



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



TANZANIA AGRICULTURAL RESEARCH INSTITUTE (TARI)

**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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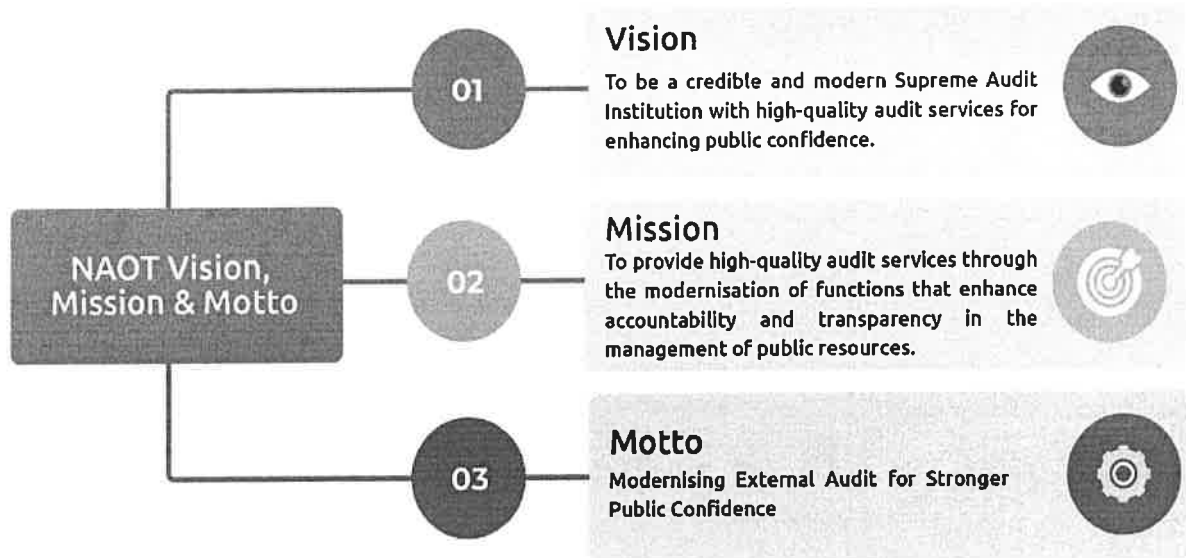
March 2025

AR/CG/TARI/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

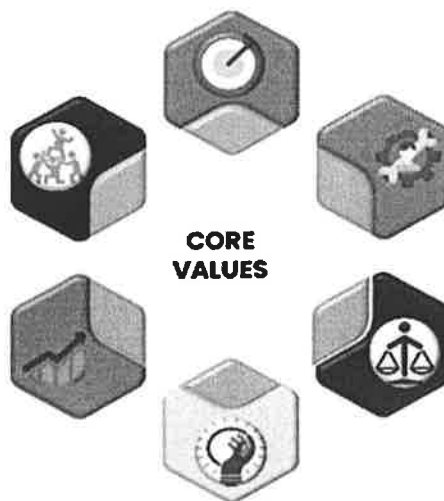
We are an impartial public Institution, independently offering high-quality audit services to our clients in an unbiased manner.

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.

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ABBREVIATIONS

AfDP	Agricultural and Fisheries Development Program
AG	Accountant General
ASA	Agricultural Seeds Agency
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CPA	Certified Public Accountant
DG	Director General
EAD	Exposure at Default
ECL	Expected Credit Loss
FVTSD	Fair Value through Surplus/Deficit
HIV	Human Immunodeficiency Virus
IPSASs	with International Public Sector Accounting Standards
LGD	Loss Given Default
MUSE	Mfumo wa Uhasibu Serikalini
NFRA	National Food Reserve Agency
PD	Probability at Default
PMU	Procurement Management Unit
PPE	Property Plant and Equipment
NHIF	National Health Insurance Fund
TANESCO	Tanzania Electric Supply Company Limited
TARI	Tanzania Agricultural Research Institute
TEMESA	Tanzania Electrical, Mechanical and Electronics Services Agency
TFRS	Tanzania Financial Reporting Standards
TOSCI	Tanzania Official Seeds Certification Institute
TRA	Tanzania Revenue Authority
TZS	Tanzania Shillings
URT	United Republic Tanzania
USD	United State of America Dollar
WCF	Workers Compensation Funds
WIP	Work in Progress

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Tanzania Agricultural Research Institute,
P.O. Box 1571,
DODOMA, TANZANIA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Agricultural Research Institute, which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Tanzania Agricultural Research Institute as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

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 Tanzania Agricultural Research Institute 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 matters below. My opinion is not modified in respect of these matters.

As disclosed in Note 46 to the financial statements that, on 15 December 2023, the Minister of State, Office of the President, Planning and Investment announced the Government's intention to merge the operations of Tea Research Institute of Tanzania

(TRIT), Tanzania Coffee Research Institute (TCRI) and Tobacco Research Institute of Tanzania (TORITA) with Tanzania Agricultural Research Institute (TARI). Based on the government announcement, the merging of these institutions was supposed to be concluded by June 2024.

In this regard, TARI's financial statements for the year ended 30 June 2024 did not include the operations and financial affairs of TRIT, TCRI, and TORITA as the merging process has not been finalised.

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 Report by those charged with governance, statement of management responsibility 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 IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management

either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

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

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

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

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

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

i. Delay in delivery of Eight seed processing plant TZS 1.79 billion

TARI signed Contract No. IE/054/2022-2023/G/01 (LOT III) with 3D System Contractors Ltd on 21st July 2023 for the supply of eight seed processing plants, including a theatre/coating machine, at a contract sum of TZS 1.79 billion. The contract had an initial implementation period of 90 days. However, the contractor requested two extensions: The first extension approved up to 7 June 2024 and the Second extension approved up to 7 September 2024.

Despite these extensions, as of 19th November 2024, delivery has not been finalized, contrary to the agreed timelines. This delays the project's intended benefits and contravenes Regulation 114(a) of the Public Procurement Regulations, 2013, which mandates timely delivery and effective contract management.

ii. Significant delay in completion of construction of warehouse

Reg 114 (a) of Public Procurement Regulation 2013, requires A procuring entity to be responsible for the effective management of any procurement of goods, services or works for which it is undertaking and shall monitor the costs and timely delivery of goods and services in the correct quantities and to the quality specified in each contract.

I noted that TARI entered into contract No. IE/054/202-2023/W/3 with MCB Company Limited on 14 September 2022 at a contract sum of TZS 2,282,069,850.00 for the Design and building of five warehouses at TARI centre Hombolo, Dakawa, Tumbi, Naliendele and Selian for contract duration of eight (8) months commencing from 25 October 2022 to 24 June 2023.

However, a review of the last progress report dated 30 April 2024 revealed that overall physical progress was 40% and financial progress of TZS 1,187,722,833 equivalent to 52% of the contract sum while the contract duration lapsed by 200%.

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 Tanzania Agricultural Research Institute 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, except for the matters described below, the Budget formulation and execution of Tanzania Agricultural Research Institute generally complies with the Budget Act's requirements and other Budget Guidelines.

i. Under collection of budgeted revenue, TZS 18.49 billion

Section 58(b) of the Budget Act, 2015 requires a person vested with authority for public revenue collection to be accountable for efficient collection, accounting, and reporting based on applicable law and taking precautions to prevent mismanagement of the revenue.

I reviewed budget implementation for the financial year 2023/24 and found that the Tanzania Agricultural Research Institute (TARI) had budgeted to collect TZS 35,000,000,000 from its own source of revenue from exchange transactions. However, the revenue collected during the year amounted to TZS 16,508,518,953, which is 47%. In that regard, the Institute failed to collect TZS 18,491,481,047, equivalent to 53%.



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

2.0 FINANCIAL STATEMENTS

2.1 THE REPORT BY THOSE CHARGED WITH GOVERNANCE AND FINANCIAL STATEMENTS

2.1.1 INTRODUCTION

The Directors submit their report together with the audited financial statements for the year ended 30 June 2024. The financial statements disclose the state of affairs of the Tanzania Agricultural Research Institute (TARI or “the Institute”) for the year ended 30 June 2024. The report provides information on operations, financial position, financial performance, budget information, cash flow position, governance systems, and the structure of the Institute.

In order to enhance accountability and transparency, the Institute is required to keep proper books of accounts that comply with the Generally Accepted Accounting Principles, Public Finance Act, Cap 348 with a number of Finance Acts that amended some sections, Tanzania Financial Reporting Standards (TFRS) No.1 -Reporting Standard No.1 (The Report by those charged with governance standard), International Public Sector Accounting Standards (IPSAS) and other Guidelines and Directives as may be prescribed by the Paymaster General.

2.1.2 ESTABLISHMENT

The Institute was established in 2016 under Section 3 of the Tanzania Agricultural Research Institute Act, 2016 (Cap. 51) as a leading institute responsible for conducting, regulating, promoting, and coordinating agricultural research in Tanzania Mainland.

2.1.3 OWNERSHIP

TARI is wholly owned by the Government of the United Republic of Tanzania.

2.2 VISION, MISSION, CORE VALUES

The Vision, Mission, and Principal Activities of TARI articulated in its Rolling Strategic Plan (2019/20 -2023/24) are as follows:

2.2.1 Vision

To be the Institute of Excellence for Agricultural Research in Tanzania and beyond.

2.2.2 Mission

To generate and disseminate the application of knowledge and agricultural technologies as catalysts of change in achieving agricultural productivity, food and nutrition security, environmental sustainability, and economic growth involving stakeholders in the country and the global community.

2.2.3 Core Values

- TARI performs its duties and functions based on the following core values: -
- **Integrity:** TARI will always strive to be credible and consistent in its actions.
- **Transparency:** TARI endeavours to convey correct, timely, and complete information about its services and products.
- **Accountability:** TARI will always be accountable for agricultural research activities to foster agricultural development.
- **Teamwork:** TARI will always work together to achieve its corporate goals.
- **Professionalism:** TARI will always adhere to ethics and uphold quality and standards in performing its duties;
- **Excellence:** Exercise competency through professionalism and ethical conduct
- **Equity:** Observe equal opportunity and treatment for our internal and external stakeholders without discrimination against gender, religion, race, affiliation, and ethnicity

2.3 PRINCIPAL ACTIVITIES OF THE INSTITUTE

The principal activities or core functions of TARI are provided under Section No.4 of the Tanzania Agricultural Research Institute Act, 2016 (Cap 51). TARI is responsible for conducting, regulating, and coordinating all agricultural research activities in mainland Tanzania. The principal activities are summarized as follows:

- i) To conduct, promote, and coordinate basic, applied, and strategic agricultural research
- ii) To advise the Government on the formulation of national policies, laws, and regulatory frameworks for promoting and regulating agricultural research
- iii) To formulate and oversee the implementation of the intellectual property policy of the Institute
- iv) To formulate research standards, code of ethics, conduct and practice, and guidelines for the delivery of agricultural research services
- v) To set in collaboration with key stakeholders, the national agricultural research agenda and priorities of the national agricultural research system and coordinate the implementation of such agenda and priorities
- vi) To establish and operate an efficient system of documentation, dissemination, and promotion of information on agricultural research
- vii) To promote the advancement of skills by providing facilities for training research personnel for the Institute and other stakeholders for better carrying out basic, applied and strategic research

- viii) To mobilize Institutes for agricultural research and development
- ix) To coordinate and promote cooperation and collaboration with other countries, institutions, scientific or professional societies, and other agricultural research service providers, with regard to agricultural research, development, and technology transfer in the agricultural sector
- x) To provide, undertake, and promote consultancy services in research, training, and dissemination of information in agriculture and allied sciences
- xi) To register and maintain a register of agricultural research service providers and their research projects in the public and private sectors
- xii) To promote seed deployment and multiplication
- xiii) To establish and maintain a gene bank for purposes of characterizing, evaluating, and conserving plant genetic resources

2.4 OPERATING MODEL

TARI is mandated to conduct, regulate, and coordinate agricultural research in Mainland Tanzania. Priority research areas were identified and included in the TARI Medium Term Strategic Plan that was implemented through the annual planning and budgeting process. The priority areas can be directed by the Government through the Ministry of Agriculture based on national priorities. Research areas can also be recommended by TARI scientists who usually prepare research proposals on the relevant research agenda.

The Government of the United Republic of Tanzania is the main financier of the Institute in terms of personnel emoluments, development funds (for research and infrastructure) as well as other charges. Research proposals from TARI Scientists are usually tabled for donor financing, hence the Institute has a number of research projects that are financed by development partners on areas of national interest.

Usually, research projects are undertaken through Project Teams with a Lead Researcher and such projects are implemented in the TARI Research Centres. Some research projects are collaborative with other research and academic institutions in the country and others with regional and international partners. Several research projects are usually undertaken by TARI each year by different project teams or different research centres. The duration of the research project varies depending on the complexity, nature, weather conditions, and other factors. Once the research results are certified, e.g., the discovery of improved crop varieties with high yields, the discovery of drought-resistant seeds, improved planting and harvest technologies, etc., the next step is the dissemination of the research outcomes to the stakeholders, which is usually undertaken through different communication channels.

In addition, TARI has 17 Research Centres throughout Tanzania's Mainland that are headed by Centre Directors or Managers reporting to the Director General. Whereas the Head Office is mainly responsible for coordination and management of the Institute with

the various support functions, the research and innovation as well as technology transfer agenda that is the core function of the Institute is executed through the TARI Research Centres. The geographical distribution and the core research mandate for each research centre is provided under table No.1 below: -

Table No. 1: TARI Research Centres and their Mandate

SN	Name of the Research Centre	Location	Research Mandate
1	TARI - Hombolo	Dodoma	Sorghum and Millets
2	TARI - Ifakara	Morogoro	Rice
3	TARI - Dakawa	Morogoro	Rice
4	TARI - Ilonga	Morogoro	Maize, Grain Legumes, Sunflower, Post-harvest Management
5	TARI - Kibaha	Coastal	Sugar cane
6	TARI - Kifyulilo	Iringa	Beans, Maize, Irish Potato
7	TARI - Kihinga	Kigoma	Palm Oil
8	TARI - Makutupora	Dodoma	Grapes
9	TARI - Maruku	Kagera	Banana
10	TARI - Mikocheni	Dar es Salaam	Coconuts and Biotechnology
11	TARI - Mlingano	Tanga	Soils, sisal, coconut, biotechnology
12	TARI - Naliendele	Mtwara	Cashew and Oil Seeds
13	TARI - Selian	Arusha	Wheat, Barley and Maize
14	TARI - Tengeru	Arusha	Vegetables, Spices and Fruits
15	TARI - Tumbi	Tabora	Agro forestry
16	TARI - Ukiriguru	Mwanza	Cotton, Roots, Tubers
17	TARI - Uyole	Mbeya	Beans, Maize, Irish Potato, Pyrethrum, Agro mechanization

2.5 STAKEHOLDERS ANALYSIS

TARI is deeply connected and committed to the environment we operate in and the societies we serve. Our ability to deliver value depends on our relationships and the contributions and activities of our stakeholders. We engage in dialogue with our stakeholders to understand their needs and seek to meet their expectations to create value for them and the Institute, as shown in Table No.2

Table No.2: Stakeholder Analysis

No.	Name of stakeholder	Service delivered to stakeholders	Stakeholders' expectation
1.	Ministry of Agriculture	Provision of information on agricultural production, productivity, and profitability. Policy briefs Provision of technical advice on agricultural issues.	Timely, reliable, and quality information. Appropriate and accurate research findings Professional and updated technical advice

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No.	Name of stakeholder	Service delivered to stakeholders	Stakeholders' expectation
		Provision of research recommendations	
2.	Farmers/Farmer Organizations/Community-Based Organizations	Provision of improved seeds and planting materials Good agricultural practices Provision of technical advice and backstopping Provision of agricultural information Provision of analytical services	Quality seeds and planting materials Participatory-oriented Improved Technological packages
3.	Seed actors (ASA and Seed companies)	Provision of quality seeds Provision of technical advice and backstopping	Quality seeds and planting materials Professional and updated technical advice
4.	Private Sector (Traders and Processors)	Early generation seeds Adaptability and suitability tests before commercialization Analytical services Advisory services Consultancy services Licensing services	Collaborative services Timely, reliable, and quality information. Professional and updated technical advice
5.	Research and development partners including international organizations (CIMMYT, ICRISAT, CIAT, IITA, USAID, FAO, AGRA)	Research collaborations Joint proposal development Provision of research locations	Research staff and facilities Experienced research personnel Transparency Effective value for money Secure safe working environment Adherence to MoUs
6.	Regulatory boards	Quality standards catalogue Technical expertise Variety descriptor Verification trials	Adhering and Compliance standard and procedures timeliness
7.	Civil Society Organizations and NGOs	Advisory services Improved agriculture technologies Technical expertise	Collaborative services Timely, reliable, and quality information. Professional and updated technical advice
8.	Policy makers	Provision of information in agricultural production, productivity, and profitability. Provision of Policy briefs	Timely, reliable, and quality information.

