,670,961
Asset Acquired through transfers		20,371,880		20,371,880
Closing balance on 30 June 2024		45,663,423	177,525,561	223,188,994



Major General John Julius Mbungu
Board Chairman



Eric Benedict Hamissi
Managing Director

Date 19/03/2025

UNITED REPUBLIC OF TANZANIA
MINISTRY OF TRANSPORT
MARINE SERVICES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023/24 TZS '000	2022/23 TZS '000
Cash flows from operating activities			
Receipts			
Receipts from Operating revenue	12(b)	7,399,935	5,591,655
Subvention from the government	4(a)	35,904,199	23,737,713
Other revenue	5(b)	125,147	574,784
Staff advances - social benefits		-	13,403
Cash generated from operations		43,429,280	29,917,555
Payments			
Wages, salaries, and employee benefits	16(a)	4,889,571	4,332,566
Use of goods and service	16(b)	5,477,097	6,112,045
Other operating expenses	16(c)	240,576	823,973
Maintenance expenses	16(d)	235,824	224,375
Staff advances - social benefits	6(a)	300	-
Total payments		(10,843,968)	(11,492,959)
Net cash flow generated from operations		32,585,912	18,424,596
Cash flows from investing activities			
Acquisition of PPE	8	(21,905)	(215,694)
Proceeds from the sale/disposal of assets	8	-	9,000
Project constructions - WIP	9(b)	(31,829,103)	(22,124,062)
Net cash flow used in investing activities		(31,851,008)	(22,330,756)
Net (decrease)/increase in cash and cash equivalent		734,904	(3,906,160)
Cash and cash equivalents at the beginning of the year	13	234,568	4,140,728
Cash and cash equivalents at the end of the year	13	969,472	234,568

Major General John Julius
Mbungo
Board Chairman

Eric Benedict Hamissi
Managing Director

Date 19/03/2025

UNITED REPUBLIC OF TANZANIA
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO
SURPLUS/(DEFICIT) FOR THE YEAR ENDED 30 JUNE 2024**

	Notes	2023/24	2022/23
		TZS '000	TZS '000
Profit/(loss) for the period		33,670,961	18,993,161
<i>Add (Less) noncash:</i>			
Depreciation	8	4,315,006	9,212,853
Provision for bad and doubtful debt	6(b)	30,849	65,621
Deferred tax adjustment	7(c)	(8,513,548)	(5,917,971)
Alternative minimum tax adjustment	7	35,904	31,166
Gain on foreign exchange	5	(1,174)	-108,569
<i>Add (Less) change in working capital:</i>			
Deferred income	18	-	(4,156,403)
Increase/(decrease) in inventory	11	(5,133)	27,981
Decrease/(increase) in trade and other receivables	12	(18,582)	(334,721)
Decrease/(increase) in prepayments	13	-	10,816
Increase/(decrease) in trade and other payables	15	3,071,628	600,662
Net cash flow from operating expenses		32,585,912	18,424,596



Major General John Julius Mbungu
Board Chairman



Eric Benedict Hamissi
Managing Director

Date 19/03/2025

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5.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

5.1 REPORTING ENTITY

Marine Services Company Limited is a limited liability Company incorporated in Tanzania under the Companies Act 2002 and is domiciled in Tanzania. The address of the registered office is P.O. Box 2385 Mwanza Tanzania.

5.2 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

5.3 Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Board (IASB) and the requirements of the Companies Act, 2002.

For the Companies Act, 2002 reporting purposes, in these financial statements the balance sheet is represented by an equivalent to the statement of financial position, and the profit and loss account is included in the statement of profit or loss and other comprehensive income.

5.4 The authorisation of Financial Statements

The authorized date for issue of Financial Statements to the Public is after receiving opinion from the Controller and Auditor General and the report being tabled to the National Assembly.

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5.5 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

a) *New standards, amendments, and interpretations adopted by the company*

The following new and revised IFRSs have been applied in the current year and had no material impact on the amounts reported in these financial statements.

Standard or amendments	Key requirements	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	Clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income, or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, and specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively.	1 January 2025
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	Requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss.	1 January 2025

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Standard or amendments	Key requirements	Effective Date
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	Improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The amendments to IAS 1 specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of the liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities, and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The amendments to IAS 1 are applied retrospectively in accordance with IAS 8 for annual reporting periods beginning on or after 1 January 2024. Earlier	1 January 2025

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Standard or amendments	Key requirements	Effective Date
	application is permitted. If an entity applies these amendments for an earlier period, it is also required to apply the amendments to the IAS 1 Classification of Liabilities as Current or Non-Current early.	

5.6 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

b) *New and revised IFRSs in issue but not yet effective/adopted for the year ended 30 June 2024, but will be effective for later periods*

The following new and revised IFRSs not yet effective/adopted in the current year and had no material impact on the amounts reported in these financial statements.

Standard or amendments	Key requirements	Effective Date
Sale or contribution of assets between an Investor and its Associate or company. (Amendments to IFRS 10 and IAS 28)	The amendment clarified that gains and losses resulting from 'upstream' and 'downstream' transactions involving assets that do not constitute a business between an entity and its associate or joint venture are recognized in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. 'Upstream' transactions are, for example, sales of assets from an associate or a joint venture to the investor. The entity's share in the associate's or the joint venture's gains or losses resulting from these transactions is eliminated.	To be determined

The company is currently assessing the impact of the new standards and amendments on the disclosures in its financial statements. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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5.7 USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

During the year the company made a judgment to write off bad and doubtful debts of TZS 1,266,828,307.14

5.8 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 7, the Directors are required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Property and equipment, leased premises refurbishments, and intangible assets

Critical estimates are made by the Directors in determining the useful lives of property plants and equipment as well as their residual values.

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5.9 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

A number of new standards were effective from 1 July 2021 but they do not have a material effect on the Company's financial statements. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. No adjustments to the carrying amount of financial assets and financial liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. The comparative period notes disclosures repeat those disclosures made in the year. Accordingly, the impact on the comparative information is limited to new disclosure requirements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Tanzania Shillings, which is also the functional currency, and rounded to the nearest thousand (TZS'000) except stated otherwise

(b) Revenue recognition

Revenue is recognised in the income statement in the period when realised and earned not necessarily when cash is received. Revenue is recognised when it meets the following criteria:

- i. It is probable that any future economic benefit associated with the item of revenue will flow to the company, and

The amount of revenue can be measured with reliability

Gain and losses arising from changes in fair value of financial assets and liabilities at fair value through profit and loss are included in profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of FVOCI financial assets, other than foreign exchange gains or losses from monetary items, are recognized directly in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognized in other comprehensive income is recognised in profit and loss.

(c) Taxation

The Company is subject to income tax to the Government. Significant judgment is required in determining the provision for income taxes. There are many transactions and

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calculations for which ultimate tax determination is uncertain during the ordinary course of the business.

The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional will be due. Where the final tax outcome of these matters is different from the amount that was initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

Income tax expense represents the sum of current tax payable and deferred taxation. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Current taxation is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority. The current corporation tax rate is 30%.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for:

- Temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and which affects neither accounting nor taxable profit.
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Currently enacted tax rates are used to determine deferred tax. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that future taxable profits will probably be available against which the unused tax credits can be utilized while deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are reviewed at each

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reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against tax assets and they relate to income taxes levied by the same tax authority on the same taxable entity or different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is provided using the liability method on temporary differences at balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except: Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and:

- at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Where the timing of reversal of temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits, and unused income tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and tax losses.

In determining the amount of current and deferred tax, Marine Services Company Limited takes into account the impact of uncertain tax positions and whether additional taxes and interests may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing

Tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

(d) Foreign currencies

Foreign currency transactions that are transactions denominated, or those that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

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Monetary items denominated in foreign currency are translated into Tanzanian shillings with the closing rate as of the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at the bank, which are subject to insignificant risk of changes in their fair value, and are used by the company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the balance sheet.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash at the bank, net of bank overdraft facilities. Cash and cash equivalents also include investments with short-term maturity from the date of acquisition.