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No.	Name of stakeholder	Service delivered to stakeholders	Stakeholders' expectation
		Provision of technical advice on agricultural issues. Provision of research recommendations	Appropriate and accurate professional and updated technical advice Socially acceptable, economically viable, environmentally friendly, and sustainable technologies. Site-specific recommendations
9.	Treasury Registrar	Provision of information on implementation of mandate functions	Timely, reliable, and quality information.
10.	Parliament	Respond on Government Directives Provision of Budget speech Agricultural advices	Transparency and accountability. Policy recommendations
11.	Local Government Authorities and Ministries	Advisory services Technical expertise	Timely, reliable, and quality information. Professional and updated technical advice
12.	Media	Provision of information from the Institute	Timely, accurate, and reliable information
13.	Universities/colleges	Research expertise Provision of field practical training Provision of Internships Co-supervision for students Research technologies (early generation seeds, recommendations) Inter-laboratory analytical exchange Co-publications	Quality field skills Field skills on current technologies Information on available technologies
14.	Financial institutions	Information on agricultural services, productions, profitability, and productivity	Timely, reliable, validated, and quality information
15.	Staff/Employees	Salaries Employee benefits and allowances Long- and short-term trainings Working facilities	Attractive salaries Employee motivation Attractive incentive Transparency Good working condition

2.6 ORGANIZATION STRUCTURE AND MANAGEMENT OF THE INSTITUTE

The Institute is under the overall supervision of the Board of Directors, and the day-to-day management is entrusted to the Director General. The Director General is assisted by the Management Team at Head Office, which comprises Directors, Heads of Units, and Managers, as shown in Table No.3 below.

Table No.3: Composition of the Management Team for the year 2023/24

S/N	Name	Designation
1	Dr. Thomas Bwana	Director General (DG)
2	Dr. Deusidedith Mbanzibwa	Director of Research and Innovation (DRI)
3	Dr. Geradina Mzena	Director of Technology Transfer and Partnerships (DTTP)
4	Mr. Zephania Mshanga	Director of Administration and Human Resources Management (DAHRM)
5	CPA Mohamed Mwandege	Chief Accountant (CA)
6	CPA Patience Ntakwa	Chief Internal Auditor (CIA)
7	Dr. Frank Mmbando	Manager - Planning Monitoring and Evaluation (MPME)
8	CPS Yusufu Keu	Manager - Procurement Management Unit (MPMU)
9	Mr. Festo Tullo	Head of ICT and Statistics Unit
10	Ms. Selina Mloge	Head of Legal Service Unit (HLSU)

2.6.1 Directorate of Research and Innovation

The Directorate is headed by a director reporting to the Director General and is responsible for the core functions of the Institute, research, and innovation.

2.6.2 Directorate of Technology Transfer and Partnerships

The Directorate is headed by a director reporting to the Director General, responsible for technology dissemination and stakeholder collaboration.

2.6.3 Directorate of Administration and Human Resources Management

The Directorate is headed by a director reporting to the Director General and is responsible for human resources management and administrative matters.

2.6.4 Finance Unit

The Unit is headed by a Chief Accountant reporting to the Director General. It is responsible for collecting funds, disbursements, maintaining accounting records, and preparing financial statements.

2.6.5 Internal Audit Unit

The Unit, which is fully-fledged and independent, is headed by a Chief Internal Auditor reporting administratively to the Director General and functionally to the Board

The audit and Risk Committee oversees the institute's internal audit services.

The Unit conducts internal audit assignments based on an approved annual Internal Audit plan. It adopts the International Professional Practices Framework (IPPF) and TARI's Internal Audit Manual and Procedures to evaluate the quality assurance and acceptability of related accounting policies, practices, and financial reporting compliance.

2.6.6 Planning Monitoring and Evaluation Unit

The Unit is headed by a manager who reports to the Director General and is responsible for planning, budgeting, monitoring, and evaluating various projects.

2.6.7 Information Communication Technology and Statistics Unit

The unit is headed by an ICT head who reports to the director general. The unit maintains network infrastructure and computers, manages mail servers, proxy servers, and extends LAN to connect more computers to the Internet. Also, the unit is responsible for providing technical support on ICTS matters.

2.6.8 Legal Services Unit

The Head of Legal Services heads the Unit, reports to the Director General, and is responsible for providing legal services and expertise.

2.6.9 Procurement Management Unit (PMU)

The unit is headed by a procurement management manager who reports to the director general. It is responsible for providing expertise and services in handling procurement matters as per the Public Procurement Act, 2011 requirement and its amendments of 2016, Cap 410.

2.6.10 Tender Board

The Institute has an operating Tender Board, which oversees all procurement processes and procedures and ensures compliance with the Public Procurement Act of 2011. TARI Tender Board for the year 2023/24 was composed of the following members, as shown in table 4 below.

Table No.4: Composition of TARI Tender Board members for the year 2023/24

S/N	Name	Status	Designation
1	Mr. Zephania R. Mshanga	Chairman	Director of Administration & Human Resource Management
2	CSP Yusufu E. Keu	Secretary	Manager-Procurement Management Unit
3	Dr. Furaha P. Mroso	Member	Manager- Crop Research and Postharvest Management
4	CPA. Mohamed Mwandege	Member	Chief Accountant
5	Dr. Joel L. Meliyo	Member	Centre Manager - TARI Hombolo
6	Ms. Mshaghuley M. Ishika	Member	Senior Research Officer I

2.6.11 Workers Council

The Institute has a Workers Council, which is a participatory organ constituted by Members of the Management and employees' representatives from both the Head Office and all the Research Centres. The Master Council meets regularly as per the Master Workers Council Charter.

2.7 PHYSICAL PERFORMANCE AND ACHIEVEMENTS

2.7.1 Physical Performance Achievements

During the year ended 30 June 2024, the Institute's key achievements in physical terms were as follows: -

2.7.2 Development of technologies and innovations

- i) A total of 5 crop varieties were released and registered for farmers' use. All five varieties were for grapevine and registered under the names TARIZAB 1, TARIZAB 2, TARIZAB 3, TARIZAB 4, and TARIZAB 5. These varieties are high-yielding, with good quality parameters and adaptable to the environment. The variety TARIZAB 1 has a long shelf life, while TARIZAB 5 has high-quality wine. The highest-yielding variety is TARIZAB 3, which yields 25 to 30 tons per hectare.
- ii) A number of labour-saving technologies developed: TARI modified the previously developed and fabricated a simple cotton planting machine by installing a motor with a capacity of six 6.5HP engines. This planter named RAFIKI can plant one hectare within 30 minutes to 1 hour using one to two litres of petrol. Therefore, the planter is effective and efficient when compared to 8 hours that is used by 8 casual labourers to plant one hectare for TZS 50,000.00.
- iii) In post-harvest management, a prototype sugarcane crusher for a small-scale sugar mill plant with a capacity of crushing 3000kg canes per hour, with 2000 litres of clarifying tanks and boiling chambers, was developed.
- iv) TARI maintained 36,692 germplasm materials of different crops, including 1,799 Rice, 44 Sorghum, Finger millet 105, Pearl Millet 02, Maize 500, Cassava 739, Sweet potato 93, Grapevines 32, Wheat 5, Bean 85, Round potato 5, Banana 143, Mungbean 20, Sisal 45, Cocoa 17, Coconut 7, Cashew 30,000, Garden pea 6, Sugarcane 324, Dates 40, Citrus 120, Macadamia nuts 80, Annona 10, Oil palm 2453, Cotton 328, and 14 Fruit & Medicinal trees. The target was to maintain at least 25,000 Germplasm for different crops annually.
- v) Land Use and Water Management: During the reporting period, 3 land suitability maps (1:2,000,000) and recommendations for land management under wheat, oil palm, and sunflower were made for production of the same at Leaf Investment Farm. A total of 1,443 soil (1,221), plant (194), fertilizer (19), and water (9) samples were received from different stakeholders and analysed for pH, organic carbon, macronutrients (N, P and K), Cation Exchange Capacity, bulk density, and

micronutrients. The results were found, and relevant recommendations were given to those stakeholders.

- vi) Argo forestry: The number of agroforestry collections and maintenance of 14 Indigenous priority fruit and medicinal trees was done. A total of 1,000,000 trees were planted around the TARI Ukiriguru area to combat climate change and to establish the institute boundaries.

2.7.3 Seed production and multiplication

In ensuring the availability of improved seeds to farmers, 342.48 MT of different seed classes were produced (13.92 MT breeder, 118.69 MT pre-basic, 150.67 MT basic, and 59.2 MT certified seed). In addition, 10,766,504 cuttings/seedlings of vegetatively propagated crop planting materials were produced and distributed to farmers. In addition, as of the end of the fourth quarter, 355.74 ha of land under seed production had not yet been harvested and will be accounted for in the FY 2024/25.

2.7.4 Technology Transfer

During the reporting period, 4,131,030 agricultural stakeholders were reached with improved technologies. Various dissemination uptake pathways were used, including 1,862 demonstration plots, 42 Farmer Field Days (FFD), 18 trainings, and 11 exhibitions.

In addition, 38,948 copies of promotional materials, including 273 posters, 21,281 leaflets, 1,965 fliers, 15,129 brochures, 112 banners, and 188 signboards, were disseminated. Regarding mass media coverage, 250 TV programs/news segments and 141 radio and 168 Newspaper articles were prepared and disseminated.

The social media platforms used were the YouTube TARITV channel (308 videos) with 1319 subscribers, Instagram (249 posts) with 15562 followers, Facebook (187 posts) with 4,431 followers, and 722 posts on X, formerly known as Twitter, with 8242 followers.

In addition, 5,091 phone calls and 2,301 short messages were received from stakeholders, during which TARI experts provided online advisory services, clarification on improved technologies, and guidance on where to get seeds and seedlings on disseminated technologies.

2.7.5 Strengthening partnerships and collaboration

A total of 34 sub-contract agreements and eight (08) Memorandum of Understanding (MoUs) were signed to strengthen partnerships with national, regional, and international organizations to achieve institutional goals. Also, 34 collaborative research projects were implemented and are at various stages of progress. In addition, TARI researchers increased their capacity to undertake scientific research and competence, whereby 23 publications were published in various peer-reviewed journals.

2.7.6 Physical Infrastructure Development

During the year 2023/24, the institute planned and executed the following projects:

- i) Construction of TARI Headquarters at Njedengwa Investment Area, Dodoma
- ii) Municipal. The construction work is 60% in progress.
- iii) Construction of TARI Kihinga at Kigoma: the construction works are on Progress at 95%.
- iv) Design and construction of irrigation infrastructure covering 874.9 ha of the TARI Research Centres, works are ongoing.
- v) Construction of five (5) warehouses at TARI Selian, TARI Tumbi, TARI Hombolo, TARI Naliendele and TARI Dakawa that attained 40% completion;
- vi) Rehabilitation and accreditation of National Central Soil Laboratory at TARI Mlingano reached 80% completion;
- vii) Construction and retooling of the tissue culture laboratory at TARI Mlingano is at 95% completion;
- viii) Construction of Ritual fence reached 100%, and construction of brick wall fence reached 35% at TARI Uyole;
- ix) 17 motor vehicles, 8 tractors, and 2 combine harvesters were purchased;
- x) Procurement of seed processing machinery, awaiting delivery;
- xi) Rehabilitation of TARI Centres at TARI Ilonga and TARI Mlingano is at the mobilization stage;
- xii) Construction of fences at TARI Kifyulilo, TARI Maruku, TARI Kihinga, TARI Hombolo, Dakawa, and Ifakara is at the mobilization stage;
- xiii) Construction of 6 warehouses at TARI Ilonga, TARI Uyole, TARI Maruku, TARI Ukiriguru, TARI Kifyulilo, and TARI Ifakara is at mobilization stage;
- xiv) Design and construction of irrigation infrastructure covering 246 Ha at TARI Tumbi, TARI Mikocheni (Bagamoyo and Mkuranga), TARI Mlingano, Naliendele, Ukiliguru, Kifyulilo (Ismani) is at contract award stage;
- xv) Construction of the pathology laboratory at TARI Naliendele is at TARI Naliendele is at mobilization stage; and
- xvi) Construction of the tissue culture laboratory at TARI Maruku is at the mobilization stage.

2.8 COMMENTARY OF FINANCIAL STATEMENTS

2.8.1 Statement of Financial Position

(i) Cash and Cash Equivalents

During the financial year ended 30 June 2024 the institute had a cash and cash equivalents balance of TZS 3,666,477,830 compared to TZS 727,834,884 at the end of

the financial year 2022/23. This represents an increase of TZS 2,938,642,946 due to funds received at the end of the financial year.

(ii) Inventories

At the end of financial year 2024 the inventories were TZS 27,560,621 compared to TZS 203,123,165 of last financial year 2022/23. The decrease was due to the increase of the consumption of stock items during the year 2023/24.

(iii) Prepayments

During the financial year ended 30 June 2024 there were prepayments amounting to TZS 161,203,762 compared to TZS 2,803,103,931 for the financial year 2023. The previous amounts were paid for purchases of Motor vehicles, which were received in the year under review (2023/24)

(iv) Receivables

During the financial year that ended 30 June 2024, total receivables amount to TZS 1,127,857,123, compared to TZS 796,308,799 from the previous financial year (2023). The increase was mainly due to unretired staff impress at the end of the financial year for sabasaba and nanenane exhibitions.