(f) Financial assets and liabilities

i. Recognition

The company initially recognizes advances, trade, and other receivables on the date on which they originated. All other financial assets and liabilities (including assets designated at fair value through profit or loss) are initially recognised on the trade date on which the company becomes a party to the contractual provision of the instrument. A financial asset or liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue. Subsequent to initial recognition, financial liabilities are measured at their amortised cost using the effective interest method.

ii. Classification

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI, or FVTPL.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an investment that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

iii. Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the company changes its business model for managing financial assets.

iv. De - recognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the company changes its business model for managing financial assets.

Financial liabilities

The company classifies its financial liabilities, as measured at fair value through profit or loss (FVTPL).

(g) Impairment trade and other receivables

The critical estimate is made in determining the fair value of trade and other receivables from customers by estimating the impairment of bad debt based on IFRS 9. Provision for bad debt is determined using the simplified approach in line with IFRS 9 and impairment loss is calculated as lifetime expected credit loss (ECL).

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The company recognises loss allowances at an amount equal to lifetime ECLs. The requirements under IFRS are complex and require management judgments, estimates, and assumptions, particularly in the following areas, which are discussed in detail below:

- Assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments. Trade receivable being the most significant financial asset, impairment losses are presented separately in the statement of profit or loss and OCI due to materiality considerations. 12-month ECL is the portion of ECL that results from default events on the financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'

Measurement of expected credit loss allowance

The measurement of the ECL allowance for financial assets is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses. Significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for a significant increase in credit risk.
- Choosing appropriate models and assumptions for the measurement of ECL.
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Measurement of ECL is affected by a number of factors including how the company defines certain terms referred to the standards as well as inputs used in measuring ECL. Below is a discussion of some of the key terms that will affect the measurement of ECL as well as a discussion of key inputs to the ECL model.

Definition of default

Under IFRS 9, the company considers at a minimum both quantitative and qualitative information to determine financial assets that are default.

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Significant increase in credit risk

Under IFRS 9, when determining whether the credit risk (i.e., risk of default) on a financial instrument has increased significantly since initial recognition, the company considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the company's historical experience, expert credit assessment, and forward-looking information.

Assessing whether credit risk has increased significantly since the initial recognition of a financial instrument requires identifying the date of initial recognition of the instrument. e.g., the date when the agreement was first entered could be a long time ago. Modifying the contractual terms of financial instruments may also affect this assessment.

Credit risk grade

The company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. At transition, the company puts financial instruments (trade and other receivables) without a significant increase in credit risk in the lifetime ECL bucket irrespective of the obligor's credit risk rating at origination, this consideration was made based on factors such as those mentioned in a significant increase in credit risk above as well as credit term of the trade and other receivables (0 - 30 days) considered as 'without significant financing component', as payment is instantly expected and default likelihood is not material), also factors such as the severity of the consequences of a default for the creditors, historical trends in default rates and macroeconomic factors.

IFRS 9 allows credit exposures to migrate from higher credit risk categories to lower credit risk categories, that is, from stage 3 to stage 2 and from stage 2 to stage 1. Instruments falling under stage 1 apply 12 months ECL model while those under stages 2 and 3 apply lifetime ECL. The company's instruments fall under stage 2 financial instruments without significant financial components (not credit impaired materially) and apply lifetime ECL using a simplified approach.

Modified financial assets

The contractual terms of trade and other receivables may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing receivable whose terms have been modified may be derecognised and the renegotiated receivable recognised as a new receivable at fair value.

Under IFRS 9, when the terms of financial assets are modified and the modification does not result in de-recognition, the determination of whether to the asset's credit risk has increased significantly is affected by the stage it was at the time of the modification.

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Financial assets restricted while under lifetime ECL shall not be moved to 12 months ECL unless complies with the requirements of staging and migration referred and credit risk grade paragraph above, with no modification to the company's financial assets in the period under review.

Inputs into the measurement of ECLs

The key inputs into the measurement of ECL are like to be the term structure of the following variables which are derived from internally developed statistical models and other historical data that leverage impairment requirements. The inputs are adjusted to reflect forward-looking information as described below:

Probability of Default (PD): PD are estimates at a certain date, which are calculated based on statistical models. The statistical model has been based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD of certain customers. For portfolios in respect of which the company has limited historical data, external benchmark information has been used to supplement internally available data.

Management provides losses to maintain the allowance for bad trade and other receivables at adequate levels. The adequacy of the allowance for losses is determined by applying defined percentages to the outstanding balances in various aging categories, as shown here:

Trade and other receivables status	Allowance
0 - 30 days	0%
31 - 60 days overdue	0%
61 - 180 days overdue	0%
181 - 360 days overdue	0%
>360 days overdue	100%

The Company uses a combination of individual assessment and group assessment in determining the loss provision required at any balance sheet date. Individual assessment is performed on trade and other receivables that are considered individually significant. Trade and other receivables outstanding at the end of 30 June 2024 were considered to be homogenous in terms of having similar credit risk characteristics and their past-due status and are therefore collectively assessed.

In deriving the provision rates above, management used a combination of historical data and current observable data that reflects the existing situation and how it may affect the current outstanding trade and other receivables as per IFRS 9 requirements.

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Losses (write-offs) are charged against the allowance for losses when management believes that the principal is unlikely to be collected.

Loss-given default (LGD): LGD is the magnitude of the likely loss if there is a default. The company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparts. The LGD models consider among others, the structure, and seniority of claims, counterparty industry, and recovery costs.

As described above and subject to using a lifetime ECL simplified approach for financial assets in which credit risk has not significantly increased, the company measures ECL considering the risk of default over the maximum contractual period (including any credit extension options) over which is exposed to credit risk, even if for risk management purpose the company consider a longer period.

Incorporating Forward-looking information

Under IFRS 9, the company incorporates forward-looking information into both its assessment of whether the credit risk instrument has increased significantly since initial recognition and its measurement of ECLs.

The company shall take into consideration the impact of Macroeconomic factors on how they relate to the input into ECL models and how they impact them.

The company formulates one economic scenario, a base case as there was no possibility of obtaining the other scenarios without undue cost and effort. The base case is aligned with information used by the company for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by the government bodies and monetary authorities in the country where it operates, supranational organisations such as the OECD and International Monetary Fund, and selected the National Bureau of Statistics.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- A breach of contract such as default or past due event;
- It is becoming probable that the customer will enter bankruptcy or other financial reorganisations; or
- Significant financial difficulty of the customer.

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Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

Write off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subjected to enforcement activities to comply with the company's procedures for recovery of amounts due.

(h) Going concern

These financial statements have been prepared on a going-concern basis. The Board of Directors has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, also the company is in a transition period in which it constructs new and rehabilitates vessels to enhance the efficiency and effectiveness of the company's operations and Directors believe the Government will continue to provide financial support as and when necessary.

(i) Measurements of fair values

A number of accounting policies and disclosures require the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements.

(j) Property, Plant and Equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

ii. Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

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The costs of the day-to-day serving of property and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Plant and Equipment to allocate its cost.

Depreciation is charged on assets from the date when they are put ready for use and stops on the date when the company derecognizes the asset. The rates of depreciation that are consistently applied are as under: -

No	Details of asset	Depreciation rate per annum %
1	Buildings and Permanent Structures	2
2	Ships, Ferries, Lighters, and Life and Motorboats Plant	2
3	Life Boyars	2
4	Motor Vehicles	10
5	Hardware and Electronic equipment	10
6	Software Packages	10
7	Furniture and Fittings	10
8	Plant and Equipment	6.7
9	Other Equipment	10

iv. Impairment of assets

Critical estimates are made in determining the carrying amount of impaired property, plant, and equipment.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

v. Impairment of non-financial assets

Assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's

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carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

vi. Capital Work in Progress

Capital work in progress represents the costs incurred for capital projects that are under construction and are stated at cost. The cost comprises of cost of materials, labour, overhead, and spares. The Capital projects are not depreciated.

vii. Inventories

Inventories are stated at the lower cost and net realizable value. Net realizable value is the estimated selling price in the ordinary courses of business, less selling expenses. Any obsolete and damaged items are provided for in full in the year they are detected.