(v) Biological Assets

During the year under review (2023/24), biological assets amounted to TZS 14,101,320,361 as compared to TZS 15,161,820,361 recorded in the previous financial year (2022/23). The decrease was due to the decrease in value (Impairments)

(vi) Property, Plant and Equipment (PPE)

During the financial year 2024, PPE amounted to TZS 124,066,552,832 compared to TZS 122,249,229,926. The increase was due to the purchase of Motor vehicles, agriculture equipment/machinery and office equipment

(vii) Work in Progress

During the year 2023/24, the Institute's work in progress amounted to TZS 17,538,520,560 as compared to TZS 11,663,904,299. The increase was due to the continued construction of buildings at TARI Headquarters, TARI Kihinga, and TARI Mlingano, a Wall fence at TARI Uyole, Irrigation schemes at TARI Ifakara, and warehouses at TARI Tumbi, TARI Naliendele, TARI Dakawa, TARI Hombolo, and TARI Selian.

(viii) Deferred Income

During the financial year ended 30 June 2024, deferred income increased from TZS 507,941,414 to TZS 1,929,586,298. The increase was due to the unspent amount of ongoing research activities.

(ix) Deposits

The deposit represents the amounts unpaid due to a system technical error. However, the same was successfully paid at the end of 2024. There was a decrease in deposits from TZS 76,872,778 (2022/23) to TZS 28,506,734 (2023/24)

(x) Payables and Accruals

The institute's balance of accruals and payables at the end of the financial year 2023/24 was TZS 6,482,689,512, compared to TZS 5,458,249,648 held at the end of the financial year 2022/2023. The increase was due to unpaid suppliers' and staff debts.

2.8.2 Statement of the Financial Performance

(a) Revenue

(i) Other Revenue

During the financial year ended 30 June 2024, other revenue increased from 12,776,066,274 for the financial year end 2023 to TZS 13,537,990,913, which is equivalent to a 6% increase. The increase was due to the maturation of the Research proposal for the period under review.

(ii) Revenue from Exchange Transactions

Revenue decreased from TZS 2,942,096,432 (2022/23) to TZS 2,928,794,680 (2023/24) during the financial year, equivalent to 0.5%. The revenue shortage was due to unfavourable weather conditions and an unpredicted market for farm produce, especially wheat and sunflowers.

(iii) Revenue Grants

During the financial year ended 30th June 2024, Institute received a Grant amounting to TZS 107,867,513 from The International Institute of Tropical Agriculture (IITA)

(iv) Subvention from other Government entities

During the financial year ended 30 June 2024, the subvention amounted to TZS 30,175,754,843, compared to TZS 31,571,298,672 obtained from the previous financial year 2022/23. There was a decrease of TZS 1,395,543,831, equivalent to 4%. The decrease was due to the Government not remitting the subventions for Development funds and Other Charges (OC) as budgeted.

(b) Expenses

(i) Depreciation of Property, Plant, and Equipment.

During the financial year 2023/24, depreciation decreased from TZS 3,503,400,456 for the financial year 2022/23 to TZS 1,575,219,242 due to the application of new Government rates as per the Public Finance (Management of Public Property) Regulation of 2024.

(ii) Loss in Fair Value of Biological assets

The amount recorded as loss in fair value during the year 2023/24 was TZS 1,060,500,000, while the previous year, 2022/23, was nil. The increase in amounts was due to the decrease in the value of biological assets during the year under review.

(iii) Expected Credit Loss

Under the year of review, there is an increase in the provision of Expected Credit Loss (ECL) from TZS 15,986,888(2022/23) to TZS 23,242,679 (2023/24). This was due to the application of IPSAS 41.

(iv) Maintenance Expenses

During the year under review, expenses under this category amounted to TZS 356,139,511, compared to TZS 781,202,883 incurred in the previous year, 2022/23. The decrease in expenses was mainly due to the decrease in motor vehicle running expenses.

(v) Other Expenses

Under the year of review 2024, other expenses decreased from TZS 399,929,721 (2022/23) to TZS 352,459,889 (2023/24) due to decreased research activities resulting from decreased development funds from the Government.

(vi) Use of goods and Services

During the financial year ended 30 June 2024, there was a decrease of TZS 11,714,519,627 compared to TZS 12,404,860,789 for the financial year 2022/23. The decrease was due to the decrease of research activities due to decreased development funds from the Government.

(vii) Wages, Salaries and Employee Benefits

During the financial year 2023/24, the Institute spent on Wages, Salaries, and employee benefits amounted to TZS 27,008,877,982, compared to TZS 25,837,638,394 spent during the financial year 2022/2023. The increase was due to the increase in the Personal Emolument (Salaries) budget for the year 2023/24 compared to the previous year 2022/23.

(viii) Surplus

The surplus during the year was TZS 4,659,449,019 compared to TZS 4,346,442,249 (2022/23). This was contributed by a major increase in Revenue Grants, Grants from Development partners, other revenue from research activities (Farm produce), and Receipts of funds from ongoing Development Projects.

2.8.3 Statement of Cash Flows Statements

(i) Cash flow from operating activities

During the year under review, the net cash inflow from operating activities decreased from TZS 11,748,067,122 (2022/23) to TZS 9,297,744,329 (2023/24) due to an increase of expenditure by 9% during the year 2023/24.

(ii) Cash flow from Investing activities

During the financial year ended 30 June 2024, net cash outflow from investing activities decreased from TZS 13,866,455,073 (2022/23) to 6,357,912,033 (2023/24) due to unreceived funds from the Government and a shortage of revenue from Research funds and own sources.

(iii) Cash and Cash Equivalent

During the financial year ended 30 June 2024, cash and cash equivalent amounted to 3,667,707,397, compared to TZS 727,875,101 for the financial year 2022/2023. The increase was due to the increase in funds received at the end of the financial year 2023/24.

2.8.4 Statement of Comparison of Budget and Actual Amounts

(i) Receipts

The budgeted for the year ended 30 June 2024 amounted to TZS 93,195,968,122 whereas the actual receipts were TZS 48,105,918,678, implying a deficit of TZS 45,090,049,444 which is equivalent to 48%. The deficits were mainly caused by;

(a) Shortage of revenue from exchange Transactions due to unfavourable changes in weather conditions and unpredicted market for farm products, especially for wheat and sunflowers.

(b) Non remittance of Government subventions as budgeted.

(ii) Payments

The total budgeted payments for the year ended 30 June 2024 were TZS 93,195,968,122, implying a balanced budget. However, total actual payments amounted to TZS 45,166,086,382 at the end of the year. The decrease was due to decreased research activities due to decreased development funds from the Government, Research Funds from Donors, and lower revenue from own sources.

2.8.5 Statement of Changes in Net Assets and Equity

As reported in the Statement of Financial Performance, the Institute recorded a surplus of TZS 4,659,449,019 during the year under review (2023/24). This increased the net assets from TZS 147,589,261,524 at 30 June 2023 to TZS 152,248,710,544 as at 30 June 2024. This was contributed by a major increase in Revenue Grants, Grants from

Development partners, other revenue from research activities (Farm produce), and Receipts of funds from ongoing Development Projects.

2.8.6 Key Performance Ratios

The Key Performance Indicators (KPIs) are indicated in Table No.5 below.

Table No. 5: Key Performance Ratios

Performance indicator/ratio	Formula	Purpose	2024	2023
Revenue ratios	Total Revenue/Total Assets	Revenue generating activities	29%	31%
	Total Revenue from TARI Sources/Total Revenue	Own source Revenue generation	6%	6%
Expenditure Ratios	Total Expenses/Total Revenue.	Relationship between Expenses and Revenue	91%	91%
	Total Expenses less Depreciation/Total Revenue	Relationship between expenses and Revenue, excluding non-cash expenses	86%	83%
Liquidity Ratio	Current Assets/Current Liabilities	The ability of the institute to settle the current obligation	1:0.96	1:0.75

2.9 CURRENT AND FUTURE DEVELOPMENT PLANS

In the financial year 2024/2025, TARI will emphasize the following areas:

- Developing demand-driven and climate-resilient research technologies and innovations;
- Enhancing availability of improved seed, access and use by farmers through the Production of Early Generation Seeds of improved crop varieties/cultivars and seedlings of vegetative propagative crops
- Enhancing generation of socio-economic, policy and marketing options in agriculture and food systems,
- Improving information and knowledge management system;
- Strengthening and promoting technology dissemination and uptake pathways;
- Strengthening resource mobilization strategies;
- Enhancing National, Regional and International collaboration and networking.
- Strengthening the capacity of research Centres through:

ix. Construction, renovation and rehabilitation of research infrastructure; and

2.10 ACCOUNTING POLICIES

The accounting policies used in the preparation of the Financial Statements disclosed in Note 1 to the Financial Statements. These policies are all considered to be critical to an understanding of the performance and financial position of the Institute.

2.11 SOLVENCY EVALUATION

Mobilization of sufficient financial resources to meet current and future research obligations is a primary responsibility of the Directors. The Directors reviewed current financial position of the Institute and confirms that applicable accounting standards followed and that the Financial Statements have been prepared on a going concern basis.

The state of affairs of the Institute as of 30 June 2024 is set out on page 42 of the financial statements. The Directors consider the Institute to be solvent.

2.12 RESPONSIBLE BEHAVIORS TOWARDS STAKEHOLDERS

The Directors believe that effective practical and scientific research is the primary reason for the existence of the Institute. A number of measures have been taken to institute responsible behaviour towards stakeholders. This includes the establishment of the Institute's website, radio and TV programs and participation in agricultural fairs and exhibitions at national, regional and district levels in order to communicate positive research outcomes to the stakeholders and receive their feedback.

2.13 ADMINISTRATIVE EFFICIENCY

The Directors consider administrative efficiency as the key to superior service delivery. The Institute is currently using a range of e-based government systems that translate its requirements into tools facilitating a number of administrative activities. This has significantly improved administrative functions including accounting, stores and procurement management and human resources management.

The Institute has not borrowed funds and consequently no interest charges have accrued against the Institute. All statutory payments such as Pay As You Earn (PAYE), pension contributions and other statutory deductions effected from staff salaries were made and submitted to the relevant authorities in time.

The existing internal control systems invariably complied. This has resulted in smooth operations of the Institute. TARI had 920 employees as at 30 June 2024, out of them, are 627 male and 293 are female (2022: 834 employees, 569 male, 265 female).

2.14 GOVERNING BOARD AND ITS COMPOSITION

2.14.1 Powers and Functions of the Board

Pursuant to Section 6 of TARI Act, “management oversight, governance and control of the Institute shall be vested to the Board”. Key roles and responsibilities of the TARI Board of Directors are to:

- (a) provide oversight, direction and guidance to affairs of the Institute and ensure that adequate funds and resources are made available to the Institute to carry out its national mandate of agricultural research, development and promotion;
- (b) review and approve, strategic plans, work plans and budgets of the Institute; review performance reports and approve plans for career development and promotion of research scientists, technicians and other staff;
- (c) recommend to the appointing Authority through the Minister for disciplinary action against the Director General (DG); act as disciplinary authority over employees in the management of the Institute;
- (d) act as the appellate disciplinary authority for other subordinate staff of the Institute who are not at the managerial level;
- (e) advise the Minister on the establishment of centres as maybe necessary for the better performance of the functions of the Institute;
- (f) oversee the administration and accountability of funds and other assets of the Institute; and
- (g) do all acts and things as may be, in the opinion of the Board, necessary or expedient for the proper discharge of its functions under this Act.

2.14.2 Composition of the Board

Pursuant to Section 5(1) and (2) of the Tanzania Agricultural Research Institute Cap 51 the Board shall consist of the following: (a) The Chairman of the Board who is appointed by the President of the United Republic of Tanzania and ten (10) other Members appointed by the Minister responsible for agricultural from the following:- (i) a member from the Ministry of Agriculture, (ii) A Vice-Chancellor appointed from one of a leading agricultural university, (iii) a Chief Executive Officer representing private agricultural research institutes, (iv) The Director of Local Government Authority, (v) The Director General of Tanzania Commission for Science and Technology (COSTECH) and (vi) The Director General of Tanzania Livestock Research Institute (TALIRI). Others are (vii) A Law Officer from the Attorney General’s Chambers, (viii) Two Members with experience in agriculture representing farmers’ organizations and (ix) one member with experience

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in agriculture representing Agri-Business Organizations as shown in Table below The Director General of TARI is the Secretary to the Board of Directors. The composition of the new board presented in the table below.

Table No.6: Composition of those Charged with Governance

S/N	Name	Position & Qualifications	Age	Institution	Nationality	Appointment Date
1	Andrew W. Massawe	Chairperson Master degree in Information, communication and technology	62	Former Permanent Secretary Ministry of Agriculture	Tanzanian	2 April 2023
2	Dr. Jacqueline D. Mkindi	Member Dr. Business Administration and Enterprises	48	Chief Executive Officer of Tanzania Horticultural Association (TAHA)	Tanzanian	22 March 2022
3	Prof. Erick V. Komba	Member Associate Prof. PhD in Veterinary Medicine	47	Associate Professor, Sokoine University of Agricultural (SUA)	Tanzanian	22 March 2022
4	Ms. Felister Lelo	Member, Master of Law in Taxation	38	Principal Legal Officer- Office of the Attorney General (AG)	Tanzanian	22 March 2022
5	Mr. Arnold Oosterhuis	Member BSc International Agricultural Trade	48	General Manager, PropVriend Tanzania, Farmers' Representative	Dutch	22 March 2022
6	Dr. Amos M. Nungu	Member, PhD in Telecommunication Systems	49	Director General of Tanzania Commission for Science and Technology (COSTECH)	Tanzanian	22 March 2022
7	Ms. Vumilia L. Zikankuba	Member Masters of Food Science and Technology	45	Head of Agricultural Sector Development Programme (ASDP II)	Tanzanian	22 March 2022

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S/N	Name	Position & Qualifications	Age	Institution	Nationality	Appointment Date
				Ministry of Agriculture (MoA)		
8	Mr. Sixtus Mapunda	Member Masters of Public Administration	47	Farmers Representative	Tanzanian	22 March 2022
9	Dr. Rogers Shamuelekwa	Member PhD in Education Research	47	Director of Education Service, Kibaha Education Centre, Representative President's Office Regional Administration and Local Government (PO-RALG)	Tanzanian	22 March 2022
10	Dr. Rugalema Rwegarulila	Member PhD Development Studies	62	Regional Director for Eastern and Southern Africa at the World Vegetable Centre	Tanzanian	22 March 2022
11	Prof. Emmanuel J. Luoga	Member PhD in Ecological Economics.	62	Vice Chancellor of Nelson Mandela African Institute of Science and Technology (NM-AIST)	Tanzanian	22 March 2022
12	Prof. Sylvia C. Temu	Co-opted Member Professor in Business Management	66	Professor in Business Management, University of Dar es Salaam	Tanzania	5 November 2022
13	Dr. Thomas N. Bwana	Secretary PhD in Agroecology	52	Director General	Tanzania	06 February 2024

2.14.3 Board Committees

The roles of the Committees are to make in-depth analyses of various matters presented by the management and advise the Board on appropriate action. The Board has three Committees as follows:

1. Audit, and Monitoring and Evaluation Committee (AMEC).
2. Research, Technology Transfer and Resource Mobilization (RTRM).
3. Finance, Administration and Human Resources Management (FAHRM).