IAS 2 'Inventories' requires inventory to be measured at the lower of cost and realisable value (NRV) and accepts Specific Identification (in some cases) as a method for determining the cost of inventory. Inventories of the company were physically counted as of 30 June 2024 and the company has applied Specific Identification as a method to determine the cost of inventory. The company applied the method for the following reasons:

- i. The detailed physical count of inventory was taken (Stocktaking) and the attached cost to each item was known.
- ii. Inventory is significantly comprised of frequently moving items and therefore the number and value of inventory are not significantly affected by changes in market prices.

viii. Trade and other Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost less provision for bad and doubtful debts. Specific provision is made in the accounts against trade receivables when it is not possible to collect all amounts due according to the original terms. The amount of the provision is recognized in the income statement. Bad debts are written off after all steps to recover them have failed and also after obtaining the Board of Directors' Approval.

ix. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects

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current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

x. Employee benefits

(a) Pension obligations

The Company subscribes to a defined contribution scheme and pays contributions to a publicly administered pension insurance plan on a statutory basis. The contributions are recognized as employee benefit expenses when they are due.

The Company's obligations under the scheme are limited to 5% of the employees' gross emoluments with the other 15% contribution being borne by the employer. The company's contributions in respect of retirement benefit costs are charged to profit or loss in the year to which they relate.

The Company has no legal or constructive obligations to pay further contributions if the Funds have no sufficient assets to pay all employees benefits relevant to their services in the current and prior period.

(b) Pension benefits to employees taken over from the Defunct East African Railways Corporation

Ex-employees of the defunct East African Railways Corporation absorbed by Tanzania Railways Corporation and later transferred to Marine Services Company Limited are also under the contributory pension scheme.

(c) Medical Service

The Company provides medical services to its employees and their registered relatives.

(d) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

(e) Other benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The Company does not operate any retirement benefit fund.

Liability on long-term employees' benefits such as endowment scheme benefits, long service awards, and gratuity, are provided in the financial statements based on past service costs on a straight-line basis over the average period until the benefits become payable.

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xi. Grants

Grants to subsidize operating and administrative expenses are recorded in the statement of income as grant income. Grants to finance capital projects or the purchase of fixed assets are shown as direct additions to the corresponding asset account. Grants for future project implementation are deferred until the project implementation is affected, upon which they will be recognised in the income statement or balance sheet.

xii. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

6.0 OPERATIONAL AND FINANCIAL RISK MANAGEMENT

6.1 Introduction and overview

Risk is an inherent feature of the activities of any institution. Marine Services Company Limited endeavours to manage risk by having in place appropriate functional structures, systems, and procedures that evolve continuously in response to changes in the environment in which the company operates.

The company has exposure to the following risks in the course of executing its operations:

- Operational
- Credit risk;
- Liquidity risk; and
- Market risks.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies, and processes for measuring and managing risk, and the company's management of capital.

6.2 RISK MANAGEMENT

Risk management framework

The Board has overall responsibility for the establishment and oversight of the company's risk management framework. The board has non-executive members and Management reports regularly to the Board on their activities.

The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The company's Audit Committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company. The

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company's Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Operational risk

Operational Risk is the risk of loss both financial and non-financial resulting from inadequate systems, management failures, ineffective internal control processes, fraud, theft, and human error. The Company addresses this risk inter alia through ensuring the existence of sound internal control systems.

Managing operational risk in the company is an integral part of the day-to-day operations by the management. This is closely monitored by the management and the Board of Directors.

(b) Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables it also involves short cash deposits. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure, and cash surpluses are deposited to the Central Bank or Commercial banks of high credit rating.

Management of credit risk

The Board has responsibility for the management of credit risk, and its oversight of the company's credit risk, including:

- Formulating policies in consultation with Management, covering processes and procedures such as invoicing, issuance of receipts, management of outstanding receivables, reporting, documentary, and legal procedures.
- Reviewing and assessing credit risk. Management submits to the Board regular reports from which the Board reviews and assesses credit risk and directs Management on the proper means to mitigate risks.
- Reviewing compliance. Regular reports are provided to Management and appropriate corrective action is taken.
- Providing advice, guidance, and specialist skills to Management to promote best practices throughout the Company in the management of credit risk.

Finance and Accounts department is required to implement policies and procedures and Internal Audit undertakes regular audits. Also, credit risk management with regard to trade and other receivables includes prompt invoicing, close follow-up, and requiring regular customers to deposit money in advance to cover services to be rendered. Each branch manager reports on all receivables and related matters to management. Each

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branch is responsible for the quality and performance of receivable collections and for monitoring and controlling all credit risks.

Impaired receivable

Impaired trade receivables are receivables for which the company determines that it is probable that it will be unable to collect according to the contractual terms of the agreement.

Past due but not impaired receivables

Receivables where contractual payments are past due but the company believes that impairment is not appropriate on the basis of the level of the stage of collection of amounts owed to the Company.

Allowances for impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in its outstanding trade and other receivables. The main component of this allowance is a collective loss allowance established for the company of homogeneous assets concerning losses that have been incurred but have not been identified on receivables.

The table below provides details of exposure to credit risk:

	2023/24	2022/23
	TZS'000	TZS'000
Past due 0 to 30 days	0	44,032
Past due 31 to 60 days	0	386,295
Past due 61 to 180 days	0	30,246
Past due 181 to 360 days	18,582.391	40,396
Past due 360 + days	1,865,232	1,364,263
Gross trade and other receivables	1,883,814.391	1,865,232
Less: Provision for losses/impairment	(30,845.32)	(1,266,828)
Net trade and other receivables	1,852,965.072	598,404

(c) Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations from its financial liabilities.

The company has prudent liquidity risk management through which it maintains sufficient cash to cover commitments. This liquidity risk management by the company includes planning and close monitoring by the finance and accounts department.

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Management of liquidity risk

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company neither has contractual financial liability nor are contractual financial assets and therefore all of its financial liabilities and financial assets recognised as due within 30 days. The company manages the risk by ensuring debt settlements depend on the availability of funds, and as the company is in the transition process it expects to enhance its liquidity once operations of rehabilitated and new vessels start.

(c) Liquidity Risk (Continued)
Exposure to liquidity risk

(i) The maturity profile of financial instruments based on the cash flows (i.e., undiscounted) and including the impact of netting is as follows:

	Up to 1 month	2 - 12 Months	1 - 3 Years	3 - 5 years	More than 5 years	Total
2024	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
ASSETS						
Cash and cash equivalents	969,472					969,472
Trade and other receivables	1,852,965	-	--	-	-	1,852,965
Total assets	2,822,437	--	-	-	-	2,822,437
LIABILITIES						
Trade and other payables	19,920,405	-	--	-	-	19,920,405
Total liabilities	19,920,405	-	--	-	-	19,920,405
Net liquidity gap	17,097,968	-	--	-	-	17,097,968
At 30 June 2023						
Total assets	832,972,	-	--	-	-	832,972,
Total liabilities and shareholders' fund	16,848,777	-	--	-	-	16,848,777
Net liquidity gap	(16,015,805)	-	--	-	-	(16,015,805)