Audit, Monitoring and Evaluation Committee

The Committee is responsible for: -

- i) Oversee audit and accountability of funds and other assets of the Institute
- ii) Receive and deliberate on internal audit reports
- iii) Receive and deliberate external audit reports
- iv) Oversee planning, monitoring and evaluation.

The Board's Audit, and Monitoring and Evaluation Committee is composed of the following members.

Table No.7: Board's Audit, Monitoring and Evaluation Committee members

S/N	Name	Profession/Qualification	Age	Status
1.	Dr. Amos M. Nungu	PhD (Communications Systems) - Director General, COSTECH	49	Chairman
2.	Ms. Vumilia Zikankuba	MSc (Food Science and Technology) - Head of Agricultural Sector Development Programme (ASDP II) - Ministry of Agriculture (MoA)	45	Member
3.	Dr. Jacqueline D. Mkindi	Dr. Business Administration and Enterprises	48	Member
4.	Prof. Sylvia C. Temu	Professor in Business Management	66	Member
5.	Dr. Thomas N. Bwana	PhD in Agroecology, Director General.	52	Secretary

Research, Technology Transfer and Resource Mobilization (RTRM)

The Committee is charged with the following functions: -

- Oversee research, innovation, and technology dissemination activities.
- Oversee fostering partnerships between TARI and stakeholders.
- Ensure that adequate funds and resources are made available.
- Oversee that resources are used efficiently and effectively in research operations.

The Board's Research, Technology Transfer and Resource Mobilization (RTRM) Committee is composed of the following members.

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Table No.8: TARI Board's Research, Technology Transfer and Resource Mobilization (RTRM) Committee members

S/N	Name	Profession/Qualification	Age	Status
1.	Prof. Emmanuel J. Luoga	PhD in Ecological Economics	62	Chairman
2.	Prof. Erik Vitus Komba	Associate Prof. PhD in Veterinary Medicine	47	Member
3.	Dr. Helson Gabriel Rugalema	PhD Development Studies	62	Member
4.	Mr. Anorld Oosterhuis	BSc International Agricultural Trade	48	Member
5.	Dr. Thomas N. Bwana	PhD in Agroecology, Director General.	52	Secretary

TARI Board's Finance, Administration and Human Resources Management Committee (FAHRMC)

The Committee is charged with the following functions: -

- i. Management oversight for staff performance
- ii. Oversee career development and promotion of staff
- iii. Oversee issues related to disciplinary actions
- iv. Oversee Staff recruitment
- v. Oversee Promotion and motivation
- vi. Oversee financial performance
- vii. Oversee planning and budget

The Board's Finance, Administration and Human Resources Management Committee (FAHRMC) is composed of the following members.

Table No.9: Board's Finance, Administration and Human Resources Management Committee

S/N	Name	Profession/Qualification	Age	Status
1.	Ms. Felister S. Lelo	Master of Law in Taxation	38	Chairperson
2.	Mr. Sixtus Mapunda	Masters of Public Administration	47	Member
3.	Dr. Rogers J. Shemwelekwa	PhD in Education Research	47	Member
4.	Prof. Erik Vitus Komba	Associate Prof. PhD in Veterinary Medicine	47	Member
5.	Dr. Thomas N. Bwana	PhD in Agroecology, Director General.	52	Secretary

2.14.4 Board and Committee Meetings

During the year ended 30 June 2024, Board convened four meetings and Committees convened three meetings. During the financial year ended on 30th June 2024, the Board approved the following key matters.

- a. Approved Performance Contract between TARI Board and the Treasury Registrar
- b. Approved of TARI Action Plan and Budget for FY 2022/23
- c. Approved of TARI Annual Procurement Plan for FY 2022/23
- d. Deliberated on Audited Financial Statements and Management Letters for the year ended 30th June 2023 and approved Controller and Auditor General (CAG) Report for FY 2022/2023 and
- e. Deliberated on quarterly management and internal audit reports
- f. Deliberated on quarterly management and internal audit reports

2.15 INDEPENDENCE OF DIRECTORS AND ETHICAL BEHAVIOUR

All the Directors are considered by the Board to be independent both in character, judgement and free of relationships or circumstances that could affect their judgement. All the Directors are considered to behave and act ethically in the discharge of their fiduciary responsibilities.

2.16 DIRECTORS' INTEREST

The Institute is a public body established by the TARI Act, Cap 51 It is under the supervision and control of the Board of Directors. The Directors Report supplements the information provided in the Financial Statements of the Institute. As the Board did not operate during the year, no Director had conflict of interest in the affairs of the Institute.

2.17 DIRECTORS' REMUNERATION

All the Directors are non-executive. The Directors' remuneration is as approved by the Treasury Registrar and the President's Office - Public Service Management. During the year, there were no Director's fees and allowances paid due to non-existence of the Board.

2.18 CORPORATE GOVERNANCE

TARI's Board of Directors is responsible for oversight, direction and guidance on the affairs of the Institute and ensure that adequate Institutes and resources made available to the Institute to carry out its national mandate of agricultural research, development and promotion.

The Directors consider corporate governance as key to good performance of the Institute. The Board is responsible for overseeing the Institute's performance and internal controls. The Directors confirm that:

- a. All the Directors are non-executive and retains full and effective control of the Institute and monitor the executive management;
- b. They accept and exercise responsibility for strategic and policy decisions, approval of budgets and monitoring of performance;
- c. They continued to strengthen good governance systems by overseeing the implementation of various policies and guidelines in the areas of financial management, operations, investments, internal audit, human resources and ICT; and
- d. They acted and behaved ethically in discharge of their responsibilities.

2.19 RISK MANAGEMENT AND INTERNAL CONTROL

The Directors accepts final responsibility for risk management and internal control system of the Institute. The management ensures that adequate financial and operational control systems maintained on an ongoing basis. The objective is to provide reasonable assurance on the following:

- (a) Safeguarding the Institute's assets;
- (b) Effectiveness and efficiency of operations;
- (c) Compliance with applicable laws and regulations;
- (d) Reliability of accounting records and financial information;
- (e) Sustainability of the Institute's operations under normal and adverse conditions;
- (f) Responsive behaviour towards 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 Institute's system designed to provide the Directors with reasonable assurance that procedures in place are operating effectively. The Directors have assessed the internal control system and generally satisfied as explained herein.

The Institute has a risk management framework and various policies/regulations through which it manages its risks. On the other hand, the Institute has an internal audit function which reports to the Board Audit Committee through which the Board monitors and directs corrective measures on the internal control environment.

2.20 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

The most important type of risks are operational risks, reputation risk, legal risk, liquidity risk and market risk (foreign exchange risk and price risk). The notes below

provide detailed information on financial and non-financial risks faced by the Institute and the Institute's general policies for managing the same.

2.20.1 Operational Risks

Operational risks result from inadequate systems, management failures, ineffective internal control processes, fraud, theft and human errors. The Institute addresses this risk through sound internal control system. Main instruments of the internal control system include operational and procedural manuals, regulations and policies and guidelines, and independent internal audit function.

Managing operational risks in the Institute is an integral part of day-to-day operations by the Management. The Management, Internal Audit Function, Audit and Risk Committee and the Board of Directors are actively involved in monitoring process and guidelines and independent internal audit function.

2.20.2 Legal Risk

This risk arises from possible litigations instituted by or against the Institute and uncertainty of enforceability of contracts. In mitigating this risk, the Institute operates a fully-fledged Legal Services Unit and for each contract entered into by the Institute, there is a Contract Manager responsible for managing the implementation of specific contract entered by the Institute.

2.20.3 Reputational Risk

The Institute has an obligation to ensure that it performs its functions and maintains its reputation as a reputable research institution pursuant to TARI Act and other applicable laws and regulations. In this endeavour, the Board of Directors and the Management ensure that they fulfil their fiduciary responsibilities by applying principles of sound corporate governance and adopting best practices in the industry as well as responsible behaviour towards stakeholders.

2.20.4 Foreign Currency Transaction Risk

The foreign exchange risk (currency risk) is the risk arising from variation of exchange rate changes in the transactions denominated in foreign currencies. The Institute has significant foreign currency transactions in terms of research grants from development partners. In the operating environment, transactions based on the local currency (Tanzanian Shillings) which exposing the institute to foreign currency risk during the conversion. The Institute obliged to take the risk due to operation environment.

2.20.5 Liquidity Risk

Liquidity risk is the risk of failing to meet obligations when they fall due. Liquidity risk may also arise from inability to sell products or services at close to its fair value. The Institute exposed to daily calls to meet research obligations and other administrative expenses. The Institute manages liquidity risk by cash flow forecasts. The Institute carries out weekly cash flow projection that discussed by Management. Main sources of

Institutes include government grants, grants from development partners and sale of seeds and farm produce.

2.20.6 Compliance risks

Compliance risk is the risk of legal or regulatory sanctions, financial loss or damage to the reputation that the Institute may suffer as a result of its failure to comply with laws, regulations, codes of conduct and standard of good practice that are applicable to its activities. The Board ensures that Management complies with Regulatory and Internal policies and procedures.

2.20.7 Strategic risks

Strategic risk is the possibility of making losses due to adverse business decision or improper implementation of the decision, poor leadership, or ineffective governance and oversight, as well as external risks associated with changes in the business environment.

2.21 SAFEGUARDING THE INSTITUTE'S ASSETS

The Directors are responsible for safeguarding the assets of the Institute. The Institute has in place various policies including, but not limited to, financial regulations and internal audit manual in order to strengthen the internal control environment. These reviewed from time to time to align with the dynamics of the operating environment. The Directors are pleased to report that during the year under review, no material incidents of fraud encountered.

2.22 RELIABILITY OF ACCOUNTING RECORDS AND FINANCIAL STATEMENTS

The Institute has a Finance Unit and continues to strengthen its capacity through recruitment of additional staff especially for the Research Centres. During the year, the Institute has started to use a computerized government accounting system (MUSE). Accordingly, proper books of accounts maintained and the Financial Statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS).

2.23 RELATED PARTY TRANSACTIONS

All related party transactions and balances disclosed under Note 35 to these Financial Statements.

During the financial year ended 30 June 2024 members of the Management were paid salary and other entitlements in respect of 2023/24 financial year as disclosed in Note 36 to the Financial Statements.

2.24 VESTED INTEREST

Board Members of Tanzania Agricultural Research Institute have no vested interest on different projects/businesses within the Institute.

2.25 STAFFING AND GENDER BALANCE

TARI has continued to have critical mass of scientists specialized in various disciplines who have continued to undertake research leading to technology discoveries. As of June 2024, TARI had 60 PhD holders, 187 Masters, 370 Bachelor degrees, 206 Diploma and the rest 97 are with Certificates and Standard Seven making up a total of 920 staff.

However, the current number of staff is low compared to the actual demand of 1128 staff. There have been concerted efforts to recruit and request for staff transfer-in/replacement from Permanent Secretary - Public Service Management and Good Governance (PS-PSMGG). During the year under review TARI employed 107 staff and 20 staff were transferred-in from other institutions.

The Institute is an equal opportunity employer, as it has no discriminatory policies or practices. As at 30 June 2024, the Institute had the following distribution of employees by gender:

Table No.10: Staff Composition as of 30 June 2024

Staff Category	Male	Female	Total
Researchers Staff	280	117	397
Agricultural Officers Staff	80	34	114
Field Officers/Technicians Staff	144	69	213
Administrative/Supporting Staff	123	73	196
Total	627	293	920

Table No.11: Staff Distribution by Research Centers

SN	Centre	30 June 2024		
		Male	Female	Total
1.	TARI - Headquarters	54	27	81
2.	TARI - Dakawa	24	18	42
3.	TARI - Hombolo	22	5	27
4.	TARI - Ifakara	21	8	29
5.	TARI - Ilonga	40	13	53
6.	TARI - Kibaha	29	26	55
7.	TARI - Kifyulilo	29	6	35
8.	TARI - Kihinga	24	6	30
9.	TARI - Makutupora	19	17	36
10.	TARI - Maruku	21	6	27
11.	TARI - Mikocheni	22	32	54
12.	TARI - Mlingano	38	15	53
13.	TARI - Naliendele	47	19	66
14.	TARI - Selian	39	19	58
15.	TARI - Tengeru	23	13	36
16.	TARI - Tumbi	34	12	46
17.	TARI - Ukiriguru	55	22	77

SN	Centre	30 June 2024		
		Male	Female	Total
18.	TARI - Uyole	86	29	115
Total		627	293	920

The Institute will continue to improve gender balance when filling vacancies, female candidates who are able to fill in vacancies will be given priority and given equal opportunity for career development including short and long-term training.

2.26 POLITICAL DONATIONS AND CHARITABLE DONATIONS

During the financial year 2023/24, the institute contributed amounting to TZS 10,000,000 paid to the Government for the floods that occurred at Hanang District

2.27 CORPORATE SOCIAL RESPONSIBILITY

In fulfilling its corporate social responsibility, the Institute has been distributing seeds to village farmers in various areas for free or at discounted prices in order to promote strategic crops in the country.

2.28 ENVIRONMENTAL CONTROL

The Directors recognize that environmental protection is a contemporary agenda. The Institute monitors the impact of its operations on the environment, mainly through the use of power, water and generation of waste. The Institute minimizes its impact through better use of its premises and facilities to ensure that there is proper waste management.

Environment Research activities implemented by TARI adhere to national policies, laws, and guidelines responsible for safeguarding the environment. The National Environment Policy of 1997 and related guidelines, whose salient features include prevention and control of land degradation, water, vegetation, and air that provide life support systems, are the guiding factors for considering the environment.

During the designing of research programs, environmental safeguard issues are considered. The Institute executes research projects that safeguard the environment, such as the establishment and maintenance of indigenous exotic trees for environmental conservation and soil fertility improvement in several areas of the country. Moreover, TARI undertakes research on chemical use in the management of pests, diseases and weeds while ensuring environmental protection.

TARI continued to train farmers, extension staff, policymakers, senior government officials, and other relevant stakeholders on environmental and safeguard issues. It also built the capacity of stakeholders through awareness creation by establishing demonstration plots of climate-smart agriculture.

2.29 EMPLOYEES' WELFARE AND DEVELOPMENT

The Institute has the following employees' welfare arrangements:

2.29.1 Training

The Institute offers sponsorship to its employees both in short- and long-term courses within the country on various disciplines depending on the corporate needs and financial resources available. Also, the Institute supports employees' own initiatives for both short and long-term training. During the financial year 2023/24 7 staff completed their long-term training programmes and 117 staff are on long-term training in various programmes as shown in Tables below.