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	Up to 1 month	2 - 12 Months	1 - 3 Years	3 - 5 Years	More than 5 years	Total
2023	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
ASSETS						
Cash and cash equivalents	234,568					234,568
Trade and other receivables	1,865,232	-	--	-	-	598,404
Prepayments	0					0
Tax recoverable	0	--	-	-	-	0
Total assets	2,099,800	--	-	-	-	832,972
LIABILITIES						
Trade and other payables	16,848,777	-	--	-	-	16,848,777
Total liabilities	16,848,777	-	--	-	-	16,848,777
Net liquidity gap	(14,748,977)	-	--	-	-	(16,015,805)
At 30 June 2022						
Total assets	4,415,227	-	--	-	-	4,415,227
Total liabilities and shareholders' fund	16,248,116	-	--	-	-	16,248,116
Net liquidity gap	(11,832,889)	-	--	-	-	(11,832,889)

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(ii) The aging profile of trade and other receivables and trade and other payables is as follows:

	Up to 1 month	2 - 12 Months	1 - 3 Years	3 - 5 years	More than 5 years	Total
2024	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Trade and other receivables						
Trade debtors			1,852,965			1,852,965
Other receivables and advances						
Trade and other receivables			1,852,965			1,852,965
LIABILITIES						
Trade payables	7,888,000	583,457	1,378,162	6,210,331	3,860,455	19,920,405
Total liabilities	7,888,000	583,457	1,378,162	6,210,331	3,860,455	19,920,405
Gap	(7,888,000)	(583,457)	465,563	(6,210,331)	(3,860,455)	(18,067,440)

	Up to 1 month	2 - 12 Months	1 - 3 Years	3 - 5 years	More than 5 years	Total
2023	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Trade and other receivables						
Trade debtors		44,032	272,535			316,567
Other receivables and advances		281,837				281,837
Trade and other receivables		325,869	272,535			598,404

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OPERATIONAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices, and foreign exchange rates will affect the company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Management of market risks

Overall authority for market risk is vested in the Board of Directors.

Interest rate risk

The Company cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both the value and cash flow risks of its financial instruments.

Interest rate risk - stress tests

The Company monitors the impact of risks associated with the effects of fluctuations in prevailing interest rates by doing stress testing and taking appropriate measures.

Interest rate risk stress test

	2023/24 TZS '000	2022/23 TZS '000
Assets		
Cash and cash equivalents	969,472	234,568
Trade and other receivables	1,852,965	598,404
Total	2,822,437	832,972
Liabilities		
Trade and other payables	19,920,405	16,908,619
Total	19,920,405	16,908,619
Gap	17,097,968	(16,015,805)

At 30 June 2024, the following table summarizes the estimated impact of an immediate hypothetical increase or decrease in interest rates of 100 basis points on profit before income tax expense and current interest rate risk profile.

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	2023/24 TZS'000	2022/23 TZS'000
100 basis points increase or decrease in interest rates	1,601,581	1,601,581

The company's interest rate risk increase was mainly attributed to a decrease in cash in the current year compared to the previous year, the decrease in cash was mainly attributed to the utilisation of cash which was received for a transition period. The fund is used up to 30 June 2024. The company has neither invested nor borrowed in the financial market; the above stress testing is a worst-case scenario if the company opts to enter into financial markets for liquidity management purposes. The company does not have an interest rate sensitivity gap because it neither has interest-bearing assets nor interest-bearing liabilities.

Currency risk

The company had a significantly hedged currency position at the end of the year. The company does not have significant exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows; this is because the company does not hold large amounts of foreign currencies and neither has foreign currency-denominated assets nor foreign currency-denominated liabilities. To hedge currency risk in foreign currency-denominated projects of new vessels MV Mwanza Hapa Kazi Tu, and rehabilitation projects of MV Umoja and MT Sangara, the company purchases foreign currencies on the spot when needed.

d) Fair value estimation

IFRS 13 requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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OPERATIONAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

This hierarchy requires the use of observable market data when available. The company considers relevant and observable market prices in its valuations where possible.

The fair value of the company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial instruments measured at fair value:

The following table analyses within the fair value hierarchy the Company's assets and liabilities (by class) measured at fair value on 30 June 2024.

	Level 1	Level 2	Level 3	Total Carrying amount
	TZS '000	TZS '000	TZS '000	TZS '000
Assets				
Cash and cash equivalents	969,472	-	-	969,472
Trade and other receivables		1,852,965	-	1,852,965
Total assets	<u>969,472</u>	<u>1,852,965</u>	<u>-</u>	<u>2,822,437</u>
Liabilities				
Trade and other payables	-	15,181,694	-	15,181,694
Total liabilities	<u>-</u>	<u>15,181,694</u>	<u>-</u>	<u>15,181,694</u>

Financial assets and liabilities are short-term in nature therefore the carrying amounts approximate fair value.

The following table analyses within the fair value hierarchy the company's assets and liabilities (by class) measured at fair value on 30 June 2023.

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	Level 1	Level 2	Level 3	Total Carrying amount
	TZS '000	TZS '000	TZS '000	TZS '000
Assets				
Cash and cash equivalents	234,568	-		234,568
Trade and other receivables	-	598,404		598,404
Prepayments	-	-		0
-Total assets	<u>234,568</u>	<u>598,404</u>		<u>832,972</u>
Liabilities				
Trade and other payables	-	16,908,619		16,908,619
Total liabilities	<u>-</u>	<u>16,908,619</u>		<u>16,908,619</u>

d) Categorisation of financial instruments

30 June 2024:

	Amortized cost	Carrying amount of other liabilities	Total	Fair value
	TZS '000	TZS '000	TZS '000	TZS '000
Assets				
Cash and cash equivalents	969,472		969,472	969,472
Trade and other receivables	1,852,965		1,852,965	1,852,965
Total assets	<u>2,822,437</u>		<u>2,822,437</u>	<u>1,852,965</u>
Liabilities				
Trade and other payables	-	15,181,694	15,181,694	15,181,694
Total liabilities	<u>-</u>	<u>15,181,694</u>	<u>15,181,694</u>	<u>15,181,694</u>

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30 June 2023:

	Amortised cost	Carrying amount of other liabilities	Total	Fair value
	TZS '000	TZS '000	TZS '000	TZS '000
Assets				
Cash and cash equivalents	234,568		234,568	234,568
Trade and other receivables	598,404		598,404	598,404
Total assets	832,972		832,972	832,972
Liabilities				
Trade and other payables		16,908,619	16,908,619	16,908,619
Total liabilities		16,908,619	16,908,619	16,908,619

3. OPERATING REVENUE	2023/24	2022/23
Receipts from transport fare	4,078,188	4,659,486
Receipts from parcel delivery	323,321	278,396
Receipts from goods delivery	3,017,008	681,223
	<u>7,418,517</u>	<u>5,619,105</u>

Operating revenue is made up of revenue from the core business of the company, which are passenger fares and freight revenue (parcel and goods revenue). The reported revenue is net after the deduction of port service charges, value-added tax, and embarkation fees collected on behalf of the Tanzania Revenue Authority and Tanzania Ports Authority for taxes and embarkation respectively.

The increase in revenue was mainly attributed to an increase in several passengers transported by New Victoria Hapa Kazi Tu and goods transported by MV Umoja in the current year compared to the previous year. This has also resulted in an increase in transport fare revenue as well as revenue collected from goods delivery services.

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4. GRANT REVENUE FROM THE GOVERNMENT (SUBVENTION)

(a) Income statement figures

	2023/24 TZS '000	2022/23 TZS '000
(i) - Development grant		
Development grant - Projects	31,860,416	22,200,040
Development grant - transition period	3,490,095	4,353,935
Development grant - Project Monitoring and Evaluation	-	798,500
Sub Total i	35,350,511.00	27,352,475
(ii) - Recurrent grant		
Recurrent grant - other charges	553,688	541,642
Sub Total ii	553,688	541,642
	35,904,199	27,894,117

(b) Cash Flow figures

	2023/24 TZS '000	2022/23 TZS '000
New Vessel construction - MV Mwanza Hapa Kazi Tu	10,437,605	17,522,306
Vessel rehabilitation - MV Umoja	11,180,356	2,433,377
Vessel rehabilitation - MT Sangara	4,310,807	-
New Vessel Construction - Consultancy OSK	827,183	1,614,002
Government subvention - Salaries	3,490,095	-
Government subvention - Other charges	553,688	541,642
Monitoring and Evaluation	-	798,500
Launching of MV Mwanza Hapa Kazi Tu	-	498,667
Improvement of the Revenue collection system	-	329,220
Vessel rehabilitation - MV Liemba	5,104,465	-
TOTAL	35,904,199	23,737,714

During the year company received from the Government grant totalled Tanzanian shillings 35,904,198,686.96 (2022/23: TZS 23,737,713,371) and utilised shillings 35,904,198,686.96 .

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The amount utilised is TZS 35,904,198,686.96 recognised in the statement of profit or loss and other comprehensive income as grant revenue from the Government as per IAS 20 requirements. IAS 20 under the 'income approach' requires grant income to be recognised as income over the relevant periods to match them with related expenditures or costs they should compensate.

The grant is provided to support ongoing projects, subsidise operation expenses, and support the company in the transition period as narrated in the report of Directors above.

5	OTHER REVENUE AND FOREIGN CURRENCY TRANSLATIONS		
	5 (a): Gain (Loss) on foreign currencies	1,174	108,569
	5 (b): Sundries income	125,147	574,784
		126,321	683,353

Foreign exchange gain

Date	Exchange rate	Outstanding balance	Gain/Loss
1/7/2023	2,315.94	3,941.00	9,127,121.90
30/6/2024	2,613.86		10,301,227.78
			1,174,105.87

The amount is due to Uganda Railways Corporation (URC) during the year to June 2024

Other revenue and foreign currency translations are made up of revenue generated from sources other than main business operations. During the year company earned TZS 125,146,804 (2022/23: TZS 574,784) as sundries income of which TZS 103,443,000 on the other hand TZS 21,703,804 was collected from renting of slipway.

	2023/24	2022/23
	TZS '000	TZS '000
16(a)		
Paid Wages, salaries, and employee benefits		
Opening outstanding balance	2,724,730	2,443,588
Add: Addition Expenses During the Year	5,166,918	4,613,708
Less: Closing outstanding balance	(3,002,077)	(2,724,730)
	4,889,571	4,332,566

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16(b)

Paid Use of goods and services

Opening outstanding balance	12,970,497	12,354,659
Closing Inventories	4,035,747	4,030,614
Add: Addition Expenses During the Year	7,683,162	6,755,864
Less: Opening Inventories	(4,030,614)	(4,058,595)
Less: Closing outstanding balance	(15,181,694)	(12,970,497)
	5,477,097	6,112,045

16(c)

Paid Other operating expenses

Opening outstanding balance	1,153,550	1,449,868
Add: Addition Expenses During the Year	823,660	527,655
Less: Closing outstanding balance	(1,736,634)	(1,153,550)
	240,576	823,973

16 (d)

Paid Maintenance Expenses

Opening Outstanding balance	224,375	100,905
Add: Addition expenses During the Year	11,449	123,470
Less: Outstanding balance	-	-
	235,824	224,375

6(a) OPERATING EXPENSES

	2023/24	2022/23
	TZS '000	TZS '000
Maintenance expenses		
Electrical and other cabling expenses	41,577	181,980
Motor vehicle maintenance expenses	95,456	42,395
Plumbing supplies and fixtures	16,404	-
Repair and maintenance of vessels	82,387	-
Sub Total I	235,824	224,375

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Other operating expenses		
Audit fees	148,562	99,374
Bank charges and commissions	18,130	10,428
Burial expenses	14,929	5,150
Sundry	11,363	-
Legal Fees	2,889	12,409
Directors' fees	166,250	76,500
Insurance expenses	272,193	219,665
Shipping administration charges	102,848	92,680
Agency fee	3,813	
Survey	82,683	
Sub Total II	823,660	516,206
Use of goods and services		
Advertising and Publications	78,474	174,138
Travel expenses	2,244,297	2,017,846
Cleaning and laundry expenses	8,993	-
Communication and network services	-	-
Fuel and lubricant expenses	4,576,765	3,556,583
Electricity and gas	40,965	29,883
Entertainment	102,078	29,527
Exhibitions, Festivals and celebrations	6,135	29,813
Food and refreshments	445,782	593,984
Fumigation	0	5,125
Internet and email connections	20,898	22,805
Office consumables and supplies	31,420	112,896
Outsourcing expenses	5,454	-
Posts and telegraphs	400	-
Printing and photocopy expenses	20,141	13,013
Hiring training facilities and equipment	24,514	-
Conference facilities	9,647	-
Staff training expenses	52,402	57,141
Subscription fees	14,329	5,100
VISA expenses	240	29,666
Water charges	178	692
Uniforms	50	25,651
Sub Total III	7,683,162	6,703,863
Wages, Salaries, and employee benefits		
Casual labourers	216,891	235,667
Civil servants	3,831,259	2,858,443
Transport allowance	4,580	-
Extra Duty	461,702	699,789
Furniture allowance	34,000	42,000
Gratuities	7,000	21,972
Honoraria	38,000	42,540
Housing expenses	72,530	51,200

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Leave travel expenses	7,012	11,560
Medical refund expenses	4,872	-
Food and refreshment	34,366	
Moving expenses	128,749	-
Sitting allowances	227,678	482,568
Subsistence allowance	59,654	150,569
Telephone allowance	30,915	17,400
Facilitation allowance	7,710	
Sub Total IV	5,166,918	4,613,708
Social Benefits		
Hiring aids	300	
Sub Total V	300	
Total operating expenses (I - V)	13,909,564	12,058,152

The increase in operating expenses was mainly attributed to an increase in fuel and lubricant expenses as a result of the rise in fuel prices due to the Ukrainian war, travel expenses as a result of the increased number of existing projects as well as projects under procurement process. Travel expenses increased as a result of increased project-related travels including travels abroad for due diligence on project matters and technical meetings. Also, there is an increase in wages, salary, and employee benefits mainly due to staff promotions and the increase of numbers of staff employed during the year.

6. (b) IMPAIRMENT ON TRADE AND OTHER RECEIVABLES

	2023/24 TZS '000	2022/23 TZS '000
Provision for bad and doubtful at the beginning of the year	0	1,201,207
Impairment charges during the year/expense	30,849	65,621
Provision for bad and doubtful at the end of the year	<u>30,849</u>	<u>1,266,828</u>

During the year impairment on trade and other receivables was charged at a weighted average rate of 100% to all receivables outstanding for more than one year, this was done due to an increased credit risk and therefore expected credit loss. This has resulted in impairment during the year to increase by TZS 30,849,000. The increased amount was charged into Profit or loss and other comprehensive income.

(b) SOCIAL BENEFITS

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	2023/24 TZS '000	2022/23 TZS '000
Social benefits	300	-
Total	<u>300</u>	<u>-</u>

The management has incurred TZS 300,000 (2022/2023: NIL) to support the staff having special problem concerning with their health.