Table No. 12: Staff on Training as at 30 June 2024

Training Program	Staff on Training to date		
	Male	Female	Total
PhD Studies	25	7	32
MSc Studies	44	7	51
BSc Studies	24	9	33
Diploma	01	0	01
Total	94	23	117

Table No.13: Staff Academic Profile as at 30 June 2024

S/N	Centre	Doctorate degree	Master's degree	Bachelor Degree	Ordinary Diploma	Cert/ Form IV	Stand. Seven	TOTAL
1	HQ	8	20	23	11	19	0	81
2	Dakawa	3	10	15	8	3	3	42
3	Hombolo	3	3	12	8	1	0	27
4	Ifakara	4	4	13	7	1	0	29
5	Ilonga	2	16	24	9	1	1	53
6	Kibaha	5	16	14	16	4	0	55
7	Kifyulilo	1	3	18	6	4	3	35
8	Kihinga	1	1	21	6	1	0	30
9	Makutupora	3	10	14	8	1	0	36
10	Maruku	2	3	15	6	1	0	27
11	Mikocheni	3	14	19	12	6	0	54
12	Mlingano	2	10	17	11	9	4	53
13	Naliendele	4	12	32	18	0	0	66
14	Selian	3	13	26	9	6	1	58
15	Tengeru	1	9	16	8	2	0	36
16	Tumbi	2	3	22	16	3	0	46
17	Ukiriguru	7	18	28	18	4	2	77
18	Uyole	6	22	41	29	14	3	115
Total		60	187	370	206	80	17	920

2.29.2 Medical Facilities

All TARI staff are covered by health insurance offered by The National Health Insurance Fund (NHIF). The Institute pay contributions to the National Health Insurance Fund to provide medical insurance schemes to its employees and their immediate family dependents. It also pays premiums to the Workers Compensation Fund to provide compensation to employees who may suffer occupational injuries or contract occupational diseases arising out of work and in the course of their employment.

2.29.3 HIV/AIDS at Work Place

The management continued with the programmes intended to educate employees on the HIV /AIDS pandemic. During the year ended 30 June 2024, TARI continued to provide meal support to staff living with HIV/AIDS. This is in line with the National HIV/AIDS Policy of 2001 and Guidelines.

2.29.4 Financial Assistance

The Institute operates a policy to assist in the event of the death of an employee or immediate family dependant.

Also, the Institute has entered into agreements with commercial banks and financial institutions to provide loans to staff. The following financial institutions provide loans to staff: CRDB Bank PLC, DCB, NMB Bank PLC, NBC Bank PLC, Bay Port Financial Services, Fanikiwa, Faidika, Platinum Credit, and TCB, formerly known as TPB Bank.

2.29.5 Retirement Benefits

The Institute pays contributions to the Public Service Social Security Fund, which provides social security benefits upon retirement due to age, invalidity, or death.

2.29.6 Relationship between Management and Employees

TARI Management and Staff enjoy a friendly and effective organizational environment accruing from the leadership direction and support of the Management at all levels through process management and providing staff with the necessary resources.

A healthy relationship continues to exist between Management and employees. Management liaises and communicates with employees for input on matters relating to the Institute's operations and its employees' welfare. Such matters include, but are not limited to, long—and short-term plans, budgetary allocations, and operational efficiency.

Regular meetings with employees' representatives are held to discuss matters as part of employees' involvement in the Institute's decision-making process. These meetings provide important forums and are important ingredients in the Management decision-making process. During the year ended 30 June 2023, there were no unresolved grievances or disputes received by the Management from the employees. Specific employee-related matters are explained below.

2.29.7 Persons with Disabilities

The Institute gives equal opportunities to persons with disabilities for vacancies they are able to fill and are given equal opportunities in career development.

2.29.8 Health and Safety

The business activities carried out by the Institute are research in nature. The Board ensures that the working environment is safe at all times. The Management also ensures that the working environment is clean and attractive. Fire extinguishers have also been installed in office buildings to ensure that unexpected fire incidents are contained.

2.30 RELATIONSHIP BETWEEN MANAGEMENT AND OTHER STAKEHOLDERS

The Institute has continued to maintain good relationships with its key stakeholders, including The Government and Parent Ministry, Regulators, Authorities, Development Partners, suppliers, contractors, service providers and relevant banks.

2.31 LIQUIDITY AND BORROWING

The Institute is considered to be liquid. The Institute did not borrow from any financial institution, or other third parties to meet its day-to-day liquidity management and funding needs. Sound liquidity of the Institute is expected to continue in future given the Institute's financing arrangements.

2.32 CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The financial performance of the Institute is sensitive to the accounting policies, assumptions, and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent.

The accounting policies that are deemed critical to our performance and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in Notes 1 to the Financial Statements.

2.33 COMPLIANCE WITH LAWS AND REGULATIONS

During the period, the Institute observed compliance to all applicable laws and regulations, policies and guidelines that have impact on the Institute's operations. These include The Tanzania Agricultural Research Institute Act No. 10 of 2016, Income Tax Act [CAP. 332 R.E 2019] and The Public Procurement Act [CAP. 411 R.E 2019] and its regulations. The Directors confirm that the activities and operations of the Institute conducted in accordance with the TARI Act and other applicable laws and the Directors are not aware of non-compliance that would have material impact on the Institute.

2.34 CAPITAL COMMITMENTS

As at 30 June 2024, The Institute had the following capital commitments: -

- (a) Construction of Office Building for TARI HQs TZS 8,065,260,037.52;
- (b) Construction of Office Building for TARI Kihinga TZS 3,257,928,518.30;
- (c) Phase I Design & Construction of Warehouse TZS 2,311,069,850;
- (d) Phase II Construction of Warehouse TZS 2,171,293,267.20;
- (e) Construction of fences (Phase I) TZS 6,868,112,645.62;
- (f) Construction of fences (Phase II) TZS 3,500,000,000;
- (g) Rehabilitation of TARI Ilonga and TARI Mlingano TZS 2,168,863,621.65
- (h) Design and Construction of Irrigation Infrastructure NiRC TZS 17,818,629,997.28;
- (i) Design and Construction of Irrigation Infrastructure- TARI TZS 8,000,000,000;
- (j) Construction of Pathology Laboratory at TARI Naliendele TZS 780,000,000; and
- (k) Construction of Tissue Culture Laboratory at TARI Maruku TZS 395,938,026.

2.35 SERIOUS PREJUDICIAL MATTERS

During the period ended 30 June 2024, there were no serious prejudicial matters to report on as required by the Tanzania Financial Reporting Standard No.1.

2.36 STATEMENT OF COMPLIANCE

The Director's Report has been prepared in full compliance with the Tanzania Financial Reporting Standards (TFRS) No. 1.

2.37 BASIS OF ACCOUNTING

The financial statements of Tanzania Agricultural Research Institute have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) on an accrual basis.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It is also requiring management to exercise its judgment in the process of applying the TARI's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are separately disclosed in a note.

2.37.1 Accounting Policies

The financial statements of the Tanzania Agricultural Research Institute have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) under the historical cost convention. No adjustments have been made for other

inflationary factors affecting the financial statements. The changes in the application were made retrospectively.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It is also requiring management to exercise its judgment in the process of applying the TARI's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are separately disclosed in a note.

2.37.2 Accounting System

The financial statements have been prepared by using the Tanzanian Government Accounting System (*Mfumo wa Uhasibu Serikalini - MUSE*). The use of MUSE has impacted the way in which the financial statements have been organized as well as the numbering and context or nature of the notes to the financial statements to be MUSE compliant and consistent with other public sector entities in Tanzania. Additional notes have been introduced as deemed necessary to ensure compliance with disclosure requirements as well as completeness of the financial statements.

2.38 EVENTS AFTER THE REPORTING PERIOD

The Directors believe that the Institute will be a going concern for the foreseeable future. The Directors are not aware of other matters or circumstances arising after the reporting period that require adjustment to or disclosure in the Financial Statements.

2.39 AUDITORS

The Controller and Auditor General (CAG) is the Statutory Auditor of the Institute by virtue of Article 143 of the Constitution of the United Republic of Tanzania (URT), as amplified by section 32 (4) of the Public Audit Act, Cap. 418.

BY ORDER OF THE GOVERNING BOARD



Mr. Andrew W. Massawe
CHAIRMAN

DATE 13-03-2025

2.40 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the Governing Board's responsibility to cause and keep proper books of accounts and, at the end of each financial year, to produce financial statements which reflect a true and fair view of the state of affairs and the results of operations of the Institute.

The Governing Board confirms that suitable policies have been used and applied consistently and reasonably, and prudent judgments and estimates have been made in the preparation of TARI's financial statements for the year ending 30 June 2024.

The Governing Board further confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going-concern basis. The Board has reasonable expectations that the Institute has adequate resources to continue in operation for the foreseeable future.

BY ORDER OF THE GOVERNING BOARD



Mr. Andrew W. Massawe
CHAIRMAN

DATE 13-03-2025

2.41 DECLARATION OF THE HEAD OF FINANCE OF THE INSTITUTE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Accountants and Auditors (Registration) Act, CAP 286 R.E 2002, requires Financial Statements be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

The Board of Directors has full legal responsibility for preparing financial statements, as stated in the Directors Responsibility statement on an earlier page.

I, CPA Margareth R. Ndebelamatwi being the Chief Accountant of the Tanzania Agricultural Research Institute hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of the Tanzania Agricultural Research Institute as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Date: 12/03/2025

Position: Chief Accountant

NBAA Membership No: ACPA 2873

2.42 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

ASSETS	Note	TZS 2023/24	TZS 2022/23
Current Asset			
Cash and Cash Equivalents	2	3,666,477,830	727,834,884
Inventories	3	27,560,621	203,123,165
Prepayments	4	161,203,762	2,830,103,931
Receivables	5	<u>1,127,857,123</u>	<u>796,308,799</u>
Total Current Asset		<u>4,983,099,336</u>	<u>4,557,370,779</u>
Non-Current Asset			
Biological Assets	6	14,101,320,361	15,161,820,361
Property, Plant and Equipment	7	124,066,552,832	122,249,229,926
Work In Progress	8	17,538,520,560	11,663,904,299
Total Non-Current Asset		<u>155,706,393,753</u>	<u>149,074,954,586</u>
TOTAL ASSETS		<u>160,689,493,089</u>	<u>153,632,325,365</u>
LIABILITIES			
Current Liabilities			
Deferred Income	9	1,929,586,298	507,941,415
Deposits	10	28,506,735	76,872,778
Payables and Accruals	11	6,482,689,512	5,458,249,648
Total Current Liabilities		<u>8,440,782,545</u>	<u>6,043,063,841</u>
TOTAL LIABILITIES		<u>8,440,782,545</u>	<u>6,043,063,841</u>
Net Assets		<u>152,248,710,544</u>	<u>147,589,261,524</u>
NET ASSETS			
Capital Contributed by:			
Taxpayers Fund		143,755,615,979	143,755,615,979
Accumulated Surpluses		<u>8,493,094,565</u>	<u>3,833,645,545</u>
TOTAL NET ASSETS		<u>152,248,710,544</u>	<u>147,589,261,524</u>
			
Mr. Andrew W. Massawe		Dr. Thomas N. Bwana	
BOARD CHAIRMAN		DIRECTOR GENERAL	
<u>13-03-2025</u>		<u>13/3/2025</u>	
DATE		DATE	

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
TANZANIA AGRICULTURAL RESEARCH INSTITUTE

2.43 STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2024

		TZS	TZS
REVENUE	Note	2023/24	2022/23
Revenue			
Subvention from other Government entities	12	30,175,754,843	31,571,298,672
Revenue from Exchange Transactions	13	2,928,794,680	2,942,096,432
Other Revenue	14	13,537,990,913	12,776,066,274
Revenue Grants	15	<u>107,867,513</u>	-
TOTAL REVENUE		<u>46,750,407,949</u>	<u>47,289,461,378</u>
EXPENSES			
Expenses			
Depreciation of Property, Plant and Equipment	16	1,575,219,242	3,503,400,456
Loss in Fair value of biological assets	17	1,060,500,000	-
Expected Credit loss (ECL)	22	23,242,679	15,986,888
Maintenance Expenses	18	356,139,511	781,202,883
Other Expenses	19	352,459,889	399,929,721
Use of Goods and Service	20	11,714,519,625	12,404,860,786
Wages, Salaries and Employee Benefits	21	<u>27,008,877,984</u>	<u>25,837,638,395</u>
Total Expenses		<u>42,090,958,930</u>	<u>42,943,019,129</u>
Surplus for the Period		<u>4,659,449,019</u>	<u>4,346,442,249</u>


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Mr. Andrew W. Massawe

BOARD CHAIRMAN

13-03-2025
.....

DATE


.....

Dr. Thomas N. Bwana

DIRECTOR GENERAL

13/3/2025
.....

DATE

2.44 STATEMENT OF CHANGES IN NET ASSET AND EQUITY FOR THE PERIOD ENDED
30 JUNE 2024

	Tax Payer's Fund	Accumulated Surplus/(Deficit)	Total
	TZS	TZS	TZS
Opening Balance as at 01 July 2023	143,755,615,979	3,833,645,545	147,589,261,524
Capital Fund	-	-	-
Adjustment	-	-	-
Surplus/ Deficit for the Year	-	<u>4,659,449,019</u>	<u>4,659,449,019</u>
Closing Balance as at 30 June 2024	<u>143,755,615,979</u>	<u>8,493,094,565</u>	<u>152,248,710,544</u>
Opening Balance as at 01 July 2022	143,755,615,979	(512,796,704)	143,242,819,275
Capital Fund	-	-	-
Adjustment	-	-	-
Surplus for the Year	-	<u>4,346,442,249</u>	<u>4,346,442,429</u>
Closing Balance as at 30 June 2023	<u>143,755,615,979</u>	<u>3,833,645,545</u>	<u>147,589,261,524</u>



Mr. Andrew W. Massawe

BOARD CHAIRMAN

13-03-2025

DATE



Dr. Thomas N Bwana

DIRECTOR GENERAL

13/3/2025

DATE

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
TANZANIA AGRICULTURAL RESEARCH INSTITUTE

1.1 CASHFLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2024

		2023/24	2022/23
		TZS	TZS
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS	Notes		
Subvention from other Government entities	23	31,597,399,725	31,698,771,539
Revenue from Exchange Transactions	24	2,970,528,040	2,862,363,072
Other Revenue	25	13,537,990,913	12,776,066,274
Deposits	26	-	44,291,263
Total Receipts		48,105,918,678	47,381,492,148
PAYMENTS			
Wages, Salaries and Employee Benefits	27	26,527,230,453	25,280,724,258
Use of Goods and Service	28	11,523,978,453	9,171,568,165
Other Expenses	19	352,459,889	399,929,721
Maintenance Expenses	18	356,139,511	781,202,883
Deposits	32	48,366,043	-
Total Payments		38,808,174,349	35,633,425,027
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES		9,297,744,329	11,748,067,122
CASH FLOW FROM INVESTING ACTIVITIES			
Investing Activities			
Payment for Work in Progress (WIP)	29	(4,909,814,033)	10,677,763,464
Advance payments for the Acquisition of Property, Plant and Equipment	30	-	1,439,947,380
Acquisition of Property, Plant and Equipment	31	(1,448,098,000)	1,748,744,229
Total Investing Activities		(6,357,912,033)	13,866,455,073
NET CASH FLOW (USED IN)/ GENERATED FROM INVESTING ACTIVITIES		(6,357,912,033)	13,866,455,073
Net cash Increase /(Decrease)		2,939,832,296	(2,118,387,951)
Cash and cash equivalent at the beginning of the period		727,875,101	2,846,263,052
Cash and cash equivalent at end of the period	2	3,667,707,397	727,875,101