7. TAXATION

(a) Tax credit (expense)

	2023/24 TZS '000	2022/23 TZS '000
Current taxation at 30%	-	-
Alternative minimum tax at 0.5% of gross revenue	(35,904)	-31,166
Prior year adjustment	0	182,566
Deferred tax	8,513,548	5,981,812
Tax credit (expense)	<u>8,477,644</u>	<u>6,133,212</u>

(b) Reconciliation of accounting profit to tax expense

	2023/24 TZS '000	2022/23 TZS '000
Accounting profit before tax	25,193,317	12,859,949
Tax expense applicable rate of 30%	7,557,995	3,857,985
Tax effect of:		
Expenses not deductible for tax purposes	4,374,773	9,318,353
Expenses deductible for tax purposes	(3,455,124)	(19,309,549)
Income tax expense	(8,477,644)	(6,133,212)

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Deferred tax liability charged to income tax	8,477,644	6,133,212
Deferred tax assets credited to income tax	(8,513,548)	(5,981,812)
Prior year adjustment	0	(182,566)
Alternative minimum tax at 0.5% of gross revenue	35,904	31,166
Income tax expense during the year	(8,477,644)	(6,133,212)

(c) Movement in the deferred tax asset

at the beginning of the year 1 July 2023	12,405,699	6,423,887
Income statement credit (note 7(a))	8,477,644	5,981,812
At end of the year 30 June 2024	20,883,343	12,405,699

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. PROPERTY, PLANT AND EQUIPMENT - 2023/24

	Marine Vessels	Motor	Computer and Electronic equipment	Office Furniture and Fittings	Other equipment	Plant and Machinery	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000		TZS '000
Cost							
Opening on 1 July 2023	60,233,668	819,117	451,616	105,824	37,462,722	29,736	99,102,683
Additions none monetary	20,371,880			0			20,371,880
Addition monetary			11,305		10,600		21,905
Disposal	-	0	-	-	-	-	0
Closing on 30 June 2024	80,605,548	819,117	462,921	105,824	37,473,322	29,736	119,496,468
Accumulated depreciation							
Opening on 1 July 2023	21,348,248	552,316	289,534	59,453	15,121,969	15,809	37,387,330
Depreciation charge during the year	1,453,350	33,927	24,571	8 276	2,792,901	1,982	4,315,006
Disposal		0	-	-	-	-	0
Closing on 30 June 2024	22,801,598	586,243	314,105	67,730	17,914,870	17,791	41,702,336
Net book value							
At 30 June 2024	57,803,950	232,874	148,816	38,094	19,558,452	11,945	77,794,132

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PROPERTY, PLANT AND EQUIPMENT - 2022/23

	Marine Vessels	Motor	Computer and Electronic equipment	Office Furniture and Fittings	Other equipment	Plant and Machinery	Total
Cost	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000		TZS '000
Opening on 1 July 2022	60,233,668	830,939	425,055	105,074	37,274,339	29,736	98,898,811
Additions			26,561	750	188,383		215,694
Disposal	-	-11,822	-	-	-	-	-11,822
Closing on 30 June 2023	60,233,668	819,117	451,616	105,824	37,462,722	29,736	99,102,683
Accumulated depreciation							
Opening on 1 July 2022	19,842,406	397,915	219,829	47,469	7,664,808	13,827	28,186,254
Depreciation charge during the year	1,505,842	165,006	69,705	13,158	7,457,161	1,982	9,212,854
Disposal		-10,605	-	-	-	-	-10,605
Closing on 30 June 2023	21,348,248	552,316	289,534	59,454	15,121,969	15,809	37,388,503
Net book value							
At 30 June 2023	38,885,420	266,801	162,082	45,197	22,340,753	13,927	61,714,180

DISCLOSURE NOTE

Three vessels worth TZS 20,371,880,000 were assets in kind received from TPA in Lake Nyasa

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. WORK IN PROGRESS

(a) Balance sheet figures

	2023/24 TZS '000	2022/23 TZS '000
New Vessel construction	111,358,136	99,331,002
Revenue system improvement	131,688	131,688
Work in Progress - Indian Ocean	60,254	60,254
Work in Progress - Tanganyika	4,409,456	98,649
Vessel rehabilitation - MV Umoja	16,663,107	5,482,752
Vessel rehabilitation - MT Sangara	5,561,017	1,250,210
TOTAL	138,183,658	106,354,555

(b) Cash Flow figures

	2023/24 TZS '000	2022/23 TZS '000
New Vessel construction	12,152,974	19,429,349
Revenue system improvement	0	131,688
Vessel rehabilitation - MV Umoja	11,180,356	2,563,025
Vessel rehabilitation - MT Sangara	3,554,651	0
Vessel rehabilitation - MV Liemba	4,941,122	
TOTAL	31,829,103	22,124,062

This consists of expenses incurred for ongoing projects at various stages of completion. These works in progress consist of New Vessel construction - MV Mwanza Hapa Kazi, rehabilitation of MV Umoja, MT Sangara and MV Liemba.

New vessel construction - Contractor Gas Entec Co. Ltd of South Korea in Joint Venture with Kang Nam Corporation of South Korea and M/S SUMA JKT of Tanzania
The company has contracted Gas Entec Co. Ltd as a contractor in joint venture with M/S Kang Nam Corporation of South Korea and M/S SUMA JKT of Tanzania for new vessel construction at an agreed contract amount of USD 49,322,365.84

The new vessel construction is expected to be completed by September 2025 and as of 30 June 2024 the company paid the contractors a total of USD 44,913,462.84 equivalent to TZS 104,178,324,777.81

The payment is 91% of the contract. The contract is designing, building, supplying, and commissioning one new vessel with a capacity of carrying 1,200 passengers and 400 tons.

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The project is under consultancy services from OSK - ShipTech A/S from Denmark at an agreed contract amount of USD 2,123,614.39 and as of 30 June 2024 the company paid to the consultant a total of USD 2,123,614.39 equivalents to TZS 4,939,739,432.58

Rehabilitation MV Umoja - MS SM Solution Co. Ltd

The company has contracted MS SM Solution as a contractor for the rehabilitation of MV Umoja at an agreed contract amount of USD 8,422,840. Vessel rehabilitation started on 25 November 2022. As of 30 June 2024, the company paid to the contractor a total of USD 4,804,465.28 equivalent to TZS 11,603,253,716.10.

Rehabilitation MT Sangara - MS KTMI Co. Ltd

The company has contracted MS KTMI as a contractor for the rehabilitation of MT Sangara at an agreed contract amount of USD 3,606,595. Vessel rehabilitation started on 8 November 2022. As of 30 June 2024, the company paid the contractor a total of USD 1,985,711.37 equivalent to TZS 4,804,860,711.37.

Rehabilitation MV Liemba - MS Brodosplit with Joint Venture with Dar Es Salaam Merchant Group (DMG)

The company has contracted MS Brodosplit with Joint Venture with Dar Es Salaam Merchant Group (DMG) as a contractor for the rehabilitation of MV Liemba at an agreed contract amount of USD 13,192,850. Vessel rehabilitation will start early July 2024. As of 30 June 2024, the company paid the contractor a total of USD 1,952,898.05 equivalent to TZS 5,104,465,382.78. The payment is an advance payment which is 15% of the contract amount.

Configuration of the revenue collections system - e-Government Authority

The company has contracted the e-Government Authority for the upgrading of the revenue collections system. The new system will be improved by having additional features and is expected to alleviate challenges experienced in the e-ticketing system that is currently used. The agreed contract amount is TZS 329,000,000. The contract started in October 2023 and was expected to complete by December 2024. As of 30 June 2024, the company paid to the contractor a total of TZS 131,688,000. The payment is an advance payment of the contract amount.

Preliminary expenses for the construction of New Vessels - Indian Ocean and Lake Tanganyika

The company has incurred a total of TZS 158,903,000 as preliminary expenses for the projects of construction of new vessels in Lake Tanganyika - Kigoma and Indian Ocean. The preliminary expenses were travel and meeting expenses incurred during site visits, tender processes, and other logistic expenses. These expenses have been deferred by the matching concept which requires' expenses incurred in an accounting period to be matched with revenues during that period. These expenses will be written off from the

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revenue earned when construction is completed and vessels start operations or when funds related to the expenses incurred are received from the government for the project execution when projects started. The expenses incurred comprised TZS 98,649,000 and TZS 60,254,000 for Lake Tanganyika and the Indian Ocean respectively.