Mr. Andrew W. Massawe

BOARD CHAIRMAN

13-03-2025

DATE

Dr. Thomas N. Bwana

DIRECTOR GENERAL

13/3/2025

DATE

2.45 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE 2024

RECEIPTS AND PAYMENTS	Original Budget	Reallocation/ Adjustment	Final Budget (A)	Actual Amount (B)	Difference (A-B)
RECEIPTS					
Revenue from Exchange Transactions	35,000,000,000	-	35,000,000,000	16,508,518,953	18,491,481,047
Subvention from other Government entities	58,195,968,122	=	58,195,968,122	31,597,399,725	26,598,568,397
Total Receipts	93,195,968,122	=	93,195,968,122	48,105,918,678	45,090,049,444
PAYMENTS					
Maintenance Expenses	360,705,950	-	360,705,950	356,139,511	4,566,439
Other Expenses	379,850,069	-	379,850,069	352,459,889	27,390,180
Use of Goods and Service	14,991,985,956	-	14,991,985,956	11,572,344,496	3,419,641,460
Wages, Salaries and Employee Benefits	27,973,953,027	-	27,973,953,027	26,527,230,453	1,446,722,574
Acquisition of Property, Plant and Equipment	49,489,473,120	=	49,489,473,120	6,357,912,033	43,131,561,087
Total Payments	93,195,968,122	=	93,195,968,122	45,166,086,382	48,029,881,740
Net Receipts/ Payments	=	=	=	2,939,832,296	(2,939,832,296)

Mr. Andrew W. Massawe
BOARD CHAIRMAN
13-03-2025

DATE

Dr. Thomas N. Bwana
DIRECTOR GENERAL

DATE

2.46 NOTES TO THE FINANCIAL STATEMENTS

1.0 STATUTE AND PRINCIPAL ACTIVITIES

Tanzania Agricultural Research Institute (a government owned Institution) was established under Tanzania Agricultural Research Institute Act 2016 Cap 51 as a leading institute responsible for strategic leadership in agricultural research.

The TARI is located at Makutupora area about 28 kilometres North of Dodoma City Centre with postal address number 1571 Dodoma.

1.1 PRINCIPAL ACCOUNTING POLICIES

1.1.1 Basis of Accounting

The financial statements of Tanzania Agricultural Research Institute have been prepared on an accrual basis in accordance with International Public Sector Accounting Standards (IPSASs).

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It is also requiring management to exercise its judgment in the process of applying the TARI's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed in a note.

1.1.2 Accounting System

The financial statements have been prepared using the Tanzanian Government Accounting System (Mfumo wa Uhasibu Serikalini—MUSE). The use of MUSE has impacted the way in which the financial statements have been organized, as well as the numbering and context or nature of the notes to the financial statements, to be MUSE compliant and consistent with other public sector entities in Tanzania.

Therefore, comparative figures have been regrouped as necessary for the financial statements to be comparable with the prior year. Additional notes have been introduced as deemed necessary to ensure compliance with disclosure requirements and the completeness of the financial statements.

1.1.3 Change in Accounting Policy

The introduction of IPSAS 41 substantially modifies IPSAS 29 by classifying financial assets and liabilities through a principles-based classification model, a forward-looking expected credit loss model.

(a) The Impact of Change in Accounting Policy

The impact of introducing IPSAS 41 is the emergence of Expected credit loss /gain in the Financial Statements by having different Cash and Cash Equivalent figures reported in the Statement of Financial Position and the Statement of Cash flows with Exposure at Default (EAD) TZS 727,875,101.00 at the end of the financial year. The Institute operates with the following banks with global ratings and Probability of Default (PD) and its impacts to the financial statements as provided in the tables below.

Table No.13: Banks With Global Ratings and Probability of Default (PD)

No	Name of the Bank	Rating Agency	Score	Probability of Default (PD)
1	NMB	Moody's	B1	2.16%
2	CRDB	Moody's	B2	2.16%

Table No.14: Impacts In Financial Statements

Description	Cash And Bank Balance	Receivables	Accumulated Surplus	Reason
Financial Year 2022/23	727,875,101	812,255,471	3,849,632,433	Change in Accounting Policy
Expected Credit Loss	40,216	(15,946,672)	15,986,888	Change in Accounting Policy
Restated Balance	727,834,885	796,308,799	3,833,645,545	Change in Accounting Policy

(b) Financial Instruments Recognition

The Institute recognises financial instruments when it becomes party to the contractual provisions.

Financial assets

(c) Initial Subsequent Measurement

Financial assets are initially measured at fair value and subsequently measured as per the following criteria:

- i. The management model within which the Financial Asset is held.
- ii. The characteristics of contractual cash flows are solely payments of Principal and Interest.

(d) Classification of Financial Assets

Classification is based on the criteria mentioned above, as a result the following classes of financial instruments arise namely;

- (i) Financial assets at Amortized Cost,
- (ii) Financial asset at Fair Value through Net asset/ Equity, and
- (iii) Financial asset at Fair Value through Surplus or Deficit.

(e) Financial Assets at Amortized cost

Financial Assets are subsequently measured at Amortized Cost if both of the following conditions are met;

- (i) The financial asset is held within a management model whose objective is to hold financial assets to collect contractual cash flow and
- (ii) 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.

(f) Financial Assets at Fair Value through Net Assets/Equity

Financial assets are subsequently measured at fair value through net assets or equity if both of the following conditions are met;

- (i) The financial asset is held within management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (ii) The contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(g) Financial Assets at Fair Value through Surplus/Deficit

Financial Assets are subsequently measured at Fair Value through Surplus /Deficit unless they are measured at amortized costs or fair values through net assets/equity based on the conditions mentioned above.

(h) Impairment of financial assets

The impairment of financial assets is calculated using the expected credit losses model. The institute recognizes loss allowances {Expected Credit Losses (ECL)} on all financial assets except those that are measured at FVTSD and credit-impaired financial assets. The institute uses a simplified approach in determining the impairment of receivables. A loss allowance is calculated at each reporting date. However, the ECL model is updated on an annual basis to accommodate any event that might cause a significant increase in credit risks on financial assets. The term 'expected credit loss' does not imply that losses are anticipated but rather that there is recognition of the potential risk of loss. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in the credit risk of the financial asset since initial recognition.

Loss allowances for ECL are presented in the statement of financial position as follows;

Financial assets are measured at amortized cost as a deduction from the gross carrying amount of the assets;

(i) Inputs into measurement of ECLs

The key inputs into the measurement of ECLs are the discounted product of: Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD). The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation. EAD is based on the amounts the Institute expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are

multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. This is supported by historical analysis as shown in below

Cash and Cash Equivalent

	2024	2023
Gross Cash at the Bank and on hand	3,667,707,397	727,875,101
Expected credit Loss		-
Opening	40,216	
Charged during the year	1,189,351	40,216
Closing	1,229,567	40,216
Cash as per statement of Financial Position	3,666,477,830	727,834,885

Analysis of Cash and Cash Equivalent

	2024	2023
Cash as per Financial Position	3,666,477,830	727,834,885
Expected Credit Loss	1,229,567	40,216
Gross Cash and Cash Equivalent	3,667,707,397	727,875,101

(j) Derecognition Financial assets

The Institute derecognizes a financial asset when:

- (i) The contractual rights to the cash flows from the financial asset expire; or
- (ii) It transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Institute neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Institute enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

(k) Recognition

Financial liabilities are recognized when the Institute has a contractual obligation to deliver cash in exchange for goods or services received.

(l) Measurement

Financial liabilities are initially measured at fair value and net gains and losses, including any interest expense, are recognized in surplus or deficit. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in surplus or deficit. Any gain or loss on derecognition is also recognized in surplus or deficit.

(m) Derecognition

The Institute derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Institute also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in surplus or deficit.

(n) Impairment of Cash balances in Bank and receivables.

The Institute reviews its financial assets measured at amortised cost at each reporting date to assess whether an impairment loss should be recognised in surplus or deficit. In particular, judgment by the Institute Management is required in the estimation of the amount and timing of future cash flows when determining the level of impairment loss required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the impairment. The Institute makes a judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual asset in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the rating outcome, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future

cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss incurred.

1.1.4 Property, Machinery and Equipment

Property, Machinery, and Equipment are initially recorded at historical cost, which includes expenditures directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the statement of comprehensive income.

Increases in the carrying amount arising from the revaluation of property, machinery, and equipment are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

(a) Depreciation

The land is not depreciated. Depreciation on other assets is calculated on the following basis: Depreciation is calculated to write off the cost/valuation of fixed assets over their expected useful lives on a straight-line basis. It is the TARI policy to reassess the depreciation method and rate(s) annually. The relevant rates of depreciation applied during the period under review are as follows: -

Table No.15: Depreciation rates

S/N	Item	Estimated Useful life
1.	Buildings	
	Office Buildings	50 years
	Residential Buildings	50 Years
	Workshop& Warehouse Building	50 years
	Industrial & Laboratory Buildings	50 Years
2.	Motor Vehicles	

	Heavy duty (5 tons and above)	20 Years
	Light duty (below 5 tons)	10 Years
	Motor Cycle	7 Years
3.	Furniture & Fittings	
	Office Furniture & Fittings	10 Years
	Residential Furniture & Fittings	10 Years
4.	Equipment & Machinery	
	Office Equipment & Machinery	10 Years
	Agricultural Equipment & Machinery	15 Years
	Laboratory Equipment & Machinery	25 Years
5.	Computers & Accessories	8 Years

Depreciation is charged when the asset is put to use and stopped when an asset is derecognized.

(b) Major Renovations

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

(c) An Asset's Carrying Amount and Residual Value

An asset's carrying amount is written down immediately to its recoverable amount when there is strong evidence that the carrying amount is greater than its estimated recoverable amount.

Likewise, the assets' residual values and useful lives are reviewed only when the conditions to warrant the review exist at the balance sheet date.

(d) Gains and Losses on Disposal

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are recognized through the statement of performance.

Agriculture activity is the management by an entity of the biological transformation of living animals or plants (biological assets) for sale, or for distribution at no charge or for nominal charge or for conversion into agricultural produce or into additional biological assets.

Biological asset is recognized when and only when the entity controls the asset as a result of past events, it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the fair value or cost of the asset can be measured reliably.

Biological assets is measured on initial recognition and at each reporting date at its fair value less cost of sell.

Biological assets of the institute include cashew trees, coconuts trees, dairy cattle , cereal crops trees, oil palm trees, fruit trees, forest trees, tea trees, vines trees, cassava trees and banana trees.

1.1.1 Inventories Valuation

Inventories are valued at the lower cost and net realizable value. Cost is determined by using the first in, first out method of valuation. This method of valuation is consistent with that of previous years.

1.1.2 Impairment of Inventories

When there is objective evidence that the value of inventories is impaired either through damage or obsolescence, provision is made to that effect through the statement of performance.

1.1.3 Deposits, Prepayments and Receivables

Deposits, prepayments and receivables are recognized initially at fair value and subsequently measured at amortized cost net of provision for impairment.

1.1.4 Provision for Impairment of Receivables

Provision for impairment of receivables is established when there is objective evidence that the TARI will not be able to collect all amounts due according to the original terms of the specific receivables. The loss is recognized through a statement of performance.

1.1.5 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at the bank and bank short-term deposits whose maturity does not exceed three months.

1.1.6 Bank Fixed Deposits

Bank fixed deposits with a maturity of over three months are accounted under short-term investments.

1.1.7 Capital Institute

Capital Institute is made up of the donor, government and own contributed Institutes/assets. The value of properties which appreciate over time, such as land and buildings, are not amortized.

1.1.8 Grants

Grants received by TARI which represent an inflow of resources from a non-exchange transaction shall be recognized as assets as well as revenue with the exception of a liability, which has to be recognized in respect of the same inflow.

1.1.9 Payables and Accrued Charges

Payables are recognized at fair value. Other payables are recognized when incurred through either the enjoyment of services on credit and/or the receiving of goods supplied on credit.

1.1.10 Revenue and Expenditure Recognition

Income comprises the fair value of Sales of Seeds, Farm Produce, Government Subvention, Grants and Donations received from Donors, Consultancy, as well as Rent and other income.

1.1.11 Revenue is recognized as follows: -

(a) Sales of Seed/ Farm Produce

These types of income are recognized in the accounting period in which the related income accrued/ earned in the respective financial year on an accrual basis.

(b) Subvention Grants and Assistances

Subventions, grants, and assistance received from the government and other donors are recognized when received by the TARI, and the Subsidy is accrued when due.

(c) Consultancy Income

Consultancy income is recognized on an accrual basis and is extended over the period covered to complete the assignment.

(d) Other Income

Other income apart from sales of seeds and farm produce is recognized on an accrual basis on a time-proportion basis.

1.1.12 Expenditure

Expenditures/expenses are recognized in the financial statements on an accrual basis

1.1.13 Foreign Currency Translations

Functional and Presentation

Items included in the financial statements of TARI are measured using Tanzanian Shilling (TZS), which is the currency of the primary economic environment in which TARI operates.

Transactions and Balances

Foreign currency transactions are translated into functional currency using the average exchange rate, and if exchange differ significantly, exchange rates prevailing at the date of the transactions are used. Monetary assets and liabilities at the year and expressed in foreign currencies are translated into functional currency using the exchange rates prevailing at the end of the financial year. Translation losses/ (gains) on loans used to finance capital construction projects are capitalized as part of construction work in progress. All other exchange rate gains and losses are reflected in the Statement of performance.

1.1.14 Financial Risk Management

Overall risk management focuses on the unpredictable operating environment and aims to minimize potential adverse effects on TARI's financial performance. The role of TARI's risk management is primarily vested in the Finance Department under the guidance of the Board.

The specific risk management policies of the TARI are as follows: -

(a) Liquidity Risk

The TARI manages liquidity risk prudently by maintaining sufficient cash to cover committed credit facilities and working capital requirements as budgeted in each financial year based on the approved Institutes disbursed to the TARI from the Government and other donors as well as its own generated Institutes.

(b) Credit Risk Management

The potential credit risk involves short-term cash and receivables which are managed as follows:

Short-Term Cash Surpluses

The TARI deposits her Institutes with the Bank of Tanzania (BoT) and withdrawal for immediate use.

Receivables

Customers requiring services from TARI are required to pay for the service upfront through GePG. As per the terms of the sub-grant agreement, a few reputable sponsors are allowed to continue with their projects before the disbursement of Institutes.

Credit quality

Credit quality per class of financial assets. The table below shows the quality by class of asset for all financial assets exposed to credit risk, based on the Institute's credit rating system. The amount presented is the gross impairment allowances.