11. INVENTORIES

	2023/24 TZS '000	2022/23 TZS '000
Heavy Duty Equipment and Truck	3,965,552	3,965,552
Spare parts	2,274	2,274
Curtains and Uniforms	1,155	1,155
Stationery and consumables	43,519	38,387
Oil and Lubricants	23,246	23,246
	4,035,747	4,030,614

IAS 2 'Inventories' requires inventory to be measured at the lower of cost and realisable value (NRV) and accepts Specific Identification (in some cases) as a method for determining the cost of inventory. Inventories of the company were physically counted as of 30 June 2024 and the company has applied Specific Identification as a method to determine the cost of inventory. The company applied the method for the following reasons:

- (i) The detailed physical count of inventory was taken (Stocktaking) and the attached cost to each item was known.
- (ii) Inventory is significantly comprised of frequently moving items and therefore the number and value of inventory are not significantly affected by changes in market prices.

12 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES

a) Closing balance

	2023/24 TZS '000	2022/23 TZS '000
Trade debtors	1,313,736	1,295,154
Tanzania Ports Authority	30,966	30,966
Branch receivables outstanding	122,571	122,571
Gross trade and other receivables	1,467,273	1,448,691
Add: Bad debts written off in prior year		1,266,828
Less: Provision for bad debtors	(30,849)	(1,266,828)

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	1,436,424	1,448,691
<i>Advances and other receivables</i>		
Staff advance	30,246	30,246
Other receivables and advances	386,295	386,295
	416,541	416,541
 Trade and other receivables	 1,852,965	 1,865,232
 ECL ALLOWANCE		
Balance brought forward	-	1,201,207
Net provision made during the year	-	65,621
Bad debts are written off during the year	-	-1,266,828
 Balance carried forward	 0	 0
 b) Debtors Control Account		
Open balance		1,448,691
Add: Total Sales During The Year		7,418,517
Add: Provision for bad debt		(30,849)
Less: Closing Account		(1,436,424)
		<u>7,399,935</u>

The board decided to recover the Bad debt Previous Written off of TZS 1,266,828
The trade and receivables have no significant financing components; the company applied a simplified approach to recognise the impairment of financial assets in the amount of expected credit loss, under the simplified approach impairment loss is measured at lifetime expected credit loss for all assets and loss rates are applied to an actual portfolio of trade and receivables as of 30 June 2024.

There was no impairment allowance recognised in the opening balance of retained earnings and reserves, and prior periods were not restated concerning classification and measurements (including impairment) requirements.

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12(c) Decrease in trade and other
receivable

**GROSS CHANGE IN ACCOUNT
RECEIVABLE DURING THE YEAR**

Gross trade receivable	200,445		
Add: Bad debts written off in the prior year	1,266,828		
Less: Provisional During the Year	(30,849)		
Net Trade Receivable During the year	1,436,424		
Add: Other Receivable			
Staff advance	30,246		
Other receivables and advances	386,295		
Net receivable as per SFP	1,852,965		
Less: Non-cash Items			
Bad debts written off in prior year	(1,266,828)		
Provisional During the Year	30,849		
Gross Additional Receivable during the year	616,986	598,404.0	(18,582)

13 CASH AND CASH EQUIVALENTS

	2023/24	2022/23
	TZS '000	TZS '000
Own source collection account - NBC	100	1,198
Recurrent expenditure cash account	100	100
Own source collection account - NBC USD	-	233
Own source collection account - CRDB	-	54,722
Own source collection account - NMB	-	-
BOT's own source collection account	152,441	69,800
Own source recurrent expenditure -NBC	-	-
Own source collection account - Atlas Mara Zambia	3,186	3,186
Unapplied cash account	-	-
Cash in hand	471	471
Branch imprest	696	235
USD BOT Collection account	295	103,859
Marine Catering NBC account	3,842	764
TZS BOT Expenditure account	808,342	-
Total	969,472	234,568

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The cash and cash equivalents consist of the company's bank balances and cash in hand.

14 TRADE AND OTHER PAYABLES

a) Staff Benefit Obligations

Staff claims	126,708	41,964
Pension contributions payable	489,129	406,389
Skills and Development levy payable	329,696	288,300
Workers' compensation Fund payable	1,081,284	1,079,725
Workers Union Contribution (Dowuta)	6,134	2,017
Contribution from staff (Maafa)	13,040	-
PAYE Payables	956,086	906,335
Total	3,002,077	2,724,730

b) Accrued Operating Expenses

Embarkation fees payable	487,343	330,559
Port Service charges payable	797,601	514,813
Directors' fee payable	25,500	25,500
External Audit Fee	172,936	99,374
WHT tax payable	172,244	172,244
Security expenses	81,010	11,060
Total	1,736,634	1,153,550

c) Other Payable

Trade Creditors	4,128,444	3,119,596
Tanzania Ports Authority facilitation	340,000	340,000
Tanzania Railways Corporation facilitation	100,000	100,000
Accruals (other trade creditors)	5,255,253	5,179,160
VAT Payable	2,031,470	1,523,763
Miscellaneous accounts payable	79,813	36,549
Advances received	776,375	522,737
Retention fund	2,470,339	2,148,692
	15,181,694	12,970,497

Trade and other payables consist of trade creditors which are payables to suppliers, Tanzania Ports Authority (TPA) and Tanzania Railway Corporation (TRC) liabilities comprise fund arrangements provided as facilitation funds for minor rehabilitation of MV. Clarias, ML Wimbi and transition process cost in 2016.

Other payables include the new vessel project and MV Umoja retention TZS 2,470,339,405.72 advances received TZS 776,375,183.37 being insurance premium

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payable to Zanzibar Insurance, accrued expenses TZS 5,179,161,000 which include TZS 5,070,752,050 corporate tax provision as a result of TRA demand note dated 2 November 2020 with reference No.TRA/LTD/101-331-741/WAIV/JN and Alternative Minimum taxes for the years 2022/23 and 2023/24. The Port service charge consists of the amount of tax provided after the TRA demand notice issued in June 2020 and the balance of unpaid port service charges during the year.

15 DEFERRED INCOME

As per IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' the company recognise government grants in the statement of profit or loss and other comprehensive income on a systematic basis over the period in which the company recognises expenses for the related costs for which the grants are intended to compensate, which in case of unused grants are recorded as deferred income.

The company's total deferred income of TZS 609,917,987 (2022/23: TZS 609,917,987) consists of unutilized Projects fund TZS 412,385,987 (2022/23: TZS 412,385,987) and revenue collections system improvement fund TZS 197,532,000 (2022/23: NIL). The income is recognised from deferred project funds when project payment is affected after the completion of the project stage as per the contract and upon receipt of the interim payment certificate (IPC). The income is recognised from the transition deferred fund when the related cost for which the grant is intended to compensate is recognised. The movement of deferred grant income is as provided below:

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DEFERRED INCOME (CONTINUED)

(a) Deferred Grant 30 June 2024

	Balance as of 1 st July, 2023 TZS '000	Receipts TZS '000	Credited to Profit and loss TZS '000	Balance as at 30 June 2024 TZS '000	Balance as at 30 June 2023 TZS '000
Deferred development income					
Projects	412,386	31,860,416	(31,860,416)	412,386	412,386
M&E	-	-	-	-	-
Transition fund	-	3,490,095	(3,490,095)	-	-
Revenue system	197,532			197,532	197,532
Deferred Recurrent income					
Other charges	-	553,688	(553,688)	-	-
	609,918	36,233,419	(35,904,199)	609,918	609,918

(b) Deferred Grant 30 June 2023

	Balance as of 1 st July, 2022 TZS '000	Receipts TZS '000	Credited to Profit and loss TZS '000	Balance as at 30 June 2023 TZS '000	Balance as at 30 June 2022 TZS '000
Deferred development income					
Projects	412,386	22,068,352	(22,068,352)	412,386	412,386
M & E	-	798,500	(798,500)	-	-
Transition period	4,353,935	-	(4,353,935)	-	4,353,935
M/V Purchase	-	329,220	(131,688)	197,532	-
Deferred Recurrent income					
Other charges	-	541,642	(541,642)	-	-
	4,766,321	23,737,714	(27,894,117)	609,918	4,766,321

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The deferred project fund as at 30 June 2024 was TZS 609,917,987 (2022/23: TZS 4,766,321,387) consists of unutilized Projects fund TZS 412,385,987 (2022/23: TZS 412,385,987) and revenue collections system improvement fund TZS 197,532,000 (2022/23: NIL).

16 (a) RELATED PART TRANSACTIONS

In the ordinary course of business, transactions are entered into with Government of Tanzania through Parent Ministry - Ministry of Works, Transport and Communication. The relevant transactions are shown below: -

	2023/24	2022/23
	TZS '000	TZS '000
Transactions with Government through the Parent Ministry - Receipts		
Development Fund - Projects	31,860,416	23,196,071
Recurrent Fund - Other Charges	553,688	541,642
Development Fund - PE	3,490,095	
Total receipts	35,904,199	23,737,713
Amount utilised in profit and loss	(35,904,199)	(27,894,117)
Capitalised amount (Project WIP)	(31,829,103)	(21,966,888)

The company received a total of TZS 35,904,199,000 for development and recurrent expenses. The amount totalled TZS 35,904,199,000 utilised and recorded in the statement of profit or loss and other comprehensive income while TZS 31,829,103,000.00 recorded as work in progress in the statement of the financial position.

Advances to employees

Balance brought forward on 1 July 2023	43,649	43,649
Net movement during the year	(13,403)	(13,403)
Balance brought down on 30 June 2024	30,246	30,246

The company provides salary advances to employees to cater for emergency cases and staff welfare issues when issues arise before the salary date. Advances are extended to employees for a period not exceeding 12 months. Staff advances have been included under note 12- Trade and other receivables.

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	2023/24 TZS '000	2022/23 TZS '000
Key management personnel compensation		
Salary and other benefits	408,406	408,406
	<u>408,406</u>	<u>408,406</u>

Key management compensation is included in the personnel expenses for the year.

	2023/24 TZS '000	2022/23 TZS '000
Director's emoluments		
Director's fees	166,250	76,500
	<u>166,250</u>	<u>76,500</u>

The director's emolument consists of the Director's fees incurred during the year in which TZS 166,250,000 (2022/23: 76,500,000).

The company collects Port embarkation on behalf of TPA to the tune of TZS 600 and TZS 300 per each adult and non-adult passenger respectively. During the year TZS 156,783,900 was collected. The amount collected is as provided below:

	2023/24 TZS '000	2022/23 TZS '000
Port Embarkation Fees		
Port embarkation fee collected on behalf of TPA	156,784	157,688
	<u>156,784</u>	<u>157,688</u>

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17 SHARE CAPITAL

	2023/24 TZS '000	2022/23 TZS '000
Authorised share capital		
1,000 Ordinary shares of TZS 1,000 each	1,000,000	1,000,000
Issued and fully paid capital		
10 Ordinary shares of TZS 1,000 each issued and paid	10	10

The company has an authorised share capital of TZS 1,000,000 divided into ordinary shares of TZS 1,000 each. Ten shares have so far been issued and subscribed. The ten shares are held as under: -

As at 30 June 2024

	No. of Shares	Nominal value of shares
Name of Shareholder		
Treasury registrar	10	10,000
	10	10,000

As at 30 June 2023

	No. of Shares	Nominal value of shares
Name of Shareholder		
Treasury registrar	10	10,000
	10	10,000

18 CAPITAL RESERVES

	2023/24 TZS '000	2022/23 TZS '000
Error corrections on assets cost	5,195,510	5,195,510
Net assets transferred from TRC - Capital reserve	20,096,033	20,096,033
Net assets transferred from TPA - Capital reserve	20,371,880	00
Capital reserve	45,663,423	25,291,543

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The capital reserve account represents the value of assets net of liabilities TZS 20,096,033,000 transferred from TRC to the company on 30 June 1999. According to the Government Notice number 125 of 21 June 1999 upon valuation of assets by the approved Valuer.

Error corrections on assets cost consist of the increase in value of assets after corrections are made on the value of the accumulated depreciation in which accumulated depreciation was adjusted/reduced to correct error resulting from prior years over charging of the depreciation, the correction has increased in value of assets. The increased value of assets TZS 5,195,510,000 recognized in capital reserves. A correction was done on 30 June 2019 and the balance of the error corrections reserve was carried forward and reported again as of 30 June 2024. Asset surplus and capital reserves are non-distributable reserves.

19 CONTINGENT ASSETS AND LIABILITIES

The company has arbitration proceedings instituted by M/S Yutek of Turkey in which the claimant wanted compensation of USD 70,000,000, all costs incurred to the claimant in initiating and pursuing the arbitration, and commercial interest of 21%.

The proceeding arose as a result of the termination of the four contracts for designing, building, supplying, and commissioning of four vessels in both Lake Victoria and Lake Tanganyika. The contracts were executed on 15 June 2022 and terminated on 29 March 2023. The total value for all contracts was USD 178,150,000 (VAT inclusive).

The likely outcome of this arbitration cannot be determined as of the date of signing these financial statements.

COMMITMENTS

Capital commitments	2023/24 TZS '000'	2022/23 TZS '000'
Budgeted and not contracted for	42,092,001	94,809,903
Budgeted and contracted for	57,907,999	5,000,000
Total	100,000,000	99,809,903

The company has budgeted TZS 100,000,000,000 (2022/23: TZS 99,809,902,592) for capital commitments, in which TZS 57,907,999,000 contracted and TZS 42,092,001,000 has not yet contracted. The capital commitments are for the completion of one (1) existing project for MV Mwanza Hapa Tu construction, rehabilitation of two (2) vessels MV Umoja and MT Sangara, project infrastructure, and installation of Information and Communication Technology (ICT) equipment to enhance revenue collections.

As of 30 June 2024, there was no capital or operating lease commitments.

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20 ASSETS PLEDGED AS SECURITY

As of 30 June 2024, there were no assets pledged by the Company to secure any liabilities and there were no secured Company liabilities.

21 CURRENCY

These financial statements are presented in Tanzania Shillings, rounded to the nearest thousand (TZS'000), which is also the functional currency.

22 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Directors are aware that Marine Services Company Limited (MSCL) has changed its name to "Tanzania Shipping Company Limited" (TASHICO) with effect from 03 September 2024.

The name change was approved by Business Registrations and Licensing Agency (BRELA) on 03 September 2024 and issued the Certificate of Change Name number 33117.

The changed name was launched on 18 November 2024 and reflects company's commitment to expand services and strengthening TASHICO's position as a leading maritime company in Tanzania.

This event worth to be disclosed as it occurred after the reporting date, but before signing of the audited financial statements for the year ended 30 June 2024.

23 RESTATEMENT

Summary of disclosure of restated comparable figures related to all adjustments done in previous year's financial statements in financial position analysis as per Treasury Circular No. 2 of 2018/19

Components	Comparative figure 2023/24	Prior year's figure Audited in financial statement 2022/23	Difference	The reason for the reclassification
	A	B	C = (A - B)	
Receivables	1,865,232	598,404	1,266,828	Restatement of Receivables figure in the Statement of Financial Position due to Adjustment of Previously written off Bad debts. In the financial year 2023/24 the Board decided to reinstate and recover Bad debts that were previously written off. The difference amount of TZS 1,266,828 is the Bad debt Previously written off for the year 2022/23.
Accumulated Surpluses / Deficits	143,854,600	142,587,772	1,266,828	Restatement of Accumulated Surplus figure in the Statement of Financial Position and Statement of Changes in

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Components	Comparative figure 2023/24	Prior year's figure Audited in financial statement 2022/23	Difference	The reason for the reclassification
	A	B	C = (A - B)	
				Net Asset and Equity is the result of adjustment of Bad debt Previous Written off. The difference amount of TZS 1,266,828,000 is the Bad debt Previous Written off.


Major General John Julius
Mbungo
Board Chairman


Eric Benedict Hamissi

Date 19/03/2025 Managing Director