Table no 16. Credit quality for the year 2023/24

Description	Stage 1	Stage 2	Stage 3	Total
Cash & Cash Equivalent	3,656,995,984	-	-	3,656,995,984
Total	3,656,995,984			3,656,995,984

Table No 17. Credit quality for the year 2022/23

Description	Stage 1	Stage 2	Stage 3	Total
Cash & Cash Equivalent	727,875,101	-	-	727,875,101
Total	727,875,101	-	-	727,875,101

Movement in Expected Credit Loss allowance

The following table explain the changes in the loss allowance between the previous period and the current reporting period due to change in credit risk factors:

Table no 18 Cash and Cash Equivalent:

Description	Stage 1	Stage 2	Stage 3	Total
Loss Allowance as at 30 June 2023	40,216	-	-	40,216
New Financial Assets Originated/Purchased	1,189,351	-	-	1,189,351
Financial Asset derecognised	-	-	-	-
Change in risk parameters	-	-	-	-
Loss Allowance as at 30 June 2024	1,229,567	-	-	1,229,567

(c) Foreign Currency Risk

Foreign currency risk is managed at operational level and it is monitored by Finance Department. Losses arising from holding of foreign currency denominated liabilities through timely payment of outstanding liabilities are minimized.

(d) Operational Risk

This Risk is associate with physical research infrastructure, quality of research output, environmental, technology, production risk research Instituting. These types of risks arise from a variety of sources. Therefore, to deal with them effectively, various types of tools that are suitable to deal with either a single specific risk or multiple risk situations are employed to mitigate the risk. Some risks are systemic (e.g. droughts and floods), affecting a large part of a geographic area while some are non-systematic or idiosyncratic. Some risks can be managed with traditional farm management solutions and some can be minimized with government support.

Another type of uncertainty arises from the constant development and adoption of new techniques or methods of production. Technological uncertainty is oftentimes viewed as a contributor to production risk. New crop varieties, chemicals, feed combinations, models of machines, and the like, are continually being introduced to combat the risk. While the potential benefits of these new developments are proven “in experimental trials and on-farm demonstrations.

1.1.15 Employee Benefits

(i) Pensions Obligations

TARI has defined contribution plans to cater for pension obligations for her employees by paying agreed-upon monthly contributions to the Public Service Social Security Institute (PSSSF). TARI has a statutory obligation to contribute to PSSSF in favour of all employees under permanent and pensionable terms. Employer contributions to PSSSF are recognized as an expense in the period employees render the related services.

(ii) Other Entitlements

Other entitlements include monthly salaries, honoraria, allowances, and other fringe benefits as provided in the staff regulations. The expense of these entitlements is recognized during the period in which the employees render the related services.

(iii) Post - Retirement Gratuities

Post-retirement gratuities are paid by the respective Pensions Institute in accordance with its Establishment Act. TARI pays gratuities for staff employed on a contract basis.

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	TZS 2024	TZS 2023
NOTE 2 Cash and Cash Equivalents		
BOT Own source Collection Account	839,391,576	467,809,907
Deposit General Cash Account	4,345,000	46,683,663
Development Expenditure Cash Account	562,533,145	-
Own source Collection Account - CRDB	-	672,353
Own source Collection Account - NMB	-	1,189,500
Own source recurrent Expenditure	268,352,652	-
Recurrent Expenditure Cash Account	800,127,256	113,368,192
Unapplied Cash Account	24,161,735	30,189,115
BOT Collection Account- USD	1,111,871,612	67,962,371
Imprest Cash Account	56,924,421	-
Provision for Expected Credit Loss (ECL)	(1,229,567)	(40,216)
	<u>3,666,477,830</u>	<u>727,834,884</u>
NOTE 3 Inventories		
Fuel	-	133,454,855
Office consumables	<u>27,560,621</u>	<u>69,668,310</u>
	<u>27,560,621</u>	<u>203,123,165</u>
NOTE 4 Prepayments		
Prepayment - Consumable	161,203,762	28,725,068
Prepayments - Assets	-	2,801,378,863
	<u>161,203,762</u>	<u>2,830,103,931</u>
NOTE 5 Receivables		
Imprest Receivable	1,127,857,123	732,522,111
Receivable from Exchange Transaction	38,000,000	79,733,360
Total receivables	1,165,857,123	812,255,471
Provision for Expected Credit Loss (ECL)	(38,000,000)	(15,946,672)
	<u>1,127,857,123</u>	<u>796,308,799</u>
NOTE 6 Biological Assets		

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Bearer Plants	14,101,320,361	15,161,820,361
	<u>14,101,320,361</u>	<u>15,161,820,361</u>

NOTE 7 Property, Plant and Equipment

Agricultural equipment and machinery	2,573,273,599	2,551,749,598
Computers and Photocopiers	586,488,102	522,046,440
Laboratory equipment and instruments	1,595,257,508	579,112,444
Land	74,960,753,570	74,877,474,355
Motor Vehicles	7,952,272,536	7,355,746,868
Motorbikes and bicycles	162,001,000	162,001,000
Office buildings and structures	41,575,625,606	41,575,625,606
Office Equipment	19,195,760	-
Office Furniture and Fittings	2,919,337,757	2,902,704,897
Agricultural equipment and machinery-Addition	1,383,450,000	21,524,000
Computers and Photocopiers-Addition	41,162,600	64,441,662
Laboratory equipment and instruments-Addition	-	1,016,145,064
Land - Addition	-	83,279,215
Motor Vehicles-Addition	1,944,444,147	596,525,668
Office Equipment-Addition	19,851,000	19,195,760
Office Furniture and Fittings-Addition	3,634,400	16,632,860
Acc. Depreciation-Agricultural equipment and machinery	(715,614,220)	(511,148,845)
Acc. Depreciation-computers and Photocopiers	(411,058,870)	(382,210,042)
Acc. Depreciation-Laboratory equipment and instruments	(446,882,966)	(393,547,461)
Acc. Depreciation-Motor Vehicles	(4,998,276,627)	(4,460,628,445)
Acc. Depreciation-Motorbikes and bicycles	(80,961,803)	(68,879,021)
Acc. Depreciation-Office buildings and structures	(3,132,241,424)	(2,498,192,535)
Acc. Depreciation-Office Equipment	(3,775,023)	(1,646,864)
Acc. Depreciation-Office Furniture and Fittings	<u>(1,881,383,821)</u>	<u>(1,778,722,298)</u>
	<u>124,066,552,832</u>	<u>122,249,229,926</u>

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NOTE 8	Work In Progress		
	WIP Monetary	16,573,718,331	11,663,904,299
	WIP non-monetary	<u>964,802,229</u>	<u>-</u>
		<u>17,538,520,560</u>	<u>11,663,904,299</u>
NOTE 9	Deferred Income		
	Deferred Subvention Capital	1,892,957,015	357,086,943
	Deferred Subvention Current	<u>36,629,283</u>	<u>150,854,472</u>
		<u>1,929,586,298</u>	<u>507,941,415</u>
NOTE 10	Deposits		
	Deposit General	4,345,000	46,683,663
	Unapplied Deposit Account	<u>24,161,735</u>	<u>30,189,115</u>
		<u>28,506,735</u>	<u>76,872,778</u>
NOTE 11	Payables and Accruals		
	Retention Payable	515,917,463	515,917,463
	Staff Claim	84,547,464	53,521,089
	Supplies and Consumables goods	4,816,667,784	4,237,715,522
	Supplies of goods and services	20,192,107	59,404,407
	Wages Salaries and Employee Benefits	1,033,251,659	582,630,503
	Withholding Tax Payable	<u>12,113,035</u>	<u>9,060,664</u>
		<u>6,482,689,512</u>	<u>5,458,249,648</u>
NOTE 12	Subvention from other Government entities		
	Government Grant Development Local	10,415,254,191	14,085,145,039
	Government Grant Other Charges	1,174,803,936	1,158,799,592
	Government Grant Personal Emolument	<u>18,585,696,716</u>	<u>16,327,354,041</u>
		<u>30,175,754,843</u>	<u>31,571,298,672</u>
NOTE 13	Revenue from Exchange Transactions		
	Agriculture and Farm produce	<u>2,928,794,680</u>	<u>2,942,096,432</u>
		<u>2,928,794,680</u>	<u>2,942,096,432</u>

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NOTE 14 Other Revenue

Receipt from Research Fees	13,537,990,913	12,776,066,274
	<u>13,537,990,913</u>	<u>12,776,066,274</u>

NOTE 15 Revenue Grants

Revenue Grants - Non-Monetary	107,867,513	-
	<u>107,867,513</u>	=

NOTE 16 Depreciation of Property, Plant and Equipment

Office buildings and structures	634,048,889	831,512,512
Motor vehicles	537,648,182	1,537,254,249
Motorbikes and bicycles	12,082,782	22,680,140
Computers and Photocopiers	28,848,828	138,456,887
Laboratory equipment and instruments	53,335,504	1,646,864
Agricultural equipment and machinery	204,465,375	218,326,913
Office equipment	2,128,159	171,066,328
Office Furniture and Fittings	102,661,523	582,456,563
	<u>1,575,219,242</u>	<u>3,503,400,456</u>

NOTE 17 Impairment

Impairment - Biological Assets	1,060,500,000	-
	<u>1,060,500,000</u>	=

NOTE 18 Maintenance Expenses

Computers, printers, scanners, and other computer related equipment	49,783,394	65,484,220
Direct labour (contracted or casual hire) - Roads and Bridges	299,000	-
Electrical/Cabling	-	3,222,580
Materials - Buildings	-	-
Fire Protection Equipment	-	17,800,000

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Motor Vehicles and Water Craft	174,206,327	456,127,092
Outsource maintenance contract services - Buildings	17,041,500	10,422,442
Outsource maintenance contract services - Machinery, Equipment and Plant	8,720,000	-
Outsource maintenance contract services - Office Equipment and Appliances	45,500,719	45,815,000
Outsource maintenance contract services - Water and Electricity Installations	9,679,200	57,916,260
Pipes and Fittings	3,637,000	3,811,400
Plumbing Supplies and Fixtures	-	6,556,000
Small tools and equipment	5,074,749	5,600,000
Small tools and implements - Buildings	6,212,926	-
Spare Parts - Vehicles and Transportation Equipment	75,000	dsz-
Tyres and Batteries	<u>35,909,696</u>	<u>108,547,889</u>
	<u>356,139,511</u>	<u>781,202,883</u>

NOTE
19

Other Expenses

Agency fees	142,412,578	92,965,590
Audit fees Expenses	45,000,000	47,000,000
Audit supervision expenses	2,600,000	-
Bank Charges and Commissions	-	38,000
Burial Expenses	35,808,240	23,439,400
consultancy fees	1,225,000	26,337,100
Counting Machine service charge	-	3,230,074
Director's Fee	74,575,000	51,000,000
Insurance Expenses	118,000	583,407
Land Rent Expenses Expenses	6,000,000	-
Legal fees Expenses	-	150,000
Non-Agriculture Chemicals Supplies and Services	5,276,700	-
Parastatal Rehabilitation	2,979,300	138,846,460
Surveys	-	526,690
Transports posts - other expenses	320,461	-

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Water Use Fees	26,144,610	15,813,000
Contributions	<u>10,000,000</u>	<u>-</u>
	<u>352,459,889</u>	<u>399,929,721</u>

NOTE
20 Use of Goods and Service

Accommodation	41,436,240	105,583,275
Training - Domestic		
Advertising and publication	40,456,682	102,248,422
Advertising and	38,186,000	41,940,018
Publication - Communication & Information		
Agricultural Chemicals	177,690,273	314,077,651
Agricultural Implements	140,864,540	230,385,254
Air Travel Tickets	-	23,605,000
Training - Domestic		
Air Travel Tickets	27,198,280	67,927,255
Training - Foreign		
Air Travel	47,256,678	66,451,162
TicketsTravel - In - Country		
Air Travel TicketsTravel Out of Country	2,199,310	-
Cleaning Supplies - Use of goods and Services	3,195,172	6,869,880
Computer Supplies and Accessories	38,641,484	26,757,555
Conference Facilities	102,223,805	110,293,298
Courier Services	600,000	-
Diesel	1,348,585,306	1,573,577,867
Educational Radio and TV broadcasting programming	-	900,000
Electricity - Utilities Supplies and Services	122,726,504	199,595,521
Entertainment - Hospitality Supplies and Services	17,500,000	-
Exhibition and Celebrations	113,532,995	133,481,370
Fertilizers	359,288,755	415,766,745
Food and Refreshments	14,375,000	3,511,300
Fumigation Expenses	-	24,000,000
Furniture and Appliances	450,000	-
Gifts and Prizes	800,000	500,000
Ground Transport (Bus, Train, Water)	56,717,231	18,459,800
Ground travel - In - Country	39,629,885	55,738,820

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Health Insurance Travel Out of Country	-	552,000
Internet and Email connections	43,573,381	43,623,114
Laboratory Supplies	119,733,635	379,397,208
Lubricants	825,000	1,608,000
Newspapers and Magazines	-	1,000,000
Nutrition	180,000	-
Office Consumables	234,143,754	644,677,638
Outsourcing Costs (includes cleaning and security services)	116,482,306	128,183,076
Per Diem - Domestic	7,581,540,854	6,484,796,886
Per Diem - Foreign	69,779,534	67,806,131
Posts and Telegraphs	854,000	1,341,200
Printing and Photocopy paper	636,000	-
Printing and Photocopying	44,135,962	161,185,620
Costs		
Production and Printing of Training Materials	7,130,000	11,385,000
Programs Transmission Fees	-	181,917,739
Protective Clothing, footwear and gears	7,996,600	12,216,000
Rent of Vehicles and Crafts	600,000	-
Research and Dissertation	46,310,000	25,590,000
Training - Domestic		
Seedlings Expenses	899,356	-
Seeds	208,314,926	159,501,702
Special Foods (diet food)	7,166,500	-
Subscription Fees	200,000	3,328,667
Technical Materials	170,922,273	167,568,700
Technical Service Fees	5,395,000	3,200,000
Telephone Charges (Land Lines)	3,049,654	699,581
Tents and Camp Equipment	11,621,440	-
Training Allowances	37,321,000	21,588,200
Training Materials	57,317,992	58,251,656
Tuition Fees	94,410,728	156,128,691
Training - Domestic		
Tuition Fees Training - Foreign	10,549,532	15,170,921
Uniforms and Ceremonial Dresses	41,748,000	13,966,000
Upkeep Allowances	18,751,254	64,262,800
Visa Application Fees	255,000	-
Water Charges	<u>39,121,804</u>	<u>74,244,063</u>

11,714,519,625

12,404,860,786

NOTE 21 Wages, Salaries and Employee Benefits

Casual Laborers	3,859,052,263	4,228,204,378
Civil Servants	15,684,132,250	13,778,357,841
Electricity	114,798,390	73,016,368
Extra-Duty	1,180,420,425	935,324,867
Food and Refreshment	232,335,664	383,275,810
Furniture	23,940,000	328,000,000
Honoraria	1,810,647,524	2,322,492,936
Housing Allowance	144,610,000	120,300,000
Leave Travel	136,663,432	73,934,000
Medical and Dental Refunds	-	18,000,000
Moving Expenses	504,772,343	246,764,876
National Health Insurance Fund (NHIF)	470,523,968	413,350,735
Non-Civil Servant Contracts	314,997,898	716,771,904
Public Service Social Security Fund (PSSSF)	2,352,619,838	2,066,753,676
Telephone	100,943,328	64,199,215
Workers Compensation Fund	78,420,661	68,891,789
	<u>27,008,877,984</u>	<u>25,837,638,395</u>

NOTE 22 Expected Credit loss (ECL)

Expected credit loss (ECL)	<u>23,242,679</u>	<u>15,986,888</u>
	<u>23,242,679</u>	<u>15,986,888</u>

NOTE 23 Subvention from other Government entities

Gross Subventions (Note 12)	30,175,754,843	31,571,298,672
Add/Less (Change in Working Capital)		
Deferred Subvention Capital	1,535,870,072	246,731,470
Deferred Subvention Current	(114,225,190)	(119,258,602)
	<u>1,421,644,882</u>	<u>127,472,867</u>
	<u>31,597,399,725</u>	<u>31,698,771,539</u>

NOTE 24 Revenue from Exchange Transactions

Agriculture and Farm produce	2,928,794,680	2,942,096,432
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	Receivable from Exchange Transactions	<u>41,733,360</u>	<u>(79,733,360)</u>
		<u>2,970,528,040</u>	<u>2,862,363,072</u>
NOTE 25	Other Revenue		
	Receipt from Research Fees	<u>13,537,990,913</u>	<u>12,776,066,274</u>
		<u>13,537,990,913</u>	<u>12,776,066,274</u>
NOTE 26	Deposits		
	Deposit General	-	46,683,663
	Unapplied Deposit Account Addition	-	<u>(2,392,400)</u>
		=	<u>44,291,263</u>
NOTE 27	Wages, Salaries and Employee Benefits		
	Gross expenses (Note 20)	27,008,877,984	25,837,638,395
	Add/Less (Change in Working Capital)		
	Staff Claim	(31,026,375)	(69,472,753)
	Wages Salaries and Employee Benefit Opening	<u>(450,621,156)</u>	<u>(487,441,384)</u>
		<u>26,527,230,453</u>	<u>25,280,724,258</u>
NOTE 28	Use of Goods and Service		
	Gross expenses (Note 19)	11,714,519,625	12,404,860,786
	Add/Less (Change in Working Capital)		
	Consumables	(42,107,689)	(499,607,058)
	Fuel	(133,454,855)	122,034,055
	Imprest Receivable - Staff	395,335,012	672,439,733
	Prepayment Consumables	132,478,693	16,975,068
	Retention Payable Addition	-	(515,917,463)
	Supplies and Consumables goods	(578,952,261)	(2,983,732,304)
	Supplies of goods and services	39,212,300	(59,404,407)
	Withholding Tax Payable	<u>(3,052,372)</u>	<u>13,919,756</u>
		=	=
		<u>(190,541,172)</u>	<u>(3,233,292,621)</u>
		<u>11,523,978,453</u>	<u>9,171,568,165</u>

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NOTE 29	Payment for Work in Progress (WIP)		
	Addition for Work in Progress - Monetary	4,909,814,033	10,608,763,464
	Office buildings and structures Monetary	-	69,000,000
		<u>4,909,814,033</u>	<u>10,677,763,464</u>
NOTE 30	Advance payment for Acquisition of Property, Plant and Equipment		
	Addition in Prepayment - Assets	-	1,439,947,380
		-	<u>1,439,947,380</u>
NOTE 31	Acquisition of Property, Plant and Equipment		
	Lease hold land	-	83,279,215
	Motor vehicles	-	596,525,668
	Computers and Photocopiers	41,162,600	64,441,662
	Office Furniture and Fittings	3,634,400	16,632,860
	Office equipment	19,851,000	19,195,760
	Office buildings and structures Monetary	-	(69,000,000)
	Laboratory equipment and instruments	-	1,016,145,064
	Agricultural equipment and machinery	<u>1,383,450,000</u>	<u>21,524,000</u>
		<u>1,448,098,000</u>	<u>1,748,744,229</u>
NOTE 32	Deposits		
	Deposit General	42,338,663	-
	Unapplied Account	<u>6,027,380</u>	-
		<u>48,366,043</u>	-
NOTE 33	Social Security Contributions		
	Public Service Social Security Fund (PSSSF)	2,352,619,838	2,066,753,676
	National Health Insurance Fund (NHIF)	470,523,968	413,350,735
	Workman Compensation Fund (WCF)	<u>78,420,661</u>	<u>68,891,789</u>
		<u>2,901,564,467</u>	<u>2,548,996,200</u>

**NOTE 34: RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS
FOR THE PERIOD ENDED 30th JUNE, 2024**

	2024	2023
Surplus for the Period	4,659,449,019	4,346,442,249
Add/ (Less) Non-Cash Item		
Grants - non-monetary	(107,867,513)	-
Depreciation of Property, Plant and Equipment	1,575,219,242	3,503,400,456
Impairment of Property, Plant and Equipment	1,060,500,000	-
Expected Credit Loss Impairment	23,242,679	15,986,888
Add/ (Less) Change in Working Capital		
Deferred Income	1,421,644,883	127,472,867
Deposit	(48,366,043)	44,291,263
Inventories	175,562,544	377,573,002
Payables and Accruals	1,024,439,864	4,102,048,556
Prepayments	(132,478,694)	(16,975,068)
Receivables	(353,601,652)	(752,173,091)
Net Cash Flow from Operating Activities	<u>9,297,744,329</u>	<u>11,748,067,122</u>

NOTE 35: CHARITABLE CONTRIBUTIONS

Contributions	<u>10,000,000</u>	-
	<u>10,000,000</u>	-

NOTE 36: DEFERRED TAXES

Tanzania Agricultural Research Institute is exempted from paying tax and therefore computation of potential tax has not been made.

NOTE 37: RELATED PARTY TRANSACTIONS

During the year under review, the TARI had the following transactions in relation to the related parties: -

	2024	2023
	TZS	TZS
Key Management Personnel		
Emoluments	1,799,306,000	1,752,465,095
Director's Fee	<u>74,575,000</u>	<u>78,000,000</u>
	<u>1,873,881,000</u>	<u>1,830,465,095</u>

NOTE 38: EVENTS AFTER THE REPORTING DATE

There were no adjusting events that occur after the reporting date that requires an adjustment to be made in the books of Accounts.

NOTE 39: DEPRECIATED ASSETS

During the financial year 2023/24 there were no fully depreciated assets.

NOTE 40: CONTINGENT LIABILITIES

As at 30 June, 2024 TARI had no any contingent liability.

NOTE 41: COMPARATIVE FIGURES

Previous year figures have been re-grouped whenever considered necessary to make them comparable with current year's figure.

NOTE 42: LIST OF TRANSACTIONS/BALANCES WITH OTHER GOVERNMENT ENTITIES FOR THE YEAR ENDED 30TH JUNE 2024

A: RECEIVABLES

S/NO	GOODS/ SERVICES RENDERED	NAME OF THE ENTITY PROVIDED GOODS AND SERVICES	AMOUNT RECEIVED	RECEIVABLE BALANCES
1	Goods	Agricultural seed agency (ASA)	32,000,000	38,000,000

B: PAYABLES

S/NO	GOODS/ SERVICES RENDERED	NAME OF THE ENTITY PROVIDED GOODS AND SERVICES	AMOUNT PAID	PAYABLE BALANCE
1	Goods	GPSA	1,508,103,593	-
2	Service	TRA		213,291,515
3	Goods and Service	TEMESA	163,237,572	67,210,691
4	Service	WATER AUTHORITIES	39,121,803	-
5	Service	TANESCO	118,276,505	-
6	Service	TOSCI	208,314,926	-
7	Service	CAG	45,000,000	45,000,000
8	Service	NHIF	470,523,968	-
9	Service	PSSSF	2,352,619,838	-
10	Service	WCF	-	-
12	Service	MBEYA CITY COUNCIL	-	800,000,000
13	Goods	NATIONAL FOOD RESERVE AGENCY (NFRA)	-	53,279,215
14	Government Printers	GOVERNMENT PRINTERS	-	13,177,500

NOTE 43: PAYABLE AGE ANALYSIS FOR THE YEAR ENDED 30 JUNE 2024
2023/24

S/N	CATEGORY	1-3 MONTHS	3- 6 MONTHS	6-12 MONTHS	A YEAR AND ABOVE	TOTAL AMOUNT
1	Staff	123,663,064	317,963,831	40,020,636	636,151,592	1,117,799,123
2	Creditors	3,371,983,699	99,569,851	75,692,222	1,817,644,617	5,364,890,389
	TOTAL	3,495,646,763	417,533,682	115,712,858	2,453,796,209	6,482,689,512

2022/23

S/N	CATEGORY	1-3 MONTHS	3- 6 MONTHS	6-12 MONTHS	A YEAR AND ABOVE	TOTAL AMOUNT
1	Staff	299,568,900	180,072,618	77,272,619	79,237,455	636,151,592
2	Creditors	3,423,330,012	59,404,407	62,400,000	1,276,963,637	4,822,098,056
	TOTAL	3,722,898,912	239,477,025	139,672,619	1,356,201,092	5,458,249,648

NOTE 44: RECEIVABLE AGE ANALYSIS FOR THE YEAR ENDED 30TH JUNE 2024

2023/24

S/N	CATEGORY	1-3 MONTHS	3- 6 MONTHS	6-12 MONTHS	A YEAR AND ABOVE	TOTAL AMOUNT
1	Receivable	931,090,123	65,892,000	92,875,000	38,000,000	1,127,857,123
	TOTAL	931,090,123	65,892,000	92,875,000	38,000,000	1,127,857,123

2022/23

S/N	CATEGORY	1-3 MONTHS	3- 6 MONTHS	6-12 MONTHS	A YEAR AND ABOVE	TOTAL AMOUNT
1	Receivable	726,308,799	70,000,000	-	-	796,308,799
	TOTAL	726,308,799	70,000,000	-	-	796,308,799

NOTE 45: EXPECTED CREDIT LOSS (ECL) COMPUTATIONS

A: ECL FOR CASH AND CASH EQUIVALENTS

	2023/24	2022/23
CRDB		
Exposure at Default (EAD)	-	672,353
Probability at Default (PD)	2.16%	2.16%
Loss Given Default (LGD)	100%	100%
Sub Total	-	14,523
NMB		
Exposure at Default (EAD)	56,924,421	1,189,500
Probability at Default (PD)	2.16%	2.16%
Loss Given Default (LGD)	100%	100%
Sub Total	1,229,567	25,693
TOTAL	1,229,567	40,216
ECL CHARGE TO SFP	1,189,351	40,216

B: ECL FOR RECEIVABLES

	2023/24	2022/23
Exposure at Default (EAD)	38,000,000	79,733,360
Loss Given Default (LGD)	100.00%	20.00%
Sub Total	38,000,000	15,946,672
ECL CHARGE TO SFP	22,053,328	15,946,672

NOTE 46: RESTATEMENT

DESCRIPTION	CASH AND CASH EQUIVALENTS	RECEIVABLES	ACCUMULATED SURPLUS	REASON
Financial Year 2022/23	727,875,101	812,255,471	3,849,632,433	Change in Accounting Policy (Introduction of IPSAs 41)
Expected Credit Loss	(40,216)	(15,946,672)	(15,986,888)	
Restated Balance	727,834,885	796,308,799	3,833,645,545	

NOTE 47: RECONCILIATION OF ACTUAL AMOUNTS ON COMPARABLE BASIS BETWEEN STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AND STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2024

Descriptions	Operating (TZS)	Investing (TZS)	Total (TZS)
Actual amount on comparable basis as presented in the budget and actual comparative statement	9,297,744,329	(6,357,912,033)	2,939,832,296
Basis differences	-	-	-
Actual amount in the statement of Cash Flows	9,297,744,329	(6,357,912,033)	2,939,832,296

NOTE 48: BIOLOGICAL ASSETS FOR THE YEAR ENDED 30 JUNE 2024 (AMOUNT IN TZS 000,000)

DESCRIPTION	ITEM DESCRIPTION											TOTAL
	CASHEW TREES	COCONUTS TREES	DIARY CATTLE	CEREAL CROPS TREES	OIL PALM TREES	FRUIT TREES	FOREST TREES	TEA TREES	VINES TREES	CASSAVA TREES	BANANA TREES	
Opening Balance 01/07/2023	5,055	1,414	3	33	45	178	443	7,911	62	9	9	15,162
Fair value gain/loss less cost to sale - physical changes	(125.00)	(755.00)	-	(12.00)	(2.00)	(19.00)	(9.00)	(129.00)	(9.50)	-	-	(1,060.50)
Fair value gain/loss less cost to sale - price changes	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in sales	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in harvest	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in distribution	-	-	-	-	-	-	-	-	-	-	-	-
Increase in degeneration	-	-	-	-	-	-	-	-	-	-	-	-
closing balance as at 30/06/2024	4,930	659	3	21	43	159	434	7,782	52.5	9	9	14,101.5
closing balance as at 30/06/2023	5,055	1,414	3	33	45	178	443	7,911	62	9	9	15,162
Biological Assets at Cost												
Categorized as:-												
Consumables	-	-	-	-	-	-	-	-	-	-	-	-
Bearer	-	-	-	-	-	-	-	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-	-	-	-
Mature	-	-	-	-	-	-	-	-	-	-	-	-
Held for distribution at no charge or nominal charge	-	-	-	-	-	-	-	-	-	-	-	-
Held for sale	-	-	-	-	-	-	-	-	-	-	-	-

NOTE 50: VARIANCE OF BUDGET AND ACTUAL AMOUNTS

The budgeted for the year ended 30 June 2024 amounted to TZS 93,195,968,122 whereas the actual receipts were TZS 48,105,918,678 implying deficit of TZS 45,090,049,444 which is equivalent to 48%. The deficits were mainly caused by;

- (i) Shortage of revenue from exchange transactions was due to unfavourable changes in weather conditions and unpredicted market for farm produces especially for wheat and sunflowers, and
- (ii) Shortage of subvention from other Government entities was due to non-remittance of Government subventions as budgeted

On the other hand, the total budget for the payments for the year ended 30 June 2024 was TZS 93,195,968,122, implying a balanced budget. However, total actual payments amounted to TZS 45,166,086,382 at the end of the year. The decrease was due to a decrease of research activities as a result of decreased development funds from the Government, Research Funds from Donors and lower revenue from own sources.

NOTE 51: GOVERNMENT INTENTION TO MERGE TRIT, TCRI AND TORITA WITH TARI

On 15 December 2023, the Minister of State, Office of the President, Planning and Investment announced the Government intention to merge the operations of Tea Research Institute of Tanzania (TRIT), Tanzania Coffee Research Institute (TCRI) and Tobacco Research Institute of Tanzania (TORITA) with Tanzania Agricultural Research Institute (TARI). Based on the government announcement, the merger of these institutions was supposed to be concluded by June 2024.

However as at 30 June 2024 the merging process was yet to be finalised thus, these financial statements are not consolidated to include operations and affairs TRIT, TCRI and TORITA.